



# 中遠海運控股股份有限公司 COSCO SHIPPING Holdings Co., Ltd.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 1919)

# 2023

## ANNUAL REPORT



## Important notice

The board of directors (the “**Board**”), the supervisory committee (the “**Supervisory Committee**”), the directors (the “**Directors**”), the supervisors (the “**Supervisors**”) and senior management of COSCO SHIPPING Holdings Co., Ltd. (the “**Company**” or “**COSCO SHIPPING Holdings**”, together with its subsidiaries, the “**Group**”) declare that there is no false information, misleading statements or material omissions in this annual report, and collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained herein.

All Directors attended the Board meeting held on 28 March 2024.

ShineWing Certified Public Accountants, LLP and PricewaterhouseCoopers have issued standard and unqualified auditor’s reports for the Company.

Mr. Wan Min (chairman and executive Director), Mr. Yang Zhijian (executive Director and general manager), Ms. Zheng Qi (Chief Financial Officer) and Mr. Xu Hongwei (head of the accounting department) declare that they confirm the truthfulness, accuracy and completeness of the financial reports in this report.

The Board proposes the payment of a final dividend of RMB0.23 per share (tax inclusive) to the shareholders of the Company (the “**Shareholder(s)**”) for the year 2023, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company.

Is there any occupancy of non-operating funds by controlling shareholders or its related parties?

No

Are there any guarantees provided to a third-party in violation of stipulated procedures?

No

## Forward-looking statements

None of the forward-looking statements including future plan in this annual report constitutes a commitment by the Company to the investors. Investors are advised to be aware of the investment risks.

## Material risk warning

Investors are advised to read the “Potential risks” of “Management Discussion and Analysis” as set out in this annual report carefully.

## Miscellaneous

Not applicable

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# Company's Basic Information

## I. Company's Information

|                                |                                   |
|--------------------------------|-----------------------------------|
| Legal Chinese name             | 中遠海運控股股份有限公司                      |
| Legal Chinese stock short name | 中遠海控                              |
| English name                   | COSCO SHIPPING Holdings Co., Ltd. |
| English stock short name       | COSCO SHIP HOLD                   |
| Legal representative           | WAN Min                           |

## II. Contact Persons and Methods

|                 | <b>Secretary to Board of Directors</b>          | <b>Representative of securities affairs</b>     |
|-----------------|-------------------------------------------------|-------------------------------------------------|
| Name            | XIAO Janguang                                   | ZHANG Yueming                                   |
| Contact address | No. 658 Dong Da Ming Road,<br>Shanghai, the PRC | No. 658 Dong Da Ming Road,<br>Shanghai, the PRC |
| Telephone       | (8621) 60298619                                 | (8621) 60298619                                 |
| Facsimile       | (8621) 60298618                                 | (8621) 60298618                                 |
| E-mail          | investor@coscoshipping.com                      | investor@coscoshipping.com                      |

## III. Basic Profile

|                    |                                                                                                                                                                |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Registered address | 2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Pilot Free Trade Zone (Port Free Trade Zone), Tianjin, the PRC |
| Postal code        | 300461                                                                                                                                                         |
| Place of business  | No. 658 Dong Da Ming Road, Shanghai, the PRC                                                                                                                   |
| Postal code        | 200080                                                                                                                                                         |
| Company's website  | <a href="http://hold.coscoshipping.com">http://hold.coscoshipping.com</a>                                                                                      |
| Company's email    | investor@coscoshipping.com                                                                                                                                     |

# Company's Basic Information

## IV. Information Disclosure and Inspection

Designated newspapers for disclosure of the Company's information      Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily

Website designated by the China Securities Regulatory Commission ("CSRC") for publishing the annual report      www.sse.com.cn

Place for inspection of annual report      8/F, No. 658 Dong Da Ming Road, Shanghai, the PRC

## V. Information on the Company's Shares

| Type of share | Place of listing                        | Stock short name | Stock code | Stock short name before change |
|---------------|-----------------------------------------|------------------|------------|--------------------------------|
| A Shares      | Shanghai Stock Exchange                 | COSCO SHIP HOLD  | 601919     | China COSCO                    |
| H Shares      | The Stock Exchange of Hong Kong Limited | COSCO SHIP HOLD  | 01919      | China COSCO                    |

# Company's Basic Information

## VI. Other Information

|                                              |                                                                                                                                                                                        |                                                                                                                                                                                      |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Domestic auditor engaged by the Company      | Name:<br>Office address:<br><br>Name of signing auditor:                                                                                                                               | ShineWing Certified Public Accountants, LLP<br>8/F, Block A, Fu Hua Mansion,<br>No. 8 Chao Yang Men Bei Da Jie,<br>Dongcheng District, Beijing, the PRC<br>Ma Yuanlan and Wang Rujie |
| International auditor engaged by the Company | PricewaterhouseCoopers<br><i>Certified Public Accountants</i><br><i>Registered Public Interest Entity Auditor</i><br>22nd Floor, Prince's Building, Central, Hong Kong                 |                                                                                                                                                                                      |
| Other information                            | Place of business in Hong Kong<br>48/F, COSCO Tower, 183 Queen's Road Central, Hong Kong<br><br>Major bankers<br>Bank of China, Agricultural Bank of China, China Merchants Bank, etc. |                                                                                                                                                                                      |

# Company's Basic Information

Legal advisers as to Hong Kong law

Paul Hastings

Address: 22/F, Bank of China Tower, 1 Garden Road, Hong Kong

Legal advisers as to PRC law

Commerce and Finance Law Offices

Address: 6th Floor, NCI Tower, A12 Jianguomenwai Avenue, Beijing, the PRC

Domestic A share registrar and transfer office

China Securities Depository and Clearing Corporation Limited

Shanghai Branch

Address: 188 Yanggao South Road,

Pudong New District, Shanghai, the PRC

Hong Kong H share registrar and transfer office

Computershare Hong Kong Investor Services Limited

Address: 17M Floor, Hopewell Centre,

183 Queen's Road East,

Wanchai, Hong Kong



# Milestones of COSCO SHIPPING Holdings

## JANUARY 01月

2023.1.6

COSCO SHIPPING Holdings successfully made its maiden voyage on the AWES route of Transpacific Services (to East Coast of US) at the TCTT Terminal in Cai Mep, Vietnam, further improving the layout in emerging markets.

2023.1.16

COSCO SHIPPING Holdings subscribed for 5.81% of the shares of COFCO Fortune, promoting the deep integration of modern logistics service industry with modern agriculture.

2023.1.29

COSCO SHIPPING Holdings officially launched its first digital supply chain product "Talent Pegasus (泰鴻)", which includes "trailers, customs declaration and shipping", on the e-commerce platform SynCon Hub during the new year.

## MARCH 03月

2023.3.6

The overseas front warehouses and logistics project of COSCO SHIPPING Holdings in Zeebrugge was officially launched, marking a new step in the construction of overseas supply chain resources.

2023.3.10

COSCO SHIPPING Lines Americas, Inc., a subsidiary of COSCO SHIPPING Holdings, was awarded the "Sapphire Award (藍寶石獎)", the highest award by the National Oceanic and Atmospheric Administration (NOAA).

2023.3.12

XIN FUZHOU (新福州) of ESA2 routes (from Far East to east Latin America) berthed at Yangpu International Container Terminal, providing a new solution for enterprises, which are engaged in foreign trade between Hainan Free Trade Port (including its surrounding areas) and Latin America.

## FEBRUARY 02月

2023.2.16

OOCL, a subsidiary of COSCO SHIPPING Holdings, welcomed the first 24,188TEU container vessel to its fleet. The vessel was officially named "OOCL Spain" (in 2023, COSCO SHIPPING Holdings delivered a total of six new vessels of 24,188TEU, which further improved the optimization of its fleet structure).

2023.2.23

A number of entities under COSCO SHIPPING Holdings won a number of honorary titles at the 2023 Business Environment Optimization and Key Enterprise Commendation Conference (2023年優化營商環境暨重點企業表彰大會) in Hongkou District, Shanghai.

2023.3.15

The sea-rail intermodal transportation project between COSCO SHIPPING Lines (Malaysia) (中遠海運集運(馬來西亞)) and the National Railway Corporation of Malaysia was officially launched, providing strong support for the Company's full implementation of the development strategy of digital supply chain.

## APRIL 04月

2023.4.17

COSCO SHIPPING Holdings (601919.SH/1919.HK) and COSCO SHIPPING Ports (1199.HK) became constituent stocks of the Hang Seng China Central State-owned Enterprises Index at the same time, demonstrating the importance of the two major listed platforms in the Hong Kong capital market.



# COSCO SHIPPING Holdings

2023.4.19

The digital supply chain product “Talent Pegasus (泰鴻)” of COSCO SHIPPING Holdings achieved full coverage in mainland China, and its flow to the United States was launched simultaneously.

## MAY 05月

2023.5.19

COSCO SHIPPING Holdings made its maiden voyage on the regional branch ANE route in Australia and New Zealand.

2023.5.25

COSCO SHIPPING Holdings held 2022 Annual General Meeting, 2023 First A Share Class Meeting and 2023 First H Share Class Meeting. The Resolution on the 2022 Final Profit Distribution Plan of COSCO SHIPPING Holdings and the Resolution on Granting a General Mandate to the Board of Directors to Repurchase A Shares/H Shares were approved by a majority of votes at the meetings.

## JUNE 06月

2023.6.9

COSCO SHIPPING CVX1 route (Huizhou-Vietnam) was officially launched. This route connects the Hainan Free Trade Port, the Western Land-Sea New Corridor and the Guangdong-Hong Kong-Macao Greater Bay Area, which is another boutique route launched by the Company in southern China.



## JULY 07月

2023.7.6

COSCO SHIPPING Holdings launched the digital supply chain product “HiAmerica Delivery·Express Service (恒美達·極速送)” for customers in the cross-border e-commerce industry.



# AUGUST 08月

2023.8.8

The new sea-rail intermodal transportation project of COSCO SHIPPING Holdings in Egypt was officially launched, which is the imported sea-rail transportation service customized by COSCO SHIPPING Holdings for Midea's plant in Egypt and is also the first sea-rail transportation route in Egypt.

2023.8.28

COSCO SHIPPING Lines, OOCL and COSCO SHIPPING Ports, all being subsidiaries of COSCO SHIPPING Holdings, jointly issued the Proposal for Promoting the Use of Onshore Power by Vessels Calling at Ports (《推動靠港船舶使用岸電信議書》).

2023.8.29

COSCO SHIPPING Holdings commenced the repurchase of A Shares and H Shares.

2023.9.4

A Shares of COSCO SHIPPING Holdings (601919.SH) was included in the Hang Seng (China A) Corporate Sustainability Index, the Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index and the Hang Seng (China A) Corporate Sustainability Benchmark Index, and H Shares of the Company (1919.HK) was included in the Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index and the Hang Seng Corporate Sustainability Benchmark Index.

2023.9.14

COSCO SHIPPING (South America) Supply Chain Management Co., Ltd. (中遠海運(南美)供應鏈管理有限公司), a joint venture between COSCO SHIPPING Holdings and COSCO SHIPPING (South America), was inaugurated and established.

2023.9.15

COSCO SHIPPING Holdings held the maiden voyage ceremony of the self-operated "Europe-East Latin America" route in Rio de Janeiro and released the first inland channel service product in Brazil.



# SEPTEMBER 09月

2023.9.1

The "COSCO SHIPPING Sagittarius (中遠海運人馬座)" ship, which serves the AEU3 route, successfully refuelled biofuel in Rotterdam, marking another important step for COSCO SHIPPING in the process of green and low-carbon transformation.

2023.9.16

COSCO SHIPPING Holdings and Beibu Gulf Port Group signed a cooperation framework agreement on the joint establishment of Land-sea New Channel Logistics Supply Chain Co., Ltd. (陸海新通道物流供應鏈有限公司).

# OCTOBER 10月

2023.10.19

COSCO SHIPPING Lines named a 14100TEU container vessel "COSCO SHIPPING BRAZIL" in Yangzhou, and the vessel was deployed in Latin America route in late November.

# COSCO SHIPPING Holdings



2023.10.22

The Mozambique service of COSCO SHIPPING Holdings – EMS new route was officially launched.

2023.10.30

GSDN's Cargo Release was deployed in Manzanillo, one of the major container terminal in Mexico.

## NOVEMBER 11月

2023.11.4

The “Forum on Digital Development of Shipping and Trade (航運與貿易數字化發展論壇)”, organized by the Bank of China, was held in Shanghai. COSCO SHIPPING Holdings was honored to be invited to attend and released the “COSCO SHIPPING Electronic Bill of Lading Series Products (中遠海運電子提單系列產品)” on the spot.

2023.11.16

COSCO SHIPPING Holdings held the 2023 First Extraordinary General Meeting, during which the Resolution on the 2023 Interim Profit Distribution Plan and the resolutions on the election of members of the seventh session of the Board and the Supervisory Committee were approved by a majority of votes.

2023.11.24

COSCO SHIPPING successfully issued its 100,000th blockchain electronic bill of lading, and GSDN won the Gold Award for Pioneer Prize at Global Digital Trade Expo (全球數字貿易博覽會先鋒獎金獎).

2023.11.30

COSCO SHIPPING Holdings launched its major products such as “Customs Service-China (關務通—中國)”, “Customs Service-Overseas (關務通—海外)” and “Warehouse Distribution (倉配通)”.

## DECEMBER 12月

2023.12.5

COSCO SHIPPING Lines, a subsidiary of COSCO SHIPPING Holdings, issued the first green shipping certificate based on the use of green shipping product Hi ECO to Volvo Cars.

2023.12.11

COSCO SHIPPING Holdings completed the interim distribution of equity in 2023, and distributed cash dividends of RMB0.51 (tax inclusive) per share, with a total amount of RMB8,196,239,453.52.

2023.12.14

Guizhou Yuanhai Land Port Development Co., Ltd. (貴州遠海陸港發展有限公司), jointly established by COSCO SHIPPING Group, Guizhou Railway Investment Group and Guiyang Comprehensive Bonded Zone, was officially launched for operation in Guiyang, and released the full supply chain product “Qianlianda Service (黔鏈達)”. In addition, the first sea-rail intermodal train of “Qianlianda Service (黔鏈達)” at Guiyang International Land Port was launched.

# 2023

## Milestones of COSCO SHIPPING Holdings

# Chairman's Statement

Dear Shareholders and investors,

In 2023, demand for container shipping services slowed down amid tepid global economic growth and intensified geopolitical tensions. Moreover, the easing of supply chain disruptions together with increased delivery of new vessels weighed on the capacity balance. As a result, the shipping market returned to a normal condition at accelerated pace with declining freight rates in the market. Facing market changes and challenges, the Group managed to withstand the adversity and achieved the hard-won operating results by adhering to COSCO SHIPPING Group's mission of "building a world-class shipping technology enterprise", and continually promoting the development of digital supply chain and green low carbon growth so as to consolidate our core competitiveness.

## **Drove high-quality growth with resilience by pursuing stable operations to reward shareholders**

During the Reporting Period, the Group recorded operating revenue of RMB175.448 billion. Earnings before interest and taxes (EBIT) were RMB36.669 billion and total profit amounted to RMB33.077 billion. Net profit was RMB28.396 billion. Net profit attributable to equity holders of the Company was RMB23.860 billion. The gearing ratio dropped by approximately 3.02 percentage points to 47.40% from the beginning of the period. The balance of cash and cash equivalents was RMB181.113 billion, and net cash inflow from operating activities was RMB22.612 billion. As the Group's overall operations remained sound along with continual optimization of the financial structure, we were in a better position to mitigate the impacts of market cyclical fluctuations. Steady quality enhancement resulted in our strong resilience and laid a solid foundation for our high-quality development.

In order to safeguard the Company's value and Shareholders' interests, the Group actively repurchased A Shares and H Shares during the Reporting Period. As of the end of February 2024, an aggregate of approximately 215 million A Shares and H Shares had been repurchased. All repurchased Shares were cancelled. Taking into account the good performance achieved during the Reporting Period, together with the Shareholders' Return Plan for 2022 to 2024 of the Group and the needs for sustainable development in the future, the Board recommended the payment of a final cash dividend for 2023 of RMB0.23 per Share (tax inclusive) to all Shareholders. Based on the total share capital of the Company as of the disclosure date of this report, i.e. 15,957,586,817 Shares, the final cash dividends for 2023 of approximately RMB3.67 billion shall be distributed. Together with the interim cash dividends of approximately RMB8.196 billion for 2023 already distributed to the Shareholders, the total cash dividends of approximately RMB11.866 billion shall be distributed for 2023, accounting for approximately 50% of the net profit attributable to equity holders of the Company in 2023.

# Chairman's Statement

## Seized opportunities to optimize layout and strengthen the core competitiveness of shipping routes

The Group actively tapped into customers' needs for a global supply chain layout to capture emerging opportunities from new businesses. While consolidating the leadership in traditional east-west trunk routes, the Group continued to strengthen our business layout and development in emerging markets, regional markets and third-country markets.

During the Reporting Period, we took delivery of six 24,000 TEU environmentally-friendly container vessels and one 14,000 TEU Latin America's extreme container vessel. Their aggregate capacity amounted to nearly 160,000 TEUs, which would be deployed on the Asia-Europe routes and the emerging market routes respectively and hence laying a solid foundation for the Group to optimize the capacity structure and enhance our competence in global market. As a member of the OCEAN Alliance, the Group forged stable and orderly cooperation with other members. On 27 February 2024, the OCEAN Alliance announced that it would extend the cooperation period by at least 5 years to 2032 and launched the DAY8 route product in mid-March, showcasing the OCEAN Alliance's long-lasting partnership and commitment to provide supply chain support for the global industrial chain. In the regions such as Latin America, Africa, Southeast Asia and the Middle East, we proceeded with steady development, carried out meticulous planning, and steadily enhanced our capability to serve global trade. During the Reporting Period, the Europe-South America East Coast routes and a multiple of shipping routes along the RCEP member states were successively launched. The Far East-Africa routes were upgraded, and a multiple of feeder services such as Kenya – Mozambique and the Mediterranean Sea-North Africa were launched. At the same time, the construction of the Port of Chancay in Peru was accelerated, and an agreement for partial equity acquisition of the Port of Sokhna in Egypt was signed. The Group made persistent efforts to grasp the opportunities arising from rapid growth in emerging and regional markets and made them as new drivers to promote high-quality development.

## Coordinated resources to promote integrative development and enhance the service capability of supply chain

In order to meet customers' growing demand for whole-process supply chain transportation services, the Group insisted on the construction of a global network providing integrated services of "container shipping + ports + related logistics", with a view to facilitating the innovation of supply chain ecosystem. We strived hard to promote the development of a new development pattern of dual circulation and contribute to the development of global economy and trade.

# Chairman's Statement

During the Reporting Period, we gave full play to the synergies of the world's top-tier integrated shipping network and the global network of ports with high maritime connectivity. We made every effort to improve the punctuality of shipping services and the efficiency of cargo delivery, in particular for the routes along the "Belt and Road" and related areas. Persistent efforts were made to develop overseas warehouses and multimodal transport systems around the hub ports such as Piraeus, Abu Dhabi, Valencia and Zeebrugge. The China-Europe Sea-rail Express and DIAMOND Line were successfully upgraded, and they were highly recognized by customers domestically and abroad. As for the construction of supply chain operation platforms and resources, significant achievements were made in this regard. The establishment of the South American supply chain operation platform and the steady progress of the construction of operation platforms in Europe, North America, Southeast Asia and other regions provided strong support for the Group to strengthen regional supply chain capabilities and the connectivity of key resources. The stable operation of the supply chain logistics trailer platform and our effective connection with overseas trailer resources enabled the Group to possess the capacity of mobilizing more than 7,000 trailers per day in China and over 5,000 trailers per day in overseas markets within a relatively short period of time. Greater value was thus created for the Group's whole-process supply chain system. Our customs clearance services were extended to 151 prefecture-level cities in China and 43 overseas countries and would be gradually expanded. The Group launched nearly 100 online warehousing products worldwide, providing more professional warehousing services for industries such as automobiles, food and chemicals. During the Reporting Period, the Group's revenue from non-maritime supply chain services was approximately RMB29 billion, accounting for 17.3% of the revenue from the container shipping business and representing a year-on-year increase of 8.6 percentage points.

## **Pushed for digital and intelligent development to accelerate transformation and the development of digital full-chain brand**

Based on the customers' perspective, the Group deepened customer integration. With the help of digital intelligence, it continuously improved the operational efficiency of resources and boosted the vitality of product innovation, thereby promoting the coordinated development of the industrial chain and supply chain as well as the inclusivity through innovation.

During the Reporting Period, our digital transformation gathered momentum, and our SynCon Hub e-commerce platform was integrated with physical full-chain resources to provide customers a series of supply chain products with unique features, including the "Talent (泰)" series featuring precise packing based on the flow of shipping, the "Hi (恒)" series featuring industrial segmentation, the "Tong (通)" series featuring specialization and global coverage, and the "Hongyunlai (鴻運來)" series focusing on import business. They provided more diverse and valuable full supply chain solutions for various industries. We reinforced our internal and external visibility and agile management capabilities through various digital solutions such as customer digital portraits, supply chain control towers and intelligent customer service platforms, providing personalized and customized one-stop services for global customers. Our efforts gained wide recognition from customers and positive feedback on business cooperation. During the Reporting Period, the shipping volume of vehicle exports, lithium batteries, photovoltaics and cross-border e-commerce increased by 146%, 56%, 24% and 75% respectively, further optimizing the supply structure.

At the same time, we continued to expand the GSBN platform ecosystem in which we have participated in its creation and operation. It has not only successfully brought together numerous upstream and downstream enterprises in the supply chain such as shipping, ports, banks, insurance and cargo owners, but has also issued over 100,000 blockchain bills of lading and provided paperless delivery services totaling over 2 million TEUs. During the Reporting Period, it launched new products such as electronic insurance policies and electronic cargo transportation condition appraisal certificates, thereby adding new vitality into the value chain and effectively promoting the sustainable development of the blockchain trade ecosystem.

# Chairman's Statement

## Took multiple measures to pursue decarbonization and lay a solid foundation for green development

The Group always insists on green and low-carbon transformation and high-quality development throughout the entire business process. We strived to promote sustainable development of the enterprise and achieve harmonious coexistence with the ecological environment through the continuous optimization of the top-level design of the green and low-carbon transformation development strategy and the smooth progress in fulfilling various contract obligations.

During the Reporting Period, we took the opportunity of ordering twelve 24,000 TEU methanol dual-fuel powered container vessels to actively study and promote the structural optimization and functional upgrade of the green fleet. Recently, we have officially signed contracts with COSCO SHIPPING Heavy Industry for the methanol dual-fuel retrofit of two existing 13,800 TEU container vessels and two existing 20,000 TEU container vessels. This is the world's first simultaneous dual – fuel retrofit project for MAN main engine and WARTSILA auxiliary engine. Meanwhile, we made another new progress in pioneering the bunkering of our vessels with biofuels, and put the world's first 700 TEU full electric container vessel into operation. These measures and achievements have paved a solid foundation for us to build the green fleet. As for our continuing efforts to build a safe and green port ecosystem, we issued the “Initiative to Promote the Use of Shore Power by Vessels at Berth”. All of domestic container berths in which the Group held controlling interests are equipped with shore power, with a total of 4,060 vessels had been connected to shore power, representing a 214% year-on-year increase in terms of power connected. At the same time, due to vigorously developed distributed photovoltaic projects for ports, the total installed capacity as of the end of 2023 reached 10 MW and the expected average annual power generation amounted to approximately 9 million kWh. In recognition of our outstanding performance in environmental protection and sustainable development, we have won the “Sapphire” Award, the highest award of the “Protecting Blue Whales and Blue Skies Program” in the United States for many years in a row. During the Reporting Period, we were selected as the constituent stocks of the “CSI China Reform Central State-Owned Enterprises ESG Growth 100 Index (中證國新央企ESG成長100指數)” and the “Hang Seng Corporate Sustainability Index Series” respectively, which effectively establishing the Group's image as a green growth promoter.

Looking ahead to 2024, the global container shipping market will continue to encounter both opportunities and challenges. On the one hand, the world economy will experience moderate growth, and the potential demand of emerging markets will be further unleashed. China's economy will remain in the uptrend, and global commodity trade is expected to gradually recover. On the other hand, the container shipping market will still face various challenges such as intensifying geopolitical risks, faster green transformation, a surge in delivery of new vessels, and customers' increasing demand for a low-carbon and digital supply chain.

# Chairman's Statement

Faced with future changes in supply and demand, the evolution of digital supply chain ecosystem and the deepening of green and low-carbon development of the industry, the Group will continue to position itself as a “global digital supply chain operation and investment platform with a primary focus on container shipping”. While reinforcing our existing competitive edges, we will ride on the new momentum from digital supply chain and green low-carbon development further optimize and balance the global network layout, and strengthen coordination between ports and shipping businesses in order to accelerate the construction of global resources and channel network. The Group will further enhance its technological innovation, enrich full supply chain solutions, and strengthen its competence through differentiation. We will further accelerate the process of green and low-carbon transformation to promote the sustainable development of our full supply chain brand, and strengthen our customer-oriented approach by exploring innovative service models and better meeting the personalized needs of different customers. Meanwhile, we will continue to enhance our core competitiveness and risk resistance through effective lean operations, efficiency improvement and cost control, with a view to promoting the high-quality development of the Company to a new level, providing better services to customers and creating greater value for the Shareholders.

Finally, I would like to express my utmost appreciation to all COSCO SHIPPING Holdings colleagues around the world, shareholders, and other valued stakeholders for their continuous support and trust. I am extremely grateful to all those who have helped us advance as a supplier for traditional container shipping business and digital supply chain service, allowing us to succeed in the implementation of our strategy, serve our customers with excellence, and plan for future opportunities and challenges.

**Wan Min**

*Chairman of the Board*

28 March 2024



# Summary of Accounting Data

## Results for the year ended 31 December 2023 (the “Reporting Period”) prepared under the Hong Kong Financial Reporting Standards

|                                                      | <b>For the<br/>year ended<br/>31 December<br/>2023<br/>RMB'000</b> | For the<br>year ended<br>31 December<br>2022<br>RMB'000<br>(Restated) | Change in<br>Amount<br>RMB'000 |
|------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------|
| Revenue                                              | <b>175,447,747</b>                                                 | 391,058,497                                                           | (215,610,750)                  |
| Profit before income tax                             | <b>33,076,671</b>                                                  | 167,175,970                                                           | (134,099,299)                  |
| Profit after income tax                              | <b>28,395,659</b>                                                  | 131,537,402                                                           | (103,141,743)                  |
| Profit for the year                                  | <b>28,395,659</b>                                                  | 131,537,402                                                           | (103,141,743)                  |
| Profit attributable to equity holders of the Company | <b>23,860,258</b>                                                  | 109,792,453                                                           | (85,932,195)                   |
| Basic earnings per share ( RMB)                      | <b>1.48</b>                                                        | 6.84                                                                  | (5.36)                         |
| Final dividend per share (RMB)                       | <b>0.74</b>                                                        | 3.40                                                                  | (2.66)                         |
| – Interim dividend                                   | <b>0.51</b>                                                        | 2.01                                                                  | (1.50)                         |
| – Final dividend                                     | <b>0.23</b>                                                        | 1.39                                                                  | (1.16)                         |
| Final dividend payout ratio                          | <b>49.73%</b>                                                      | 49.94%                                                                | (0.21%)                        |
| Total assets                                         | <b>462,429,381</b>                                                 | 511,930,077                                                           | (49,500,696)                   |
| Total liabilities                                    | <b>219,209,909</b>                                                 | 258,136,983                                                           | (38,927,074)                   |
| Non-controlling interests                            | <b>47,104,215</b>                                                  | 53,202,427                                                            | (6,098,212)                    |
| Equity attributable to equity holders of the Company | <b>196,115,257</b>                                                 | 200,590,667                                                           | (4,475,410)                    |
| Net cash (debt) to equity ratio                      | <b>39.77%</b>                                                      | 55.91%                                                                | (16.14%)                       |
| Gross profit margin                                  | <b>15.72%</b>                                                      | 43.59%                                                                | (27.87%)                       |

# Management Discussion and Analysis

## Results for the Reporting Period prepared in accordance with the Hong Kong Financial Reporting Standards

|                                                      | <b>Period from<br/>1 January to<br/>31 December<br/>2023<br/>RMB'000</b> | Period from<br>1 January to<br>31 December<br>2022<br>RMB'000<br>(Restated) | Difference<br>RMB'000 |
|------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------|
| Revenues                                             | <b>175,447,747</b>                                                       | 391,058,497                                                                 | (215,610,750)         |
| Operating profit                                     | <b>24,640,445</b>                                                        | 162,998,834                                                                 | (138,358,389)         |
| Profit before income tax                             | <b>33,076,671</b>                                                        | 167,175,970                                                                 | (134,099,299)         |
| Profit after income tax                              | <b>28,395,659</b>                                                        | 131,537,402                                                                 | (103,141,743)         |
| Profit for the period                                | <b>28,395,659</b>                                                        | 131,537,402                                                                 | (103,141,743)         |
| Profit attributable to equity holders of the Company | <b>23,860,258</b>                                                        | 109,792,453                                                                 | (85,932,195)          |
| Basic earnings per share (RMB)                       | <b>1.48</b>                                                              | 6.84                                                                        | (5.36)                |

### (I) Discussion and Analysis of the Board on the Operation of the Group during the Reporting Period

Operating income of the Group for the year of 2023 was RMB175,447,747,000, representing a decrease of RMB215,610,750,000 or 55.14% as compared to 2022. Profit attributable to equity holders of the Company for the year of 2023 was RMB23,860,258,000, representing a decrease of RMB85,932,195,000 as compared to 2022.

# Management Discussion and Analysis

## (II) Major Profit or Loss Items and Cashflow Analysis

1. Table of analysis for related items in the consolidated income statement and consolidated cash flow statement

| Items                                                                     | Period from<br>1 January to<br>31 December<br>2023<br>RMB'000 | Period from<br>1 January to<br>31 December<br>2022<br>RMB'000<br>(Restated) | Difference<br>RMB'000 | Percentage<br>change<br>(%) |
|---------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------|-----------------------------|
| Revenues                                                                  | <b>175,447,747</b>                                            | 391,058,497                                                                 | (215,610,750)         | -55.14                      |
| Cost of services and inventories sold                                     | <b>(147,860,433)</b>                                          | (220,580,548)                                                               | 72,720,115            | -32.97                      |
| Other income and expense, net                                             | <b>5,059,605</b>                                              | 4,352,332                                                                   | 707,273               | 16.25                       |
| Other income                                                              | <b>5,134,993</b>                                              | 4,663,174                                                                   | 471,819               | 10.12                       |
| Other expenses                                                            | <b>(75,388)</b>                                               | (310,842)                                                                   | 235,454               | -75.75                      |
| Reversal of/(provision for) impairment losses<br>on financial assets, net | <b>225,164</b>                                                | (35,720)                                                                    | 260,884               | -730.36                     |
| Selling, administrative and general expenses                              | <b>(8,231,638)</b>                                            | (11,795,727)                                                                | 3,564,089             | -30.22                      |
| Finance income                                                            | <b>7,473,850</b>                                              | 5,705,708                                                                   | 1,768,142             | 30.99                       |
| Finance costs                                                             | <b>(3,735,448)</b>                                            | (3,840,637)                                                                 | 105,189               | -2.74                       |
| Share of profits less losses of                                           |                                                               |                                                                             |                       |                             |
| — joint ventures                                                          | <b>606,010</b>                                                | 650,019                                                                     | (44,009)              | -6.77                       |
| — associated companies                                                    | <b>4,091,814</b>                                              | 1,662,046                                                                   | 2,429,768             | 146.19                      |
| Income tax expenses                                                       | <b>(4,681,012)</b>                                            | (35,638,568)                                                                | 30,957,556            | -86.87                      |
| Net cash flows generated from operating<br>activities                     | <b>22,612,055</b>                                             | 196,798,805                                                                 | (174,186,750)         | -88.51                      |
| Net cash flows used in investing activities                               | <b>(18,350,697)</b>                                           | (32,976,787)                                                                | 14,626,090            | -44.35                      |
| Net cash flows used in financing activities                               | <b>(60,021,698)</b>                                           | (115,377,634)                                                               | 55,355,936            | -47.98                      |

# Management Discussion and Analysis

## 2. Revenues

Management Discussion and Analysis and descriptions below contain amounts and figures, which are in RMB unless otherwise specified.

### Overview

In 2023, the revenues of the Group amounted to RMB175,447,747,000, representing a decrease of RMB215,610,750,000 or 55.14% as compared to the last year.

### Revenue from container shipping business

In 2023, the revenue from container shipping business amounted to RMB168,125,772,000, representing a decrease of RMB215,909,781,000

or 56.22% as compared to the last year, of which COSCO SHIPPING Lines generated revenues of RMB116,043,142,000 from container shipping business, representing a decrease of RMB141,707,708,000 or 54.98% as compared to the last year.

### Revenue from terminal business

In 2023, revenue generated from the terminal business amounted to RMB10,396,162,000, representing an increase of RMB598,029,000 or 6.10% as compared to the last year.

### Major customers

Total sales to the top five customers of 2023 amounted to RMB6,468,368,000, accounting for 3.69% of the total sales for the year.

## 3. Costs

### Cost analysis

| Components of cost                             | Period from<br>1 January to<br>31 December<br>2023 | Period from<br>1 January to<br>31 December<br>2022 | Difference<br>RMB'000 | Percentage<br>Change<br>(%) |
|------------------------------------------------|----------------------------------------------------|----------------------------------------------------|-----------------------|-----------------------------|
|                                                | RMB'000                                            | RMB'000                                            |                       |                             |
| Equipment and cargo transportation costs       | 60,401,930                                         | 114,504,633                                        | (54,102,703)          | (47.25)                     |
| Voyage costs                                   | 38,419,999                                         | 45,229,851                                         | (6,809,852)           | (15.06)                     |
| Vessel costs                                   | 31,588,261                                         | 38,274,198                                         | (6,685,937)           | (17.47)                     |
| Other related business costs                   | 12,160,860                                         | 16,054,945                                         | (3,894,085)           | (24.25)                     |
| Tax and surcharges                             | 1,043,963                                          | 2,541,898                                          | (1,497,935)           | (58.93)                     |
| Sub-total – container shipping operating costs | 143,615,013                                        | 216,605,525                                        | (72,990,512)          | (33.70)                     |
| Container terminals and related business costs | 7,183,454                                          | 6,697,113                                          | 486,341               | 7.26                        |
| Tax and surcharges                             | 61,165                                             | 47,448                                             | 13,717                | 28.91                       |
| Sub-total – container terminal operating costs | 7,244,619                                          | 6,744,561                                          | 500,058               | 7.41                        |
| Elimination between different businesses       | (2,999,199)                                        | (2,769,538)                                        | (229,661)             | 8.29                        |
| Total operating costs                          | 147,860,433                                        | 220,580,548                                        | (72,720,115)          | (32.97)                     |

# Management Discussion and Analysis

## Overview

In 2023, the operating cost of the Group amounted to RMB 147,860,433,000, representing a decrease of RMB 72,720,115,000 or 32.97% as compared to the last year.

## Container shipping business cost

In 2023, the container shipping business cost amounted to RMB 143,615,013,000, representing a decrease of RMB 72,990,512,000 or 33.70% as compared to the last year, of which, the container shipping business cost incurred by COSCO SHIPPING Lines in 2023 amounted to RMB 99,410,575,000, representing a decrease of RMB 60,811,263,000 or 37.95% as compared to the last year.

## Terminal business cost

In 2023, the terminal business cost amounted to RMB 7,244,619,000, representing an increase of RMB 500,058,000 or 7.41% as compared to the last year.

## 4. Other profit or loss items

### Other income and expense, net

In 2023, the other income and expense, net was RMB5,059,605,000, representing an increase of RMB707,273,000 as compared to the last year. The increase was mainly due to the increase in subsidy income related to daily operating activities as compared to the same period last year.

### Selling, administrative and general expenses

In 2023, the selling, administrative and general expenses of the Group amounted to RMB 8,231,638,000, representing a decrease of RMB 3,564,089,000 or 30.22% as compared to the last year. The decrease is primarily attributed to the decline in the efficiency of the container shipping business, and administrative expenses such as employee salaries decreased.

### Finance income

The finance income of the Group in 2023 amounted to RMB7,473,850,000, representing an increase of RMB1,768,142,000 or 30.99% as compared to the last year, mainly due to the increase in interest rates on deposits as compared to the last year.

# Management Discussion and Analysis

## Finance costs

In 2023, the finance costs of the Group amounted to RMB3,735,448,000, representing a decrease of RMB105,189,000 or 2.74% as compared to the last year, of which interest expenses amounted to RMB3,592,746,000, representing a decrease of RMB88,094,000, or 2.39% as compared to the last year.

## Share of profits of joint ventures and associated companies

In 2023, the Group's share of profits of joint ventures and associated companies in aggregate amounted to RMB4,697,824,000, representing an increase of RMB2,385,759,000 as compared to the last year. The share of profits for 2023 included investment gains based on equity accounting method from Shanghai International Port (Group) Co., Ltd.\* (上海國際港務(集團)股份有限公司) and COFCO Fortune Co., Ltd.\* (中糧福臨門股份有限公司) ("COFCO Fortune"), no such gains were recorded for the same period of last year.

## Income tax expenses

In 2023, the income tax expenses of the Group amounted to RMB4,681,012,000, representing a decrease of RMB30,957,556,000 as compared to the last year, which was mainly due to the year-on-year decline in the overall operating efficiency of the Company.

## Major suppliers

Total purchases from the top five suppliers of the Group in 2023 amounted to RMB28,533,435,000, accounting for 19.44% of the purchase amount during the Reporting Period.

## 5. Cash flow

As of the end of 2023, the total cash and cash equivalents amounted to RMB181,113,316,000, representing a decrease of RMB54,500,607,000 or 23.13% as compared to the end of last year. The cash and cash equivalents of the Group were principally denominated in RMB and US\$, and the rest were denominated in Euro, HK\$ and other currencies.

### (1) Net cash flow from operating activities

In 2023, the net cash inflow from operating activities amounted to RMB22,612,055,000, representing a decrease of RMB174,186,750,000 or 88.51% as compared to the last year. The decrease was mainly due to the decrease in the operating results of the Group during the Reporting Period as compared to the last year.

# Management Discussion and Analysis

## (2) Net cash flow from investing activities

In 2023, the net cash outflow from investing activities amounted to RMB18,350,697,000, representing a decrease of RMB14,626,090,000 as compared to that of the last year. The decrease was mainly due to the decrease in cash paid by the Group for external equity investments during the Reporting Period as compared to the last year.

## (3) Net cash flow from financing activities

In 2023, the net cash outflow from financing activities amounted to RMB60,021,698,000, representing a decrease of RMB55,355,936,000 as compared to that of last year. The decrease was mainly due to the decrease in cash paid by the Group for the distribution of profit and repayment of borrowings during the Reporting Period as compared to the last year.

## (4) Impact of changes in exchange rate on cash and cash equivalents

The balance of cash and cash equivalents increased by RMB1,259,733,000 as of the end of 2023, which was primarily due to an increase in the exchange rate of US\$ against RMB during the year.

## (III) Working Capital, Financial Resources and Capital Structure

### Overview

As at 31 December 2023, the total assets of the Group amounted to RMB462,429,381,000, representing a decrease of RMB49,500,696,000 or 9.67% as compared to the end of last year. The total liabilities amounted to RMB219,209,909,000, representing a decrease of RMB38,927,074,000 or 15.08% as compared to the end of last year.

As at 31 December 2023, the total outstanding borrowings of the Group were RMB43,276,918,000. After deducting the cash and cash equivalents, net cash amounted to RMB137,836,398,000, representing a decrease of RMB54,969,848,000 as compared to the end of last year. As at 31 December 2023, the Group's net current assets were RMB75,138,167,000, and RMB101,678,996,000 of net current assets were recorded at the end of last year. As at 31 December 2023, the net cash (debt) to equity ratio was 39.77%, and 55.91% at the end of last year. The formula for calculating the net cash (debt) to equity ratio is as follows: net cash (debt) to equity ratio = (cash and cash equivalents – total borrowings – total lease liabilities)/total equity.

The working capital and capital resources of the Group have been and are expected to continue to be generated from cash flows from operating activities, proceeds from new share issuance and debt financing from financial institutions. Cash of the Group has been and is expected to be utilized for various purposes such as payment of operating costs, construction of container vessels, the purchase of containers, investments in terminals and repayment of loans.

# Management Discussion and Analysis

## Debt analysis

| <b>Categories</b>                               | <b>As at<br/>31 December<br/>2023<br/>RMB'000</b> | As at<br>31 December<br>2022<br>RMB'000 |
|-------------------------------------------------|---------------------------------------------------|-----------------------------------------|
| Short-term borrowings                           | <b>2,417,519</b>                                  | 2,241,818                               |
| Long-term borrowings                            | <b>40,859,399</b>                                 | 40,565,859                              |
| Total of long-term and short-term borrowings    | <b>43,276,918</b>                                 | 42,807,677                              |
| Among which:                                    |                                                   |                                         |
| Interest payables — Short-term borrowings       | <b>1,052</b>                                      | 1,656                                   |
| — Long-term borrowings                          | <b>287,147</b>                                    | 240,635                                 |
| Total interest payables                         | <b>288,199</b>                                    | 242,291                                 |
| Long-term borrowings were repayable as follows: |                                                   |                                         |
| – within one year                               | <b>8,118,638</b>                                  | 5,806,773                               |
| – in the second year                            | <b>6,593,829</b>                                  | 9,680,863                               |
| – in the third to fifth years                   | <b>13,260,597</b>                                 | 13,348,978                              |
| – after the fifth year                          | <b>12,886,335</b>                                 | 11,729,245                              |
| Total                                           | <b>40,859,399</b>                                 | 40,565,859                              |

### Borrowings by categories

As at 31 December 2023, the Group had bank borrowings of RMB40,045,262,000 and other borrowings of RMB2,943,457,000, representing 93.15% and 6.85% of the total borrowings respectively. Of the bank borrowings, secured borrowings amounted to RMB14,517,085,000 and unsecured borrowings amounted to RMB25,528,177,000, representing 33.77% and 59.38% of the total borrowings respectively. Most of the borrowings of the Group bear interest at floating rate.

### Borrowings by currency

As at 31 December 2023, the borrowings of the Group denominated in US\$ were equivalent to RMB25,026,465,000, borrowings denominated in RMB amounted to RMB12,439,785,000, borrowings denominated in Euro were equivalent to RMB4,812,673,000, and borrowings denominated in HK\$ were equivalent to RMB709,796,000, representing 58.21%, 28.94%, 11.20% and 1.65% of the total borrowings, respectively.



# Management Discussion and Analysis

## Secured borrowings

As at 31 December 2023, certain properties, plant and equipment and right-of-use assets of the Group with net book value of RMB29,123,527,000 (as at 31 December 2022: RMB24,806,233,000) were mortgaged to banks and financial institutions as collaterals for borrowings in the total amount of RMB14,517,085,000 (as at 31 December 2022: RMB15,618,839,000), representing 9.33% of the total value of the property, plant and equipment and right-of-use assets (as at 31 December 2022: 6.96%).

## Company's guarantees

As at 31 December 2023, the Group provided guarantees of RMB10,152,029,000 (as at 31 December 2022: RMB12,835,652,000) in favour of its controlled entities and provided guarantees of RMB265,641,000 (as at 31 December 2022: RMB243,471,000) in favour of an associated company.

## Contingent liabilities

The Group is involved in certain claims and litigations, including but not limited to claims and litigations arising from damage to vessels in transit, loss of goods, delays in delivery, ship collisions, early termination of vessel leasing contracts and disputes in pledge supervision business.

As of 31 December 2023, the Group was uncertain of the likelihood and amount of the above claims. However, based on the advice of legal advisors and/or information available to the Group, the Directors believe that the amount of such claims should not have any material impact on the Group's consolidated financial statements for the year ended 31 December 2023.

## Foreign exchange risk

The Group operates internationally and is exposed to various foreign exchange risks arising from non-functional currencies. Foreign exchange risks are derived from future business transactions and recognized assets and liabilities. The actual foreign exchange risks faced by the Group are therefore primarily with respect to bank balances, receivable and payable balances and bank borrowings denominated in non-functional currencies. The management monitors the exposure to foreign exchange risks and will consider hedging certain foreign currency risks with derivative financial instruments should the need arises.

## Capital commitments (without taking into account discontinued operations)

As at 31 December 2023, the Group had a total of 37 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB36,821,081,000.

As at 31 December 2023, the Group's capital commitments for investment in terminals amounted to RMB6,370,020,000 in aggregate, of which the commitments for purchasing fixed assets amounted to RMB4,539,921,000 and the commitments for equity investment in terminals amounted to RMB1,830,099,000.

# Management Discussion and Analysis

## Facilities

As at 31 December 2023, the unutilized bank loan facilities of the Group were RMB29,242,639,000. The Group pays close attention to the potential financial risks of the loan facilities, and has strengthened the monitor of liabilities and gearing ratio of its subsidiaries and has repaid bank loans in full according to the schedule.

## Financing plans

The Group will consider factors including repayment of maturing debt, loan replacement and material future capital expenditure, in order to make financing arrangements in advance, enhance funding and debts management, optimize funding utilization and control the scale of debts effectively.

## (IV) Investment Analysis

### Analysis of external equity investments

As at 31 December 2023, the total balance of the Group's investments in associated companies and joint ventures amounted to RMB66,883,000,000, representing an increase of RMB8,817,000,000 as compared to the end of last year. During the Reporting Period, the Group completed the acquisition of 5.81% equity interest in COFCO Fortune at the consideration of RMB5,500,000,000; and completed the acquisition of 24.99% equity interest in the container terminal of Hamburg in Germany at the consideration of EUR46,000,000.

#### 1. Significant equity investment

Unit: '000 Currency: RMB

| Name of Investee        | Principal activities | Whether the principal business of the subject matter is investment | Means of investment | Amount of investment | Proportion of shareholding | Whether it should be consolidated | Items of statements (if applicable) | Source of funds  | Cooperated parties (if applicable) | Investment period (if any) | The progress of the balance sheet date | Expected revenue (if any) | The impact of profit or loss for the current period | Whether it involves litigation | Date of disclosure (if any) | Index of disclosure (if any) |
|-------------------------|----------------------|--------------------------------------------------------------------|---------------------|----------------------|----------------------------|-----------------------------------|-------------------------------------|------------------|------------------------------------|----------------------------|----------------------------------------|---------------------------|-----------------------------------------------------|--------------------------------|-----------------------------|------------------------------|
| COFCO Fortune Co., Ltd. | Food business        | No                                                                 | Capital increase    | 5,501,038            | 5.81%                      | No                                | Long-term equity investment         | Self-owned funds | /                                  | /                          | Capital increase completed             | /                         | 232,560                                             | No                             | 2023-1-17                   | 2023-002                     |
| Total                   | /                    | /                                                                  | /                   | 5,501,038            | /                          | /                                 | /                                   | /                | /                                  | /                          | /                                      | /                         | 232,560                                             | /                              | /                           | /                            |

# Management Discussion and Analysis

## 2. Significant non-equity investment

Not applicable

## 3. Financial assets at fair value

Unit: '000 Currency: RMB

| Type of assets                                  | Amount at the beginning of the period | Profits or losses on fair value change for the current period | Cumulative fair value changes recorded in equity | Impairment provided for the current period | Amount of purchase for the current period | Amount of disposal/ repurchase for the current period | Other changes | Amount at the end of the period |
|-------------------------------------------------|---------------------------------------|---------------------------------------------------------------|--------------------------------------------------|--------------------------------------------|-------------------------------------------|-------------------------------------------------------|---------------|---------------------------------|
| Share, bonds, funds and other investment        | 93,108                                | -3,485                                                        | -                                                | -                                          | 3,798                                     | -                                                     | 1,579         | 95,000                          |
| Ocean Hotel Shanghai Co., Ltd.*<br>(上海遠洋賓館有限公司) | 108,491                               | -                                                             | 258                                              | -                                          | -                                         | -                                                     | -             | 108,749                         |
| Guangzhou Port Co., Ltd.*<br>(廣州港股份有限公司)        | 1,545,667                             | -                                                             | -9,813                                           | -                                          | -                                         | -                                                     | -             | 1,535,854                       |
| Yantai Port Co., Ltd.*<br>(煙台港股份有限公司)           | 135,784                               | -                                                             | 5,239                                            | -                                          | -                                         | -                                                     | -             | 141,023                         |
| Qinhuangdao Port Co., Ltd.*<br>(秦皇島港股份有限公司)     | 43,130                                | -                                                             | 9,972                                            | -                                          | -                                         | -                                                     | 689           | 53,791                          |
| Convertible corporate bonds                     | 371,477                               | 9,185                                                         | -                                                | -                                          | -                                         | -                                                     | -             | 380,662                         |
| Interest rate swaps                             | 42,303                                | -                                                             | -23,197                                          | -                                          | -                                         | -                                                     | -             | 19,106                          |
| Other                                           | 75,288                                | -                                                             | 9,546                                            | -                                          | -                                         | 6,311                                                 | 302           | 78,825                          |
| <b>Total</b>                                    | <b>2,415,248</b>                      | <b>5,700</b>                                                  | <b>-7,995</b>                                    | <b>-</b>                                   | <b>3,798</b>                              | <b>6,311</b>                                          | <b>2,570</b>  | <b>2,413,010</b>                |

# Management Discussion and Analysis

## Investment in securities

Unit: '000 Currency: RMB

| Type of securities | Stock code           | Stock abbreviation       | Initial investment cost | Source of funds  | Carrying amount at the beginning of the period | Profits or losses on fair value change in current period | Cumulative fair value change recorded in equity | Amount purchased for the current period | Amount of disposal for the current period | Profits or losses for the investment in the current period | Carrying amount at the end of period | Accounting classification                                                   |
|--------------------|----------------------|--------------------------|-------------------------|------------------|------------------------------------------------|----------------------------------------------------------|-------------------------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------|
| Stock              | 601228               | Guangzhou Port           | 1,276,924               | Self-owned funds | 1,545,667                                      | -                                                        | -9,813                                          | -                                       | -                                         | 21,100                                                     | 1,535,854                            | Financial assets at fair value through other comprehensive income ("FVOCI") |
| Stock              | 3369.HK              | QHD PORT                 | 207,681                 | Self-owned funds | 43,130                                         | -                                                        | 9,972                                           | -                                       | -                                         | 3,080                                                      | 53,791                               | FVOCI                                                                       |
| Stock              | 000597               | NORTHEAST PHARM          | 200                     | Self-owned funds | 1,746                                          | -                                                        | -266                                            | -                                       | -                                         | 28                                                         | 1,481                                | FVOCI                                                                       |
| Stock              | 600821               | NYOOR                    | 99                      | Self-owned funds | 609                                            | -                                                        | -94                                             | -                                       | -                                         | -                                                          | 515                                  | FVOCI                                                                       |
| Stock              | 600837               | Haitong Securities       | 7,017                   | Self-owned funds | 42,318                                         | -                                                        | 3,311                                           | -                                       | -                                         | 1,023                                                      | 45,629                               | FVOCI                                                                       |
| Trust product      | 87001                | Hui Xian REIT            | 97,178                  | Self-owned funds | 31,106                                         | -4,653                                                   | -                                               | -                                       | -                                         | 1,976                                                      | 26,959                               | Financial assets at fair value through profit or loss ("FVPL")              |
| Bonds              | 127039               | Beigang Convertible Bond | 321,492                 | Self-owned funds | 371,477                                        | 9,185                                                    | -                                               | -                                       | -                                         | 793                                                        | 380,662                              | FVPL                                                                        |
| Bonds              | Multiple stock codes | Bond Investment          | 611,309                 | Self-owned funds | 623,742                                        | -                                                        | -                                               | -                                       | 240,957                                   | 20,690                                                     | 380,610                              | Financial assets at amortised cost                                          |
| Stock              | Multiple stock codes | Stock Investment         | 174,649                 | Self-owned funds | 62,001                                         | 1,168                                                    | -                                               | 3,798                                   | -                                         | 5,301                                                      | 68,040                               | FVPL                                                                        |
| <b>Total</b>       | /                    | /                        | <b>2,696,549</b>        | /                | <b>2,721,796</b>                               | <b>5,700</b>                                             | <b>3,110</b>                                    | <b>3,798</b>                            | <b>240,957</b>                            | <b>53,991</b>                                              | <b>2,493,541</b>                     | /                                                                           |

# Management Discussion and Analysis

## (V) Industry Operation Information

Situation of the industry of the Company

### Container shipping market

Since 2023, the global economy has entered into a new stage of high inflation and low growth. Due to this fact, the container shipping market is facing a contraction in demand, coupled with an increase in supply caused by the delivery of new vessels, the relationship between supply and demand is generally tightened and the level of freight rates has generally continued the downward trend since the second half of 2022. In mid-November 2023, the continued tension in the Red Sea region brought new challenges to the global supply chain. The tightening supply of transportation capacity in relevant route market promoted the recovery of freight rates at the end of the year. Affected by the decline in the annual average freight rate in the shipping market, the profits of the industry in 2023 shrank significantly compared with 2022.

In recent years, the global industrial chain has shown a trend of localization, regionalization and short-chain development. Along with this development trend, global customers have also put forward higher requirements for the security and resilience of the supply chain. In order to meet the evolving customer needs, shipping companies have gradually extended their transportation services to both ends to build digital supply chain service capabilities and enhance their own value creation capabilities.

With the increasingly stringent global green regulation, the green and low-carbon development of the container shipping industry has entered the fast lane. By actively ordering methanol and other new energy vessels, shipping companies have accelerated the transformation of green technology of vessels and built a green fuel supply chain system to accelerate the decarbonization process in the medium and long term. At the same time, shipping companies have accelerated the launch of a series of green digital supply chain products to meet the growing green demand of customers.

The competition in the container shipping industry has shifted to the comprehensive competition of products, resources and capabilities. In particular, digital supply chain and green and low-carbon development have become the hot spot and development direction of the industry.

### Terminal business market

In 2023, the slowdown in global economic growth and the tightening of currencies in major economies such as the United States and Europe put pressure on the growth of global export trade. Despite the difficulties and challenges, China's container throughput performance remained stable and positive and its share in the international market remained stable.

# Management Discussion and Analysis

As the terminal business market is closely related to the operation of macroeconomic and the development of foreign trade, the development speed of the port industry will also face many challenges in the future. However, with the continuous advancement of the integration of port resources, the economic benefits of the integration may gradually emerge and the port industry has a promising prospect for long-term development.

In addition, in respect of terminal business development, the Company can continue to make efforts in the following aspects: firstly, strengthening regional cooperation and enhancing the international competitiveness of port logistics; secondly, accelerating the intelligent, digital and green transformation of ports, and actively promoting the formulation of specifications and standards for the application of unmanned vessels, supervision and port energy saving and emission reduction, so as to strengthen the competitive advantages of China's ports in the field of innovation; thirdly, strengthening the cooperation between ports and the industrial supply chains of the cities they rely on to promote the integrated construction of ports and cities, and providing important support for stabilizing the global supply chain.

## Situation of the business of the Company

### Container shipping business

#### 1. Main business

The Company mainly manages its international and domestic container transportation services and related business through COSCO SHIPPING Lines, its wholly-owned subsidiary, and OOIL, its indirectly-controlled subsidiary, while leveraging its advantages in domestic and overseas route network and multimodal transportation services to enhance the linkage of port and shipping, providing high-quality digital supply chain service for global customers.

#### 2. Business model

Focusing on the positioning of “global digital supply chain operation and investment platform with a core focus on container shipping”, the Company adheres to the dual-driven development of digital supply chain and green and low-carbon development, and continuously enhances the integrated operation capability of “container shipping + port + related logistics”, strives to provide customers with digitalized supply chain services.

#### 3. Performance drivers

Since 2023, due to the shrinking demand and rising supply, the supply and demand relationship in the global container shipping market has tightened, and the market freight rate has fluctuated at a low level. During the Reporting Period, the average level of China Containerized Freight Index (CCFI) recorded a year-on-year decrease of 66.4%.

Facing extreme challenges, the Company has always upheld a “customer-centric” service concept, proactively integrated into customers’ supply chain, actively matched customers’ demand for transportation, coordinated and deployed resources, made constant innovations and changes, fully discharged important role of technological innovation and digitalization in the supply chain system, and provided customers with convenient, efficient and differentiated digital supply chain services, effectively contributing to a stable and smooth global supply chain.

# Management Discussion and Analysis

## Terminal business

### 1. Main business

The Company is mainly engaged in the loading, unloading and stockpiling of containers and bulk cargoes through COSCO SHIPPING Ports. The terminals portfolio of COSCO SHIPPING Ports covers the five major port clusters along the coast of China and the middle and lower reaches of the Yangtze River and ports in Europe, the Mediterranean, the Middle East, Southeast Asia, South America and Africa etc. As of 31 December 2023, COSCO SHIPPING Ports operated and managed 371 berths at 38 ports globally, of which 224 were for containers, with an annual handling capacity of approximately 123 million TEUs. COSCO SHIPPING Ports will continue to build a global terminal network with efficient connectivity capabilities to create value for stakeholders such as customers, partners, shareholders, employees, local communities, social organizations and international institutions, and contribute to the prosperity and development of regional and national economy and trade. During the Reporting Period, the total container throughput of COSCO SHIPPING Ports achieved a year-on-year growth, with the total container throughput increasing by 4.4% to 135.81 million TEUs, among which the total container throughput of terminals in China was 103.07 million TEUs, representing a year-on-year increase of 4.8%, and the total container throughput of overseas regions was 32.74 million TEUs, representing a year-on-year increase of 3.1%.

### 2. Business model

Terminal companies are established in the form of equity participation, equity controlling or sole proprietorship to organize the construction, marketing, production and management of related businesses for generation of operating income.

### 3. Performance drivers

Main performance drivers include: improving terminal operation efficiency and strengthening cost control to improve profit level; strengthening commercial marketing efforts, improving service quality and exploring the space for incremental supply; actively pursuing investment and development opportunities in key hub ports and core supply chain resources behind terminals in emerging markets, regional markets and third-country markets to strengthen operational efficiency capabilities.

## Core competitiveness analysis

### 1. Overall scale advantages: the scale of two major business segments steadily ranked among the top in the world

The Company is a key component of the core industry of China COSCO SHIPPING Corporation Limited (this annual report regards China COSCO SHIPPING Corporation Limited (“COSCO SHIPPING”), a state-owned enterprise incorporated in the PRC, as being the Company’s ultimate parent company, COSCO SHIPPING and its subsidiaries (other than the Group) are collectively referred to as “COSCO SHIPPING Group”), an indirect controlling Shareholder, and serves as a listing platform focusing on the development of digital supply chain services with container shipping as the core. The platform centralizes superior resources in both container shipping and terminal operation and management segments, and possess significant scale advantages. By the end of the Reporting Period, the Company’s self-operated container fleet size reached 502 vessels with a capacity of over 3.04 million TEUs, keeping tier one in the industry. By the end of the Reporting Period, the Company had a total of 37 new vessel orders with a capacity of nearly 730,000 TEUs in aggregate. Meanwhile, the Company actively followed the new trend of green development in the industry, ordered a batch of green new energy vessels to continuously optimize the structure of its fleet. The Company continued to promote the layout of global terminals and maintained its leading position in the global port operator industry. Leveraging on the overall scale advantages, the Company continued to maintain the competitive advantages of service products in terms of standardization, professionalism and low cost, and improved service quality continuously to better meet the diversified transportation needs of customers.

# Management Discussion and Analysis

## **2. Network coverage advantages: adapting to market changes and adhering to global strategic layout**

The Company adhered to adapting itself to the adjustment of global industrial chain and value chain from global vision and international thinking, continuously optimized the global layout, captured a new pole of growth for the global economy and steadily improved its profitability.

In respect of container shipping business, the Company deeply explored the advantages of resource integration and synergy, continuously enhanced the competitiveness of dual brands and new prospects were created in global development. The Company operated a total of 283 international services (including international feeder lines), 53 coastal services in China and 84 branch lines in Pearl River Delta and Yangtze River, and there are 599 ports of call in around 144 countries and regions in the world.

The OCEAN Alliance, which operates our dual brands, has always committed to providing customers with better services. In January 2023, it officially launched the new product of DAY7 route, and the Company took delivery of new 20,000 TEU container vessels, which were deployed in Asia-Europe Trade. The OCEAN Alliance delivers consistent, stable and reliable services by leveraging on its service advantages in stable cooperation, abundant products and flexible response, which has been highly praised in the market and has attracted customers, contributing to the global trade on an ongoing basis. Moreover, the Company has always adhered to a balanced globalization layout to actively expand into emerging markets, third-country markets and regional markets while steadily improving leading advantages in trunk services.

Stepping into 2024, Ocean Alliance has demonstrated its commitment to customers not only by further extending the alliance for 5 years, but also optimising its products in response to the evolving needs of customers and the dynamic market environment. Since the operation of the OCEAN Alliance, in the face of changes in the global market situation, the Company has always maintained a stable, orderly, smooth and efficient cooperation with members of the OCEAN Alliance to create a series of route products with a wide service range and high service frequency to continuously satisfy growing global trade demands of customers.

## **3. Business model advantages: enhancing value through innovation and development**

The Company adhered to customer demand-oriented to constantly create new business models, strengthen new drivers of development, improve service quality, shape core competitiveness under new business models, and create new corporate value.



# Management Discussion and Analysis

In respect of the construction of whole supply chain, the Group has established the goal of integrated development of “container shipping + ports + related logistics” supply chain. Relying on its abundant global resources, the Group promoted the integration and efficient operation of resources in domestic and overseas, and formed whole chain services covering trunk lines, branch lines, highways, railways, customs and warehousing, which enabled the Group to provide whole chain services and one-stop solutions for many enterprises in cross-border e-commerce, home appliances, photovoltaic, automobile and other industries and advance the entire container supply chain in depth.

In respect of shipping digitalization, the Company focused on customer needs and made full use of the superior resources of global network to continuously enhance its service innovation capabilities. The Company adhered to digitalization-driven development, fully leveraged to its own advantages in internal trade e-commerce platform (Pan-Asia e-commerce) and foreign trade e-commerce platform (SynCon Hub), and continuously enhanced the attractiveness, agglomeration and innovation of products, significantly improving customers’ user convenience and interaction efficiency. The Company accelerated the construction of shipping digitalization and empowered the acceleration of its digital transformation and upgrading through the application of information and digital systems such as GSBN, IRIS-4 and 5G ports in a more extensive manner.

#### **4. Business synergy advantages: achieving mutual benefits through comprehensive synergy**

Both container shipping and terminal operation and management segments of the Company had significant potential for synergistic effect, which could achieve mutual integration, mutual promotion and coordinated development. The Company adhered to the coordinated development of segments. While continuing to promote the development of its fleet, the Company actively explores the global layout of terminals, and constantly strengthened the coordination of global transportation capacity and terminal resources and consolidated its competitive advantages in the transportation capacity route network and the control of key resources. By exploiting the synergistic advantages of port and shipping to its fullest, the integrated digital supply chain system that serves global customers was continuously improved, and cyclical risks were effectively mitigated, thereby promoting a sustainable and high-quality development of both segments.

In respect of dual-brand synergy, the Company leveraged its two container shipping service brands, namely “COSCO SHIPPING Lines” and “OOCL” to achieve complementary advantages and synergistic integration in terms of global network, digital capabilities and logistics layout, unleashing the synergies on an ongoing basis.

# Management Discussion and Analysis

## Container shipping business

### (1) Shipping volume

#### *Shipping volume of the Group (TEU)*

| <b>Routes</b>                                        | <b>Current period</b> | <b>Same period of last year</b> | <b>Percentage of change (%)</b> |
|------------------------------------------------------|-----------------------|---------------------------------|---------------------------------|
| Trans-Pacific                                        | 4,260,271             | 4,508,287                       | -5.50                           |
| Asia and Europe (including the Mediterranean)        | 4,358,456             | 4,542,071                       | -4.04                           |
| Asia Region (including Australia)                    | 7,991,188             | 8,178,984                       | -2.30                           |
| Other international regions (including the Atlantic) | 2,620,626             | 2,703,538                       | -3.07                           |
| Mainland China                                       | 4,324,436             | 4,478,789                       | -3.45                           |
| <b>Total</b>                                         | <b>23,554,977</b>     | <b>24,411,669</b>               | <b>-3.51</b>                    |

#### *Shipping volume of COSCO SHIPPING Lines (a subsidiary of the Group) (TEU)*

| <b>Routes</b>                                        | <b>Current period</b> | <b>Same period of last year</b> | <b>Percentage of change (%)</b> |
|------------------------------------------------------|-----------------------|---------------------------------|---------------------------------|
| Trans-Pacific                                        | 2,370,159             | 2,735,550                       | -13.36                          |
| Asia and Europe (including the Mediterranean)        | 2,763,710             | 2,965,270                       | -6.80                           |
| Asia Region (including Australia)                    | 4,620,251             | 4,849,143                       | -4.72                           |
| Other international regions (including the Atlantic) | 2,138,304             | 2,253,559                       | -5.11                           |
| Mainland China                                       | 4,324,436             | 4,478,789                       | -3.45                           |
| <b>Total</b>                                         | <b>16,216,860</b>     | <b>17,282,311</b>               | <b>-6.16</b>                    |

# Management Discussion and Analysis

## (2) Revenue from routes

### *Revenue from routes by the Group (RMB'000)*

| <b>Routes</b>                                        | <b>Current period</b> | <b>Same period of last year</b> | <b>Percentage of change (%)</b> |
|------------------------------------------------------|-----------------------|---------------------------------|---------------------------------|
| Trans-Pacific                                        | 40,409,240            | 115,103,508                     | -64.89                          |
| Asia and Europe (including the Mediterranean)        | 32,940,568            | 97,279,508                      | -66.14                          |
| Asia Region (including Australia)                    | 43,830,698            | 89,478,213                      | -51.02                          |
| Other international regions (including the Atlantic) | 25,869,260            | 51,759,782                      | -50.02                          |
| Mainland China                                       | 11,433,374            | 12,925,609                      | -11.54                          |
| <b>Total</b>                                         | <b>154,483,140</b>    | <b>366,546,620</b>              | <b>-57.85</b>                   |

### *Of which revenue from routes by COSCO SHIPPING Lines (a subsidiary of the Group) (RMB'000)*

| <b>Routes</b>                                        | <b>Current period</b> | <b>Same period of last year</b> | <b>Percentage of change (%)</b> |
|------------------------------------------------------|-----------------------|---------------------------------|---------------------------------|
| Trans-Pacific                                        | 22,626,255            | 68,966,954                      | -67.19                          |
| Asia and Europe (including the Mediterranean)        | 22,982,495            | 65,663,365                      | -65.00                          |
| Asia Region (including Australia)                    | 26,656,156            | 54,055,741                      | -50.69                          |
| Other international regions (including the Atlantic) | 21,422,615            | 44,185,895                      | -51.52                          |
| Mainland China                                       | 11,603,220            | 13,071,328                      | -11.23                          |
| <b>Total</b>                                         | <b>105,290,741</b>    | <b>245,943,283</b>              | <b>-57.19</b>                   |

# Management Discussion and Analysis

## *Revenue from routes by the Group (equivalent to US\$'000)*

| <b>Routes</b>                                        | <b>Current period</b> | <b>Same period of last year</b> | <b>Percentage of change (%)</b> |
|------------------------------------------------------|-----------------------|---------------------------------|---------------------------------|
| Trans-Pacific                                        | 5,732,783             | 17,108,386                      | -66.49                          |
| Asia and Europe (including the Mediterranean)        | 4,673,216             | 14,459,119                      | -67.68                          |
| Asia Region (including Australia)                    | 6,218,179             | 13,299,575                      | -53.25                          |
| Other international regions (including the Atlantic) | 3,670,023             | 7,693,304                       | -52.30                          |
| Mainland China                                       | 1,622,032             | 1,921,196                       | -15.57                          |
| <b>Total</b>                                         | <b>21,916,233</b>     | <b>54,481,580</b>               | <b>-59.77</b>                   |

## *Of which revenue from routes by COSCO SHIPPING Lines (a subsidiary of the Group) (equivalent to US\$'000)*

| <b>Routes</b>                                        | <b>Current period</b> | <b>Same period of last year</b> | <b>Percentage of change (%)</b> |
|------------------------------------------------------|-----------------------|---------------------------------|---------------------------------|
| Trans-Pacific                                        | 3,209,944             | 10,250,889                      | -68.69                          |
| Asia and Europe (including the Mediterranean)        | 3,260,483             | 9,759,860                       | -66.59                          |
| Asia Region (including Australia)                    | 3,781,659             | 8,034,564                       | -52.93                          |
| Other international regions (including the Atlantic) | 3,039,186             | 6,567,561                       | -53.72                          |
| Mainland China                                       | 1,646,127             | 1,942,854                       | -15.27                          |
| <b>Total</b>                                         | <b>14,937,399</b>     | <b>36,555,728</b>               | <b>-59.14</b>                   |

# Management Discussion and Analysis

## (3) Major performance indicators

### *Major performance indicators of the container shipping business of the Group (RMB)*

| Items                                                     | Current period    | Same period of last year | Difference                           |
|-----------------------------------------------------------|-------------------|--------------------------|--------------------------------------|
| Revenue from container shipping business ('000)           | 168,125,772       | 384,035,553              | -215,909,781                         |
| Including: Supply chain revenue other than ocean shipping | 29,048,047        | 33,264,649               | -4,216,602                           |
| EBIT ('000)                                               | 28,837,437        | 164,524,457              | -135,687,020                         |
| EBIT margin                                               | 17.15%            | 42.84%                   | Decreased by 25.69 percentage points |
| <b>Net profit ('000)</b>                                  | <b>22,415,476</b> | <b>136,815,488</b>       | <b>-114,400,012</b>                  |

### *Among which: major performance indicators of the container shipping business of COSCO SHIPPING Lines (a subsidiary of the Group) (RMB)*

| Items                                                     | Current period    | Same period of last year | Difference                           |
|-----------------------------------------------------------|-------------------|--------------------------|--------------------------------------|
| Revenue from container shipping business ('000)           | 116,043,142       | 257,750,850              | -141,707,708                         |
| Including: Supply chain revenue other than ocean shipping | 19,114,207        | 20,303,798               | -1,189,591                           |
| EBIT ('000)                                               | 18,770,516        | 96,829,781               | -78,059,265                          |
| EBIT margin                                               | 16.18%            | 37.57%                   | Decreased by 21.39 percentage points |
| <b>Net profit ('000)</b>                                  | <b>12,674,761</b> | <b>69,939,390</b>        | <b>-57,264,629</b>                   |

### *Major performance indicators of the container shipping business of the Group (equivalent to US\$)*

| Items                                                     | Current period   | Same period of last year | Difference         |
|-----------------------------------------------------------|------------------|--------------------------|--------------------|
| Revenue from container shipping business (US\$ '000)      | 23,851,687       | 57,081,044               | -33,229,357        |
| Including: Supply chain revenue other than ocean shipping | 4,120,992        | 4,944,284                | -823,292           |
| Revenue per TEU from international routes (US\$/TEU)      | 1,055.31         | 2,636.87                 | -1,581.56          |
| EBIT (US\$ '000)                                          | 4,091,113        | 24,454,058               | -20,362,945        |
| <b>Net profit (US'000)</b>                                | <b>3,180,041</b> | <b>20,335,541</b>        | <b>-17,155,500</b> |

# Management Discussion and Analysis

**Among which: major performance indicators of the container shipping business of COSCO SHIPPING Lines (a subsidiary of the Group) (equivalent to US\$)**

| Items                                                     | Current period   | Same period of last year | Difference        |
|-----------------------------------------------------------|------------------|--------------------------|-------------------|
| Revenue from container shipping business (US\$ '000)      | 16,462,822       | 38,310,743               | -21,847,921       |
| Including: Supply chain revenue other than ocean shipping | 2,711,697        | 3,017,851                | -306,154          |
| Revenue per TEU from international routes (US\$/TEU)      | 1,117.63         | 2,703.39                 | -1,585.76         |
| EBIT (US\$ '000)                                          | 2,662,938        | 14,392,274               | -11,729,336       |
| <b>Net profit (US\$ '000)</b>                             | <b>1,798,145</b> | <b>10,395,427</b>        | <b>-8,597,282</b> |

Note 1: "Supply chain revenue other than ocean shipping" refers to container shipping-related supply chain revenue excluding dual-brand ocean shipping revenue, which includes non-ocean shipping revenue as set out in the terms of dual-brand bills of lading.

Note 2: The revenue from routes and major performance indicators above were translated into US\$ at an average exchange rate of RMB7.0488: US\$1 in 2023 and RMB6.7279: US\$1 in 2022.

## Terminal business

In 2023, the total throughput of COSCO SHIPPING Ports (a subsidiary of the Group) amounted to 135.8086 million TEUs, representing an increase of 4.38% as compared to the same period of last year, of which, the throughput of controlled terminals amounted to 30.7621 million TEUs, representing a decrease of 2.74% as compared to the same period of last year; and the throughput of non-controlled terminals amounted to 105.0465 million TEUs, representing an increase of 6.67% as compared to the same period of last year.

| Location of terminal           | Current period (TEU) | Same period of last year (TEU) | Percentage of change (%) |
|--------------------------------|----------------------|--------------------------------|--------------------------|
| Bohai Rim Region               | 46,589,991           | 43,120,988                     | 8.04                     |
| Yangtze River Delta Region     | 14,569,524           | 13,986,956                     | 4.17                     |
| Southeast Coast and others     | 5,951,456            | 6,392,128                      | -6.89                    |
| Pearl River Delta Region       | 27,932,139           | 27,817,027                     | 0.41                     |
| Southwest Coast                | 8,022,100            | 7,021,000                      | 14.26                    |
| Overseas                       | 32,743,344           | 31,768,975                     | 3.07                     |
| Total                          | 135,808,554          | 130,107,074                    | 4.38                     |
| Of which: Controlled terminals | 30,762,095           | 31,627,734                     | -2.74                    |
| Non-controlled terminals       | 105,046,459          | 98,479,340                     | 6.67                     |

# Management Discussion and Analysis

## Major acquisition and disposal of assets and equity

The Group had no major acquisition and disposal in respect of its subsidiaries, associates and joint ventures during the Reporting Period.

## Other material contracts

The Group had no other material contracts during the Reporting Period.

## Other significant events

1. On 16 January 2023, the Company entered into the “Capital Increase Agreement in Respect of COFCO Fortune Co., Ltd.” with COFCO Group Limited\* (中糧集團有限公司), COFCO Fortune Co., Ltd. (“**COFCO Fortune**”) and other investors, pursuant to which the Company subscribed for 179,968,695 shares of COFCO Fortune by way of a capital contribution of RMB5,499,999,987.02 by the Company in COFCO Fortune, representing approximately 5.81% of the total share capital of COFCO Fortune upon completion of the transaction. For details, please refer to the announcement of the Company dated 16 January 2023.
2. On 28 April 2023, the 26th meeting of the sixth session of the Board of the Company considered and approved the amendments to the Articles of Association and its appendices, i.e., the Rules of Procedures of Shareholders’ General Meetings and the Rules of Procedures of the Board of Directors; the 16th meeting of the sixth session of the Supervisory Committee of the Company considered and approved the amendments to the Rules of Procedures of the Supervisory Committee (the appendix to the Articles of Association). On 25 May 2023, the above amendments were approved at the 2022 annual general meeting of the

Company. The amended Articles of Association has taken effect upon the completion of registration with the market entity registration and management authority, and its appendices, i.e., the Rules of Procedures of Shareholders’ General Meetings, the Rules of Procedures of the Board of Directors and the Rules of Procedures of the Supervisory Committee, took effect at the same time. For details, please refer to the announcement of the Company dated 28 April 2023, the circular of the Company dated 5 May 2023, the announcement of the Company dated 25 May 2023 and the overseas regulatory announcement of the Company dated 15 June 2023.

## Dividend

The details of the dividend have been disclosed in Note 35 of consolidated financial statements in this announcement. On 28 March 2024, the Company convened a board meeting to consider and approve the final profit distribution plan for 2023: to distribute cash dividend of RMB0.23 per Share (tax inclusive) to all Shareholders; based on the Company’s total share capital of 15,957,586,817 Shares as at the disclosure date of this report, the final dividend for 2023 shall be around RMB3.670 billion. If there is a change in the number of Shares between the disclosure date of this report and the registration date of dividend distribution, the dividend per Share shall remain unchanged, with a corresponding adjustment to the total amount of distribution. Based on the above profit distribution plan, in addition to the cash dividends of around RMB8.196 billion already distributed to all Shareholders in the first half of 2023, the total dividend in respect of 2023 amounted to around RMB11.866 billion, accounting for approximately 50% of the consolidated profit attributable to equity holders of the Company for 2023.

# Management Discussion and Analysis

The final dividend in respect of 2022 was RMB1.39 per ordinary Share (tax inclusive), with total amount of RMB22.477 billion. The total dividend in respect of 2022 amounted to approximately RMB54,827 million, accounting for approximately 50% of the net profit attributable to equity holders of the Company for 2022.

The final dividend in respect of 2023 is subject to approval by the Shareholders at the forthcoming annual general meeting. The final dividend in respect of 2023 will be denominated and declared in Renminbi, and payable in Renminbi to holders of A Shares of the Company and in Hong Kong dollars to holders of H Shares of the Company within two months upon approval at the annual general meeting.

The Company will disclose in due course, among other things, further details regarding the expected timetable and arrangement for closure of register of H Shareholders in respect of the proposed payment of final dividend in respect of 2023 for the purpose of ascertaining Shareholders' entitlement to the payment of final dividend in respect of 2023 by the Company.

## Subsequent events

Since the end of the Reporting Period and up to the disclosure date of this report, the Group has no significant subsequent events.

## DISCUSSION AND ANALYSIS OF THE BOARD CONCERNING THE FUTURE DEVELOPMENT OF THE COMPANY

### (I) Industry pattern and trend

#### Container shipping market

In 2023, global economy and trade experienced a slow recovery amid intensifying geopolitical conflicts, lingering local inflationary pressures and high interest rates in developed countries. According to the World Economic Outlook Report released by the International Monetary Fund (IMF) in late January 2024, the global economy grew by 3.1% in 2023, representing a drop of

0.4 percentage point as compared to 2022. As a result, the demand for global container transportation market showed only a slight growth in 2023. According to the data of Drewry, a consulting firm, demand for global container transport increased by 0.4% in 2023. At the same time, the container transportation market is facing increased pressure on the supply side. According to the data of Drewry, the global container capacity recorded a year-on-year increase of approximately 8% in 2023, doubling the growth rate of 2022.

As the growth in demand was far less than the growth in transport capacity, the market shifted from a weak balance between supply and demand to supply exceeding demand in 2023. At the end of 2023, as the Red Sea tensions continued to escalate, the supply and demand relationship improved in the short term, but did not change the market phenomena of "sufficient supply and weak demand".

Looking forward to 2024, with the end of the interest rate hike cycle in Europe and the United States, the restart of inventory replenishment in Europe and the United States, the deepening of the "Belt and Road" cooperation, and the gradual rise of emerging markets, the recovery of the global commodity trade is expected to restart, which will drive up demand in the global container shipping market. In 2024, the market delivery capacity is expected to be about 3 million TEUs, hitting a record high, while the mismatch between supply and demand persists. As far as the industry is concerned, the European Union will abolish the antitrust exemption for the liner shipping industry this year, and coupled with the changes and adjustments in the global container shipping alliances, which may have significant impact on the future landscape of corporate alliance, and competition in the market will become more intense.

As the trends of digital, chain-wide, green and low-carbon development continue to take root, customers will demand more in terms of visibility, controllability, predictability, traceability and carbon emission reduction, along with the traditional demands relating to tariffs and slots, and the product structure of the shipping industry will become more diversified.



# Management Discussion and Analysis

## Terminal business market

Against the backdrop of global carbon neutrality, new focal points of China's export structure continue to emerge. China's new energy industry chain related products possess global leading edges in price, technology and quality, and the export growth rate of new energy vehicles, photovoltaic and other products is expected to remain in a higher range. According to data released by China's General Administration of Customs, China's automobile exports reached 5.221 million units in 2023, representing a year-on-year increase of 57.4%. China's automobile exports are accelerating, and the export scale of its related upstream and downstream industry chain is also gradually expanding, bringing new development opportunities for the port industry.

Terminal operators continue to build global terminal networks with efficient linkage capabilities and to strengthen port and shipping cooperation with shipping companies. As a terminal operator with shipping company background, we give full play to the important supporting role of our ports in the "end-to-end" logistics supply chain. By deepening strategic alignment with our industry chain and supply chain partners, including the Group's sister units, and by linking up our processes, optimizing the allocation of resources, and facilitating the smooth communication of information, we drive the continuous expansion of our synergistic fields and deepen our synergistic levels, so as to create a win-win ecosystem for our industry chains and supply chain upstream as well as downstream, and to develop new advantages for our development.

## (II) Development strategy of the Company

The Company is positioned as a platform of global digital supply chain operation and investment, with container shipping as its core. It is the core company that undertakes the Group's vision of "building a world-class shipping technology enterprise" and is committed to providing customers with full-chain solution in terms of "container shipping + ports + related logistics services".

In the container shipping segment, the Company will promote the integrated development of the "three networks" comprising the global shipping route network, end-to-end service network, and digital information network, so as to build a new strategic pattern of "Three Networks Combined and Five Elements in One" that is mutually supportive, organically integrated and reciprocally promoted. As such, we will continue to drive for brand value maximization and utility specialization, and to move towards becoming a "customer-oriented, value-leading and world-class integrated service provider of the container transportation ecosystem".

In the terminal operation and management segment, the Company will adhere to the general principle of "seeking progress while maintaining stability" and deepen internal and external cooperation to lead the development of ecological innovation in the three major areas of "supply chain system, intelligent interconnection, and green and low carbon". We insist on improving quality in a stable manner, and strive to build new engines for corporate development, innovation-driven new models and new management style of high-quality growth. We will continue to improve our value creation and realize a steady increase in our profits. The Company will strive to become a leading integrated global port operator through the twin engines of "merger and acquisition-driven leap-forward growth" and "lean operation", supported by our three major transformations, namely, "to establish an information technology and digitization platform", "to build an extended support center for the industry chain", and "to optimize our organization control and talent cultivation system".

The Company will continue to consolidate and develop our container shipping, terminal operation management and related businesses to enhance the shipping value chain. Through collaborative and lean management, we will continue to enhance the overall competitiveness of our container shipping and port services, further promote the healthy, stable and sustainable development of our major businesses, provide better services to our customers, and maximize corporate efficiency, corporate value and Shareholders' returns.

# Management Discussion and Analysis

## (III) Operation plan

### Container Shipping Business

In 2024, the Company will deepen internal and external collaboration with an open, cooperative and innovative approach, consolidate the competitiveness of its core business, and lead the ecological innovation in the three major areas of “supply chain system, intelligent interconnection, and green and low carbon”, to continuously strengthen our position as a customer-oriented, value-leading and world-class integrated container ecosystem service provider.

Optimizing global shipping layout. The Company will bring more stable and high-quality service experience and supply chain protection to customers through smooth, orderly and efficient alliance cooperation. On 15 March 2024, the Ocean Alliance, of which the Dual Brands are members, launched the Day 8 Product that maintains stability and coherence of service. A total of approximately 355 vessels with a capacity of around 4.82 million TEUs have been put into operation, providing services to more than 480 direct Port Pairs. The Company’s routes portfolio will align with the new pattern of regional integration development, closely follow the changes in the industrial chain, enhance the competitiveness in emerging regional and third-country markets such as Southeast Asia region, South Asia region, Africa and America, and promote the balanced enhancement of global service capabilities. Meanwhile, the Company will actively participate in important strategies such as the China Western Land-Sea Trade Corridor, Hainan Free Trade Port, the revitalization of Northeast China; continue to upgrade the trunk and branch routes of Yangpu Port in Hainan and Beibu Gulf Port in Guangxi; accelerate the construction of the new land-sea trade corridor and the supporting logistics resources; and build a closely coordinated land-sea integrated container operation network to pave the way for the high-level opening up of China to the world.

Promoting supply chain, intelligent interconnection ecological innovation. The Company will focus on the integrated configuration and operation of “container shipping + port + related logistics services” to promote globalization and scale development to achieve breakthroughs, and connect the new development pattern of “dual circulation”. At the same time, the Company will focus on the full scenario of container supply chain services, relying on the stacking application of intelligent technology to comprehensively improve the efficiency of resource operation and the auxiliary management capability of customers’ supply chain, and enhance the cooperation effectiveness of all parties involved in the industry chain.

Promoting green and low-carbon ecological innovation. The Company will steadily promote the construction of new energy and dual-fuel-powered vessels for the Dual Brands strategy, and accelerate the construction of green fleets equipped with the latest technologies developed in the industry. In consideration of the new requirements of the environmental protection regulations, the Company will dynamically carry out the pilot projects for energy-saving and emission reduction and the technical transformation in performing its contracts in order to ensure that the international and domestic regulatory requirements are met and our corporate responsibilities are fulfilled. The Company will actively explore the construction of a supply chain system for new energy fuels, such as methanol, to provide strong support for the Company’s green and low-carbon transformation and development.

# Management Discussion and Analysis

## Terminal Business

The Company will continue to focus on improving quality and increasing efficiency. Utilizing service improvement, cost control and business optimization as the mainstay, and digitalization and artificial intelligence as the driving force, we will improve the profitability and efficiency level of our asset portfolio. Seizing the opportunity of China's advanced manufacturing industry expanding overseas, we will expand our service scope, create incremental value, improve cost control, strengthen our low-cost competitive advantage, innovate in our business model, and promote the strong linkage of our port and shipping resources.

The Company will continue to offer end-to-end supply chain services and focus on new development trends in the world and integrate into the new "dual cycle" development pattern. We will make full use of our global terminal network, supply chain base, digital intelligence and other resource advantages to create high-quality service benchmark products and provide efficient and convenient port logistics supply chain solutions. We insist on being driven by innovation and will accelerate the construction of a new green transportation model that is clean, low-carbon, safe, and efficient.

The Company will actively promote the deployment of global terminal resources, and on the basis of the existing network, continue to explore opportunities in emerging markets, regional markets and third-country markets represented by the Regional Comprehensive Economic Partnership (RCEP). We will steadily advance the deployment of port resources in Southeast Asia, Africa and South America to improve our global terminal network. At the same time, we will continue to participate in domestic port resource consolidation to optimize our terminal set-up and enhance the quality of our assets.

## (IV) Possible Risks

### Risks of Economic Volatility

#### 1. *Description and analysis of the risks:*

Affected by factors such as changes in geopolitical relationships and global trade landscape, ongoing restructuring of global supply chains, changes in inflation and debt levels in key economies and individual regional conflicts, the global macroeconomic recovery may be less than expected. The weak growth of investment, trade or consumption in relevant regions or industries may cause the cargo demand in the regions or upstream industries where the Company operates to grow less than expected.

#### 2. *Strategies for addressing the risks:*

- (1) To establish a sound mechanism for the collection, tracking and research of macroeconomic information on a regular basis.
- (2) To strengthen the collection and analysis of market and customer related information.
- (3) To improve product competitiveness and leading ability of industrial ecology.
- (4) To strengthen the management and control of operating costs and enhancing the anti-cyclical ability.

# Management Discussion and Analysis

## Risks of Political Policies

### 1. *Description and analysis of the risks:*

Due to the impact of geopolitical conflicts of interests among major countries and changes in the internal political situation of certain countries or regions, the global geopolitical landscape remains in a state of continuous instability, which has adversely affected the shipping industry and the global operations of the Company.

### 2. *Strategies for addressing the risks:*

- (1) To strengthen the collection, tracking and research of geopolitical information on a regular basis.
- (2) To strengthen the country-specific risk assessment mechanism in the decision-making process of major operations and investments.
- (3) To strengthen the risk collection, prevention and resolution mechanism of sudden geopolitical events.

## Compliance Risks of Overseas Operations

### 1. *Description and analysis of the risks:*

The adjustment of policies on trade, investment, taxation, environmental protection, anti-monopoly, navigation safety, shipping technology and logistics operation by international organizations and major countries or regions, as well as the continuous strengthening of enforcement of compliance supervision, may have potential impact on the global operation layout of the Company.

### 2. *Strategies for addressing the risks:*

- (1) To keep up with the laws and policies of key countries and regions and deepen the construction of compliance management.
- (2) To pay close attention to policy changes in key regions and formulate management strategies and emergency plans.
- (3) To enhance the compliance awareness of all employees and create a corporate culture of the rule of law.

# Management Discussion and Analysis

## Final Dividend of the Company for the year 2023

On 28 March 2024, the Board proposed a final dividend in respect of 2023 of RMB0.23 per ordinary Share (tax inclusive); based on the Company's total share capital of 15,957,586,817 Shares as at the disclosure date of this report, the final cash dividends for 2023 of RMB3.670 billion shall be distributed. If there is a change in the number of Shares between the disclosure date of this report and the registration date of dividend distribution, the dividend per Share shall remain unchanged, with a corresponding adjustment to the total amount of distribution. Based on the above profit distribution plan, together with the interim cash dividends of around RMB8.196 billion for 2023 already distributed, the total cash dividends of around RMB11.866 billion will be distributed for 2023, accounting for approximately 50% of the net profit attributable to Shareholders of the Company for 2023.

The final dividend in respect of 2022 is RMB1.39 per ordinary Share (tax inclusive), with total amount of RMB22.477 billion. The total dividend in respect of 2022 amounted to approximately RMB54.827 billion, accounting for approximately 50% of the net profit attributable to equity holders of the Company for 2022.

# Significant Events

- I. If there is an earning forecast as regard to the assets or projects of the Company and the Reporting Period remains in the earning prediction period, the Company will give an explanation as to the achievement of the original forecast as regard to the assets or projects and the relevant reasons**

Not applicable

- II. Material Litigation and Arbitration**

There was no material litigation and arbitration in this year.

- III. Material Contracts and Performance Thereof**

Not applicable

# Significant Events

## (I) Guarantees

Unit: Yuan Currency: RMB

### External guarantees provided by the Company (excluding guarantees provided for its subsidiaries)

| Guarantor                                                                                                                     | Relationship of the Guarantor with the Company | Beneficiary        | Amount of the guarantee | Date of guarantee agreement | Commencement date of guarantee | End date of guarantee | Type of guarantee | Collateral (if any)                                     | Whether the guarantee is discharged | Whether the guarantee is overdue | Amount of overdue guarantee | Counter guarantee | Whether it is a connected party guarantee | Connected relationship |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|--------------------|-------------------------|-----------------------------|--------------------------------|-----------------------|-------------------|---------------------------------------------------------|-------------------------------------|----------------------------------|-----------------------------|-------------------|-------------------------------------------|------------------------|
| COSCO SHIPPING Ports (Antwerp) NV                                                                                             | Holding subsidiary                             | Antwerp Gateway NV | 265,640,960.00          | 15 June 2020                | 15 June 2020                   | 29 June 2040          | General guarantee | We are interested in equity interest of the beneficiary | No                                  | No                               | -                           | Yes               | Yes                                       | Associates             |
| Total amount of guarantees provided during the Reporting Period (excluding guarantees provided for subsidiaries)              |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Total outstanding guarantee amount as at the end of the Reporting Period (A) (excluding guarantees provided for subsidiaries) |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Guarantees provided by the Company and its subsidiaries for its subsidiaries                                                  |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Total amount of the guarantees provided to subsidiaries during the Reporting Period                                           |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Total outstanding guarantee amount of the guarantees provided to subsidiaries as at the end of the Reporting Period (B)       |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Total amount of the guarantees provided by the Company (including guarantees for subsidiaries)                                |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Total amount of guarantees (A+B)                                                                                              |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Total amount of guarantees as a percentage to the net assets of the Company (%)                                               |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Of which:                                                                                                                     |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Amount of guarantees provided to shareholders, ultimate controller and its connected parties (C)                              |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Amount of guarantees directly or indirectly provided for liability of parties with a gearing ratio exceeding 70% (D)          |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| The portion of total amount of guarantee in excess of 50% of the net assets (E)                                               |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Total amount of the above three categories of guarantees (C+D+E)                                                              |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Explanation on outstanding guarantees which may cause several and joint liability                                             |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |
| Explanation on guarantees                                                                                                     |                                                |                    |                         |                             |                                |                       |                   |                                                         |                                     |                                  |                             |                   |                                           |                        |

## (II) Other material contracts

Not applicable

# Significant Events

## IV. Other Significant Events

Based on its confidence in the Company's future development prospect and recognition of the Company's investment value, COSCO SHIPPING increased its shareholdings in the Company's A Shares and H Shares from 19 May to 20 May 2022 and formulated a subsequent plan to further increase its shareholdings. As of 18 May 2023, the implementation of the aforementioned shareholding increase plan had been completed. COSCO SHIPPING Group and its wholly-owned subsidiaries had accumulatively increased its shareholdings in 115,087,287 A Shares and 190,000,000 H Shares of the Company, with a total increase in its holdings of 305,087,287 Shares of the Company and an accumulative amount of approximately RMB2.991 billion under the shareholding increase plan. For details, please refer to the overseas regulatory announcements of the Company dated 20 May 2022, 10 June 2022, 21 July 2022, 21 November 2022, 13 March 2023, 20 April 2023 and 18 May 2023.

## V. Fulfillment of Social Responsibilities

### Social Responsibility

In 2023, the Company continued performing the obligations of the United Nations Global Compact comprehensively by fulfilling various undertakings provided in the Global Compact, especially the principles in various areas, including environmental protection, labor, human rights and anti-corruption. The Company fulfilled its corporate responsibilities, shared social values and continued to care for it. While continuously expanding its business and developing itself, the Company has always focused on improving the supply chain management system and building a sustainable industrial chain to drive suppliers to achieve common economic prosperity. At the same time, the Company regarded the construction of public undertakings as an important responsibility of the enterprise, and has carried out long-term actions in public welfare and rural revitalization to promote social well-being.

The Company focuses on industry cooperation, mutual assistance in enterprise operations, and promotes regional economic development. Relying on its solid business foundation and transportation capabilities, the Group continued to solve the difficulties in daily operation for small and medium-sized enterprises in need, and provided assistance services to enterprises in need internationally and domestically.



# Significant Events

Details of consolidation and expansion of the results of the poverty alleviation, rural revitalization and other work

## Poverty alleviation and rural revitalization projects

|                                                                                                                                   | Amount/content                                                   | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Charity giving                                                                                                                    | RMB61,466,800                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Of which: funds                                                                                                                   | RMB53,331,300                                                    | COSCO SHIPPING Lines donated RMB40 million to the COSCO Charity Foundation; RMB500,000 to the electronic reading room construction project of education system in Yongde County, Yunnan; RMB500,000 to the “National Unity Square” project in Dalong Township, Luolong County, Tibet; RMB150,000 to Yuanmeng Education Foundation of Anhua County, Hunan. COSCO SHIPPING Ports donated RMB10 million to COSCO Charity Foundation; donated HK\$50,000 to WWF Hong Kong; donated HK\$28,000 to Ocean Park Conservation Foundation, Hong Kong; donated RMB60,000 to communities and schools around Jinjiang Port and Quanzhou Port; donated RMB520,000 to Guangzhou South China Oceangate Terminal; and donated EUR100,000 to communities in Piraeus and other places. |
| Total value of materials                                                                                                          | RMB8,135,500                                                     | The labor union of COSCO SHIPPING Lines organized employees to donate clothing and school supplies worth approximately RMB3 million to poor farmers, herdsmen and students in Luolong County, Tibet; Labor unions and employees at all levels of the Company responded to consumption assistance and purchased agricultural and sideline products worth RMB5,135,500 from targeted assistance areas.                                                                                                                                                                                                                                                                                                                                                                |
| Number of people benefited                                                                                                        | 15,000                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Forms of assistance (such as industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.) | Project assistance, education assistance, consumption assistance | Support the rural revitalization of targeted/designated assistance areas through various forms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

In 2023, taking into account the actual conditions of the targeted assistance areas of Luolong County in Tibet, Anhua County in Hunan and Yongde County in Yunnan Province, the Company made use of its own industry advantages, formulated assistance plans based on in-depth investigation and research, and actively implemented poverty alleviation and rural revitalization projects. The Company ensured the timely availability of investment and assistance funds, continued to consolidate and expand the results of poverty alleviation, and made positive contributions to the economic and social development of the corresponding regions.

## Environmental Responsibility

|                                                                         |                   |
|-------------------------------------------------------------------------|-------------------|
| Whether environmental protection-related mechanism has been established | Yes               |
| Investment in environmental protection during the Reporting Period      | RMB11,519 million |

# Significant Events

## (1) Relevant information conducive to ecological protection, pollution prevention and performance of environmental responsibilities

As a leading enterprise in the shipping industry, the Company has set a good example by practicing the concept of “energy saving, carbon reduction and green development”, and is committed to reducing the impact of its business operations on the environment. The Group’s container shipping business continues to reduce greenhouse gas emissions through the promotion of clean fuel, vessel maintenance and route optimization. At the same time, in the port business, the Group continued to optimize the energy consumption of the port, further implemented the use of shore power, and reduced the fuel emissions of ships, so as to achieve the harmonious coexistence of the sustainable development of the enterprise and the ecological environment. Through strengthening green and low-carbon management and implementing energy saving and emission reduction measures, the Company obtained the following recognitions during the Reporting Period.

In respect of our Dual Brands, we will continue to promote the delivery of new container vessels and strengthen the competitiveness of our fleet by introducing large, advanced, energy saving vessels. The new vessels will adopt the latest engine technology, intelligent vessel performance monitoring system and other state-of-the-art equipment to achieve better digitalization and higher operational efficiency and reduce carbon emissions.

The Group will focus on green, low-carbon and intelligent ships in future research and strive to improve the overall technical level of its fleet. In order to achieve the long-term goal of green and low-carbon transformation, the Group will vigorously promote the application of green methanol fuel in its fleet. As at the end of the Reporting Period, COSCO SHIPPING Lines and OOIL ordered five and seven large 24000 TEU methanol-enabled container vessels, respectively. These vessels are expected to be delivered starting from Q3 2026 and will be equipped with green fuel-powered technology. With the continuous establishment and improvement of the green methanol supply chain system, methanol stands out from many new energy fuels and will become the first choice for the Group to promote the construction of a new energy container fleet in the future.

The Group always attaches great importance to the effective use of water resources, and continuously explores desalination technologies to optimize the use and management of water resources. Except for a small portion of fresh water consumption, the main source of water resources for the Group is seawater desalination, and it has not yet faced any problems with water resources acquisition. The Group’s vessels are equipped with seawater desalination equipment to convert seawater into drinking water to provide domestic water for the crew. The Group continued to cultivate employees’ awareness and habit of saving water, and encouraged employees to actively participate in the optimization of the use of water resources on ships to further improve the utilization efficiency of water resources.

By strictly complying with the internationally accepted rules and the relevant laws and regulations on the treatment of oily sewage in port countries, the Group formulated and implemented the Management Regulations on Oily Wastewater Treatment 《油污水處理管理規定》 to regulate the operation process of oily sewage from vessels. In accordance with the Operational Rules of Sealing Management 《施封管理操作細則》, the Group carried out the sealing operation and sealing inspection on the oil and sewage shore connections and valves of vessels to ensure that the management of bunkering and oily sewage was fully covered.

# Significant Events

By complying with the requirements of the MARPOL Convention, the Marine Environmental Protection Law of the People's Republic of China 《中華人民共和國海洋環境保護法》, the Prevention and Control of Vessel-induced Pollution to the Marine Environment 《防治船舶污染海洋環境管理條例》 and the Regulations of Shanghai on Prevention and Control of Vessel Pollution 《上海市船舶污染防治條例》 in the course of its business and operations, the Group has been committed to reducing exhaust gas and other pollutants that may cause harm to the environment, so as to minimize the impact of pollution on the marine, coastal and terrestrial ecosystems.

COSCO SHIPPING Ports is also committed to promoting biodiversity conservation by formulating the Ecological Environment Protection Management Regulations 《生態環境保護管理規定》 and establishing an Ecological Environment Management Office to coordinate and manage the ecological protection work of the controlled terminals, actively fulfilling its social responsibility to protect biodiversity.

At the same time, guided by ISO140001 and ISO50001, we continue to promote the construction of operational environment and energy management systems, and continuously improve the environmental and energy management mechanisms through internal and external environmental and energy management system audits.

## (II) Measures and effects adopted to reduce carbon emissions during the Reporting Period

|                                                                                                                                                                                                                                                            |                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Whether carbon reduction measures have been taken                                                                                                                                                                                                          | Yes                                                                                                                            |
| Reduced emissions of carbon dioxide equivalent (unit: tons)                                                                                                                                                                                                | 944,435                                                                                                                        |
| Types of carbon reduction measures (such as the use of clean energy to generate electricity, the use of carbon reduction technologies in the production process, the development and production of new products that contribute to carbon reduction, etc.) | Carbon reduction technologies, research and development and production of new products that help reduce carbon emissions, etc. |

As a pioneer in low-carbon environmental protection, COSCO SHIPPING Holdings continued to accelerate the development of a green and low-carbon fleet, build a green and low-carbon fuel supply chain guarantee system, and optimize fleet energy efficiency management to adapt to the new environmental protection rules. Specific carbon reduction measures during the Reporting Period are as follows:

### ***Implementing fuel-saving and technological transformation in navigation***

Leveraging on the advanced technology of digital shipping, the Group implemented and promoted real-time monitoring of fuel oil use, promoted fuel-saving measures in navigation, and actively optimized route selection and berthing plans to achieve the overall goal of energy saving and emission reduction. In addition, the Group has carried out a series of maintenance and renovation measures for old vessels, such as scraping of marine organisms and technical renovation, etc., aiming to improve the energy efficiency of old vessels, reduce their operating fuel consumption and reduce carbon emissions during shipping.

# Significant Events

## ***Exploring the use of biofuels***

COSCO SHIPPING Lines carried out a biofuel pilot project on two vessels, namely CSCL Venus Ship and Sagittarius Ship, using a total of 2,500.5 tons of biofuel and reducing carbon dioxide emissions by approximately 1,500 tons. OOIL actively carried out work related to the biofuel substitution project. During the Reporting Period, it has successfully secured the supply of customized B24 biofuel, which is a mixture of recycled edible oil methyl ester (UCOME) and low-sulfur fuel (VLSFO) and is bunkered by barges to OOCL's container vessels.

## ***Promoting the transformation and use of shore power***

The shore power facilities of COSCO SHIPPING Ports' domestic controlled terminals have been fully constructed, and the shore power coverage of berths has reached 100%. The Group took the initiative to lead the industry in accelerating the green and low-carbon transformation, and issued the Proposal for Promoting the Use of Shore Power by Ships Calling at Ports 《推動靠港船舶使用岸電倡議書》 to promote the construction and use of shore power facilities in the port and shipping industry to all ports, terminals and shipping enterprises, making joint efforts for the construction of green and low-carbon shipping.

The environmental, social and governance report of the Company for 2023 in accordance with Appendix C2 to the Listing Rules will be published on the website of the Company and the website of the Stock Exchange simultaneously along with the publication of this annual report.

# Changes in Equity and Shareholders' Information

## I. Changes in equity

During the Reporting Period, the Company implemented the stock option incentive plan, under which 77,663,040 A shares without sales restrictions of the Company were newly added by the incentive participants through exercise of their own stock options. The Company has received proceeds of exercise paid by the incentive participants totalling RMB 77,663,040. For details, please refer to the Company's overseas regulatory announcements dated 4 April 2023, 4 July 2023, 10 October 2023 and 2 January 2024.

According to the consideration and approval at the 27th meeting of the sixth session of the Board of the Company, it is agreed that the Company shall implement the share repurchase plan for the purpose of safeguarding the Company's value and shareholders' interests, and share repurchase shall be carried out in compliance with laws and regulations and under the framework of the general mandate for the repurchase approved by the 2022 Annual General Meeting, 2023 First A Share Class Meeting and 2023 First H Share Class Meeting. As of the date of this annual report, the Company had repurchased a total of 214,999,924 ordinary shares of the Company through a centralized bidding transaction in the secondary market. Among them, 59,999,924 A Shares were repurchased and cancelled on 29 November 2023; 155,000,000 H Shares were repurchased and the cancellation of 41,467,000 and 113,533,000 H Shares was completed on 17 November 2023 and 29 February 2024, respectively. For details, please refer to the overseas regulatory announcements of the Company dated 29 August 2023, 1 November 2023 and 28 November 2023.

## II. Shareholder and actual controller

### (I) Total number of Shareholders:

|                                                                             |         |
|-----------------------------------------------------------------------------|---------|
| Total number of ordinary Shareholders as at the end of the Reporting Period | 451,743 |
| Total number of ordinary Shareholders as at 29 February 2024                | 422,366 |

# Changes in Equity and Shareholders' Information

(II) Shareholdings of the top 10 Shareholders and top 10 Shareholders of tradable Shares (or Shareholders not subject to selling restrictions) as the end of the Reporting Period

| Name of Shareholder (In full)                                                                                          | Shareholdings of the Top 10 Shareholders (excluding shares lent through securities lending and refinancing) |                                                |                |                                                  |                                  |                                         | Nature of shareholders |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------|----------------|--------------------------------------------------|----------------------------------|-----------------------------------------|------------------------|
|                                                                                                                        | Increase/decrease during the Reporting Period                                                               | Number of shares held at the end of the period | Percentage (%) | Number of shares subject to selling restrictions | Shares pledged, marked or frozen | Status of shares                        |                        |
| China Ocean Shipping Company Limited                                                                                   | 0                                                                                                           | 5,924,873,037                                  | 36.87          | 0                                                | None                             | State-owned legal person                |                        |
| HKSCC Nominees Limited                                                                                                 | -41,687,797                                                                                                 | 3,302,759,742                                  | 20.55          | 0                                                | None                             | Foreign legal person                    |                        |
| Shanghai Automotive Industry Corporation (Group) (上海汽車工業(集團)有限公司)                                                      | 0                                                                                                           | 804,700,000                                    | 5.01           | 0                                                | None                             | State-owned legal person                |                        |
| China COSCO SHIPPING Corporation Limited                                                                               | 105,719,887                                                                                                 | 704,746,860                                    | 4.39           | 0                                                | None                             | State-owned legal person                |                        |
| China Reform Investment Co., Ltd. (國新投資有限公司)                                                                           | 470,488,118                                                                                                 | 470,488,118                                    | 2.93           | 0                                                | None                             | State-owned legal person                |                        |
| China Securities Finance Corporation Limited (中國證券金融股份有限公司)                                                            | 0                                                                                                           | 373,927,475                                    | 2.33           | 0                                                | None                             | State-owned legal person                |                        |
| Hong Kong Securities Clearing Company Limited                                                                          | 50,326,136                                                                                                  | 320,460,309                                    | 1.99           | 0                                                | None                             | Foreign legal person                    |                        |
| Industrial and Commercial Bank of China-SSE 50 ETF (中國工商銀行－上證50交易型開放式指數證券投資基金)                                         | 23,312,627                                                                                                  | 73,731,567                                     | 0.46           | 0                                                | None                             | Other                                   |                        |
| Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 ETF (中國工商銀行股份有限公司－華泰柏瑞滬深300交易型開放式指數證券投資基金) | 22,973,290                                                                                                  | 47,680,550                                     | 0.30           | 0                                                | None                             | Other                                   |                        |
| Maoming Carlyle Investment Management Co., Ltd. (茂名凱雷投資管理有限公司)                                                         | 3,966,708                                                                                                   | 36,197,127                                     | 0.23           | 0                                                | None                             | Domestic non state – owned legal person |                        |

# Changes in Equity and Shareholders' Information

## Shareholdings of Top 10 Shareholders not subject to selling restrictions

| Name of Shareholder                                                                                                            | Number of tradable shares held and not subject to selling restrictions                                                             | Type and number of shares       |               |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------|
|                                                                                                                                |                                                                                                                                    | Type                            | Number        |
| China Ocean Shipping Company Limited                                                                                           | 5,924,873,037                                                                                                                      | RMB-denominated ordinary Shares | 5,924,873,037 |
| HKSCC Nominees Limited                                                                                                         | 3,302,759,742                                                                                                                      | Overseas listed foreign Shares  | 3,302,759,742 |
| Shanghai Automotive Industry Corporation (Group)<br>(上海汽車工業(集團)有限公司)                                                           | 804,700,000                                                                                                                        | RMB-denominated ordinary Shares | 804,700,000   |
| China COSCO SHIPPING Corporation Limited                                                                                       | 704,746,860                                                                                                                        | RMB-denominated ordinary Shares | 704,746,860   |
| China Reform Investment Co., Ltd. (國新投資有限公司)                                                                                   | 470,488,118                                                                                                                        | RMB-denominated ordinary Shares | 470,488,118   |
| China Securities Finance Corporation Limited<br>(中國證券金融股份有限公司)                                                                 | 373,927,475                                                                                                                        | RMB-denominated ordinary Shares | 373,927,475   |
| Hong Kong Securities Clearing Company Limited                                                                                  | 320,460,309                                                                                                                        | RMB-denominated ordinary Shares | 320,460,309   |
| Bank of Communications Co., Ltd. - E Fund SSE 50<br>(交通銀行股份有限公司 - 易方達上證50指數增強型證券投資基金)                                          | 73,731,567                                                                                                                         | RMB-denominated ordinary Shares | 73,731,567    |
| Industrial and Commercial Bank of China Limited -<br>Huatai-PineBridge CSI 300 ETF<br>(中國工商銀行股份有限公司 - 華泰柏瑞滬深300交易型開放式指數證券投資基金) | 47,680,550                                                                                                                         | RMB-denominated ordinary Shares | 47,680,550    |
| Maoming Carlyle Investment Management Co., Ltd.<br>(茂名凱雷投資管理有限公司)                                                              | 36,197,127                                                                                                                         | RMB-denominated ordinary Shares | 36,197,127    |
| Explanations on the special repurchase accounts among the top 10 Shareholders                                                  | None                                                                                                                               |                                 |               |
| Explanations on the voting rights entrusted by or to or waived by the aforesaid Shareholders                                   | -                                                                                                                                  |                                 |               |
| Explanations to the connected relationship or parties acting in concert among the aforesaid Shareholders                       | China Ocean Shipping Company Limited is a wholly-owned subsidiary of China COSCO SHIPPING Corporation Limited. Others are unknown. |                                 |               |
| Description of preferential shareholders with restoration of voting rights and their shareholdings                             | Not applicable                                                                                                                     |                                 |               |

*Note:* As at the end of the Reporting Period, COSCO SHIPPING Group directly held 704,746,860 A Shares of the Company, indirectly held 5,924,873,037 A Shares of the Company through its wholly-owned subsidiary, China Ocean Shipping Company Limited, indirectly held 221,672,000 H Shares of the Company through its wholly-owned subsidiary, Peaktrade Investments Limited, and indirectly held 158,328,000 H Shares of the Company through its wholly-owned subsidiary, COSCO SHIPPING (Hong Kong) Co., Limited. Therefore, COSCO SHIPPING Group directly and indirectly held a total of 7,009,619,897 Shares of the Company, representing approximately 43.62% of the Company's total share capital as at 31 December 2023.

# Changes in Equity and Shareholders' Information

Shares lent by top 10 Shareholders through securities lending and refinancing business

Unit: Shares

| Name of Shareholder (In full)                                                                                          | Shares lent by top 10 Shareholders through securities lending and refinancing business |                |                                                                                                                     |                |                                                                               |                |                                                                                                               |                |
|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------|----------------|
|                                                                                                                        | Shares held in ordinary accounts and credit accounts at the beginning of the period    |                | Shares lent through securities lending and refinancing business and not yet returned at the beginning of the period |                | Shares held in ordinary accounts and credit accounts at the end of the period |                | Shares lent through securities lending and refinancing business and not yet returned at the end of the period |                |
|                                                                                                                        | Total                                                                                  | Percentage (%) | Total                                                                                                               | Percentage (%) | Total                                                                         | Percentage (%) | Total                                                                                                         | Percentage (%) |
|                                                                                                                        | number                                                                                 |                | number                                                                                                              |                | number                                                                        |                | number                                                                                                        |                |
| Industrial and Commercial Bank of China-SSE 50 ETF (中國工商銀行－上證50 交易型開放式指數證券投資基金)                                        | 50,418,940                                                                             | 0.313          | 4,160,900                                                                                                           | 0.026          | 73,731,567                                                                    | 0.459          | 4,536,200                                                                                                     | 0.028          |
| Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 ETF (中國工商銀行股份有限公司－華泰柏瑞滬深300交易型開放式指數證券投資基金) | 24,707,260                                                                             | 0.154          | 1,395,600                                                                                                           | 0.009          | 47,680,550                                                                    | 0.297          | 167,400                                                                                                       | 0.001          |

Notes:

1. The percentage at the beginning of the Reporting Period represents the number at the beginning of the period/the total share capital at the beginning of the period, and the total share capital is 16,094,861,636 shares
2. The percentage at the end of the Reporting Period represents the number at the end of the period/the total share capital at the end of the period, and the total share capital is 16,071,057,752 shares



# Changes in Equity and Shareholders' Information

Changes in the top 10 Shareholders as compared to the previous period

Unit: Shares

## Changes in the top 10 shareholders as compared to the end of the previous period

| Name of Shareholder (In full)                                                                                                      | New/<br>exit<br>Shareholders<br>during the<br>Reporting<br>Period | Shares lent through<br>securities lending and<br>refinancing business and<br>not yet returned at the<br>end of the period |            | Shares held in ordinary<br>accounts and credit<br>accounts and shares lent<br>through securities lending<br>and refinancing business<br>and not yet returned at<br>the end of the period |            |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
|                                                                                                                                    |                                                                   | Total                                                                                                                     | Percentage | Total                                                                                                                                                                                    | Percentage |
|                                                                                                                                    |                                                                   | number                                                                                                                    | (%)        | number                                                                                                                                                                                   | (%)        |
| China Reform Investment Co., Ltd. (國新投資有限公司)                                                                                       | New                                                               | 0                                                                                                                         | 0          | 470,488,118                                                                                                                                                                              | 2.93       |
| Industrial and Commercial Bank of China Limited –<br>Huatai-PineBridge CSI 300 ETF<br>(中國工商銀行股份有限公司 – 華泰柏瑞<br>滬深300交易型開放式指數證券投資基金) | New                                                               | 167,400                                                                                                                   | 0.001      | 47,680,550                                                                                                                                                                               | 0.30       |
| Everbright Jin'ou Asset Management Limited<br>(光大金甌資產管理有限公司)                                                                       | Exit                                                              | 0                                                                                                                         | 0          | 31,603,364                                                                                                                                                                               | 0.20       |
| Bank of Communications Co., Ltd. - E Fund SSE 50<br>(交通銀行股份有限公司 – 易方達上證50指數<br>增強型證券投資基金)                                          | Exit                                                              | 0                                                                                                                         | 0          | 34,183,100                                                                                                                                                                               | 0.21       |

# Changes in Equity and Shareholders' Information

## III. Controlling Shareholder and actual controller

### (I) Specific description of controlling shareholder

1 Legal person

#### Details of controlling shareholder:

|                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                                                                                 | China Ocean Shipping Company Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Person in charge or legal representative                                                             | Wan Min                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Date of establishment                                                                                | 22 October 1983                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Principal business                                                                                   | International freight; supporting international freight; providing booking, chartering and time chartering services for domestic and foreign cargo owners; leasing, construction and trading of ships and containers, and their maintenance and spare parts manufacturing business; ship escrowing business; domestic and foreign shipping business-related ship materials, spare parts, communications services; business operators, cargo agency business and seafarers assigned to the management of enterprises (market players shall select operating items and operate autonomously according to law; international freight, supporting International freight and items that shall be approved according to law can be operated upon approval by relevant departments; the enterprise shall not engage in business activities prohibited by the industrial policies and restricted items of this country and city.) |
| Control and shareholdings in other domestic or overseas listed companies during the Reporting Period | Controlling shareholdings: OOIL (0316HK) 71.07%; COSCO SHIPPING Ports (1199HK) 66.13%; Piraeus Port Authority S.A. (PPA GA) 67.00%; COSCO SHIPPING International (Singapore) (F83) 53.35%; COSCO SHIPPING Specialized Carriers (600428) 50.46%.<br><br>Major shareholdings: Qingdao Port (601298, 6198HK) 19.79%; SIPG (600018) 15.62%; Beibu Gulf Port (000582) 9.82%; Guangzhou Port (601228) 6.50%; China Merchants Bank (600036, 3968HK) 6.24%; China Merchants Securities (600999, 6099HK) 6.26%; SAIC (600104SH) 5.82%.                                                                                                                                                                                                                                                                                                                                                                                             |
| Others                                                                                               | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

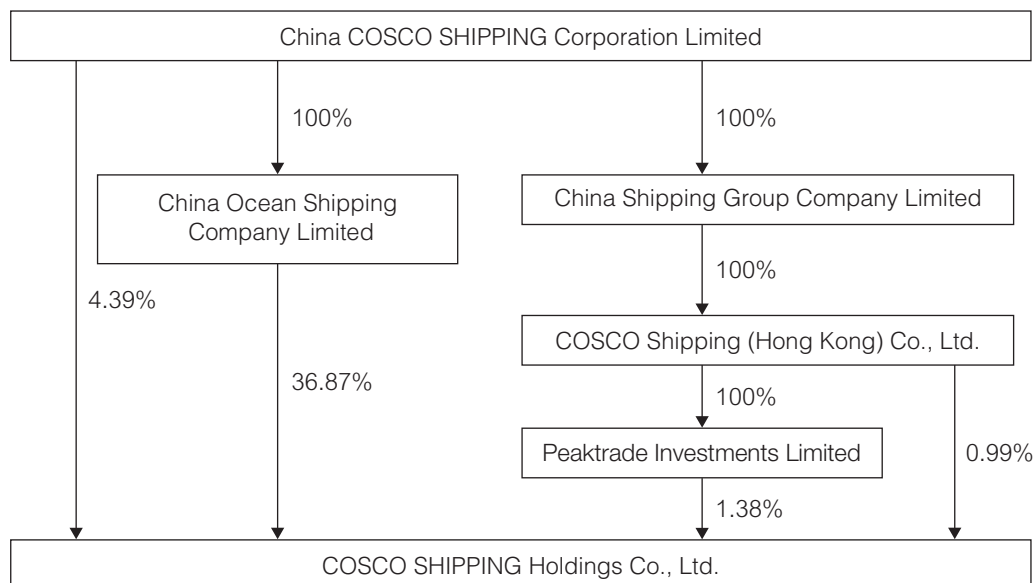
# Changes in Equity and Shareholders' Information

## Details of indirect controlling shareholder:

|                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                                                                                                 | China COSCO SHIPPING Corporation Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Person in charge or legal representative                                                             | Wan Min                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Date of establishment                                                                                | 5 February 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Principal business                                                                                   | International freight, supporting International freight; import and export of goods and technology; agent of international freight by sea, road, and air; rental of self-owned ship; ship, container, steel sales; marine engineering equipment design; terminal and port investment; communications equipment sales, information and technical services; warehousing (except dangerous chemicals); technology development related to shipping, spare parts, technology transfer, technical advice, technical services, equity investment funds. (Business activities can only be operated after being approved by the relevant departments in accordance with the law)                                                                                                                                                                                                                                                         |
| Control and shareholdings in other domestic or overseas listed companies during the Reporting Period | <p>Controlling shareholdings: OOIL (0316HK) 71.07%; COSCO SHIPPING International (Hong Kong) (0517HK) 71.71%; Piraeus Port Authority S.A. (PPA GA) 67.00%; Hainan Strait Shipping (002320) 58.98%; COSCO SHIPPING Ports (1199HK) 66.13%; COSCO SHIPPING International (Singapore) (F83) 53.35%; COSCO SHIPPING Specialized Carriers (600428) 50.94%; COSCO SHIPPING Technology (002401) 48.93%; COSCO SHIPPING Development (601866, 2866HK) 45.85%; COSCO SHIPPING Energy Transportation (600026, 1138HK) 45.20%.</p> <p>Major shareholdings: Qilu Expressway (1576HK) 30.00%; Qingdao Port (601298, 6198HK) 21.27%; SIPG (600018) 15.62%; CHINA BOHAI BANK (9668HK) 11.12%; China Merchants Securities (600999, 6099HK) 10.02%; China Merchants Bank (600036, 3968HK) 9.97%; Beibu Gulf Port (000582) 9.82%; SRCB (601825) 8.29%; Guangzhou Port (601228) 6.50%; Rizhao Port Jurong (6117HK) 6.38%; SAIC (600104SH) 5.82%.</p> |
| Others                                                                                               | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

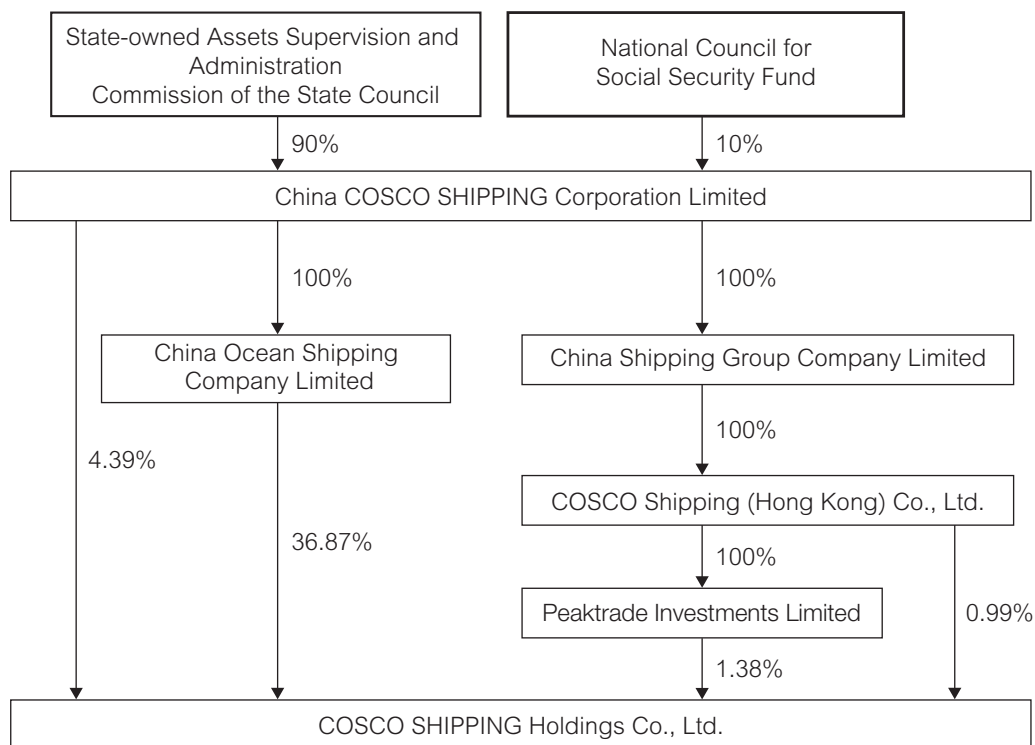
# Changes in Equity and Shareholders' Information

2 The relationship of the property and control between the Company and controlling shareholders



(II) Specific description of actual controller

1 The relationship of the property and control between the Company and the actual controller



# Corporate Bonds

## **I. Overview of corporate bonds**

Not applicable

## **II. Use of proceeds raised from the public issuance of the Company's bonds**

Not applicable

# Directors, Supervisors and Senior Management

## Mr. WAN Min (萬敏)<sup>1</sup>

Mr. Wan, aged 55, is currently the chairman of the board and the party secretary of China COSCO SHIPPING Corporation Limited, the chairman of the board and an executive Director of the Company and the chairman of the board and an executive director of Orient Overseas (International) Limited (a controlled subsidiary of the Company and a company listed on the Stock Exchange (stock code: 316)). He had served as the general manager and the deputy secretary of the party committee of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), the deputy general manager and a member of the party committee of China Ocean Shipping (Group) Company (currently known as China Ocean Shipping Company Limited), a director, the president and the deputy secretary of the party committee of China COSCO SHIPPING Corporation Limited, the chairman of the Board and a non-executive Director of the Company, and the chairman of the board of China Tourism Group Co., Ltd.. Mr. Wan has over 30 years of experience in corporate management and has extensive experience of operation management in shipping and tourism industries. He served as the chairman of the board and the secretary of the party committee of China COSCO SHIPPING Corporation Limited since October 2021. Mr. Wan graduated from Shanghai Maritime College (currently known as Shanghai Maritime University) majoring in transportation management and engineering, and obtained a master's degree in business administration from Shanghai Jiao Tong University. He is an engineer.

## Mr. CHEN Yangfan (陳揚帆)<sup>1</sup>

Mr. Chen (formerly known as YANG Fan), aged 48, is currently the executive vice president and a party committee member of China COSCO SHIPPING Corporation Limited, an executive Director and the vice Chairman of the Company, and an executive director and chief executive officer of Orient Overseas (International) Limited (a controlled subsidiary of the Company and a company listed on the Stock Exchange (stock code: 316)). He has served as the general manager of the international business center, the deputy general manager of the group customer center, the general manager of the product innovation department and the general manager of the internet business operation department of the Shanghai branch of China United Network Communications Limited (a company listed on the Shanghai Stock Exchange (stock code: 600050)), a manager of the first division and the third division of the product innovation department, the deputy general manager and the general manager of the product innovation department, the general manager of the information security department, the general manager of the internet operation department, the general manager of the industrial internet product center, the senior vice president of the government and enterprise customer business group at the headquarter of China United Network Communications Group Co., Ltd., and the party secretary and the general manager of the Guizhou branch of China United Network Communications Limited. Mr. Chen has 25 years of experience in informatization and enterprise management, with extensive experience in informatization, internet and digital operation management. He has been the deputy general manager and a party committee member of China COSCO SHIPPING Corporation Limited since November 2021. Mr. Chen graduated from the University of Essex in the United Kingdom with a master's degree in telecommunications and information systems and is an engineer.

# Directors, Supervisors and Senior Management

## Mr. HUANG Xiaowen (黃小文)<sup>2</sup>

Mr. Huang, aged 61, was previously the deputy general manager and member of the party group of China COSCO SHIPPING Corporation Limited, the vice chairman of the Board and an executive Director of the Company, an executive director and the chief executive officer of Orient Overseas (International) Limited (a controlled subsidiary of the Company and a company listed on the Stock Exchange (stock code:316)), and serves as director of certain subsidiaries of China COSCO SHIPPING. Mr. Huang started his career in 1981 and had served as the section chief of the container shipping section of Guangzhou Ocean Shipping Company Limited (廣州遠洋運輸公司); the general manager of container transportation department of China Ocean Shipping Company (formerly known as “China Ocean Shipping (Group) Company”); the container business advisor of Shanghai Haixing Shipping Co., Ltd. (上海海興輪船股份有限公司); the executive deputy general manager, managing director and deputy party secretary of COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (formerly known as “China Shipping Container Lines Co., Ltd.”, a company listed on the Stock Exchange (stock code: 2866) and the Shanghai Stock Exchange (stock code: 601866)); the chairman of China Shipping Haisheng Co., Ltd. (中海(海南)海盛船務股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600896)); the deputy general manager and a member of the party group of China Shipping (Group) Company; the vice chairman and an executive director of COSCO SHIPPING Holdings Co., Ltd.; the chairman of COSCO SHIPPING Lines Co., Ltd.; the chairman of COSCO SHIPPING Bulk Co. Ltd. (中遠海運散貨運輸有限公司); the chairman and an executive director of COSCO SHIPPING Energy Transportation Co., Ltd., (中遠海運能源運輸股份有限公司) (a company listed on the Stock Exchange (stock code: 1138) and the Shanghai Stock Exchange (stock code: 600026)); the chairman of the board of directors and non-executive director of COSCO SHIPPING Ports Limited (中遠海運港口有限公司) (a non-wholly owned subsidiary of the Company and a company listed on the Stock Exchange (stock code: 1199)). Mr. Huang has more than 30 years of experience in the shipping industry. Mr. Huang graduated from China Europe International Business School with an Executive Master of Business Administration (EMBA) degree and is a senior engineer.

## Mr. YANG Zhijian (楊志堅)<sup>1</sup>

Mr. Yang, aged 59, is the employee representative director of China COSCO SHIPPING Corporation Limited, an executive Director, the general manager and the party secretary of the Company, the chairman of the board, and the party secretary of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company and a company listed on the Stock Exchange (stock code: 1199)), the chairman of the board, an executive director and the party secretary of COSCO SHIPPING Ports Limited, an executive director of Orient Overseas (International) Limited (a company listed on the Stock Exchange (stock code: 316)), the chairman of the board, chief executive officer (CEO) and chairman of the executive committee of Orient Overseas Container Line Limited, and a director of several subsidiaries of China COSCO SHIPPING Corporation Limited. He previously held various positions including the head of Ocean Transportation Division of Shanghai Ocean Shipping Co., Ltd. (currently known as Shanghai Ocean Shipping Co., Ltd.), the head of planning and cooperation office under the Corporate Planning Division and deputy general manager of marketing department of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), the deputy general manager of Hong Kong Ming Wah Shipping Co., Ltd., the general manager of the Trade Service Division and the general manager of the Asia-Pacific Trade Division of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), the chairman of the board of Shanghai PANASIA Shipping Company Limited, assistant to the general manager and deputy general manager of COSCO Logistics Co., Ltd. (currently known as COSCO SHIPPING Logistics Co., Ltd.), the deputy general manager, general manager and deputy party secretary of COSCO SHIPPING Bulk Co., Ltd. Mr. Yang has over 30 years of experience in the maritime industry and has extensive experience in container shipping, logistics and bulk shipping. Mr. Yang graduated from Shanghai Maritime University with EMBA degree and is an economist.

# Directors, Supervisors and Senior Management

## Mr. ZHANG Wei (張煒)<sup>1</sup>

Mr. Zhang, aged 57, is currently an executive Director, the deputy general manager, deputy secretary of the party committee of the Company, a director, the general manager and deputy party secretary of COSCO SHIPPING Lines Co., Ltd., the chairman and party secretary of Shanghai PANASIA Shipping Co., Ltd., a director of COSCO SHIPPING Ports Limited and a director of certain subsidiaries of the Company. Mr. Zhang started his career in 1987 and served successively as the third officer (三副) and second officer (二副) of Guangzhou Ocean Shipping Company Limited (廣州遠洋運輸公司) (currently known as Guangzhou Ocean SHIPPING Co., Ltd. (廣州遠洋運輸有限公司)), the deputy manager of European services of Container Shipping Division II, the business manager of Customer Service Division of Marketing Department, the assistant to the chief and the deputy chief of Global Sales Division of Marketing Department of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), the deputy general manager of Asia-Pacific trade area, the deputy general manager of European trade area, the deputy general manager of Business Process & System Division of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), the deputy general manager of Florens Container Services Company Limited (佛羅倫貨箱服務有限公司), the executive vice president of Piraeus Container Terminal S.A. (比雷埃夫斯集裝箱碼頭有限公司), the deputy general manager (in charge) and the general manager of Operating Management Division of China COSCO SHIPPING Corporation Limited, the deputy general manager and a member of the party committee of COSCO SHIPPING Lines Co., Ltd., etc. Mr. Zhang has more than 30 years of experience in the shipping industry and has extensive experience in container shipping marketing management, port management and operation. Mr. Zhang holds a Master's degree in business administration from Shanghai Maritime University and is an engineer.

## Mr. TAO Weidong (陶衛東)<sup>1</sup>

Mr. Tao, aged 53, is currently the general manager of the operating management division of China COSCO SHIPPING Corporation Limited and an executive Director of the Company. He has served as the manager of the container transportation department and the manager of the agency department of COSCO Cosfim Co. Ltd., the assistant general manager and deputy general manager of COSCO (Shenzhen) International Freight Co., Ltd. (currently known as COSCO SHIPPING Lines (Shenzhen) Co., Ltd.), the deputy general manager of Americas trade division of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), the deputy general manager of COSCO (Southern China) International Freight Co., Ltd. (currently known as COSCO SHIPPING Lines (Southern China) Co., Ltd.), the general manager of COSCO (Shanghai) International Freight Co., Ltd. (currently known as COSCO SHIPPING Lines (Shanghai) Co., Ltd.), the general manager of COSCO SHIPPING Lines (Shanghai) Co., Ltd., the general manager of COSCO SHIPPING International Freight Co., Ltd., and the deputy general manager of COSCO SHIPPING Lines Co., Ltd. During the period from October 2022 to June 2023, he served as a director of Shanghai International Port (Group) Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600018)). Since April 2020, he has been the general manager of the operating management division of China COSCO SHIPPING Corporation Limited. Mr. Tao has nearly 30 years of experience in corporate management and extensive experience in shipping and logistics operation and management. Mr. Tao graduated from Shanghai Maritime College (currently known as Shanghai Maritime University), majoring in water transport management, and obtained a master's degree in business administration from Shanghai Maritime University, and is a senior engineer.



# Directors, Supervisors and Senior Management

## Mr. YU De (余德)<sup>1</sup>

Mr. Yu, aged 58, is currently the non-executive Director of the Company, the assistant president and the general manager of the international business department of SAIC Motor Corporation Limited (a company listed on the Shanghai Stock Exchange (stock code: 600104)) and the general manager of SAIC Motor International Co., Ltd.. He served as the deputy director of automobile gear factory of Shanghai Automobile Co., Ltd. (currently known as SAIC Motor Corporation Limited), the general manager of Shanghai ZF Steering Systems Co., Ltd. (currently known as Bosch HUAYU Steering Systems Co., Ltd.) and the general manager and the party secretary of Anji AUTOMOTIVE Logistics Co., Ltd.. Mr. Yu has rich experience in logistics enterprise management and international operation. Mr. Yu holds a master's degree in business administration from the University of Macau.

## Prof. MA Si-hang Frederick (馬時亨)<sup>1</sup>

Prof. Ma, aged 72, is currently an independent non-executive Director of the Company, a chairman and independent non-executive director of FWD Group, an independent non-executive director of HH&L Acquisition Co. (a company listed on New York Stock Exchange (stock code: HHLA)), an independent non-executive director of BOC Hong Kong (Holdings) Limited (a company listed on the Stock Exchange (stock code: 2388 (HKD counter) and 82388 (RMB counter))) and its principal operating subsidiary Bank of China (Hong Kong) Limited, an independent non-executive director of Unicorn II Holdings Limited (privatized and delisted from the New York Stock Exchange since January 2022). Prof. Ma is a honorary professor of the Faculty of Economics and Finance at the University of Hong Kong, a honorary professor of the Faculty of Business Administration at the Chinese University of Hong Kong, a honorary advisor of the School of Accountancy at Central University of Finance and Economics, a member of the Hong Kong Chief Executive's Council of Advisers on Innovation and Strategic Development, a member of the International Advisory Council of China Investment Corporation, a member of the Global Advisory Council of Bank of America and a member of the International Advisory Council of Investcorp. Prof. Ma served as a board member of several listed companies in the past, including the non-executive

chairman of China Strategic Holdings Limited (currently known as CSC Holdings Limited) (a company listed on the Stock Exchange (stock code: 0235)), an independent non-executive director of Aluminum Corporation of China Limited (a company listed on the Stock Exchange (stock code: 2600) and Shanghai Stock Exchange (stock code: 601600)), an independent non-executive director of Guangshen Railway Co. Ltd. (a company listed on the Stock Exchange (stock code: 525) and Shanghai Stock Exchange (stock code: 601333)), an independent non-executive director of Husky Energy Inc. (a company listed on Toronto Stock Exchange (stock code: HSE)), an independent non-executive director of the Agricultural Bank of China Limited (a company listed on the Stock Exchange (stock code: 1288), Shanghai Stock Exchange (stock code: 601288), and New York Stock Exchange (stock code: ACGBY)), a non-executive director and the chairman of MTR Corporation Limited (a company listed on the Stock Exchange (stock code: 66)), and an independent non-executive director of China Resources Land Limited (a company listed on the Stock Exchange (stock code: 1109)). Prof. Ma served as a managing director of UK branch of RBC Dominion Securities Inc., a vice chairman and managing director of Kumagai Gumi (Hong Kong) Limited (currently known as Hong Kong Construction (Holdings) Limited), the managing director and head of Asia of the private banking department of Chase Bank, the AsiaPacific chief executive officer of private banking of JPMorgan Chase & Co.'s (a company listed on the New York Stock Exchange (stock code: JPM)), an executive director and the chief financial officer of PCCW Limited (a company listed on the Stock Exchange (stock code: 0008)), the Secretary for Financial Services and the Treasury of the Government of the Hong Kong Special Administrative Region, the Secretary for Commerce and Economic Development of the Government of the Hong Kong Special Administrative Region, an independent non-executive director of Hutchison Port Holdings Limited, an external director of China Oil and Foodstuffs Corporation, an external director of China Mobile Communications Group Co., Ltd, an independent non-executive director of New Frontier Corporation, and the chairman of the Council of the Education University of Hong Kong. Prof. Ma graduated with a Bachelor of Arts (Honours) degree from the University of Hong Kong majoring in economics and history. He was awarded the Gold Bauhinia Star and appointed as a Non-Official Justice of the Peace of the Hong Kong Special Administrative Region.

# Directors, Supervisors and Senior Management

## Mr. SHEN Dou (沈抖)<sup>1</sup>

Mr. Shen, aged 44, is currently an independent non-executive Director of the Company, the executive vice president of Baidu, Inc. (a company listed on the NASDAQ (stock code: BIDU) and the Stock Exchange (stock code: 9888)), the president of Baidu AI Cloud Group, a director of CITIC Aibank Corporation Limited, a director of Dalian Dongruan Holding Co., Ltd., a director of iQIYI, Inc. (a company listed on the NASDAQ (stock code: IQ)) and a director of China United Network Communications Limited (a company listed on the Shanghai Stock Exchange (stock code: 600050)). Mr. Shen worked at the headquarter of Microsoft Corporation (a company listed on the NASDAQ (stock code: MSFT)) and was responsible for R&D management in relation to search behaviour and semantic advertising. He subsequently founded BuzzLabs, Inc. in the United States of America, which was acquired by CityGrid Media in 2011. Mr. Shen joined Baidu, Inc. in 2012 and served as the technical director of alliance research and development department, the senior technical director of web search department, the executive director of financial services group (FSG), and served as the executive vice president of Baidu, Inc. in May 2019 and was responsible for Baidu's mobile ecosystems group (MEG). Since May 2022, he has been in charge of Baidu's AI cloud group (ACG), which covers industrial solutions in smart manufacturing, energy, water, finance, and cities, as well as general cloud computing solutions. Between October 2019 and June 2022, Mr. Shen was a director of Trip.com Group Limited (a company listed on the NASDAQ (stock code: TCOM)). From April 2018 to September 2023, Mr. Shen was a director of Kuaishou Technology (a company listed on the Stock Exchange (stock code: 1024)). Mr. Shen graduated from the Hong Kong University of Science and Technology with a Ph.D. degree in computer science.

## Ms. HAI Chi-yuet (奚治月)<sup>1</sup>

Ms. Hai, aged 69, is currently an independent non-executive Director of the Company. Ms. Hai served as the managing director of COSCO-HIT Terminals (Hong Kong) Limited, the managing director of Yantian International Container Terminals Limited, the chief executive officer of Hutchison Port Holdings Trust (a trust fund listed on the Singapore Exchange (stock code: NS8U, P7VU) and London Stock Exchange (stock code: NS8U)), the advisor to Hutchison Port Holdings Limited and the independent non-executive director of COSCO SHIPPING Development Co., Ltd. (a company listed on the Stock Exchange (stock code: 2866) and Shanghai Stock Exchange (stock code: 601866)). Ms. Hai also served at public service organizations, including being a member of the Election Committee for the Chief Executive of Hong Kong Special Administrative Region (Transport Subsector). She also served as a member of Hong Kong Port Development Advisory Group and the president of Shenzhen Ports Association. In 2011, Ms. Hai was awarded the title of Shenzhen Honorable Citizen. Ms. Hai has over 30 years of extensive working experience in the shipping logistics industry. Ms. Hai graduated from York University, Toronto, Canada and the University of Hong Kong with a bachelor's degree in business administration and a master's degree in Buddhist studies respectively.

# Directors, Supervisors and Senior Management

## Mr. WU Dawei (吳大衛)<sup>3</sup>

Mr. Wu, aged 70, was previously an independent non-executive Director of the Company. Mr. Wu previously served as the deputy head of Huaneng Shanghai Shidongkou No. 2 power plant (華能上海石洞口第二電廠), the deputy general manager (person in charge) of Huaneng International Power Development Company (Shanghai Branch) (華能國際電力開發公司上海分公司), head of Huaneng Shanghai Shidongkou No. 2 power plant, the deputy general manager, a party member and director of Huaneng Power International Co., Ltd. (華能國際電力股份有限公司), and the chairman of Huaneng Weihai power plant (華能威海電廠), Xindian power plant (辛店電廠), Rizhao power plant (日照電廠) and Xinhua power plant (新華電廠). He was also the party secretary and a director of Shanghai Times Shipping Company Limited (上海時代航運有限公司), the deputy chief engineer of China Huaneng Group (中國華能集團), and the general manager and party secretary of China Huaneng Group (East China Branch), the general manager, and deputy party secretary (responsible for leading the work of party group) of Huaneng International Power Development Company (華能國際電力開發公司), the chief economist of China Huaneng Group, the chairman of Huangneng Shanghai Gas Turbine Power Generation Co., Ltd., (華能上海燃機發電有限公司) the director of Huaneng International Power Development Company (華能國際電力開發公司) and an independent director of JinLiHua Electric Co., Ltd. (金利華電氣股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300069)). Mr. Wu has more than 20 years' experience in corporate management and extensive experience in corporate governance of listed companies. He successively studied at China Europe International Business School and Cheung Kong Graduate School of Business, and obtained an Executive Master of Business Administration (EMBA) degree and is a researcher-level senior engineer. Mr. Wu currently serves as an independent director of Zhongtian Technology Co., Ltd., and has obtained an independent director qualification certificate issued by the Shanghai Stock Exchange in February 2013.

## Mr. ZHOU Zhonghui (周忠惠)<sup>3</sup>

Mr. Zhou, aged 76, was previously an independent non-executive Director of the Company. Mr. Zhou is a senior member of the Chinese Institute of Certified Public Accountants, a member of the chief financial officer Board committee of the China Association for Public Companies and a member of the consultative committee of the China Appraisal Society. Currently, Mr. Zhou also serves as an independent non-executive director of Shanghai FudanZhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688505)), an independent non-executive director of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002352)), an independent non-executive director of CITIC Securities Co., Ltd. (中信証券股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600030) and the Stock Exchange (stock code: 6030)). He has served as an external supervisor of Shanghai Oriental Pearl Group Co., Ltd. (上海東方明珠新媒體股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600637)) since June 2015. Mr. Zhou previously worked at Shanghai University of Finance and Economics, School of Accountancy as a lecturer, associate professor and professor. He also previously served as the chief financial officer of Hongkong Xinlong Co., Limited (香港鑫隆有限公司), the general manager and chief accountant of PricewaterhouseCoopers Zhong Tian CPAs Limited Company (普華永道中天會計師事務所), the senior partner of PricewaterhouseCoopers (普華永道會計師事務所), the chief accountant of the China Securities Regulatory Commission ("CSRC"), a member of the International Advisory Committee of CSRC, a member of the Auditing Standards Committee of the Chinese Institute of Certified Public Accountants and an executive director of the China Association of Chief Financial Officers (中國總會計師協會), an independent non-executive director of BesTV New Media Co., Ltd. (百視通新媒體股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600637)), an independent non-executive director of Juneyao Airlines Co., Ltd. (吉祥航空股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 603885)), an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601601) and the Stock Exchange (stock code: 02601)). Mr. Zhou holds a postgraduate degree and a doctorate degree.

# Directors, Supervisors and Senior Management

## Mr. TEO Siong Seng (張松聲)<sup>3</sup>

Mr. Teo, aged 69, was previously an independent non-executive Director of the Company. Mr. Teo is currently the executive chairman of Pacific International Lines Pte Ltd, and the chairman and chief executive officer of Singamas Container Holdings Limited (勝獅貨櫃企業有限公司) (a company listed on the Stock Exchange (stock code: 716)). Mr. Teo currently also serves as an honorary president of Singapore Chinese Chamber of Commerce & Industry and an honorary vice chancellor of National University of Singapore, an independent director of Keppel Corporation Limited (a company listed on the Singapore Exchange Limited (stock code: BN4)), an independent director of Wilmar International Limited (a company listed on the Singapore Exchange Limited (stock code: F34)) and the chairman of China-Singapore International Logistics Park (Nanning) (中新南寧國際物流園). He was successively the chairman of Singapore Business Federation, the president of Singapore Shipping Association, the chairman of Singapore Maritime Foundation (SMF), and the president of Lloyd's Register Asia Shipowners' Committee, a committee member of Committee on the Future Economy and a board member of Enterprise Singapore. Mr. Teo Siong Seng successively served as an independent non-executive director of the Company and COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601866) and the Stock Exchange (stock code: 2866)), and an independent director of COSCO SHIPPING Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600026) and the Stock Exchange (stock code: 1138)). Mr. Teo graduated from University of Glasgow with a First Class Honours Degree in Naval Architecture & Ocean Engineering. Mr. Teo has extensive experience in corporate governance in terms of shipping companies and listed companies.

## Mr. YANG Shicheng (楊世成)<sup>5</sup>

Mr. Yang, aged 59, is currently the chairman of the Supervisory Committee and a Supervisor representing the Shareholders of the Company and also serves as a full-time external director of COSCO SHIPPING (Tianjin) Co., Ltd. and COSCO SHIPPING Bulk Co., Ltd. and a supervisor of COSCO SHIPPING (Dalian) Co., Ltd. (中遠海運(大連)有限公司)/COSCO Shipping Ferry Co., Ltd. Mr. Yang had been the deputy manager of the business department of COSCO Bulk Carrier Co., Ltd. (中遠散貨運輸有限公司)(currently known as COSCO SHIPPING (Tianjin) Co., Ltd.), the director of the business division under the transportation department, the deputy general manager of the transportation department, the executive vice dean (corresponding to the level of the department principal) of the research and development center and a member of the Party Committee of China Ocean Shipping (Group) Company (currently known as China Ocean Shipping Company Limited), the general manager of COSCO (UK) Ltd., the deputy general manager and a member of the Party Committee of COSCO SHIPPING Energy Transportation Co., Ltd. (a company listed on the Stock Exchange (stock code: 1138) and the Shanghai Stock Exchange (stock code: 600026)) and the chairman and the party secretary of the Party Committee of COSCO SHIPPING Investment Dalian Co., Ltd. (中遠海運大連投資有限公司). Mr. Yang graduated from the University of Bristol in U.K, majoring in business law and holds a master's degree in laws. He is a senior economist.

# Directors, Supervisors and Senior Management

## Mr. XU Weifeng (徐維鋒)<sup>4</sup>

Mr. Xu, aged 52, is currently an employee representative Supervisor of the Company and the secretary of the disciplinary committee of COSCO SHIPPING Ports Limited (a company listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 1199)). Mr. Xu previously served as the deputy director of the hearing office under disciplinary inspection and supervision division of China Ocean Shipping (Group) Company (currently known as China Ocean Shipping Company Limited) and the hearing office under supervision division of China COSCO Holdings Company Limited (the Company, currently known as COSCO SHIPPING Holdings Co., Ltd.\*), the deputy director (in charge) and director of the office under disciplinary inspection and supervision division/patrol office of China Ocean Shipping (Group) Company and the office under supervision division/patrol office of China COSCO Holdings Company Limited, the director of the petition office under operation division of the disciplinary inspection team of the party committee/supervision and audit division of China COSCO SHIPPING Corporation Limited, and the director of the petition management office under disciplinary inspection and supervision team of China COSCO SHIPPING Corporation Limited. Mr. Xu graduated from the Transportation Management College of Dalian Maritime University with a bachelor’s degree, majoring in water transportation management, and is an engineer.

## Mr. SONG Tao (宋濤)<sup>4</sup>

Mr. Song, aged 50, is currently an employee representative Supervisor of the Company and the deputy secretary of the Party Committee of Shanghai PanAsia Shipping Co., Ltd.\* (上海泛亞航運有限公司) (a subsidiary of the Company). Mr. Song had been the deputy general manager, the deputy general manager (presiding over the work) and the general manager of the internal trade department of China Shipping Container Lines Co., Ltd. (currently known as COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司), a company listed on the Stock Exchange (stock code: 2866) and the Shanghai Stock Exchange (stock code: 601866)), the general manager of the domestic operation department and the director of the comprehensive division of China Shipping Container Lines Co., Ltd., the general manager, the deputy secretary of the Party Committee and the secretary of the Disciplinary Committee of Shanghai Puhai Shipping Co., Ltd.\* (上海浦海航運有限公司) (a subsidiary of the Company), the party secretary and deputy general manager of Shanghai PANASIA Shipping Company Limited. Mr. Song graduated from Shanghai Maritime Transportation Institute (currently known as Shanghai Maritime University) with an undergraduate degree, majoring in marine communication and navigation.

# Directors, Supervisors and Senior Management

## Mr. DENG Huangjun (鄧黃君)<sup>8</sup>

Mr. Deng, aged 62, previously served as an employee supervisor of the Company. Mr. Deng joined China Ocean Shipping Company Limited (a controlling shareholder of the Company) in 1983. He had previously been the section manager of the cost section of finance department of Shanghai Ocean Shipping Co., Ltd., the deputy manager of finance division, the manager of the settlement division, the deputy general manager and the general manager of the finance and accounting department of COSCO Container Lines Co., Ltd. (中遠集裝箱運輸有限公司) (currently known as COSCO SHIPPING Lines Co., Ltd.), the chief financial officer of COSCO SHIPPING Lines Co., Ltd., the chief financial officer of the Company, the executive director and deputy general manager of COSCO SHIPPING Ports Limited and the director of several fellow subsidiaries. Mr. Deng graduated from Shanghai Maritime Institute, majoring in shipping accounting. He is a senior accountant.

## Mr. XU Donggen (徐冬根)<sup>5</sup>

Mr. Xu, aged 62, is currently an independent Supervisor of the Company, a professor at the Law School, a doctoral tutor, the director of the Institute of International Law, the director of the Centre for Financial Law and Policy Studies of Shanghai Jiao Tong University. Currently, he is also an independent director of Power Construction Corporation of China, Ltd. (中國電力建設股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601669)) and an independent director of Qingdao Citymedia Co., Ltd. (青島城市傳媒股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600229)). Mr. Xu is a Shanghai Labour Model. He previously served as an independent director of Jiangsu Apon Medical Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange (stock code: 300753)) and a lecturer professor of Executive Master of Business Administration (EMBA), Master of Business Administration (MBA) and Doctor of Business Administration (DBA) programmes on international finance and financial innovation, financial technology and law, international finance and law, securities investment and risk control, international business law, and overseas investment at various business schools. Mr. Xu has published more than 20 textbooks and monographs in English, French and Chinese, and more than 100 academic papers. He presided over and participated in a number of national and provincial research projects. Mr. Xu has more than 20 years of experience serving as an independent director of listed companies and practicing experience as a lawyer, and had participated in the planning, negotiation and project review of a large number of major international financing, capital operation, cross-border investment, mergers and acquisitions, and asset restructuring projects. Mr. Xu holds a doctorate degree in laws from the University of Fribourg in Switzerland.

# Directors, Supervisors and Senior Management

## Mr. SI Yuncong (司雲聰)<sup>5</sup>

Mr. Si, aged 59, is currently an independent Supervisor of the Company, the chairman of the board and party secretary of Shenzhen SED Industry Co., Ltd. (深圳市桑達實業股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000032)). Mr. Si previously served as the chief of the production safety department, assistant general manager and deputy factory manager of East China Electronic Tube Factory (華東電子管廠), deputy general manager and a party committee member of Nanjing Huadong Electronics Group Co., Ltd. (南京華東電子集團股份有限公司), a director and the general manager of Nanjing Huadong Electronics Information & Technology Company Limited (南京華東電子信息科技股份有限公司) (currently known as TPV Technology Co., Ltd. (冠捷電子科技股份有限公司)) (a company listed on the Shenzhen Stock Exchange (stock code: 000727)), an executive director (legal representative) and the general manager of Nanjing Hua Dong Electronics Group Co., Ltd. (南京華東電子集團有限公司), deputy general manager of IRICO Group Corporation (彩虹集團公司) (currently known as IRICO Group Corporation (彩虹集團有限公司)), the general manager of IRICO Group Corporation, the party secretary and the chairman of the board of IRICO Group Corporation, the chairman of the board of Xianyang China Electronics IRICO Group Holdings Co., Ltd. (咸陽中電彩虹集團控股有限公司), the vice chairman of the board of Irico Display Devices Co., Ltd. (彩虹顯示器件股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600707)), the chairman of the board of Epilight Technology Co., Ltd. (上海藍光科技有限公司), the chairman of the board of Shanghai Hongzheng Assets Management Co., Ltd. (上海虹正資產經營有限公司), the chairman of the supervisory committee of Irico Display Devices Co., Ltd., the chairman of the board of Hefei IRICO Epilight Technology Co., Ltd. (合肥彩虹藍光科技有限公司), the chairman of the board of Irico Group New Energy Company Limited (彩虹集團新能源股份有限公司) (a company listed on the Stock Exchange (stock code: 438)). Mr. Si graduated from East China Institute of Technology (currently known as Nanjing University of Science & Technology) with a bachelor's degree in chemical engineering, majoring in environmental monitoring. He holds a doctorate degree in management and is a senior engineer.

## Mr. MENG Yan (孟焰)<sup>6</sup>

Mr. Meng, aged 68, previously served as an independent Supervisor of the Company. Mr. Meng has been working at the Central University of Finance and Economics since 1982 and was the deputy director and the director of its Accounting Department and the dean of its Faculty of Accounting. He is currently a professor and a tutor of doctorate students of the Faculty of Accounting of Central University of Finance and Economics, and an independent non-executive director of SinoTrans Limited, Beijing Capital Co., Ltd. (北京首都股份有限公司), Qi An Xin Technology Group Inc (奇安信科技集團股份有限公司). (a company listed on the Shanghai Stock Exchange (stock code: 688561)), and Changchun Engley Automobile Industry Co., Ltd. (長春英利汽車工業股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601279)). Mr. Meng graduated from the Research Institute for Fiscal Science of the Ministry of Finance and obtained a doctorate degree in economics (accounting). He has been entitled to the governmental special allowance from the State Council of the PRC since 1997. He was named the National Outstanding Teacher in 1993 and was given the Higher Education National Level Teaching Award of by Ministry of Education of the PRC in 2011.

# Directors, Supervisors and Senior Management

## Mr. ZHANG Jianping (張建平)<sup>6</sup>

Mr. Zhang, aged 58, previously served as an independent Supervisor of the Company. He is a professor and tutor of PhD candidates of the International Business School and the director of the Capital Market and Investment and Financing Research Center of the University of International Business and Economics. Mr. Zhang was the vice president of the International Business School of the University of International Business and Economics, the visiting professor of the EMBA senior financial management programs of twelve universities including Peking University, Zhejiang University, Shanghai Jiaotong University and Cheung Kong Graduate School of Business, the financial and strategic consultant of more than ten companies, the chief consultant of the financial department group of a municipal people's government, a member of the expert committee of the China General Chamber of Commerce and a director of the Beijing Accounting Society. He has obtained ten national and provincial honors and four school-level honors, published (including co-editing) 16 books, authored more than 20 scientific research papers and hosted and participated in 15 national, provincial and school-level discussions. He is currently an independent non-executive director of Shen Zhen Worldunion Group Co., Ltd. (深圳世聯行集團股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002285)), China First Heavy Industries Co., Ltd. (中國第一重型機械股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601106)), Cinda Securities Company Limited (信達證券股份有限公司) and Beijing Wantong New Development Group Co., Ltd. (北京萬通新發展集團股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600246)), respectively. Mr. Zhang graduated from the University of International Business and Economics with a doctorate degree of transnational business management.

## Mr. YE Jianping (葉建平)<sup>7</sup>

Mr. Ye, aged 60, is currently the deputy general manager of the Company. He is a director, the member of the executive committee, the Chief Operating Officer (COO), a director of the office of chief executive officer, the corporate and human resources department, the corporate operation department, the freight dispatching centre, the fleet management department and the global and regional management department of Orient Overseas Container Line Limited and the deputy general manager of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company). Mr. Ye has been a director of Orient Overseas Container Line Limited since 2018 and a member of Executive Committee of Orient Overseas Container Line Limited since 2015. He had served as a director of Asia-Europe Trade Department, a director of Intra-Asia Trade Department and the Chief Executive Officer of OOCL Logistics. Mr. Ye graduated from Lixin Accounting Institute (currently known as Shanghai Lixin University of Accounting and Finance) with a Diploma of Accounting, and obtained a Master of Business Administration from Oklahoma City University.



# Directors, Supervisors and Senior Management

## Mr. CHEN Shuai (陳帥)<sup>7</sup>

Mr. Chen, aged 49, is currently the deputy general manager of the Company, the deputy general manager of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company), a director of Shanghai PANASIA Shipping Co., Ltd. (上海泛亞航運有限公司) and a director and a member of the executive committee of Orient Overseas Container Line Limited and a director of several subsidiaries of the Company. Mr. Chen joined the Group in July 1995, had served in various capacities, including the assistant to manager and the deputy manager of container shipping division I of China Shipping Container Lines Co., Ltd., the assistant to general manager of China Shipping Container Lines (Hong Kong) Co., Ltd., the general manager of America division of China Shipping Container Lines Co., Ltd., and the assistant to general manager and deputy general manager of China Shipping Container Lines Co., Ltd. Mr. Chen graduated from Shanghai Maritime Academy with major in marine engineering management.

## Ms. ZHENG Qi (鄭琦)<sup>7</sup>

Ms. Zheng, aged 54, is currently the Chief Financial Officer of the Company, the chief financial officer of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company), a director of COSCO Shipping Finance Co., Ltd. and Shanghai PANASIA Shipping Company Limited, the chief financial officer of Orient Overseas (International) Limited (a company listed on the Stock Exchange (stock code:316)), and a director, chief financial officer, member of the executive committee of Orient Overseas Container Line Limited, as well as a director and supervisor of certain subsidiaries of the Company. She previously served as the deputy manager, manager, deputy chief financial officer and chief financial officer of the financial department of COSCO Shanghai International Freight Co., Ltd., and as the deputy general manager and general manager of the finance department of COSCO Container Lines Co., Ltd. Ms. Zheng holds a master's degree in business administration from Shanghai Maritime University and is a senior accountant.

## Mr. GU Zhongdong (辜忠東)<sup>9</sup>

Mr. Gu, aged 53, previously served as the deputy general manager of the Company and the deputy general manager of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company), a director of Shanghai PANASIA Shipping Co., Ltd. (上海泛亞航運有限公司) and a director of several subsidiaries of the Company. Mr. Gu started his career in 1992 and served successively as the captain of China Shipping International Ship Management Co., Ltd. (中海國際船舶管理有限公司), the deputy general manager of the third department of shipping works of the vessel administration center of China Shipping Container Lines Co., Ltd. (中海集裝箱運輸股份有限公司) ("CSCL"), the deputy general manager (in charge) of the Safety & Technology Management department of CSCL, the deputy general manager of the Transportation Department of China Shipping (Group) Company (中國海運(集團)總公司), the general manager of China Shipping Car Carrier Co., Ltd. (中海汽車船運輸有限公司) and the deputy general manager of CSCL, etc. Mr. Gu graduated from Dalian Maritime University with a Bachelor's degree in engineering, majoring in vessel piloting.

# Directors, Supervisors and Senior Management

## **Ms. YU Tao (于濤)**<sup>7</sup>

Ms. Yu, aged 50, is currently the deputy general manager of the Company and the deputy general manager of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company). She also serves as the director and a member of the executive committee of Orient Overseas Container Line Limited (東方海外貨櫃航運有限公司) (“OOCL”), the director of Equipment Management Center of Orient Overseas (International) Limited (東方海外(國際)有限公司) (“OOIL”, a company listed on the Stock Exchange (stock code: 316)), a director of COSCO SHIPPING (Piraeus) Port Co., Ltd. (中遠海運(比雷埃夫斯)港口有限公司), a director of COSCO SHIPPING Capital Insurance Co., Ltd. (中遠海運財產保險自保有限公司) and a director of several subsidiaries of the Company. Ms. Yu started her career in 1993 and served successively as the deputy general manager of the Engineering Logistics Division of COSCO Logistics Co., Ltd. (中國遠洋物流有限公司), the assistant to general manager and the deputy general manager of COSCO Container Lines Co., Ltd., etc. Ms. Yu holds a Master’s degree in business administration from Guanghua School of Management of Peking University, and is a senior economist.

## **Mr. XIAO Junguang (肖俊光)**<sup>7</sup>

Mr. Xiao, aged 53, is currently the secretary to the Board, the company secretary of the Company under the Listing Rules and the general legal counsel of the Company, the secretary to the Board and the general legal counsel of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company), and currently the group legal advisor, company secretary, compliance officer and the chairman of compliance committee, member of inside information committee and the risk committee of Orient Overseas (International) Limited (a company listed on the Stock Exchange (stock code: 316)). He also serves as a director and a member of the executive committee of OOCL. Mr. Xiao joined the COSCO Group in 1994 and served as the general manager of the finance department of COSCO Americas Inc./COSCO Americas Terminals Inc. (中遠美洲公司／中遠美洲碼頭公司), the deputy general manager of the Investor Relations Division of China COSCO, the securities affairs representative of the Company, the deputy general manager of the Public Relations Department of China COSCO SHIPPING Corporation Limited. Mr. Xiao holds a Bachelor’s degree in Finance from the Capital University of Economics and Business (formerly the Beijing Institute of Finance & Trade), and a Master’s degree in Applied Finance from Macquarie University. Mr. Xiao is an associate member of The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute.

# Directors, Supervisors and Senior Management

## Mr. QIAN Ming (錢明)<sup>7</sup>

Mr. Qian, aged 48, is currently the deputy general manager of the Company and the deputy general manager of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company), a director of Shanghai PANASIA Shipping Co., Ltd. (上海泛亞航運有限公司) and a director of several subsidiaries of the Company. Mr. Qian started his career in 1998 and served successively as the business representative and the deputy general representative of China Shipping Colombo representative office (中國海運(科倫坡)代表處), the general manager of China Shipping (Indonesia) Shipping Co., Ltd. (中國海運(印尼)船務有限公司), the assistant to general manager of the First Market Department of China Shipping Container Lines Co., Ltd. (中海集裝箱運輸股份有限公司) (currently known as COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司)) (a company listed on the Stock Exchange (stock code: 2866)), the deputy general manager and the deputy general manager (in charge) of the Asia Pacific Department of CSCL, the general manager of the Asia Pacific Operation Department of CSCL, the general manager of the Latin America/Africa Trade Division of COSCO SHIPPING Lines Co., Ltd., the general manager of COSCO Tianjin International Freight Co., Ltd. (天津中遠海運集裝箱運輸有限公司), etc. Mr. Qian graduated from Dalian Maritime University with a Bachelor's degree in law, majoring in international maritime affairs.

## Ms. WU Yu (吳宇)<sup>7</sup>

Ms. Wu, aged 48, is currently the deputy general manager of the Company and currently the deputy general manager of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company) and the director and a member of the executive committee of OOCL, as well as the chairperson, the general manager and the party secretary of the Party Committee of Shanghai COSCO Information and Technology Co., Ltd. (上海中遠海運資訊科技有限公司). Ms. Wu started her career in 1997 and served successively as the business manager of Business Process & System Division, deputy manager of Route Information Department, manager of Planning and Operation Division of Strategic Development Division, deputy general manager of Business Process &

System Division of COSCO Container Lines Co., Ltd., and the general manager of Business Process & System Division and assistant to the general manager of COSCO SHIPPING Lines Co., Ltd.. Ms. Wu holds a Master's degree in business administration from Fudan University and is an economist.

## Mr. GE Heyue (戈和悅)<sup>7</sup>

Mr. Ge, aged 47, is currently the deputy general manager of the Company and the deputy general manager of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company), a director of COSCO SHIPPING Logistics Co., Ltd., COSCO SHIPPING Logistics Supply Chain Co., Ltd. and Hainan Harbor and Shipping Holding Co., Ltd. (海南港航控股股份有限公司) as well as director of certain subsidiaries of the Company. Mr. Ge started his career in 1999 and served successively as the deputy manager of Business Division of Container Management Center of CSCL, the deputy manager of Container Management Center of China Shipping (North America) Holdings Co., Ltd. (中海(北美)控股有限公司), the assistant to general manager and deputy general manager of Americas Department, and deputy general manager and general manager of Americas Operations Department of CSCL, the deputy general manager of America Trade Division, general manager of Network Planning Division, and general manager of America Trade Division of COSCO SHIPPING Lines Co., Ltd. Mr. Ge graduated from Dalian Maritime University with a Bachelor's degree in economics, majoring in business intelligence.

# Directors, Supervisors and Senior Management

## Remarks:

1. On 16 November 2023, the Shareholders of the Company approved at the extraordinary general meeting (i) to re-elect Mr. WAN Min as an executive Director and recommend as a candidate for Chairman of the Board; (ii) to elect Mr. CHEN Yangfan as an executive Director and recommend as a candidate for vice Chairman of the Board; (iii) to re-elect Mr. YANG Zhijian and Mr. ZHANG Wei as executive Directors; (iv) to elect Mr. TAO Weidong as an executive Director; (v) to elect Mr. YU De as a non-executive Director; (vi) to re-elect Prof. MA Si-hang Frederick as an independent non-executive Director; (vii) to elect Mr. SHEN Dou and Ms. HAI Chi-yuet as independent non-executive Directors. On the same day, the proposals were unanimously approved by the first meeting of the seventh session of the Board upon consideration, and Mr. WAN Min and Mr. CHEN Yangfan were appointed as the Chairman and vice Chairman of the seventh session of the Board, respectively. For details, please refer to the announcement of the Company dated 16 November 2023 and the overseas regulatory announcement of the Company dated 16 November 2023.
2. Effective from 16 November 2023, Mr. HUANG Xiaowen, an executive Director and the vice Chairman of the sixth session of the Board, ceased to be an executive Director and the vice Chairman of the Board of the Company due to retirement. For details, please refer to the announcement of the Company dated 25 October 2023.
3. Effective from 16 November 2023, in light of the restriction that consecutive term of office of independent non-executive Directors shall not exceed six years, Mr. WU Dawei, Mr. ZHOU Zhonghui and Mr. TEO Siong Seng, independent non-executive Directors of the sixth session of the Board of the Company, ceased to be independent non-executive Directors of the Company as they have served as independent non-executive Directors of the Company for six consecutive years. For details, please refer to the announcement of the Company dated 25 October 2023.
4. The general meeting of the employee representatives of the Company elected Mr. XU Weifeng and Mr. SONG Tao as employee representative Supervisors of the Company, commencing from the date of election of non-employee representative Supervisors at the 2023 first extraordinary general meeting of the Company (i.e. 16 November 2023). For details, please refer to the announcement of the Company dated 8 November 2023.
5. On 16 November 2023, the Shareholders of the Company approved the re-election of Mr. YANG Shicheng as a Supervisor representing the Shareholders, and the election of Mr. XU Donggen and Mr. SI Yuncong as independent Supervisors at the extraordinary general meeting. For details, please refer to the announcement of the Company dated 16 November 2023.
6. Effective from 16 November 2023, Mr. MENG Yan and Mr. ZHANG Jianping, independent Supervisors of the sixth session of the Supervisory Committee of the Company, ceased to be independent Supervisors of the Company. For details, please refer to the announcement of the Company dated 25 October 2023.
7. Effective from 16 November 2023, the members of senior management of the Company are: Mr. YANG Zhijian as the general manager of the Company, Mr. ZHANG Wei as the deputy general manager of the Company, Mr. YE Jianping as the deputy general manager of the Company, Mr. CHEN Shuai as the deputy general manager of the Company, Ms. YU Tao as the deputy general manager of the Company, Ms. ZHENG Qi as the chief financial officer of the Company, Mr. XIAO Jinguang as the secretary to the Board, the company secretary of the Company under the Listing Rules and the general legal counsel of the Company, Mr. QIAN Ming as the deputy general manager of the Company, Ms. WU Yu as the deputy general manager of the Company, and Mr. GE Heyue as the deputy general manager of the Company. For details, please refer to the announcement of the Company dated 16 November 2023.
8. Effective from 16 November 2023, Mr. DENG Huangjun, the employee representative Supervisor of the sixth session of the Supervisory Committee of the Company, ceased to be an employee representative Supervisor of the Company due to expiration of the term of the sixth session of the Supervisory Committee.
9. Effective from 8 June 2023, Mr. GU Zhongdong, the deputy general manager of the Company, voluntarily resigned from the position of deputy general manager and ceased to be the deputy general manager of the Company due to changes in job position. For details, please refer to the overseas regulatory announcement of the Company dated 8 June 2023.
10. This section was prepared by the Company based on the information available as of 31 December 2023.

# Corporate Governance Report

## I. Corporate Governance

During the Reporting Period, the Company strictly complied with the requirements of laws and regulations, including Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, Rules for Independent Directors of Listed Companies, Rules of Shareholders' General Meeting of Listed Companies and Guidance for Articles of Association of Listed Companies, and constantly improved the corporate governance and the standard operating level. In light of the current actual situation of the Company, the Company has made full use of the functions of the Board and the Board committees to ensure that the functions and responsibilities of the Shareholders' general meetings, meetings of the Board and the Supervisory Committee are fully fulfilled and to protect the interests of the Shareholders and the Company.

During the Reporting Period, the Company attempted to meet the best standards of governance and strengthened internal governance by improving the corporate governance structure to promote the construction of a long-term mechanism of compliance management and standardize "the operation of the three meetings" to improve operational efficiency; establishing a communication and coordination platform to set up a mechanism for collaborated working process and operation to enhance the planning efficiency and foresight of various works; establishing the internal control system to improve the internal control policy and risk management process to clarify the main responsibility and management responsibilities to distinguish accountability and ensure the effectiveness of measures; and through improvements of on-the-job training, updates of regulatory regulations, management of equity information, regular report of information, on-site research and inspection and the functions of independent directors and intermediary institutions were fully utilized to promote the performance of duties and responsibilities of the Directors, Supervisors and senior management effectively. During the Reporting Period, in accordance with the relevant requirements of regulations, including the Guidelines on Articles of Association of Listed Companies (Revision in 2022) 《上市公司章程指引(2022年修訂)》 and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (Revision in February 2023) 《上海證券交易所股票上市規則(2023年2月修訂)》 issued by the China Securities Regulatory Commission and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in light of the Company's actual situation, the Company amended the Articles of Association, the Rules of Procedures of Shareholders' General Meetings and the Rules of Procedures of the Board of the Company, and submitted to the 2022 Annual General Meeting, 2023 First A Share Class Meeting and 2023 First H Share Class Meeting for consideration and approval.

# Corporate Governance Report

## 1. Shareholders' General Meetings and Protection of Shareholders' Rights

The Company convened the Shareholders' General Meetings in accordance with relevant laws and regulations, the Articles of Association and the Rules of Procedures of Shareholders' General Meetings. The procedures for convening the Shareholders' General Meetings, qualifications of attendees and conveners, and the voting procedures and voting results of the meetings were lawful and valid. The Company established a cumulative voting system in the election of Directors and Supervisors. When considering matters involving related party transactions, the Shareholders with related relationships avoided voting. The legal rights of Shareholders were protected.

## 2. Board of Directors

The Board of Directors of the Company exercised its powers in accordance with the provisions of the Articles of Association and the applicable relevant regulatory requirements. The convening and voting procedures of the Board meetings complied with the relevant provisions of relevant laws, administrative regulations, departmental rules, normative documents and the Articles of Association. The Company established an independent Director system, with independent Director accounting for one-third of the Board, serving in five Board committees under the Board, and serving as the chairman of the Strategic Development Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The independent Directors conducted prior review of the related party transactions submitted by the Company to the Board for consideration, expressed their independent opinions on major matters of the Company such as related party transactions that need to be disclosed and the Company's profit distribution plan, and paid attention to safeguarding the legitimate rights and interests of minority Shareholders. During the Reporting Period, the Board of the Company convened a total of six meetings. For details of the attendance of each Director, please refer to "C5. Proceedings of the Board and Supply of and Access to Information" below.

The term of the sixth session of the Board of the Company expired in November 2023. According to the requirements of laws and regulations, including the Company Law of the People's Republic of China 《中華人民共和國公司法》, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange 《上海證券交易所股票上市規則》 and the Code of Corporate Governance for Listed Companies 《上市公司治理準則》, and the Articles of Association, the Board of the Company convened a meeting to consider and approve the relevant proposals on the general election of the Board, and submitted the proposal to the 2023 first extraordinary general meeting for consideration. The general meeting elected the seventh session of the Board of the Company by cumulative voting system. The seventh session of the Board of the Company consisted of nine Directors, including three independent non-executive Directors, for a term of three years from the date of consideration and approval by the general meeting. For details, please refer to "III. Changes in Directors, Supervisors and Senior Management of the Company during the Reporting Period" in this report.

# Corporate Governance Report

## 3. Supervisory Committee

The Supervisory Committee of the Company performed its duties in strict compliance with the laws, regulations and other relevant laws of the place where the Company's shares were listed, the Articles of Association and the Rules of Procedures of the Supervisory Committee, and carried out effective supervision of the Company's standardized operation, the financial position, the internal control and the discharge of duties by the Directors and senior management. During the Reporting Period, the Supervisory Committee of the Company convened a total of six meetings to review and supervise the Company's regular reports, internal control, profit distribution, Share Option Incentive Scheme and other important matters, and safeguarded the interests of the Shareholders and the Company lawfully.

The term of the sixth session of the Supervisory Committee of the Company expired in November 2023. According to the requirements of laws and regulations, including the Company Law of the People's Republic of China 《中華人民共和國公司法》, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange 《上海證券交易所股票上市規則》 and the Code of Corporate Governance for Listed Companies 《上市公司治理準則》, and the Articles of Association, the Supervisors of the Company convened a meeting to consider and approve the relevant proposals on the general election of the Supervisory Committee, and submitted the proposal to the 2023 first extraordinary general meeting for consideration. The general meeting elected one Supervisor representing the Shareholder and two independent Supervisors of the seventh session of the Supervisory Committee of the Company by cumulative voting system, for a term of three years from the date of consideration and approval by the general meeting. The employees of the Company democratically elected two employee representative Supervisors. The seventh session of the Supervisory Committee of the Company consisted of five Supervisors. For details, please refer to "III. Changes in Directors, Supervisors and Senior Management of the Company during the Reporting Period" in this report.

## 4. Internal Control

The Board of the Company is responsible for enabling the Company to establish, improve and effectively implement internal control, evaluate its effectiveness and truthfully disclose the internal control evaluation report in accordance with the provisions of the Company's internal control standard system. The Supervisory Committee supervises the establishment and implementation of internal control by the Board. The managers are responsible for organizing and leading the daily operation of the Company's internal control.

# Corporate Governance Report

## II. Model Code for Securities Transactions by Directors

Since the listing of the Company on the Main Board of the Hong Kong Stock Exchange in 2005, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code for securities transactions by the Directors and Supervisors of the Company. After making specific enquiries with all Directors and Supervisors, each of them has confirmed that they had complied with the required standards set out in the Model Code throughout the year ended 31 December 2023.

## III. Report on the Company’s compliance with the Corporate Governance Code

The Company has adopted its own corporate governance code, which incorporates all the code provisions and a majority of the recommended best practices in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Board has reviewed the daily corporate governance of the Company according to the relevant provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules and considered that the Company has operated according to the code provisions during the Reporting Period, and complied with the requirements of the provisions of the Corporate Governance Code, with an effort to carry out the recommended best practices.

To the knowledge of the Directors, there is no information that would reasonably indicate that the Company has not complied with the Corporate Governance Code at any time during the year ended 31 December 2023.

## A. Directors

### A1. Corporate Strategies, Business Models and Culture

#### *Principle of the Code*

- *The issuer should be headed by an effective Board. The Board should have the responsibility for leadership and control of the issuer and should be collectively responsible for directing and supervising the issuer’s affairs to enable the success of the issuer. Directors should act objectively and make decisions that are in the best interest of the issuer.*

#### Corporate governance of the Company

- The Board of the Company fully represents the interests of the Shareholders and has set up development strategies of the Company within the scope of its powers as provided under the Articles of Association. The Board monitors and implements the Company’s operation management, so as to achieve a steady and long-term return.
- The Directors have attended Board meetings as scheduled and have carefully reviewed materials of the meetings and actively fulfilled their responsibilities. Independent non-executive Directors regularly inspected the management of connected transactions of the Company.



# Corporate Governance Report

## Compliance procedures of the Corporate Governance Code – Code Provisions

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                          | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The Board should formulate the issuer’s objectives, values and strategies and ensure alignment with the issuer’s culture. All Directors must act with integrity, lead by example, and strive to promote corporate culture. This culture should be instilled throughout the enterprise and reinforce the concepts of acting in a legal, ethical and responsible manner.</li> </ul> | Yes        | <p>The Board of Directors guides and shapes the Company’s corporate culture, which is based on the Company’s objectives, strategies, values and capabilities and is rooted in legal, ethical and responsible conduct at all levels of the Group. The Company is positioned as a global digital supply chain operation and investment platform with core focus on container shipping, and is the core company that undertakes the vision of “building a world-class global integrated service ecosystem of logistics supply chain” of COSCO SHIPPING Group. The Group has always adhered to the concept of green, low-carbon, and sustainable development, and is committed to building a trinity digital supply chain service ecosystem of “shipping + port + related logistics” covering the world, strengthening the globalization and whole-process cooperation with strategic partners, driving the deep integration of related supply chains and industrial chains, and creating personalized, customized, green and low-carbon supply chain logistics solutions for customers. The Company’s corporate culture has fully incorporated the foregoing objectives, strategies and values of the Company.</p> |
| <ul style="list-style-type: none"> <li>The Directors should discuss and analyse the Group’s performance in the annual report, explain the basis of the issuer for long-term generation or retention of value (the business model) and implement the strategies to achieve the objectives set by the issuer.</li> </ul>                                                                                                   | Yes        | <p>The basis of long-term generation or retention of value by the Company and implementation of the strategies to achieve the objectives of the Company are disclosed in the Company’s annual report.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

# Corporate Governance Report

## A2. Corporate Governance Functions

### *Principle of the Code*

- *The Board is responsible for discharging its corporate governance responsibilities and may also delegate responsibilities to one or more committees.*

### Corporate governance of the Company

- The Company has clearly defined the responsibilities of the Chairman and the general manager, and the functions of the Board and the management are segregated and set out in details in the Articles of Association, the Rules of Procedures of the Board and the Working Rules of the General Manager, to ensure a balanced distribution of rights and authority, and assure the independence of decision-making by the Board as well as the independence of the management in daily operation and management activities.

## Compliance procedures of the Corporate Governance Code – Code Provisions

| Code Provisions                                                                                                                                                                                                              | Compliance | Procedures of Corporate Governance                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• The terms of reference of the Board (or a committee performing this function) should include, at least, the responsibilities specified in the Corporate Governance Code.</li> </ul> | Yes        | The Company has established working rules and defined the powers and responsibilities of the Board. |

## B. Composition and Nomination of the Board

### B1. Composition, Succession and Assessment of the Board

### *Principle of the Code*

- *The Board should have the appropriate skills, experience and diversity of views and perspectives as required to the issuer's business, and should ensure that each Director is able to devote sufficient time to and contribute to the issuer in accordance with his/her role and Board responsibilities. The Board shall ensure that changes in its composition will not cause undue disruption. The Board should have a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board that can effectively exercise independent judgment. Non-executive Directors should have sufficient talent and number to enable their opinions to be influential.*

### Corporate governance of the Company

- As at 31 December 2023, the Board of the Company consisted of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors.
- The independent non-executive Directors of the Company possess professional talents and experience in shipping, corporate management, finance, law, internet, digitalisation and other fields, and are able to make independent judgments, which enable the Board to make more prudent and comprehensive decisions.
- There are no connections, including financial, business, family or other material relationships, between members of the Board.

# Corporate Governance Report

## Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

| Code Provisions                                                                                                                                                                                                                                                                                                     | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Independent non-executive directors should be identified in all corporate communications that include the names of directors.</li> </ul>                                                                                                                                     | Yes        | The Company has disclosed the names of Board members by category of Directors in all corporate communications that include the names of the Directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <ul style="list-style-type: none"> <li>The issuer shall maintain and provide an up-to-date list of Board members on its website and the website of the Stock Exchange (i.e. the <b>HKEXnews</b> website), specifying their roles and functions and whether they are independent non-executive directors.</li> </ul> | Yes        | The Company has published the name list and biographies of the members of the Board on the Company's website and the website of the Hong Kong Stock Exchange, specifying their roles, functions and independence.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <ul style="list-style-type: none"> <li>The Board should review the implementation and effectiveness of the issuer's board diversity policy on an annual basis.</li> </ul>                                                                                                                                           | Yes        | <p>The Board of the Company reviews the implementation and effectiveness of the board diversity policy on an annual basis based on the relevant reports of the Nomination Committee.</p> <p>On 25 October 2023, the Company convened the 28th meeting of the sixth session of the Board, at which the Proposal on Matters Including the Composition of the Seventh Session of the Board of COSCO SHIPPING Holdings and Relevant Allowances was considered and approved. In light of the regulatory requirements for independence and diversity of the Board members in Shanghai and Hong Kong, a new female Director, Ms. HAI Chi-yuet, was appointed for a term commencing from the consideration and approval by the first extraordinary general meeting of the Company convened on 16 November 2023.</p> |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                       | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The issuer should have a mechanism in place to ensure that the Board has access to independent views and opinions and disclose such mechanism in its Corporate Governance Report. The Board should review the implementation and effectiveness of the mechanism on an annual basis.</li> </ul> | Yes        | The Company has established an effective mechanism to ensure that the Board has access to independent views and opinions. All independent non-executive Directors of the Company are financially independent from the Group bringing independent and diversified experience, competencies, skills and judgment to the Group's strategy and policies through their informed contributions. The Nomination Committee of the Company reviews the implementation and effectiveness of the above mechanism annually. |
| Recommended Best Practices                                                                                                                                                                                                                                                                                                            | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <ul style="list-style-type: none"> <li>The Board should regularly review its performance.</li> </ul>                                                                                                                                                                                                                                  | Yes        | The Board conducts self-evaluation once a year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <ul style="list-style-type: none"> <li>If individual proposed directors serve as directors in each other's companies or have material connections with other directors through participation in other companies or groups, but the Board still considers them to be independent, the Board should explain the reasons.</li> </ul>     | Yes        | No proposed Directors of the Company serve as directors in each other's companies or have material connections with other Directors through participation in other companies or groups.                                                                                                                                                                                                                                                                                                                         |

The Company strictly complies with the independence requirements for independent non-executive Directors under the Listing Rules.

## Nomination Policy for Directors and Board Diversity Policy

The Company has adopted the Board Diversity Policy, and the Board understood and confirmed that diversity of Board members will be beneficial to enhance the efficiency of the Board and maintain a high standard of corporate governance, which will become one of the key factors for the sustainable development of the Company and maintenance of competitive advantages of the Company. To achieve diversity of Board members, when appointing Directors, the Company will consider on the overall needs of the Board and consider various objective conditions of the candidates comprehensively, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and term of service, and an appropriate balance will be maintained if practicable.

# Corporate Governance Report

The board diversity policy of the Company is summarized as follows:

- the Company ensures that the Board has a balance of skills, experience and diversity of perspectives of the Board appropriate to the requirements of supporting the execution of its business strategy;
- selection of candidates will be based on a number of factors including but not limited to age, culture and educational background, race, industry experience, skills, knowledge and length of service. The appointment of the Board members should be based on meritocracy and diversity of perspectives appropriate to the Group's business and specific needs and the contribution that the selected candidates will bring to the Board; and
- the Nomination Committee will take into consideration of the board diversity policy in selecting and nominating eligible and qualified candidates to become the Board members.

For example, on 25 October 2023, the Company convened the 28th meeting of the sixth session of the Board, at which the Proposal on Matters Including the Composition of the Seventh Session of the Board of COSCO SHIPPING Holdings and Relevant Allowances was considered and approved. In light of the regulatory requirements for independence and diversity of the Board members in Shanghai and Hong Kong, a new female Director, Ms. HAI Chi-yuet, was appointed for a term commencing from the consideration and approval by the first extraordinary general meeting of the Company convened on 16 November 2023.

The above members of the Board of the Company are of diversified professional, educational and cultural background with extensive law and accounting knowledge, and also possess considerable experience in management of shipping related services and governance of listed companies, which enable them to provide diverse opinion for the Board on decision making.

The Company's board nomination policy is summarized as follows:

- The Board is responsible for selecting and appointing the Directors of the Company and nominating the Directors of the Company who will retire at regular intervals for election by the Shareholders of the Company, so that the Board has the necessary and appropriate skills, experience as well as diverse views and perspectives in accordance with the Company's strategic priorities and specific business needs. The Nomination Committee is responsible for evaluating and nominating candidates for approval by the Board.
- The Nomination Committee will assess whether the candidates meet the selection criteria, which should be based on the nomination policy and the board diversity policy that are appropriate to the Company's strategic priorities and specific business needs, and conducted in accordance with the formal procedures for the selection and appointment of the directors of the Company and the key management personnel of major subsidiaries of the Group. The candidate's contributions to the Board are reflected in the following:

# Corporate Governance Report

The Nomination Committee will monitor and review the nomination policy on a regular basis to ensure that it continues to meet the Company's strategic priorities and business needs while reflecting current regulatory requirements and good corporate governance. The director candidate's contributions to the Board are reflected in the following:

- The structure, size and composition of the current Board of Directors;
- Time devoted to the Board;
- Board diversity as specified in the board diversity policy;
- Reputation and integrity;
- Board succession planning;
- The provisions of the Listing Rules; and
- Such other factors as the Board of Directors deems appropriate.

## Measurable objectives

In view of the importance of gender diversity in the composition of the Board, the Company has appointed one female Director in 2023. The Nomination Committee will identify female candidates through internal promotion, recommendation and other reasonable methods, and will gradually increase the proportion of female members on the Board to ensure that the Board has a reasonable and proper proportion of female. Meanwhile, the Nomination Committee will regularly review and monitor the board diversity policy to ensure its effectiveness.

## B2. Appointment, Re-election and Removal

### *Principle of the Code*

- *The appointment process for new directors should be formal, carefully considered and transparent, and the issuer should have an orderly succession plan for directors. All Directors shall be re-elected at regular intervals. The issuer must explain the reasons for the resignation or removal of any director.*

### Corporate governance of the Company

- The Company has set up a Nomination Committee under the Board, which will make recommendation on the appointment, re-election, removal and relevant procedures of Director candidates, and submit the same to the Board for deliberation, and the ultimate decision will be made by way of election at the general meeting of Shareholders. The resignation of the relevant Directors and the reasons for their resignation have been disclosed to the public in a timely manner.

# Corporate Governance Report

## Compliance procedures of the Corporate Governance Code – Code Provisions

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Directors should ensure that they are able to devote sufficient time and attention to the affairs of the issuer, otherwise they should not accept the appointment.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                    | Yes        | All Directors diligently performed their duties as Directors and performed their duties conscientiously and diligently. The high attendance rate of the Directors at the Board meetings and various Board committee meetings in 2023 indicated that the Directors have devoted sufficient time to the business of the Company.            |
| <ul style="list-style-type: none"> <li>Each Director (including Directors appointed for a specified term) shall retire from office by rotation at least once every three years.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                              | Yes        | Any Director appointed to fill a casual vacancy shall hold office upon re-election by Shareholders at a general meeting. The Articles of Association provide that Directors (including non-executive Directors) shall be elected at the general meeting for a term of three years and shall be re-elected upon expiry of the three years. |
| <ul style="list-style-type: none"> <li>If an independent non-executive Director has been in office for more than nine years, his/her re-appointment shall be subject to consideration and approval by the Shareholders by way of a separate resolution. The document accompanying the resolution to the Shareholders should state why the Board (or the Nomination Committee) considers that the Director is still independent and should be re-elected, including the factors considered by the Board (or the Nomination Committee), the process of making this decision and the content of the discussion.</li> </ul> | Yes        | Article 113 of Chapter 10 of the Articles of Association clearly stipulates that the term of an independent Director shall not exceed six years upon re-election. The rule is adhered to in practice and there will be re-election accordingly upon expiration of such term.                                                              |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>If all independent non-executive Directors on the Board of the issuer have served for more than nine years, the issuer shall: (a) disclose the name and term of office of each of the independent non-executive Directors in the letter to shareholders and/or explanation letter attached with the notice of annual general meeting; and (b) appoint a new independent non-executive Director at the next annual general meeting.</li> </ul> | Yes        | Article 113 of Chapter 10 of the Articles of Association clearly stipulates that the term of an independent Director shall not exceed six years upon re-election. The rule is adhered to in practice and there will be re-election accordingly upon expiration of such term. |

## B3. Nomination Committee

### *Principle of the Code*

- The Nomination Committee shall give due consideration to the principles under B.1 and B.2 in discharging its duties.*

### Corporate governance of the Company

- The Company has formulated the Operation Rules for the Nomination Committee, which define the terms of reference and responsibilities of the Committee. In addition, the Company has disclosed the terms of reference of the Committee on the Company's website and the website of the Hong Kong Stock Exchange.
- The Nomination Committee of the sixth session of the Board of the Company consists of Mr. SHEN Dou (Chairman of the Company's Nomination Committee, independent non-executive Director), Mr. YANG Zhijian (executive Director) and Prof. MA Si-hang Frederick (independent non-executive Director).
- During the Reporting Period, the Nomination Committee held one meeting, at which the Proposal on Nomination of Candidates for Directors of the Seventh Session of the Board of COSCO SHIPPING Holdings was considered and approved.



# Corporate Governance Report

## Compliance procedures of the Corporate Governance Code – Code Provisions

| Code Provisions                                                                                                                                                                                                                                                                                                    | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The issuer shall specify in writing the specific terms of reference of the Nomination Committee, clearly stating its powers and responsibilities. The Nomination Committee should discharge its responsibilities as stipulated in the Corporate Governance Code.</li> </ul> | Yes        | The Company has formulated the Operation Rules for the Nomination Committee, which specify its duties and responsibilities, and has also published its terms of reference on the Company's website and the website of the Hong Kong Stock Exchange.                                                            |
| <ul style="list-style-type: none"> <li>The Nomination Committee shall publish its terms of reference explaining its role and the authority delegated to it by the Board on the website of the Stock Exchange (i.e. the HKEXnews website) and the issuer's website.</li> </ul>                                      | Yes        | The Company has formulated the Operation Rules for the Nomination Committee, which specifies its duties and responsibilities, and has also published its terms of reference on the Company's website and the website of the Hong Kong Stock Exchange.                                                          |
| <ul style="list-style-type: none"> <li>The issuer shall provide the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee shall seek independent professional advice, if necessary, in discharging its duties at the issuer's expense.</li> </ul>                         | Yes        | The Company has actively assisted the Nomination Committee in its work to ensure that it has sufficient resources to perform its duties. For matters that require advice from professional institutions, the Company engages professional institutions to issue independent opinions at the Company's expense. |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>If the Board proposes to propose a resolution at a general meeting to appoint a person as an independent non-executive Director, the circular to shareholders and/or the explanatory statement accompanying the notice of such general meeting should specify: (a) the procedures for identifying such individual, the reasons why the Board believes that such individual should be elected and the reasons they believe that such individual is independent; (b) if the proposed candidate of independent non-executive Director will be appointed as a director for the seventh (or beyond) listed company, the reasons why the Board considers that the individual can still devote sufficient time to discharge his responsibilities as a Director; (c) the views and perspectives, skills and experience that this individual can bring to the Board; and (d) how the individual contributes to Board diversity.</li> </ul> | Yes        | <p>On 16 November 2023, the shareholders of the Company approved the re-election of Prof. MA Si-hang Frederick as an independent non-executive Director and the election of Mr. SHEN Dou and Ms. HAI Chi-yuet as independent non-executive Directors at an extraordinary general meeting. For details, please refer to the announcement dated 25 October 2023, the circular dated 30 October 2023 and the announcement dated 16 November 2023 of the Company.</p> <p>The circular to shareholders accompanying the notice of general meeting published by the Company in respect of the above proposed resolution for election of independent non-executive directors has explained: (a) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why they consider the individual to be independent; (b) the views, perspectives, skills and experience that the individual can bring to the Board; and (c) how the individual contributes to diversity of the Board.</p> <p>As of 31 December 2023, none of Prof. MA Si-hang Frederick, Mr. SHEN Dou and Ms. HAI Chi-yuet held directorships in seven or more listed companies.</p> |

## C. Directors' Responsibilities, Delegation of Powers and Board Procedures

### C1. Directors' Responsibilities

#### *Principle of the Code*

- Each Director must be aware of his/her responsibilities as a Director of the issuer, as well as the way of operation, business activities and development of the issuer. As the Board is by nature a one-piece body, non-executive Directors should have the same fiduciary responsibilities and responsibility for acting with due care and skill as executive Directors.*

#### Corporate governance of the Company

- The Company has formulated the Operation Rules for the Board, the Operation Rules for Independent Directors and the operation rules of each of the Board committees to clearly set out the duties of each Director to ensure that all Directors fully understand their roles and responsibilities.
- The Secretary to the Board is responsible for ensuring that all Directors have access to the latest business developments and updated statutory information of the Company.

# Corporate Governance Report

## Compliance procedures of the Corporate Governance Code – Code Provisions

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Newly appointed Directors should receive a comprehensive, formal and tailored induction upon their appointment, and thereafter receive the necessary introduction and professional development to ensure that they have proper understanding of the operation and business of the issuer, and have full knowledge of their responsibilities under the statutes and common law, the Listing Rules, legal and other regulatory requirements and under the issuer's business and governance policies.</li> </ul> | Yes        | Upon the appointment of new Directors, the Company has provided the relevant information to the new Directors in a timely manner, and made arrangements for new Directors to receive training, including the introduction of the Company's business, Directors' responsibilities, the Company's rules and regulations, domestic and overseas laws and regulations and regulatory requirements.                        |
| <ul style="list-style-type: none"> <li>The functions of non-executive Directors should include the functions specified in the Corporate Governance Code.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                  | Yes        | Non-executive Directors shall actively participate in Board meetings and serve as members of various Board committees to check the accomplishment of the Company's business objectives and provide independent opinions regarding the decisions of the Board.                                                                                                                                                         |
| <ul style="list-style-type: none"> <li>The Board should establish written guidelines on matters relating to employees' dealings in the securities of the issuer, the content of guidelines should be no less exacting than the Model Code. The "Relevant employee" includes any employee who, by reason of his or her position or employee relationship, may have possession of inside information about the issuer or its securities, or any such Director or employee of a subsidiary or holding company.</li> </ul>                               | Yes        | In accordance with the relevant requirements of the Model Code, the Company circulates a blackout period reminder to the Directors, Supervisors and the senior management of the Company within a certain period of time before the annual, semi-annual and quarterly results announcements, in order to remind the relevant personnel not to deal in the Shares of the Company within the prescribed period of time. |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------|------------|---------|-------|------|--------------|-----|------|--------------|-------|------|-----------|-------|------|-------------|-----|------|-------|-----|------|----------------------|-------|------|----------|-----|------|--------------|-----|------|---------------|-----|------|----------|-----|------|---------------|-----|------|----------------|-----|------|
| <ul style="list-style-type: none"> <li>All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The issuer should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.</li> </ul>                                                                  | Yes        | <p>The Company has provided relevant information to its Directors regularly, and made arrangements for its Directors to receive training, including the introduction of the Company's business, Directors' responsibilities, the Company's rules and regulations, domestic and overseas laws and regulations and regulatory requirements.</p> <p>All Directors have had the opportunity to attend professional training programs arranged by the Company during their term of office, and provided the Company with a record of the trainings received at the Company's expense. The Company has assisted the Directors in participating in relevant trainings organized by regulatory authorities such as the Stock Exchange and the Shanghai Stock Exchange, and has also engaged domestic and overseas lawyers and personnel from regulatory authorities to provide special trainings for Directors.</p> <table border="1" data-bbox="865 1024 1465 1584"> <thead> <tr> <th></th> <th>Training</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>WAN Min</td> <td>15/15</td> <td>100%</td> </tr> <tr> <td>CHEN Yangfan</td> <td>7/7</td> <td>100%</td> </tr> <tr> <td>YANG Zhijian</td> <td>14/14</td> <td>100%</td> </tr> <tr> <td>ZHANG Wei</td> <td>15/15</td> <td>100%</td> </tr> <tr> <td>TAO Weidong</td> <td>7/7</td> <td>100%</td> </tr> <tr> <td>YU De</td> <td>7/7</td> <td>100%</td> </tr> <tr> <td>MA Si-hang Frederick</td> <td>13/13</td> <td>100%</td> </tr> <tr> <td>SHEN Dou</td> <td>6/6</td> <td>100%</td> </tr> <tr> <td>HAI Chi-yuet</td> <td>6/6</td> <td>100%</td> </tr> <tr> <td>HUANG Xiaowen</td> <td>9/9</td> <td>100%</td> </tr> <tr> <td>WU Dawei</td> <td>8/8</td> <td>100%</td> </tr> <tr> <td>ZHOU Zhonghui</td> <td>8/8</td> <td>100%</td> </tr> <tr> <td>TEO Siong Seng</td> <td>8/8</td> <td>100%</td> </tr> </tbody> </table> |  | Training | Attendance | WAN Min | 15/15 | 100% | CHEN Yangfan | 7/7 | 100% | YANG Zhijian | 14/14 | 100% | ZHANG Wei | 15/15 | 100% | TAO Weidong | 7/7 | 100% | YU De | 7/7 | 100% | MA Si-hang Frederick | 13/13 | 100% | SHEN Dou | 6/6 | 100% | HAI Chi-yuet | 6/6 | 100% | HUANG Xiaowen | 9/9 | 100% | WU Dawei | 8/8 | 100% | ZHOU Zhonghui | 8/8 | 100% | TEO Siong Seng | 8/8 | 100% |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Training   | Attendance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| WAN Min                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 15/15      | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| CHEN Yangfan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 7/7        | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| YANG Zhijian                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 14/14      | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| ZHANG Wei                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 15/15      | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| TAO Weidong                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 7/7        | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| YU De                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 7/7        | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| MA Si-hang Frederick                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 13/13      | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| SHEN Dou                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 6/6        | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| HAI Chi-yuet                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 6/6        | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| HUANG Xiaowen                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 9/9        | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| WU Dawei                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 8/8        | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| ZHOU Zhonghui                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 8/8        | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| TEO Siong Seng                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 8/8        | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |
| <ul style="list-style-type: none"> <li>A Director shall disclose to the issuer the number and nature of his office held in a public company or organization and other significant commitments upon acceptance of his appointment, and any subsequent changes shall be disclosed in a timely manner. In addition, the name of the public company or organization involved and the time committed to the relevant duties should also be disclosed. The Board should decide how often to make disclosures.</li> </ul> | Yes        | <p>Each Director has provided the Company with information regarding his/her position in other companies and other significant commitments at the time of accepting his/her appointment, and shall provide update on any relevant change in a timely manner.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |          |            |         |       |      |              |     |      |              |       |      |           |       |      |             |     |      |       |     |      |                      |       |      |          |     |      |              |     |      |               |     |      |          |     |      |               |     |      |                |     |      |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Independent non-executive Directors and other non-executive Directors, being members of the Board, have equal status with other Directors, should regularly attend meetings of the Board and the committees of which they are also appointed as members, and should actively participate in the affairs of the meetings, and make contributions with their skills, professional knowledge and different backgrounds and qualifications. In general, they should also attend general meetings and have a full and impartial understanding of the views of the Company's shareholders.</li> </ul> | Yes        | <p>Independent non-executive Directors and non-executive Director of the Company have equal status with executive Directors. All Directors make contributions with their skills, professional knowledge and different backgrounds and qualifications.</p> <p>In terms of Board meetings, the Chairman of the Board ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and equal opportunities are given to all the directors to speak, express their views and raise their concerns. In addition, the chairman of the meeting shall ask the directors whether they have any objections or any questions to raise for discussion on each agenda item, ensuring that each director can present his/her independent views on the spot. The above measures form the mechanisms which ensure independent views are available to the Board. The Board is of the view that such mechanisms ensure that the directors to have chance to speak and express their independent views, and considers that such mechanisms are effective.</p> <p>Each committee mainly consists of independent non-executive Directors and non-executive Director. Board committee members have the right to make decisions on matters within the terms of reference of each Board committee. These Board committees have the authority to examine particular issues and report to the Board with their recommendations where appropriate, subject to the ultimate authority of final decision-making by the Board on all matters.</p> <p>The Chairmen or members of the Audit Committee, the Nomination Committee, Strategic Development Committee and the Remuneration Committee are normally available at the General Meetings (where applicable) to take any relevant questions.</p> |
| <ul style="list-style-type: none"> <li>Independent non-executive Directors and other non-executive Directors are required to contribute positively to the issuer in formulating strategies and policies by providing independent, constructive and informed opinions.</li> </ul>                                                                                                                                                                                                                                                                                                                                                       | Yes        | <p>Each of the non-executive Directors has contributed to the formulation of the Company's strategies and policies by providing independent, constructive and informed opinions.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <ul style="list-style-type: none"> <li>The issuer should have appropriate insurance arrangements to cover legal actions that its Directors may be exposed.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Yes        | <p>The Company has purchased liability insurance for its Directors, Supervisors and senior management.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

# Corporate Governance Report

## C2. Chairman and Chief Executive

### *Principle of the Code*

- *Each issuer has two major aspects in operation and management – the operation and management of the Board and the day-to-day management of the business. There must be a clear distinction between the two to ensure a balanced distribution of powers and authority so that powers will not concentrate on one person.*

### Corporate governance of the Company

- The Company has clearly defined the duties and responsibilities of the Chairman and the general manager. The functions of the Board and the management are segregated and set out in details in the Articles of Association, the Rules of Procedures of the Board and the Operation Rules for the General Manager to ensure a balanced distribution of powers and authority. This ensures the independence of the Board in decision-making and also ensures the independence of the management in daily operation and management activities.

### Compliance procedures of the Corporate Governance Code – Code Provisions

| Code Provisions                                                                                                                                                                                                                                                                                  | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• The roles of Chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive should be clearly defined and set out in writing.</li> </ul> | Yes        | During the Reporting Period, Mr. Wan Min served as the Chairman of the Board of Directors of the Company and no chief executive was appointed by the Company.                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>• The Chairman shall ensure that all Directors at Board meetings are properly informed of current matters.</li> </ul>                                                                                                                                     | Yes        | For all matters considered by the Board, sufficient information have been provided to the Board and sufficient communication has been conducted prior to the meeting, and special meetings were convened at the request of the Board to report on the relevant matters. Where necessary, the Chairman or the management of the Company would explain the proposal in details at the meeting. |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The Chairman shall be responsible for ensuring that the Directors receive sufficient information in a timely manner, and such information must be accurate, clear, complete and reliable.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                  | Yes        | The Chairman arranged the Secretary to the Board to provide all Directors with information on the progress of major business of the Company every month, and the management of the Company would submit major performance data to the members of the Board every month, so that the Directors can obtain timely and sufficient information. |
| <ul style="list-style-type: none"> <li>One of the important roles of the Chairman is to lead the Board. The Chairman shall ensure that the Board functions effectively and fulfils its due responsibilities and discusses all important and appropriate matters in a timely manner. The Chairman shall be primarily responsible for determining and approving the agenda for each Board meeting and, where appropriate, taking into account any matters proposed by other Directors for inclusion in the agenda. The Chairman may delegate this responsibility to a designated Director or the Company Secretary.</li> </ul> | Yes        | The agenda of the Board meeting is approved by the Chairman after consultation with the executive Directors and the Secretary to the Board and taking into account all matters proposed by the Directors.                                                                                                                                   |
| <ul style="list-style-type: none"> <li>The Chairman should have the primary responsibility to ensure that good corporate governance practices and procedures are in place.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                        | Yes        | The Chairman plays an important role in promoting the development of the Company's corporate governance, appoints the Secretary to the Board to formulate good corporate governance system and procedures, and supervises the management to implement various systems in good faith to ensure the standardized operations of the Company.   |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The Chairman should encourage all Directors to devote themselves fully to the affairs of the Board and to lead by example, ensuring that the Board acts in the best interest of the issuer. The Chairman should encourage dissenting Directors to voice their concerns, allow sufficient time for discussion on these matters, and ensure that decisions of the Board can fairly reflect the consensus of the Board.</li> </ul> | Yes        | The Chairman encourages all Directors to devote themselves fully to the affairs of the Board, facilitates the Directors to make effective contributions to the Board and to lead by example, and also directs the Board to act in the best interest of the Company.                                                                                                                                                                                                                          |
| <ul style="list-style-type: none"> <li>The Chairman shall hold a meeting with the independent non-executive Directors without the presence of other Directors at least once a year.</li> </ul>                                                                                                                                                                                                                                                                         | Yes        | The Chairman had adequate face-to-face communication with the independent non-executive Directors at appropriate time before and after on-site Board meetings. In 2023, the Chairman took advantage of the opportunities of convening Board meetings to hold meetings with independent non-executive Directors for face-to-face communications and exchange, and conducted in-depth communication and discussion on relevant issues of concern with the independent non-executive Directors. |



# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                         | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The Chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and ensure that shareholders' views are communicated to the Board as a whole.</li> </ul>                                                                                                        | Yes        | The Chairman attaches great importance to the effective communication between the Company and the Shareholders, attends and presides over the Shareholders' general meetings, and continuously promotes and improves investor relations with a view to maximizing the return to Shareholders. |
| <ul style="list-style-type: none"> <li>The Chairman should promote a culture of open and active discussion, facilitate the effective contributions of Directors (especially non-executive Directors) to the Board and ensure that a constructive relationship is maintained between the executive Directors and the non-executive Directors.</li> </ul> | Yes        | The Chairman values the contributions made by Directors to the Board and endeavours to maintain a constructive relationship between the executive Directors and the non-executive Directors.                                                                                                  |

### C3. Management Functions

#### *Principle of the Code*

- The issuer should have a formal pre-determined plan outlining matters specifically requiring the approval by the Board. The Board should give clear instructions to the management on matters that require prior approval of the Board before making decisions on behalf of the issuer.*

#### Corporate governance of the Company

- The main functions and powers of the Board include convening the general meetings of shareholders; deciding on the Company's business plans and investment plans and establishing the Company's internal management organization; formulating the Company's annual financial budget, final accounts and profit distribution plan; formulating proposals for company merger, division and dissolution and major acquisition or disposal plans, etc., and implementing the resolutions of the general meetings of Shareholders.
- The Board may delegate some of its functions and powers to Board committees and management and identify matters that require approval by the Board.

# Corporate Governance Report

## Compliance procedures of the Corporate Governance Code – Code Provisions

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                              | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>When the Board delegates its managerial and administrative functions to the management, it must also give clear guidance on the powers of management, particularly where the management should report relevant matters to the Board and obtain approval from the Board before making any decision or entering into any commitment on behalf of the issuer.</li> </ul> | Yes        | The management is accountable to the Board, and its main duties include presiding over the operation and management of the Company, organizing the implementation of Board resolutions, carrying out investment, asset disposal and other economic activities related to the implementation of Board resolutions, and reporting to the Board. The management shall not exceed its terms of reference and resolutions of the Board in exercising its powers. |
| <ul style="list-style-type: none"> <li>The issuer should determine those functions reserved to the Board and those delegated to management; the issuer should also review regularly to ensure that such arrangement meets the needs of the issuer.</li> </ul>                                                                                                                                                | Yes        | The Company sets out the matters required to be resolved by the Board and the functions delegated to the management in the established Rules of Procedures of the Board and Operation Rules for the General Manager.                                                                                                                                                                                                                                        |
| <ul style="list-style-type: none"> <li>Directors should have a clear understanding of the delegation arrangements in place. The issuer should have a formal letter of appointment as a Director setting out the principal terms and conditions of the appointment.</li> </ul>                                                                                                                                | Yes        | Each newly appointed Director has a formal appointment letter which sets out the principal terms and conditions of such appointment.                                                                                                                                                                                                                                                                                                                        |

# Corporate Governance Report

## C4. Committees of the Board

### *Principle of the Code*

- *Each committee of the Board shall be established with specific written terms of reference which clearly set out the powers and duties of the committee.*

### Corporate governance of the Company

- The Board of the Company has established five Board committees, including the Strategic Development Committee, the Risk Control Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board thoroughly considers the professional skills and experience of each Director to select the members of each committee, so that the work of each committee can be carried out efficiently. Among them, the majority of the members of the Audit Committee, the Remuneration Committee and the Nomination Committee are independent non-executive Directors.
- Each committee has clear operation rules, setting out the rights and duties of the committee and the rules of procedures of the committee.

# Corporate Governance Report

The attendance of the meetings of Board committees (number of meetings attended in person/number of meetings to be attended)

|                                         | Strategic<br>Development<br>Committee | Risk<br>Control<br>Committee | Audit<br>Committee | Remuneration<br>Committee | Nomination<br>Committee |
|-----------------------------------------|---------------------------------------|------------------------------|--------------------|---------------------------|-------------------------|
| WAN Min                                 |                                       |                              |                    |                           |                         |
| CHEN Yangfan <sup>1</sup>               | 0/0                                   | 0/0                          |                    |                           |                         |
| YANG Zhijian <sup>2,5</sup>             |                                       |                              |                    |                           | 1/1                     |
| ZHANG Wei <sup>1</sup>                  | 0/0                                   |                              |                    |                           |                         |
| TAO Weidong <sup>2</sup>                |                                       | 0/0                          |                    |                           |                         |
| YU De <sup>2</sup>                      |                                       | 0/0                          |                    |                           |                         |
| MA Si-hang Frederick <sup>1,3,4,5</sup> | 0/0                                   |                              | 4/4                | 0/0                       | 1/1                     |
| SHEN Dou <sup>3,4,5</sup>               |                                       |                              | 0/0                | 0/0                       | 0/0                     |
| HAI Chi-yuet <sup>3,4</sup>             |                                       |                              | 0/0                | 0/0                       |                         |
| HUANG Xiaowen                           |                                       |                              |                    |                           |                         |
| WU Dawei                                |                                       | 4/4                          | 4/4                | 4/4                       | 1/1                     |
| ZHOU Zhonghui                           |                                       |                              | 4/4                | 4/4                       |                         |
| TEO Siong Seng                          | 0/0                                   | 4/4                          |                    | 4/4                       |                         |

*Note:*

Since 16 November 2023, the composition of the Board committees of the seventh session of the Board is as follows:

1. Strategic Development Committee: Mr. CHEN Yangfan (chairman), Mr. ZHANG Wei (member) and Prof. MA, Si-hang Frederick (member);
2. Risk Control Committee: Mr. YANG Zhijian (chairman), Mr. TAO Weidong (member) and Mr. YU De (member);
3. Audit Committee: Prof. Ma, Si-hang Frederick (chairman), Mr. SHEN Dou (member) and Ms. HAI Chi Yuet (member);
4. Remuneration Committee: Ms. HAI Chi Yuet (chairman), Prof. MA, Si-hang Frederick (member) and Mr. SHEN Dou (member); and
5. Nomination Committee: Mr. SHEN Dou (chairman), Mr. YANG Zhijian (member) and Prof. MA, Si-hang Frederick (member).

# Corporate Governance Report

## Compliance procedures of the Corporate Governance Code – Code Provisions

| Code Provisions                                                                                                                                                                                                                                                                                                                                                  | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Where a committee is to be set up to handle matters, the Board should provide such committee with sufficiently clear terms of reference to enable it to perform its functions properly.</li> </ul>                                                                                                                        | Yes        | The Board has five committees, including the Strategic Development Committee, the Risk Control Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, each committee has formulated detailed operation rules and defined the terms of reference. |
| <ul style="list-style-type: none"> <li>The terms of reference of each committee of the Board shall require such committee to report its decisions or recommendations to the Board, unless such committee is subject to legal or regulatory restrictions that prevent such reporting (e.g. restrictions on disclosure due to regulatory requirements).</li> </ul> | Yes        | Each committee reports its decisions and recommendations to the Board after each meeting and submits matters that require Board's decision to the Board for consideration.                                                                                                         |

## C5. Proceedings of the Board and Supply of and Access to Information

### *Principle of the Code*

- The issuer shall ensure that its directors are able to participate in the proceedings of the Board in a meaningful and effective manner. Directors should be provided with appropriate and timely information in a form and quality that enables them to make decisions with such information and to discharge their duties and responsibilities.

### Corporate governance of the Company

- The Board of the Company fully represents the interests of the Shareholders, formulates the development strategies of the Company and monitors the implementation of the operation and management of the Company within the terms of reference stipulated in the Articles of Association, so as to achieve stable long-term performance and returns.
- The Directors have attended the Board meetings on time, carefully reviewed the meeting materials, and actively performed the responsibilities of the Directors. The independent non-executive Directors also conducted regular inspections on the management of the Company's connected transactions.

# Corporate Governance Report

## Compliance procedures of the Corporate Governance Code – Code Provisions

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Compliance                                                    | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |          |                                                               |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------------------------------------------------------|--|--|--|-------|--|---------|--|----------|------------|----------|------------|---------|-----|------|-----|------|---------------|-----|------|-----|-----|--------------|-----|------|-----|------|-----------|-----|------|-----|------|----------|-----|------|-----|-----|---------------|-----|------|-----|------|----------------|-----|------|-----|------|----------------------|-----|------|-----|------|--------------|-----|------|-----|---|-------------|-----|------|-----|---|-------|-----|------|-----|---|----------|-----|------|-----|---|--------------|-----|------|-----|---|
| <ul style="list-style-type: none"> <li>The Board shall meet regularly and the Board meetings shall be held at least four times a year, approximately once every quarter. It is expected that each regular Board meeting will be attended by a majority of the Directors entitled to attend the meeting either in person or through electronic means of communication. Therefore, regular Board meetings shall not include the practice of obtaining Board approval by way of circulation of written resolutions.</li> </ul> | Yes                                                           | <p>In 2023, the Company convened a total of 6 Board meetings. The attendance rate of the Board members for the 2023 Board meetings was 100%. The details of the attendance of the Board meetings and general meetings are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="4">(No. of meetings attended/<br/>No. of meetings to be attended)</th> </tr> <tr> <th colspan="2">Board</th> <th colspan="2">General</th> </tr> <tr> <th>meetings</th> <th>Attendance</th> <th>meetings</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>WAN Min</td> <td>6/6</td> <td>100%</td> <td>2/2</td> <td>100%</td> </tr> <tr> <td>HUANG Xiaowen</td> <td>5/5</td> <td>100%</td> <td>1/2</td> <td>50%</td> </tr> <tr> <td>YANG Zhijian</td> <td>6/6</td> <td>100%</td> <td>2/2</td> <td>100%</td> </tr> <tr> <td>ZHANG Wei</td> <td>6/6</td> <td>100%</td> <td>2/2</td> <td>100%</td> </tr> <tr> <td>WU Dawei</td> <td>5/5</td> <td>100%</td> <td>1/2</td> <td>50%</td> </tr> <tr> <td>ZHOU Zhonghui</td> <td>5/5</td> <td>100%</td> <td>2/2</td> <td>100%</td> </tr> <tr> <td>TEO Siong Seng</td> <td>5/5</td> <td>100%</td> <td>2/2</td> <td>100%</td> </tr> <tr> <td>MA Si-hang Frederick</td> <td>6/6</td> <td>100%</td> <td>2/2</td> <td>100%</td> </tr> <tr> <td>CHEN Yangfan</td> <td>1/1</td> <td>100%</td> <td>0/0</td> <td>–</td> </tr> <tr> <td>TAO Weidong</td> <td>1/1</td> <td>100%</td> <td>0/0</td> <td>–</td> </tr> <tr> <td>YU De</td> <td>1/1</td> <td>100%</td> <td>0/0</td> <td>–</td> </tr> <tr> <td>SHEN Dou</td> <td>1/1</td> <td>100%</td> <td>0/0</td> <td>–</td> </tr> <tr> <td>HAI Chi-yuet</td> <td>1/1</td> <td>100%</td> <td>0/0</td> <td>–</td> </tr> </tbody> </table> |          | (No. of meetings attended/<br>No. of meetings to be attended) |  |  |  | Board |  | General |  | meetings | Attendance | meetings | Attendance | WAN Min | 6/6 | 100% | 2/2 | 100% | HUANG Xiaowen | 5/5 | 100% | 1/2 | 50% | YANG Zhijian | 6/6 | 100% | 2/2 | 100% | ZHANG Wei | 6/6 | 100% | 2/2 | 100% | WU Dawei | 5/5 | 100% | 1/2 | 50% | ZHOU Zhonghui | 5/5 | 100% | 2/2 | 100% | TEO Siong Seng | 5/5 | 100% | 2/2 | 100% | MA Si-hang Frederick | 6/6 | 100% | 2/2 | 100% | CHEN Yangfan | 1/1 | 100% | 0/0 | – | TAO Weidong | 1/1 | 100% | 0/0 | – | YU De | 1/1 | 100% | 0/0 | – | SHEN Dou | 1/1 | 100% | 0/0 | – | HAI Chi-yuet | 1/1 | 100% | 0/0 | – |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | (No. of meetings attended/<br>No. of meetings to be attended) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |          |                                                               |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Board                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |          | General                                                       |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | meetings                                                      | Attendance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | meetings | Attendance                                                    |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| WAN Min                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 6/6                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2/2      | 100%                                                          |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| HUANG Xiaowen                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 5/5                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1/2      | 50%                                                           |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| YANG Zhijian                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 6/6                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2/2      | 100%                                                          |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| ZHANG Wei                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 6/6                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2/2      | 100%                                                          |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| WU Dawei                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 5/5                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1/2      | 50%                                                           |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| ZHOU Zhonghui                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 5/5                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2/2      | 100%                                                          |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| TEO Siong Seng                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 5/5                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2/2      | 100%                                                          |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| MA Si-hang Frederick                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 6/6                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2/2      | 100%                                                          |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| CHEN Yangfan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1/1                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0/0      | –                                                             |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| TAO Weidong                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1/1                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0/0      | –                                                             |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| YU De                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1/1                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0/0      | –                                                             |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| SHEN Dou                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1/1                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0/0      | –                                                             |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| HAI Chi-yuet                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1/1                                                           | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0/0      | –                                                             |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |
| <ul style="list-style-type: none"> <li>The Board should have arrangements in place to ensure that all Directors have the opportunity to put forward matters for discussion on the agenda of regular Board meetings.</li> </ul>                                                                                                                                                                                                                                                                                              | Yes                                                           | <p>A notice is given prior to the meeting to allow sufficient time for the Directors to put forward matters for discussion on the agenda of the Board meeting. All Directors have the opportunity to put forward matters for discussion on the agenda of regular Board meetings.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |          |                                                               |  |  |  |       |  |         |  |          |            |          |            |         |     |      |     |      |               |     |      |     |     |              |     |      |     |      |           |     |      |     |      |          |     |      |     |     |               |     |      |     |      |                |     |      |     |      |                      |     |      |     |      |              |     |      |     |   |             |     |      |     |   |       |     |      |     |   |          |     |      |     |   |              |     |      |     |   |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>At least 14 days' notice should be given to convene a regular Board meeting to allow all Directors to be free to attend. For all other Board meetings, a reasonable notice should be given.</li> </ul>                                                                                                                                                                                                                                                                                                                                      | Yes        | <p>Notice of regular Board meeting was given at least 14 days before the meeting, and the notice and agenda were given within a reasonable period of time in compliance with the Articles of Association for extraordinary Board meetings.</p>                                                                                                                                       |
| <ul style="list-style-type: none"> <li>The secretary duly appointed for a meeting shall keep minutes of the meetings of the Board and its committees and, if reasonable notice has been given by any Director, make such minutes of meeting available for inspection at any reasonable time.</li> </ul>                                                                                                                                                                                                                                                                            | Yes        | <p>The Secretary to the Board is responsible for collating and keeping the minutes of the Board meetings, and the minutes of the Board meetings and the minutes of the Board committees and relevant materials, which are properly and permanently kept at the office of the Company as important files of the Company, are available for the Directors' inspection at any time.</p> |
| <ul style="list-style-type: none"> <li>Minutes of meetings of the Board and its committees should be recorded in sufficient detail of the matters considered and decisions reached at the meetings, including any concerns raised or objections expressed by the Directors. After the conclusion of the Board meeting, the first draft and the final version of the meeting minutes shall be sent to all Directors within a reasonable period of time. The first draft is for the Directors to express their opinions, and the final version is used for their records.</li> </ul> | Yes        | <p>The minutes of the Board meetings provide objective and detailed records of the matters considered at the meeting, the voting results and the opinions expressed by all Directors, and are confirmed by the Directors in attendance of the meetings.</p>                                                                                                                          |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                          | Compliance | Procedures of Corporate Governance                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The Board should agree on procedures for the directors to seek independent professional advice in appropriate circumstances upon reasonable request and at the expense of the issuer. The Board shall resolve to provide additional independent professional advice to the Directors to assist them in discharging their responsibilities to the Issuer.</li> </ul>               | Yes        | For matters that require opinions from professional institutions, the Company shall hire professional institutions to issue independent opinions at the request of the Directors at the expense of the Company. |
| <ul style="list-style-type: none"> <li>Where a substantial shareholder or Director has a conflict of interest in a matter to be considered by the Board, the matter shall be dealt with by way of a board meeting rather than a written resolution. Independent non-executive directors who have no material interest in the transaction and their close associates should attend the relevant Board meeting.</li> </ul> | Yes        | The Company has stipulated in the Articles of Association and the Rules of Procedures of the Board the requirements on Directors to abstain from voting.                                                        |
| <ul style="list-style-type: none"> <li>The agenda and relevant meeting documents for regular meetings of the Board shall be sent to all Directors in a timely manner and at least three days prior to the date of the scheduled meeting of the Board or its committees (or such other time as agreed). All other meetings of the Board should also adopt the above arrangements where practicable.</li> </ul>            | Yes        | Documents for all meetings of the Board and Board committees of the Company are delivered to each Director at least three days before the meeting.                                                              |



# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The management has responsibility to provide the Board and its committees with adequate and timely information to enable the Directors to make decisions with such information. Information provided by the management must be complete and reliable. To fulfil his duties properly, a director may not, in all circumstances, be able to rely purely on the information provided voluntarily by the management and he may need to make further enquiries. Where any director requires additional information from the management (other than the information provided voluntarily by the management), he should make further enquiries where necessary. So, the board and individual Directors should have independent access to the issuer's senior management.</li> </ul> | Yes        | The management of the Company is able to provide adequate information to the Board and its committees in a timely manner. Each Director is able to communicate with the management of the Company and obtain further information as required.                             |
| <ul style="list-style-type: none"> <li>All Directors have access to Board papers and related information. Such documents and related information shall be sufficient in form and quality to enable the Board to make informed decisions with grounds on the matters referred to the Board. Issuers must respond as promptly and fully as possible to questions raised by Directors.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                      | Yes        | The documents of the Board and the Board committees are kept by the Secretary to the Board and are available for inspection by all Directors at any time. The Company have arranged relevant personnel to give timely responses to the questions raised by the Directors. |

# Corporate Governance Report

## C6. Company Secretary

### *Principle of the Code*

- *The Company Secretary plays an important role in supporting the Board, ensuring that there is a good exchange of information among Board members and the Board policies and procedures are followed. The Company Secretary is responsible for advising the Board on governance matters through the Chairman and/or the Chief Executive, and making arrangements for induction training and professional development of Directors.*

### Corporate governance of the Company

- Currently, the Company has appointed a Company Secretary, whose main duties are to promote improvement in the Company's governance standards, provide support to the Directors to perform their duties, and take lead in arranging for information disclosure of the Company.

### Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

| Code Provisions                                                                                                                                                                                                                           | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• The Company Secretary should be an employee of the issuer with knowledge of the issuer's day-to-day affairs.</li> </ul>                                                                          | Yes        | The Company Secretary is an employee of the Company and is familiar with the daily affairs of the Company.                                                                                                                                                                                                           |
| <ul style="list-style-type: none"> <li>• The selection, appointment or dismissal of the Company Secretary shall be subject to approval by the Board.</li> </ul>                                                                           | Yes        | The appointment of the current Company Secretary was considered and approved at the twentieth meeting of the sixth session of the Board.                                                                                                                                                                             |
| <ul style="list-style-type: none"> <li>• The Company Secretary shall report to the Chairman of the Board and/or the Chief Executive.</li> </ul>                                                                                           | Yes        | The Company Secretary reports to the Chairman of the Board and/or the general manager.                                                                                                                                                                                                                               |
| <ul style="list-style-type: none"> <li>• All Directors shall have access to the advice and services of the Company Secretary to ensure compliance with procedures of the Board and all applicable laws, rules and regulations.</li> </ul> | Yes        | The Company Secretary has established good communication channels with all Directors in order to assist the Board and the general manager to effectively perform their duties and powers in accordance with domestic and overseas laws and regulations, the Articles of Association and other relevant requirements. |

# Corporate Governance Report

## D. Audit, Internal Control and Risk Management

### D1. Financial Reporting

#### *Principle of the Code*

- *The Board should assess the performance, position and prospects of the Company in a balanced, clear and comprehensive manner.*

#### Corporate governance of the Company

- The Board has complied with the regulatory requirements of the Stock Exchanges in Hong Kong and Shanghai in all previous regular financial reports issued to Shareholders, and constantly improves the management's discussion and analysis, and fully discloses the Company's production and operation, finance, and project development status. At the same time, the Group has proactively increased the amount of information, including information on the Company's operating environment, development strategies and corporate culture, strengthened corporate governance reports, and makes comprehensive, objective, fair and clear presentation of the Group's operating and management status and prospects.

### Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

| Code Provisions                                                                                                                                                                                                                                              | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• The management should provide sufficient explanations and information to the Board to enable the Board to make an informed review of the financial and other information submitted to them for approval.</li> </ul> | Yes        | The management of the Company provides the Directors with information on the Company's business progress, development plans and financial objectives from time to time for the purpose of making an informed assessment by the Directors. |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The management should provide members of the Board with monthly updates containing a fair and understandable assessment of the issuer's performance, financial position and prospects sufficient to enable the Directors to perform their required duties under Rules 3.08 and Chapter 13 of the Listing Rules.</li> </ul>                                                                                                                                                                                          | Yes        | The management of the Company submits key performance data of the Company to the members of the Board on a monthly basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <ul style="list-style-type: none"> <li>The directors should acknowledge their responsibility for the preparation of the accounts in the Corporate Governance Report and the auditors should state their reporting responsibilities in the auditor's report on the relevant financial statements.</li> </ul> <p>Unless it is inappropriate to assume that the Company will continue as a going concern, the Directors' accounts shall be based on the Company being a going concern, and supplemented by assumptions or qualifications where necessary.</p> | Yes        | <p>The Directors acknowledge their responsibility for preparing financial statements that give a true and fair view of the Company's circumstances for the financial year. The auditor's report sets out the auditor's reporting responsibilities.</p> <p>The Company prepares performance and related reports in strict accordance with the laws and regulations of the place of listing. All previous annual reports, interim reports, quarterly reports (including the first quarter reports and the third quarter reports) and performance announcements issued by the Company have been unanimously approved by all the Directors and there has never been any case of having Directors expressing reserved opinions.</p> <p>Since the initial public offering, the domestic and foreign auditors have issued standard unqualified opinions in each annual audit report.</p> |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                               | Compliance | Procedures of Corporate Governance                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>The relevant Board should provide a balanced, clear and understandable assessment of the performance of the Company in its annual and interim reports and other financial information required to be disclosed pursuant to the Listing Rules. In addition, it should make the same statement in the report submitted to the regulator and in the information disclosed in accordance with legal requirements.</li></ul> | Yes        | There is disclosure of the basis for the Company's long-term generation or retention of value and the strategy for achieving the Company's goals in the Company's annual report. |

# Corporate Governance Report

| Recommended Best Practices                                                                                                                                                                                                                                                                                                                                                                                                                 | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Issuers should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. The disclosure should be sufficient to allow shareholders to assess the issuer's performance, financial position and prospects. Issuers should follow the accounting policies in their semi-annual and annual accounts when preparing quarterly financial results.</li> </ul> | Yes        | <p>In addition to the reports of annual results and interim results, the Company also prepares and publishes reports on the first quarterly and third quarterly results. The Company announces and publishes quarterly financial results within one month after the end of the first quarter and the third quarter, and the information disclosed therein is sufficient to enable Shareholders to evaluate the Company's performance, financial position and prospects.</p> |
| <ul style="list-style-type: none"> <li>The issuer shall continue to report quarterly results for the third and ninth months for subsequent financial years after it begins to report quarterly financial results.</li> </ul>                                                                                                                                                                                                               | Yes        | <p>The Company announces and publishes quarterly financial results and discloses the quarterly results up to the third and ninth months within one month after the end of the first and quarter and the third quarter of each year respectively.</p>                                                                                                                                                                                                                        |

# Corporate Governance Report

## D2. Risk Management and Internal Control

### *Principle of the Code*

- *The Board is responsible for assessing and determining the nature and extent of the risks that the issuer is willing to accept in achieving its strategic objectives and ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems. The above risks include but are not limited to material risks relating to environmental, social and governance (“ESG”) aspects (Please refer to the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Listing Rules for details). The Board should oversee the management’s design, implementation and monitoring of the risk management and internal control systems, and the management should provide the Board with confirmation of the effectiveness of such systems.*

### Corporate governance of the Company

- The Company has established an internal control system to review the financial, operational and regulatory control procedures from time to time, and constantly update and improve them according to the actual situation in order to protect the assets of the Company and the interests of Shareholders.
- The Company has established an internal audit department within its organizational structure, which regularly inspects, supervises and evaluates the financial position, operation and internal control activities of the Company according to different businesses and processes, and engages external audit institutions to conduct regular audits on the Company’s financial reports in accordance with the Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards, and to provide independent and objective evaluations and recommendations in the form of audit reports.
- The Company has in place a strict system for handling and disseminating inside information in accordance with the relevant requirements of the Listing Rules and the Securities and Futures Ordinance, and to prohibit any unauthorized use or dissemination of confidential information or inside information. The Directors, Supervisors and senior management of the Company take all reasonable steps to ensure that proper precautions are in place to prevent non-compliance with the Company’s disclosure requirements.

# Corporate Governance Report

## Compliance procedures of the Corporate Governance Code – Code Provisions

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The Board should continue to monitor the issuer’s risk management and internal control systems and ensure that the effectiveness of the risk management and internal control systems of the issuer and its subsidiaries will be reviewed at least once a year and reported to the shareholders in the Corporate Governance Report on the completion of the relevant review. The review should cover all important control aspects including financial control, operational control and compliance control.</li> </ul> | Yes        | <p>The Board is fully responsible for assessing and determining the nature and extent of the risks it is willing to take in achieving the Group’s strategic objectives, maintaining a sound and effective risk management and internal control system and reviewing its effectiveness to safeguard the investments of the Shareholders and the assets of the Group. To this end, the management continues to devote resources to the internal control and risk management system with the aim of managing (rather than eliminating) the risk of failure in order to achieve business objectives, and can only provide reasonable (but not absolute) warranties for the absence of material misstatements or losses. The Board has conducted an annual review on the risk management and internal control systems of the Group for the year ended 31 December 2023 and is of the view that the operation of such systems is effective and adequate.</p> <p>The Company attaches great importance to internal control and has established an internal control system. An internal audit department has been set up within the Company’s organizational structure to monitor the Company’s financial, business, compliance and risk management. The chief financial officer of the Company reports to the Audit Committee and the Board of Directors on the internal control situation every year, which is evaluated by all Directors.</p> |
| <ul style="list-style-type: none"> <li>When conducting an annual review, the Board should ensure that the issuer’s accounting, internal audit and financial reporting functions, as well as resources, staff qualifications and experience, training programmes for staff in relation to the issuer’s environmental, social and governance performance and reporting and the relevant budgets are adequate.</li> </ul>                                                                                                                                       | Yes        | <p>The Company attaches great importance to the professional management and training of financial personnel, and continuously improves the professional skills and comprehensive quality of financial personnel. The Company has strictly complied with the requirements of the Accounting Law by organizing in-service financial personnel to participate in annual continuing education for accounting personnel according to schedule, as well as planned arrangements for financial staff to receive professional training such as accounting standards in relation to changes in national financial and taxation policies and working requirements, and providing assurance for sufficient budget for training expenses.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |



# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The Board's annual review should include, in particular, the following: (a) changes in the nature and severity of material risks (including environmental, social and governance risks) since previous year's review, and the issuer's abilities in response to changes in business and external environment; (b) the management continuously monitors the working scope and quality of the risk (including environmental, social and governance risks) and internal control systems, and where applicable, the internal audit function and the work of other assurance providers; (c) the detail level and frequency of communicating the control results to the Board (or its committees) to help the Board assess the issuer's control and the effectiveness of risk management; (d) occurrence of material failure in control or discovery of material control deficiency during the period, and the severity of unforeseen consequences or emergencies as a result, and the material effects of such consequences or conditions have, may have or will likely have in future on the financial performance or conditions of the issuer; and (e) the effectiveness of the issuer's procedures for financial reporting and compliance with the Listing Rules.</li> </ul> | <p>Yes</p> | <p>Regarding the annual review of the Board:</p> <ul style="list-style-type: none"> <li>(a) The Company annually reviews the possible risks of the previous year, analyzes their causes and effects, puts forward strategic suggestions, and discloses such matters in the annual report, social responsibility report and internal control evaluation report;</li> <li>(b) During the Reporting Period, the Risk Control Committee of the Board held four meetings to review the Company's internal control evaluation report, sustainability report, the work report on the internal control system, the work report on the rule of law construction, the Risk Management, Internal Control and Compliance Management Manual of COSCO SHIPPING Holdings and the Compliance Guidelines of COSCO SHIPPING Holdings. The Management of the Company continuously monitors the scope and quality of risk and internal control system, as well as the internal audit function and the work of other assurance providers: the Board is responsible for enabling the Company to establish, improve and effectively implement internal control, evaluate its effectiveness and truthfully disclose the internal control evaluation report in accordance with the provisions of the Company's internal control standard system. The Supervisory Committee supervises the establishment and implementation of internal control by the Board. The managers are responsible for organizing and leading the daily operation of the Company's internal control;</li> <li>(c) During the Reporting Period, there was no occurrence of material failure in terms of control or discovery of any material control deficiency; and</li> <li>(d) The Company has complied with the Listing Rules, the Hong Kong Financial Reporting Standards and the Companies Ordinance in the preparation of the annual audit report, which was submitted to the Board, the Supervisory Committee and the Audit Committee of the Board for review and publication.</li> </ul> |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                            | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The issuer should disclose in the Corporate Governance Report in narrative form on how it has complied with the code provisions on risk management and internal control during the Reporting Period. Specifically, the content should include matters stipulated in the Corporate Governance Code.</li> </ul>                                                                                                       | Yes        | According to the relevant requirements of the Corporate Governance Report, the Company has disclosed in narrative form that the code provisions on risk management and internal control have been complied with during the Reporting Period.                                                                                                                                                                                                                                                                                                                                                        |
| <ul style="list-style-type: none"> <li>The issuer should set up an internal audit function.</li> </ul>                                                                                                                                                                                                                                                                                                                                                     | Yes        | The Company has set up an internal audit function which is responsible by the supervision and audit department of the Company. The Board has authorized the Audit Committee to review the effectiveness of the Company's internal audit function, supervise the establishment and implementation of the Company's internal audit system, and ensures that the internal audit function will have sufficient resources and appropriate status to operate within the Company. The Audit Committee has reviewed the effectiveness of the Company's internal audit function during the Reporting Period. |
| <ul style="list-style-type: none"> <li>The issuer should have a whistleblowing policy and system in place whereby employees and others with whom the issuer interacts (such as customers and suppliers) can report confidentially and anonymously to the Audit Committee (or any designated committee comprising a majority of independent non-executive Directors) on their concerns about any possible impropriety in relation to the issuer.</li> </ul> | Yes        | The Company has established a mechanism for notifying Directors about relevant misconduct cases, and shall submit the case in a timely manner after knowing the details, and one report should be submitted for each case.                                                                                                                                                                                                                                                                                                                                                                          |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                   | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Issuer should develop policies and systems to promote and support anti-corruption laws and regulations.</li> </ul>                                                                                         | Yes        | The Company has established a mechanism for notifying Directors about relevant misconduct cases, and shall submit the case in a timely manner after knowing the details, and one report should be submitted for each case.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Recommended Best Practices</b>                                                                                                                                                                                                                 |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <ul style="list-style-type: none"> <li>The Board may disclose in the Corporate Governance Report that it has obtained the management's confirmation on the effectiveness of the issuer's risk management and internal control systems.</li> </ul> | Yes        | The Board is responsible for establishing and maintaining appropriate and effective internal control systems for the Group and reviewing the effectiveness of such systems at least once a year through the Audit Committee. Such reviews cover all major controls, including financial, operational and compliance controls and risk management functions, and the procedures taken to review the effectiveness of these internal control systems include discussing with the management of the Company the scope of risks as determined by the management and the Group's major subsidiaries and reviewing significant issues identified during the internal and external audit processes. |
| <ul style="list-style-type: none"> <li>The Board may disclose details of any material concerns in the Corporate Governance Report.</li> </ul>                                                                                                     | Yes        | The Company has no material concerns to be disclosed for the year of 2023.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

# Corporate Governance Report

## D3. Audit Committee

### *Principle of the Code*

- *The Board should establish formal and transparent arrangements on how to apply the principles of financial reporting, risk management and internal control and how to maintain an appropriate relationship with the issuer's auditor. The Audit Committee established under the Listing Rules must have clear terms of reference.*

### Corporate governance of the Company

- The Board has set up an Audit Committee, chaired by Prof. MA Si-hang Frederick, an independent non-executive Director. Other members include Mr. SHEN Dou (an independent non-executive Director) and Ms. HAI Chi-yuet (an independent non-executive Director), all of whom have professional skills and experience in financial management or legal affairs, and all committee members are independent non-executive Directors. One independent Director with professional qualification and professional experience in financial management has also been appointed.
- The Audit Committee is mainly responsible for the supervision of the internal design system set up by the Company and its subsidiaries and its implementation, audit on the financial information and disclosures of the Company and its subsidiaries, review on the internal control system (including financial control and risk management) of the Company and its subsidiaries, planning of material connected transactions and communications, supervisions and verifications of the Company's internal and external audits.
- In 2023, the Audit Committee held four meetings in total, at which 25 issues such as the annual reports, interim reports, quarterly reports, effectiveness of risk management and internal control, internal audit, appointment of domestic and international accountancy firms, etc. were fully reviewed and considered.

The Audit Committee arrived at the opinion that the financial reports of the Company for various periods in 2023, which had been reviewed, were prepared in compliance with the accounting standards of China mainland and Hong Kong, and the content of disclosure therein also satisfied the requirements of the listing system and regulations of both places.

# Corporate Governance Report

## Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                     | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Full minutes of the Audit Committee meetings should be kept by a duly appointed secretary of the meeting (usually the Company Secretary). The first draft and the final version of the minutes shall be sent to all members of the Committee within a reasonable time after the meeting for their comments and the final version shall be used for their records.</li> </ul> | Yes        | The minutes of the Audit Committee meetings and relevant meeting materials shall be properly kept by the secretary to the Board. The secretary of the Audit Committee is responsible for making detailed records of the matters considered at the meetings, and submitting the minutes to relevant leading officers, departments and intermediaries attending the meeting for modification and confirmation. Upon confirmation by all members of the Audit Committee in attendance, the minutes shall be signed by the Chairman. |
| <ul style="list-style-type: none"> <li>A former partner of the audit firm currently auditing the issuer's accounts shall not be a member of the issuer's Audit Committee within two years from the following date, whichever is the later: (a) the date on which the person ceased to be a partner of the firm; or (b) the date on which the person ceases to have a financial interest in the firm.</li> </ul>     | Yes        | Two years prior to the date of appointment of Prof. MA Si-hang Frederick as the chairman of the Audit Committee and the appointment of Mr. SHEN Dou and Ms. HAI Chi-yuet as members of the Audit Committee, each of them was not a partner of, nor had any financial interest in, the audit firm currently responsible for auditing the accounts of the Company.                                                                                                                                                                 |
| <ul style="list-style-type: none"> <li>The terms of reference of the Audit Committee shall include at least the scope of work as stipulated in the Corporate Governance Code.</li> </ul>                                                                                                                                                                                                                            | Yes        | The Company has formulated the Rules of Procedures of the Audit Committee, which sets out the terms of reference and rules of procedure of the Audit Committee in respect of its relationship with the Company's auditors, review of the Company's financial information, supervision of the Company's financial reporting system and internal control procedures.                                                                                                                                                               |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The Audit Committee shall make available its terms of reference explaining its role and the authority delegated to it by the Board on the website of the Stock Exchange (i.e. the HKEXnews website) and the website of the issuer.</li> </ul>                                                                                           | Yes        | The terms of reference of the Audit Committee have been published on the Company's website and the website of the Hong Kong Stock Exchange.                                                                                                                                                                                                                 |
| <ul style="list-style-type: none"> <li>Where the Board disagrees with the Audit Committee's opinion on the selection, appointment, resignation or removal of the external auditor, the issuer should include a statement from the Audit Committee elaborating its recommendation in the Corporate Governance Report and the reasons of disagreement from the Board.</li> </ul> | Yes        | The Board has never disagreed with the opinions of the Audit Committee on the selection, appointment, resignation or removal of external auditors.                                                                                                                                                                                                          |
| <ul style="list-style-type: none"> <li>The Audit Committee should be provided with sufficient resources to discharge its duties.</li> </ul>                                                                                                                                                                                                                                    | Yes        | The Company actively assists the Audit Committee in its work. Its members may seek independent professional advice in accordance with established procedures at the Company's expense.                                                                                                                                                                      |
| <ul style="list-style-type: none"> <li>The terms of reference of the Audit Committee shall include additional requirements for the Audit Committee as stipulated in the Corporate Governance Code.</li> </ul>                                                                                                                                                                  | Yes        | The Company has formulated the Rules of Procedures of the Audit Committee to facilitate the Company to set up corresponding channels to report to the Audit Committee on possible improprieties in financial reporting, internal control or other aspects, so that the Company can conduct fair and independent investigation and take appropriate actions. |

# Corporate Governance Report

## E. Remuneration

### E1. Level and Composition of Remuneration and Disclosure

#### *Principle of the Code*

- *The issuer should establish formal and transparent policies on Directors' remuneration and other remuneration-related matters, and should have formal and transparent procedures in place to formulate the policies on executive Directors' remuneration and remuneration and benefits of all Directors. The level of remuneration should be sufficient to attract and retain the Directors to manage the operation of the Company without excessive remuneration. No director shall participate in deciding his own remuneration.*

#### Corporate governance of the Company

- The Company has established a Remuneration Committee, the terms of reference of which include formulating and reviewing the remuneration policies and plans of the Directors and the managers of the Company.
- In 2023, the Remuneration Committee held a total of four meetings to consider and approve six resolutions. For details, please refer to "Corporate Governance Report – Summary report on the performance of the Remuneration Committee under the Board" in this report.

### Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

| Code Provisions                                                                                                                                                                                                                                                                                           | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer on the remuneration proposals of other executive Directors. The Remuneration Committee should be able to seek independent professional advice, if necessary.</li> </ul> | Yes        | The Remuneration Committee has communicated with the Chairman and the general manager on the remuneration of Directors, Supervisors and senior management. The Remuneration Committee should be able to seek independent professional advice, if necessary. |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                         | Compliance | Procedures of Corporate Governance                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The terms of reference of the Remuneration Committee should include, at a minimum, the duties as stipulated in the Corporate Governance Code.</li> </ul>                                                                                         | Yes        | The Company has formulated the “Operation Rules for the Remuneration Committee of the Company” to clarify the duties of the committee.                       |
| <ul style="list-style-type: none"> <li>The Remuneration Committee shall make available its terms of reference explaining its role and authority delegated to it by the Board on the website of the Stock Exchange (i.e. the HKEXnews website) and the website of the issuer.</li> </ul> | Yes        | The terms of reference of the Remuneration Committee are published on the Company’s website and the website of the Hong Kong Stock Exchange.                 |
| <ul style="list-style-type: none"> <li>The Remuneration Committee should be provided with sufficient resources to discharge its duties.</li> </ul>                                                                                                                                      | Yes        | The Human Resources Department and the General Manager’s Office of the Company actively cooperate with the Remuneration Committee to discharge their duties. |
| <ul style="list-style-type: none"> <li>The issuer shall disclose in its annual report the Directors’ remuneration policy, details of the remuneration of senior management by remuneration bands and other remuneration-related matters.</li> </ul>                                     | Yes        | The Company has disclosed the remuneration of senior management by remuneration bands in the annual report and accounts.                                     |



# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                   | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Recommended Best Practices</b>                                                                                                                                                                                                                                                                 |            |                                                                                                                                                                                                                                                                                                                                                   |
| <ul style="list-style-type: none"> <li>Where the remuneration or emolument arrangements resolved by the Board meeting are not agreed by the Remuneration Committee, the Board shall disclose the reasons for such resolution in the next Corporate Governance Report.</li> </ul>                  | Yes        | The remuneration of the Directors, Supervisors and senior management of the Company strictly adheres to the plan reviewed by the Board (For the senior management who takes part-time jobs and receives salaries from the subordinates of the Company, the remuneration standards are determined by the board of directors of such subordinates). |
| <ul style="list-style-type: none"> <li>A substantial portion of the remuneration of executive Directors should be linked to corporate and individual performance.</li> </ul>                                                                                                                      | Yes        | The remuneration of executive Directors and the senior management is linked to corporate and individual performance.                                                                                                                                                                                                                              |
| <ul style="list-style-type: none"> <li>The issuer shall disclose the remuneration of each senior management in its annual report and include the name of each senior management.</li> </ul>                                                                                                       | Yes        | The Company has disclosed the remuneration of each Director, Supervisor and senior management in its annual report and accounts.                                                                                                                                                                                                                  |
| <ul style="list-style-type: none"> <li>Issuers generally should not pay independent non-executive Directors' equity-settled performance-based remuneration (such as share options or grants of shares) as this may bias their decisions and affect their objectivity and independence.</li> </ul> | Yes        | Independent Directors and Supervisors are not participants of the Company's share option.                                                                                                                                                                                                                                                         |

# Corporate Governance Report

## F. Participation of Shareholders

### F1. Effective Communication

*Principle of the Code*

- *The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.*

Corporate governance of the Company

- The Board endeavours to maintain on-going communication with Shareholders and considers annual general meetings and extraordinary general meetings to be the principal opportunities to engage with Shareholders, and all Shareholders who hold shares of the Company are entitled to attend.
- The Company issues notices and circulars of general meetings in accordance with the Articles of Association and the Listing Rules, setting out the matters to be considered and voting procedures at the meetings in detail.

### Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

| Code Provisions                                                                                                                                     | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• The issuer should have a policy for the payment of dividends and disclose in the annual report.</li> </ul> | Yes        | The Company has formulated a policy for the payment of dividends. For details, please refer to the sub-section headed “Final Dividend of the Company for the year 2023”. Profit Distribution of Ordinary Shares or Capitalization of Surplus Reserves Proposals” under the section of “Management Discussion and Analysis” in this annual report. |

# Corporate Governance Report

| Recommended Best Practices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The Stock Exchange encourages an issuer to include the following information in its Corporate Governance Report: (a) details of the class of shareholders and total shareholding; (b) a diary of significant shareholder events for the following financial year; (c) percentage of public float, which shall be based on the public information available to the issuer as at the latest practicable date prior to the publication of the annual report and to the knowledge of its directors; and (d) the shareholding of each senior management officer.</li> </ul> | Yes        | <p>(a) The Company has disclosed details of the class of Shareholders and total shareholding in the section headed “Shareholder and actual controller” of this annual report;</p> <p>(b) The Company has disclosed the significant shareholder events for the following financial year in the section headed “Other Significant Events” of this annual report;</p> <p>(c) Based on the information available to the public and also as known to the Company as at the latest practicable date, i.e. 15 April 2024, the percentage of public float of the Company was 56.07%; and</p> <p>(d) The shareholding of Mr. YANG Zhijian, Mr. ZHANG Wei and Mr. TEO Siong Seng in the Company has been disclosed in the section headed “Directors’ and Supervisors’ interest in Shares, underlying Shares and debentures” of this annual report; as of the end of the Reporting Period, Mr. YE Jianping holds 838,800 A shares of the Company, Mr. CHEN Shuai holds 838,800 A Shares of the Company, Ms. ZHENG Qi holds 850,834 A Shares of the Company, Mr. GU Zhongdong holds 250,000 A Shares of the Company, Ms. YU Tao holds 934,800 A Shares of the Company, Mr. QIAN Ming holds 234,260 A Shares of the Company, Ms. Wu YU holds 234,260 A Shares of the Company and Mr. GE Heyue holds 234,260 A Shares of the Company.</p> |

# Corporate Governance Report

## F2. General Meeting

### *Principle of the Code*

- *The issuer shall give sufficient notice to shareholders to convene a general meeting, and shall ensure that shareholders are familiar with the detailed procedures for voting by way of poll. At the same time, the issuer shall arrange for shareholders' questions to be answered at the general meeting.*

### Corporate governance of the Company

- The Board endeavours to maintain on-going communication with Shareholders and considers annual general meetings and extraordinary general meetings to be the principal opportunities to engage with Shareholders and all Shareholders who hold shares of the Company are entitled to attend.
- The Company issued notices and circulars of general meetings in accordance with the Articles of Association and the Listing Rules, setting out the matters to be considered and voting procedures at the meetings in detail.

### **Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices**

| <b>Code Provisions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Compliance</b> | <b>Procedures of Corporate Governance</b>                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• At a general meeting, the chairman of the meeting shall propose a resolution on each of the practically independent matters individually. An issuer should avoid “bundling” resolutions unless they are interdependent and connected so as to form a material proposal. If the resolutions are to be “bundled”, the issuer should explain the reasons and the material effects involved in the meeting notice.</li> </ul> | Yes               | Each of the practically independent matters submitted to the general meetings was proposed as a separate resolution. No resolutions have been “bundled” at all previous general meetings of the Company. |

# Corporate Governance Report

| Code Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Compliance | Procedures of Corporate Governance                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>The Chairman of the Board should attend the annual general meeting and invite the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and any other committees (as appropriate) to attend. If the chairman of the relevant committee fails to attend, the Chairman of the Board shall invite another member (or, if such member is not present, his duly appointed representative) to attend. The person is required to answer questions at the annual general meeting.</li> </ul> <p>The chairman of the independent committee under the Board, if any, should also respond to questions at any general meeting to approve the following transaction, that is, a connected transaction or any other transaction that required separate approval.</p> <p>The issuer's management should ensure that the external auditor is present at the annual general meeting to answer questions about, inter alia, audit work, the preparation of the auditor's report and its contents, the accounting policies and independence of the auditor.</p> | Yes        | <p>The Chairman of the Board has attended the annual general meeting and the extraordinary general meeting in person, and has arranged for members of the committees and the management of the Company to answer questions raised by Shareholders at the meetings.</p> <p>The external auditors of the Company were present at all annual general meetings and extraordinary general meetings and were ready to answer questions from Shareholders.</p> |
| <ul style="list-style-type: none"> <li>The chairman of the meeting shall ensure that detailed procedures for voting by poll are explained to shareholders at the meeting and answer any questions from shareholders regarding voting by poll.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Yes        | <p>Prior to the voting procedure at the general meeting, the chairman of the general meeting explained to the Shareholders the voting method and the detailed procedure for voting, and held a question-and-answer session.</p>                                                                                                                                                                                                                         |

# Corporate Governance Report

## Rights of Shareholders

The Company has strictly complied with relevant domestic and foreign laws and regulations and has taken various measures to actively create conditions in accordance with requirements of the Articles of Association of the Company with a view to ensuring that rights of the Shareholders can be well achieved.

According to the latest Articles of Association approved at the 2022 annual general meeting of the Company held on 25 May 2023, the Board shall convene an extraordinary general meeting within two months at the request of the Shareholders individually or jointly holding 10% or more Shares of the Company. The Shareholders individually or jointly holding over 10% of the Shares of the Company for more than 90 consecutive days may convene and preside over an extraordinary general meeting himself or themselves in case the Board of Directors disagrees with such Shareholders individually or jointly holding over 10% of the Shares of the Company on convening an extraordinary meeting, or it does not give any feedback within 10 days after receiving the proposal, and the Supervisory Committee does not issue a notice calling for the extraordinary meeting within the time limit after the receipt of the proposal. The Shareholders individually or jointly holding over 3% of the Shares of the Company may submit proposals to the Company. The Shareholders individually or jointly holding 3% or more of the Shares of the Company may propose ex tempore motions no later than ten days prior to the convening of the shareholders general meeting by submitting the same in writing to the convener who shall issue a supplementary notice of general meeting within two days upon receipt of the motions to announce the details of such motions. For details, please refer to article 69, article 71 and article 94 of the Articles of Association. In addition, according to the provisions of article 56 of the Articles of Association, Shareholders of the Company have the right to supervise and manage the Company's business operations, make recommendations or inquiries.

The Company values and welcomes the Shareholders, investors and the public to make enquiries and suggestions to the Company. For contact information of the Company, please see the section headed "Company's Basic Information" in this annual report.

## Shareholders' communication policy

The Company attaches great importance to communication with Shareholders. The annual reports and interim reports of the Company provide comprehensive information about the Group's performance, development strategy, business condition. It encourages Shareholders to attend general meetings of the Company and do its best to help Shareholders participate in the meetings. In 2023, as the pandemic eased, the Company quickly strengthened offline communication by holding the annual general meeting and the extraordinary meeting on-site to provide the Shareholders with the valuable opportunity of interactive exchanges with the Board and management of the Company.

The Company has also formulated a set of Shareholders' communication policies to ensure that Shareholders can be provided at any time on equal basis in a timely manner with unbiased and digestible information about the Company. Such policies will be reviewed from time to time to ensure its effectiveness, and can be obtained by the Shareholders from the Company if required in writing.

The Company also attaches great importance to the effective communication of domestic and overseas capital markets. The investor relations team led by the Company's secretary reports the communication to the Board in a timely manner. In 2023, through the performance briefing, reverse roadshow, investor conferences organized by domestic and foreign brokers, and reception research, etc., we strengthened extensive interaction and communication with the capital market. There were 192 one-on-one or one-to-many meetings, and we communicated with 999 investors, and actively responded to investors through calls, emails, designated network platforms and other channels.

During the above work process, the Directors, senior management and relevant staff participated in the related work strictly abided by the regulatory provisions inside and out of China and the rules and regulations of the Company, and actively carried out the work in accordance with the laws and regulations. During the year, the Company has reviewed the implementation and effectiveness of the Shareholders' Communication Policy. As a result of the above measures, the Shareholders' Communication Policy is deemed to have been effectively implemented.

# Corporate Governance Report

## Remuneration of Senior Management by bands during the Reporting Period

|                                                                                               | 2023 |
|-----------------------------------------------------------------------------------------------|------|
| HK\$1,000,000 to HK\$1,500,000 (equivalent to approximately RMB900,000 to RMB1,350,000)       | 1    |
| HK\$2,500,001 to HK\$3,000,000 (equivalent to approximately RMB2,250,000 to RMB2,700,000)     | 2    |
| HK\$5,000,001 to HK\$5,500,000 (equivalent to approximately RMB4,500,000 to RMB4,950,000)     | 1    |
| HK\$7,500,001 to HK\$8,000,000 (equivalent to approximately RMB6,750,000 to RMB7,200,000)     | 1    |
| HK\$8,000,001 to HK\$8,500,000 (equivalent to approximately RMB7,200,000 to RMB7,650,000)     | 2    |
| HK\$8,500,001 to HK\$9,000,000 (equivalent to approximately RMB7,650,000 to RMB8,100,000)     | 1    |
| HK\$25,000,001 to HK\$25,500,000 (equivalent to approximately RMB22,510,000 to RMB22,960,000) | 1    |
|                                                                                               | 9    |

## Summary report on the conditions and details of the establishment of relevant systems and performance of the Audit Committee under the Board

The Company has formulated the Terms of Reference of the Audit Committee, which have defined the duties and responsibilities of the Audit Committee, including its relationship with external auditors, the review of financial information of the Company, the review of the financial control, internal control and risk management, the review of whether the investigations regarding the financial reporting, internal control, risk management and other matters that are not in the ordinary course of business of the Company were conducted independently and fairly, and whether appropriate actions or remedial actions have been taken.

The Audit Committee under the seventh session of the Board comprised Prof. MA Si-hang Frederick (chairman of the Audit Committee of the Company and an independent non-executive Director), Mr. SHEN Dou (independent non-executive Director) and Ms. HAI Chi-yuet (independent non-executive Director).

During the Reporting Period, the Audit Committee held a total of four meetings, mainly for reviewing 25 issues such as the annual reports, interim reports, quarterly reports, financial reports and budget reports, continuing connected transactions reports, the effectiveness and adequacy of risk management and internal control, internal audit, effectiveness of internal audit functions, appointment of auditors, etc.

The Audit Committee arrived at the opinion that the financial reports of the Company for various periods in 2023, which had been reviewed, were prepared in compliance with the Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards, and that the content of disclosure therein also satisfied the requirements of the listing system and regulations of both China mainland and Hong Kong.

# Corporate Governance Report

## Summary report on the performance of the Remuneration Committee under the Board

The Remuneration Committee under the seventh session of the Board comprised Ms. HAI Chi-yuet (chairman of the Remuneration Committee of the Company, an independent non-executive Director), Mr. SHEN Dou (independent non-executive Director) and Prof. MA Si-hang Frederick (independent non-executive Director).

During the Reporting Period, the Remuneration Committee held a total of 4 meetings, during which 6 proposals were considered and approved as follows: Proposal on the 2022 Annual Appraisal of the Senior Management of COSCO SHIPPING Holdings; Proposal on the 2022 Annual Remuneration Plan of the Senior Management of COSCO SHIPPING Holdings; Proposal on the Performance of the Remuneration Committee of the Board of Directors in 2022; Proposal on Fulfilling the Exercise Conditions of the Stock Option Incentive Scheme and Adjusting the List of Incentive Objects of COSCO SHIPPING Holdings; Proposal on Cancellation of Outstanding Stock Options upon Expiration of the Second Exercise Period of the Initial Grant of Options under the Stock Option Incentive Scheme and Proposal on the Allowances and Other Matters for the Seventh Session of Directors and Supervisors of COSCO SHIPPING Holdings. The Remuneration Committee considered that the remuneration of the senior management of the Company for the year of 2023 complied with the management requirements of the Company's performance appraisal and remuneration system, and the relevant decision-making procedures were legal and effective.

## Summary Report on the Performance of the Nomination Committee under the Board

The Nomination Committee under the seventh session of the Board comprised Mr. SHEN Dou (chairman of the Nomination Committee of the Company and an independent non-executive Director), and other members, namely Mr. YANG Zhijian (executive Director) and Prof. MA Si-hang Frederick (independent non-executive Director).

During the Reporting Period, the Nomination Committee held a total of one meeting, at which the Proposal on Nomination of Candidates to Directors of the Seventh Session of the Board of COSCO SHIPPING Holdings was considered and approved.



# Corporate Governance Report

## Auditors and their Remuneration

The Company has appointed PricewaterhouseCoopers as the international auditor of the Company and ShineWing Certified Public Accountants, LLP as the domestic auditor of the Company for 2023. Fees in respect of audit services, audit related services and non-audit services provided by the above auditors to the Group during 2023 amounted to RMB59,632,000, RMB11,126,000 and RMB10,004,000, respectively.

## Nature of Services

|                             | 2023<br>(RMB'000) | 2022<br>(RMB'000) |
|-----------------------------|-------------------|-------------------|
| Audit services              | 59,632            | 54,069            |
| Audit related services      | 11,126            | 10,961            |
| Non-audit services          |                   |                   |
| • Tax related services      | 7,232             | 11,888            |
| • Circular related services | 1,820             | 2,120             |
| • Other advisory services   | 952               | 276               |

## Amendments to Articles of Association

During the Reporting Period, the Company amended the Articles of Association. For details on the amendments to the Articles of Association, please refer to the sub-section headed "IV. Other Significant Events" under the section of "Significant Events" in this report.

# Directors' Report

## Directors' Report

The Board is pleased to present the Directors' Report of the year 2023 together with the audited financial statements of the Group for the year ended 31 December 2023.

## Principal Business

During the Reporting Period, the Group was principally engaged in providing container shipping, managing and operating container terminals and other terminal related businesses. The Company is an investment holding company and details of the principal activities of the Company's principal subsidiaries as at 31 December 2023 are set out in note 45 to the consolidated financial statements.

## Business Review

A review of the business of the Group during the Reporting Period and a discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Discussion and Analysis of the Board Concerning the Future Development of the Company" on pages 10 to 14 and pages 38 to 42 respectively. The particulars of important events affecting the Group that have occurred since the end of the financial year 2021 and the description of possible risks and uncertainties that the Group may be facing are set out in the sections headed "Subsequent events" and "(IV) Possible risks" on page 38 and pages 41 to 42. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "Management Discussion and Analysis" on pages 16 to 43 of this report. For details of the discussion on the Company's environmental policies and performance, please refer to "Social responsibility" and "Environment responsibility" on page 46 to 50.

## Compliance with the relevant laws and regulations which have a significant impact on the Group

During the Reporting Period, the Company further optimized corporate governance and operation efficiency strictly in compliance with applicable laws and regulations, including the Company Law 《公司法》, the Code of Corporate Governance for Listed Companies 《上市公司治理準則》, the Rules for Independent Directorship of Listed Companies 《上市公司獨立董事規則》 (repealed on 4 September 2023), the Management Measures for Independent Directors of Listed Companies 《上市公司獨立董事管理辦法》, the Rules for the General Meetings of Shareholders of Listed Companies 《上市公司股東大會規則》, the Guidelines on Articles of Association of Listed Companies 《上市公司章程指引》 and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange 《上海證券交易所股票上市規則》. During the Reporting Period, in compliance with the requirements of regulatory authorities in a timely manner and following the requirements related to risk management and internal control of State-owned Enterprises, the Company further refined its internal control system and risk management procedures. The budget management for the whole system was also strengthened and the organization structure and accountability system of the assets supervision were further improved. Moreover, the Company actively participated in training programmes for directors, supervisors and senior management of listed companies organized by regulatory authorities, and raised the awareness of all employees on compliance through effective trainings. In addition, the Listing Rules, the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and the Codes on Takeovers and Mergers and Share Buy-backs are also applicable to the Company and the Group is committed to ensuring the compliance with such requirements through various measures such as internal control and approval procedures, trainings and supervision on different business segments.

# Directors' Report

## Relationships with major stakeholders

The Company continues to engage with its employees, suppliers and customers through different channels to develop mutually beneficial relationships and promote sustainability. An account of the Company's key relationship with its employees is set out in the section headed "**Employees and Remuneration Policies**" on page 157. An account of the Company's relationship with its customers and suppliers are set out in the sections headed "(III) Operation plan" and "**Major Suppliers and Customers**" on pages 40 to 41 and page 129, respectively. The Company also recognises its obligations as a responsible member of the communities in which the Company operates. For details of the Company's engagement in and contributions to these communities, please refer to the section headed "V. Fulfillment of Social Responsibilities" on pages 46 to 50.

## Results of the Group

The Group's results for the year ended 31 December 2023 are set out on pages 183 to 184 of this report.

## Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "**Five Year Financial Summary**" of this report.

## Major Suppliers and Customers

For the year ended 31 December 2023, the Group's purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases, and the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales.

During the Reporting Period, none of the Company's Directors and their close associates, the Company's controlling Shareholders nor their subsidiaries had any interests in the five largest suppliers or customers.

## Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 25 to the consolidated financial statements. There were no distributable reserves of the Company as at 31 December 2023.

## Statutory Reserve Funds

Details of the statutory reserve funds are set out in note 25 to the consolidated financial statements.

# Directors' Report

## **Property, Plant and Equipment and Investment Properties**

Details of movements in property, plant and equipment and investment properties of the Group and the Company during the Reporting Period are set out in notes 7 and 9 to the consolidated financial statements.

## **Employees' Retirement Plans**

Details of the employees' retirement plans are set out in note 29 to the consolidated financial statements.

## **Pre-emptive Rights**

The Articles of Association and the laws of the PRC contain no provision for any pre-emptive rights, requiring the Company to offer new shares to the Shareholders on a pro-rata basis to their shareholdings.

## **Tax Relief**

The Company is not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities.

## **Share Capital**

Details of the share capital of the Company are set out in note 24 to the consolidated financial statements.

## **Donations**

Charitable donations made by the Group during the year under review amounted to approximately RMB61,466,800.

# Directors' Report

## Directors and Supervisors

The Directors during the year under review and up to the disclosure date of this report were as follows:

| <b>Name</b>                                | <b>Date of appointment<br/>as Director</b> | <b>Date of resignation<br/>as Director</b> |
|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| <i>Executive Directors</i>                 |                                            |                                            |
| WAN Min (Chairman) <sup>1</sup>            | 29 December 2021                           | N/A                                        |
| HUANG Xiaowen (Vice Chairman) <sup>2</sup> | 30 November 2020                           | 16 November 2023                           |
| CHEN Yangfan (Vice Chairman) <sup>1</sup>  | 16 November 2023                           | N/A                                        |
| YANG Zhijian <sup>1</sup>                  | 9 October 2019                             | N/A                                        |
| ZHANG Wei <sup>1</sup>                     | 23 November 2022                           | N/A                                        |
| TAO Weidong <sup>1</sup>                   | 16 November 2023                           | N/A                                        |
| <i>Non-executive Director</i>              |                                            |                                            |
| YU De <sup>1</sup>                         | 16 November 2023                           | N/A                                        |
| <i>Independent non-executive Directors</i> |                                            |                                            |
| WU Dawei <sup>3</sup>                      | 25 May 2017                                | 16 November 2023                           |
| ZHOU Zhonghui <sup>3</sup>                 | 25 May 2017                                | 16 November 2023                           |
| TEO Siong Seng <sup>3</sup>                | 25 May 2017                                | 16 November 2023                           |
| MA Si-hang Frederick <sup>1</sup>          | 30 November 2020                           | N/A                                        |
| SHEN Dou <sup>1</sup>                      | 16 November 2023                           | N/A                                        |
| HAI Chi-yuet <sup>1</sup>                  | 16 November 2023                           | N/A                                        |

# Directors' Report

*Note:*

- On 16 November 2023, the shareholders of the Company approved (i) the re-election of Mr. WAN Min as an executive Director; (ii) the election of Mr. CHEN Yangfan as an executive Director; (iii) the re-election of Mr. YANG Zhijian and Mr. ZHANG Wei as executive Directors; (iv) the election of Mr. TAO Weidong as an executive Director; (v) the election of Mr. YU De as a non-executive Director; (vi) the re-election of Prof. MA Si-hang Frederick as an independent non-executive Director; (vii) the election of Mr. SHEN Dou and Ms. HAI Chi-yuet as independent non-executive Directors. On the same day, after deliberation and approval at the first meeting of the seventh session of the Board of Directors, Mr. WAN Min and Mr. CHEN Yangfan were appointed as the Chairman and the Vice Chairman of the seventh session of the Board of Directors, respectively. For details, please refer to the announcement dated 16 November 2023 and the overseas regulatory announcement dated 16 November 2023 of the Company.
- Effective from 16 November 2023, Mr. HUANG Xiaowen, an executive Director and the Vice Chairman of the sixth session of the Board of Directors, ceased to be an executive Director and the Vice Chairman of the Board of Directors due to his retirement. For details, please refer to the announcement of the Company dated 25 October 2023.
- Effective from 16 November 2023, in view of the restriction that the independent non-executive Directors shall not hold office for more than six consecutive years, Mr. WU Dawei, Mr. ZHOU Zhonghui and Mr. TEO Siong Seng, the independent non-executive Directors of the sixth session of the Board of Directors, ceased to serve as independent non-executive Directors of the Company because they had served as independent non-executive Directors of the Company for six consecutive years. For details, please refer to the announcement of the Company dated 25 October 2023.

The Supervisors during the year under review and up to the disclosure date of this report were as follows:

| <b>Name</b>                 | <b>Positions</b>                                                 | <b>Date of appointment<br/>as Supervisor</b> | <b>Date of resignation<br/>as Supervisor</b> |
|-----------------------------|------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| YANG Shicheng               | Chairman of the supervisory committee,<br>Shareholder Supervisor | 30 November 2020                             | N/A                                          |
| DENG Huangjun <sup>1</sup>  | Employee Supervisor                                              | 30 January 2019                              | 16 November 2023                             |
| XU Weifeng                  | Employee Supervisor                                              | 16 November 2023                             | N/A                                          |
| SONG Tao <sup>1</sup>       | Employee Supervisor                                              | 16 November 2023                             | N/A                                          |
| MENG Yan <sup>3</sup>       | Independent Supervisor                                           | 20 May 2014                                  | 16 November 2023                             |
| ZHANG Jianping <sup>3</sup> | Independent Supervisor                                           | 20 May 2014                                  | 16 November 2023                             |
| XU Donggen <sup>2</sup>     | Independent Supervisor                                           | 16 November 2023                             | N/A                                          |
| SI Yuncong <sup>2</sup>     | Independent Supervisor                                           | 16 November 2023                             | N/A                                          |

# Directors' Report

## Note:

1. On 16 November 2023, the Shareholders of the Company approved the election of Mr. YANG Shicheng as a shareholder Supervisor of the seventh session of the supervisory committee at the extraordinary general meeting. For details, please refer to the announcement of the Company dated 16 November 2023.
2. On 16 November 2023, the Shareholders of the Company approved the election of Mr. XU Donggen and Mr. SI Yuncong as independent Supervisors for the seventh session of the supervisory committee at the extraordinary general meeting. For details, please refer to the announcement of the Company dated 16 November 2023.
3. Mr. XU Weifeng and Mr. SONG Tao were elected as employee Supervisors of the seventh session of the supervisory committee at the general meeting of the employee representatives of the Company with effective since the date of election of non-employee representative supervisors at the 2023 first extraordinary general meeting of the Company (i.e. 16 November 2023). For details, please refer to the announcement of the Company dated 8 November 2023.
4. Effective from 16 November 2023, Mr. MENG Yan and Mr. ZHANG Jianping, the independent Supervisors of the Company at the sixth session of the supervisory committee, ceased to serve as independent Supervisors of the Company. For details, please refer to the announcement of the Company dated 25 October 2023.
5. Effective from 16 November 2023, Mr. DENG Huangjun, the employee Supervisor of the Company at the sixth session of the supervisory committee, ceased to serve as employee Supervisor of the Company. For details, please refer to the announcement of the Company dated 25 October 2023.

## Independence of the Independent Non-executive Directors

The Company has received the letter of annual confirmation issued by each of the independent non-executive Directors as to his independence pursuant to Rule 3.13 of the Listing Rules. The Company confirms that all three independent non-executive Directors are considered to be independent.

## Biographies of the Directors, Supervisors and Members of the Senior Management

Biographies of the Directors, Supervisors and members of the senior management of the Company as at the date hereof are set out on pages 60 to 74 of this report.

## Competing Interest

None of the Directors or Supervisors has interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

# Directors' Report

Pursuant to Chapter 14A of the Listing Rules, details of the Company's continuing connected transactions and connected transactions during the Reporting Period are as follows:

1. On 30 August 2022, among others, (i) the Company and COSCO SHIPPING Group entered into various master agreements in respect of certain transactions (the "**COSCO SHIPPING Master Agreements**"), the nature of which is similar to the transactions under certain existing master agreements with COSCO SHIPPING Group, for a term of three years from 1 January 2023 to 31 December 2025, which can be extended for further three years as agreed in writing by the parties upon the expiration of the term on the basis that the relevant requirements of the applicable listing rules are satisfied; (ii) the Company and COSCO SHIPPING Finance entered into a financial services agreement in relation to the provision of certain financial services by COSCO SHIPPING Finance to the Company and its subsidiaries and associates (the "**Financial Services Agreement**"), for a term of three years from 1 January 2023 to 31 December 2025, which can be extended for further three years as agreed in writing by the parties upon the expiration of the term on the basis that the relevant requirements of the applicable listing rules are satisfied. COSCO SHIPPING Group is the indirect controlling Shareholder and therefore members of COSCO SHIPPING Group (including COSCO SHIPPING Finance) are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the COSCO SHIPPING Group Master Agreements and the Financial Services Agreement, constitute continuing connected transactions of the Company. For details of the above transactions, please refer to the announcement dated 30 August 2022 and the circular dated 21 October 2022 of the Company.
2. On 30 August 2022, the Company and Pacific International Lines Pte Ltd ("**Pacific International Lines**", a limited liability company incorporated in Singapore) entered into a master shipping and terminal services agreement in relation to the mutual provision of shipping services and terminal services between the Group and Pacific International Lines and/or its subsidiaries and associates (the "**Pacific International Lines Group**") (the "**PIL Master Shipping and Terminal Services Agreement**") for a term of three years from 1 January 2023 to 31 December 2025. Mr. Teo Siong Seng (the then existing independent non-executive Director), together with his family members (as defined in Rule 14A.12(2)(a) of the Hong Kong Listing Rules), is able to control the composition of the majority of the board of directors of Pacific International Lines. Accordingly, Pacific International Lines is a connected person of the Company and the transactions under the PIL Master Shipping and Terminal Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. For details of the above transactions, please refer to the announcement dated 30 August 2022 and the circular dated 21 October 2022 of the Company.
3. On 30 August 2022, the Company and Shanghai International Port (Group) Co., Ltd. (上海國際港務(集團)股份有限公司) ("**SIPG**", a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600018)) entered into a shipping and terminal services agreement in relation to the mutual provision of shipping services and terminal services between the Group and SIPG and its subsidiaries or associates (the "**SIPG Shipping and Terminal Services Agreement**") for a term of three years from 1 January 2023 to 31 December 2025, which can be extended for further three years as mutually agreed by the parties upon the expiration of the term on the basis that the relevant requirements of the applicable listing rules are satisfied. SIPG holds 20% of the equity interests in PANASIA Shipping, a non-wholly subsidiary of the Company. Therefore, SIPG is a substantial shareholder of PANASIA Shipping and a connected person of the Company at the subsidiary level. Accordingly, the entering into of the SIPG Shipping and Terminal Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. For details of the above transactions, please refer to the announcement dated 30 August 2022 and the circular dated 21 October 2022 of the Company.



# Directors' Report

The following table sets out the relevant annual caps and the actual transaction amounts for the year ended 31 December 2023 in relation to the non-exempt continuing connected transactions of the Group:

| <b>Transactions</b>                                                                          | <b>Trading<br/>annual cap for<br/>the year ended<br/>31 December<br/>2023<br/>RMB'000</b> | <b>Actual transaction<br/>amount for<br/>the year ended<br/>31 December<br/>2023<br/>RMB'000</b> |
|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| 1. Transactions under Financial Services Agreement                                           |                                                                                           |                                                                                                  |
| (a) The Group's maximum daily deposit balance (including accrued interest and handling fees) | 150,000,000                                                                               | 115,353,672                                                                                      |
| (b) The Group's maximum daily loan balance (including accrued interest and handling fees)    | 260,000,000                                                                               | 2,872,767                                                                                        |
| (c) Other financial services                                                                 | 80,000                                                                                    | 2,500                                                                                            |
| 2. Transactions under the Master Shipping Services Agreement                                 |                                                                                           |                                                                                                  |
| (a) Purchasing shipping services from COSCO SHIPPING Group                                   | 48,000,000                                                                                | 26,650,535                                                                                       |
| (b) Providing shipping services to COSCO SHIPPING Group                                      | 10,000,000                                                                                | 2,362,399                                                                                        |
| 3. Transactions under the Comprehensive Services Master Agreement                            |                                                                                           |                                                                                                  |
| (a) Purchasing comprehensive services from COSCO SHIPPING Group                              | 600,000                                                                                   | 228,532                                                                                          |
| (b) Providing comprehensive services to COSCO SHIPPING Group                                 | 150,000                                                                                   | 13,189                                                                                           |
| 4. Transactions under the Master Terminal Services Agreement                                 |                                                                                           |                                                                                                  |
| (a) Purchasing terminal services from COSCO SHIPPING Group                                   | 6,000,000                                                                                 | 2,128,656                                                                                        |
| (b) Providing terminal services to COSCO SHIPPING Group                                      | 800,000                                                                                   | 160,035                                                                                          |
| 5. Transactions under the Master Ship and Container Asset Services Agreement                 | 12,000,000                                                                                | 2,140,019                                                                                        |
| 6. Transactions under the PIL Shipping and Terminal Services Master Agreement                |                                                                                           |                                                                                                  |
| (a) Purchasing services from Pacific International Lines Group                               | 1,200,000                                                                                 | 5,607                                                                                            |
| (b) Providing services to Pacific International Lines Group                                  | 600,000                                                                                   | 85,730                                                                                           |
| 7. Transactions under the SIPG Shipping and Terminal Services Agreement                      |                                                                                           |                                                                                                  |
| (a) Purchase terminal services from SIPG                                                     | 3,500,000                                                                                 | 1,536,370                                                                                        |
| (b) Providing shipping services to SIPG                                                      | 500,000                                                                                   | 31,857                                                                                           |

# Directors' Report

## Review of Continuing Connected Transactions for 2023

The independent non-executive Directors have reviewed the above non-exempt continuing connected transactions and confirm that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company, PricewaterhouseCoopers, to report on the above continuing connected transactions for the year ended 31 December 2023 (the “**Transactions**”) in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “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 has issued an unqualified letter containing its findings and conclusions in respect of the Transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

# Directors' Report

## Substantial Interests in the Shares and Underlying Shares of the Company

As at 31 December 2023, so far as was known to the Directors, save as disclosed below, there was no person (other than a Director, Supervisor or chief executives of the Company) who had any other interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

| Name                                                                                                                                | Capacity and nature of interest    | Number of shares/Percentage of total issued share capital of the Company |              |                      |             |              |             |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------|--------------|----------------------|-------------|--------------|-------------|
|                                                                                                                                     |                                    | Long position                                                            | % (approx.)  | Short position       | % (approx.) | Lending pool | % (approx.) |
| China Ocean Shipping Co., Ltd. (a state-owned enterprise in China and a direct controlling shareholder of the Company)              | Beneficial owner                   | A SHARES: 5,924,873,037                                                  | 36.87        | -                    | -           | -            | -           |
| China COSCO SHIPPING Corporation Limited (a state-owned enterprise in China and an indirect controlling shareholder of the Company) | Beneficial owner                   | A SHARES: 704,746,860                                                    | 4.39         |                      |             |              |             |
|                                                                                                                                     | Interest of controlled corporation | A SHARES: 5,924,873,037                                                  | 36.87        |                      |             |              |             |
|                                                                                                                                     |                                    | H SHARES: 380,000,000 <sup>(1)</sup>                                     | 2.36         |                      |             |              |             |
|                                                                                                                                     |                                    | Subtotal: 6,304,873,037                                                  | 39.23        |                      |             |              |             |
|                                                                                                                                     |                                    | <b>Total: 7,009,619,897</b>                                              | <b>43.62</b> | -                    | -           | -            | -           |
| China Shipping Group Co., Ltd.                                                                                                      | Interest of controlled corporation | H SHARES: 380,000,000 <sup>(1)</sup>                                     | 2.36         | -                    | -           | -            | -           |
| COSCO SHIPPING (Hong Kong) Co., Limited                                                                                             | Beneficial owner                   | H SHARES: 158,328,000 <sup>(1)</sup>                                     | 0.99         |                      |             |              |             |
|                                                                                                                                     | Interest of controlled corporation | 221,672,000 <sup>(1)</sup>                                               | 1.38         |                      |             |              |             |
|                                                                                                                                     |                                    | Subtotal: 380,000,000                                                    | 2.36         |                      |             |              |             |
| Shanghai Automotive Industry Corporation (Group) Co., Ltd. (上海汽車工業(集團)有限公司)                                                         | Beneficial owner                   | A SHARES: 804,700,000                                                    | 5.01         |                      |             |              |             |
| BlackRock, Inc. <sup>(2)</sup>                                                                                                      | Interest of controlled corporation | H SHARES: 200,407,364                                                    | 1.25         | H SHARES: 11,932,500 | 0.07        | -            | -           |

### Note:

- Among those Shares, 221,672,000 H Shares were directly held by Peaktrade Investments Limited ("Peaktrade"), and 158,328,000 H Shares were directly held by COSCO SHIPPING (Hong Kong) Co., Limited, representing approximately 6.69% and 4.78% of the total number of H Shares in issue as of 31 December 2023, respectively. Peaktrade was directly and wholly-owned by COSCO SHIPPING (Hong Kong) Co., Limited, which was directly and wholly-owned by China Shipping Group Co., Ltd., which was in turn directly and wholly-owned by China COSCO SHIPPING Corporation Limited.
- BlackRock, Inc. held relevant interests and short positions in the H Shares through a series of its controlled corporations, representing approximately 6.05% and 0.36% of the total issued H Shares respectively as at 31 December 2023.

# Directors' Report

## A Share Option Incentive Scheme

On 3 December 2018, the Board approved the Company's proposed adoption of the Share Option Incentive Scheme. In order to further optimize the Share Option Incentive Scheme, the Board approved the Company's proposed adoption of the further revised share option incentive scheme (the "**Further Revised Scheme**") on 7 May 2019. On 30 May 2019, the Further Revised Scheme was considered and approved by the extraordinary general meeting, A Share class meeting and H Share class meeting of the Company. Pursuant to the Further Revised Scheme, the total number of underlying A Shares in relation to the share options to be granted shall not exceed 218,236,900 A Shares, representing approximately 2.25% of the A share capital of the Company and approximately 1.78% of the total issued share capital of the Company as at 30 June 2020. According to the Further Revised Scheme, the exercise price of the first batch of share options was determined in accordance with the "Management Measures on Share Option Incentive Scheme" 《股票期權激勵計劃管理辦法》 of the Company and the relevant requirements under the laws and regulations of the PRC including the "Trial Measures for Implementing the Share Incentive System by the State-Controlled Listed Companies of the PRC (Domestic)" 《國有控股上市公司(境內)實施股權激勵試行辦法》, and represented the higher of the followings: (i) the average trading price of the A Shares on the last trading day immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; (ii) the average trading price of the A Shares during the last 20 trading days immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; (iii) the closing price of the A Shares on the last trading day immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; (iv) the average closing price of the A Shares for the last 30 trading days immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; and (v) the par value of the A Shares. When the reserved share options will be granted, the exercise price of reserved share options shall be determined by the Board in accordance with the principle of determining the exercise price of the first batch of share options.

On 3 June 2019 (the "**Date of Grant for the First Batch of the Share Options**"), pursuant to the authorization at the General Meetings, 192,291,000 share options were granted by the Board to 465 participants in the first batch under the Further Revised Scheme. The exercise price was RMB4.10 per A Share. The exercise price will be adjusted in accordance with the relevant requirements under the Further Revised Scheme upon occurrence of the adjustment events (including but not limited to the conversion of capital reserve into share capital, bonus issue, sub-division or consolidation of Shares, rights issue or distribution of dividends of the Company). On the Date of Grant for the First Batch of the Share Options, the closing price of A Shares was RMB4.82 per A Share. The closing price of A Shares on the trading day immediately before the Date of Grant for the First Batch of the Share Options was RMB4.78 per A Share.

# Directors' Report

In the process of registration after the Date of Grant for the First Batch of the Share Options, five participants (not being senior management of the Company) did not accept the share options granted to them due to personal reasons. Under the Further Revised Scheme, the number of participants who were granted share options in the first batch has been adjusted from 465 to 460 and the number of the share options granted in the first batch has been adjusted from 192,291,000 to 190,182,200. For details, please refer to the overseas regulatory announcement of the Company dated 19 July 2019. On 24 July 2019, the Company completed the registration in respect of the grant of the share options in the first batch with 190,182,200 share options and 460 participants registered. For details, please refer to the overseas regulatory announcement of the Company dated 25 July 2019.

In order to further enhance the corporate governance of the Company and to promote the Company's operating results and sustainable and healthy development, on 30 March 2020, the Board approved the inclusion of, among others, Directors (excluding independent Directors) to the further revised scope of the participants of the Share Option Incentive Scheme (the "**Participant(s)**"). The relevant amendments were approved by the shareholders of the Company at the shareholders' meetings and the class meetings on 18 May 2020 (the "**Share Option Incentive Scheme (Revised)**"). Please refer to the related announcements of the Company dated 30 March 2020 and 18 May 2020.

On 29 May 2020 (the "**Date of Grant for Reserved Share Options**"), 16,975,200 reserved share options were granted by the Board to 39 participants under the Share Option Incentive Scheme (Revised). The exercise price was RMB3.50 per A Share. The exercise price will be adjusted in accordance with the relevant requirements under the Share Option Incentive Scheme (Revised) upon occurrence of the adjustment events (including but not limited to the conversion of capital reserve into share capital, bonus issue, sub-division or consolidation of Shares, rights issue or distribution of dividends of the Company). On the Date of Grant for Reserved Share Options, the closing price of A Shares was RMB3.16 per A Share. The closing price of A Shares on the trading day immediately before the Date of Grant for Reserved Share Options was RMB3.19 per A Share. Please refer to the related announcement of the Company dated 29 May 2020. On 7 July 2020, the Company completed the registration in respect of the grant of the Reserved Share Options with 16,975,200 share options and 39 participants registered. For details, please refer to the overseas regulatory announcement of the Company dated 8 July 2020.

On 17 May 2021, the Company convened the sixth meeting of the sixth session of the Board and the fourth meeting of the sixth session of the Supervisory Committee, where the Proposal on Adjusting on Scope of Incentive Objects of the Share Option Incentive Scheme, Number of Share Options and Cancellation of Partial Granted but Outstanding Share Options (《關於調整股票期權激勵計劃首次授予激勵對象名單、期權數量並註銷部分已獲授但未行權的股票期權的議案》) and the Proposal on Fulfillment of Exercise Conditions Under the First Grant of Share Option Incentive Scheme (《關於股票期權激勵計劃首次授予期權第一個行權期符合行權條件的議案》) were passed. It was agreed to cancel the 6,791,000 share options granted to the 17 participants in the first batch of incentive objects who no longer complied with the conditions of such incentive due to reasons including resignation, retirement and dismissal, and the number of incentive objects in the first batch and that of the share options initially granted to be adjusted from 460 to 443, and from 190,182,200 to 183,391,200, respectively. It was also agreed to eliminate Sinotrans from the peer benchmark companies, along with the approval for the incentive objects who have fulfilled the exercise conditions under the first grant of Share Option Incentive Scheme to exercise their stock options.

# Directors' Report

On 7 July 2021, the Company convened the seventh meeting of the sixth session of the Board and the fifth meeting of the sixth session of the Supervisory Committee, where the Proposal on Adjusting the Exercise Price and Number of Options under the Stock Option Incentive Scheme (《關於調整股票期權激勵計劃行權價格及期權數量的議案》) and the Proposal on Adjusting the List of Incentive Objects and the Number of Share Options Granted for the First Time and Cancellation of Certain Stock Options Granted but Not Exercised (《關於調整股票期權首次授予激勵對象名單和期權數量並註銷部分已獲授但未行權的股票期權的議案》) were passed. It was agreed that the Company would adjust both the exercise price and number of stock options under the Stock Option Incentive Scheme according to the actual circumstance of the capitalization of capital reserve in 2020. It was also agreed to cancel the 345,000 share options (equivalent to 448,500 share options upon the adjustment of the number of stock options) granted to one participant in the first batch of incentive objects who no longer complied with the conditions of such incentive due to his/her dismissal, and the number of incentive objects in the first batch and that of the share options initially granted but not exercised (upon the adjustment of the number of stock options) to be adjusted from 443 to 442, and from 164,997,999 to 164,549,499, respectively.

On 19 May 2022, the Company convened the 17th meeting of the sixth session of the Board and the 10th meeting of the sixth session of the Supervisory Committee, where it was resolved to cancel 1,905,800 options granted to 2 reserved incentive objects who no longer met the incentive conditions due to the change of job position and death respectively, thus adjusting the number of reserved incentive objects from 39 to 37, and adjusting the number of reserved options from 22,067,760 to 20,161,960; approve the fulfillment of exercise conditions for the first exercise period of the reserved share options under the Stock Option Incentive Scheme, and the incentive objects who meet the exercise conditions to exercise options; to cancel 6,364,049 stock options which were granted but not exercised for the 2nd and 3rd exercise periods of the share options for the first 16 incentive objects who no longer met incentive conditions due to retirement and dismissal for disciplinary violation, thus adjusting the number of incentive objects granted for the first time from 442 to 426, and adjusting the number of options granted but not exercised for the 2nd and 3rd exercise periods for the first time to 153,069,191.

On 10 June 2022, the Company convened the 18th meeting of the sixth session of the Board and the 11th meeting of the sixth session of the Supervisory Committee where it was resolved to adjust the exercise price of options granted for the first time from RMB3.15 per share to RMB2.28 per share, and adjust the exercise price of reserved options from RMB2.69 per share to RMB1.82 per share; to cancel the 461,630 stock options which were granted but not exercised for the 2nd and 3rd exercise periods for the first 1 incentive object who no longer met the incentive conditions due to death, thus adjusting the number of incentive objects granted for the first time from 426 to 425, and adjusting the number of options granted but not exercised for the 2nd and 3rd exercise periods for the first time to 152,607,564.

On 4 July 2022, the Company issued the Implementation Announcement for the First Exercise Period and Eligibility of the Exercise Conditions for the Second Exercise Period Granted for the First Time under the Stock Option Incentive Scheme (《股票期權激勵計劃預留授予期權第一個行權期及首次授予期權第二個行權期符合行權條件實施公告》), pursuant to which the reserved options for the first exercise period were 6,653,450 shares, the number of persons to exercise rights was 37 with the exercise price of RMB1.82 per share, and the first exercise period of reserved options was from 8 July 2022 to 26 May 2023. The exercisable number of options granted for the first time was 75,164,920 shares for the 2nd exercise period, the number of persons to exercise rights was 425 with the exercise price of RMB2.28 per share, and the 2nd exercise period of options granted for the first time was from 8 July 2022 to 2 June 2023.

# Directors' Report

On 30 August 2022, the Company convened the 21st meeting of the sixth session of the Board and the 12th meeting of the sixth session of the Supervisory Committee, where it was resolved to cancel the 909,559 stock options which were due but not exercised by the 11 incentive objects.

On 12 December 2022, the Company convened the 24th meeting of the sixth session of the Board, where it was resolved to adjust the exercise price of options granted for the first time from RMB2.28 per share to RMB1 per share, and adjust the exercise price of reserved options from RMB1.82 per share to RMB1 per share in accordance with the Interim Profit Distribution Plan of 2022.

On 28 April 2023, the Company convened the 26th meeting of the sixth session of the Board and the 16th meeting of the sixth session of the Supervisory Committee, approved the adjustment to the list of Participants and the number of share options, and cancelled some granted but outstanding share options. During the first grant, the Company agreed that 32 Participants failed to satisfy the incentive conditions due to retirement, cancelled the 6,251,028 outstanding share options granted to the 32 Participants during the 3rd exercise period, and adjusted the number of Participants from 425 to 393. During the reserved grant, the Company agreed that one Participant failed to satisfy the incentive conditions due to resignation and one Participant failed to satisfy the incentive conditions due to the failure of performance appraisal during the 2nd exercise period, and cancelled the 225,937 outstanding share options granted to the resigned Participant during the 2nd and 3rd exercise periods and the 111,282 outstanding share options granted to the Participant failed performance appraisal during the 2nd exercise period, totaling 337,219 share options. The Company approved the exercise of share options by the eligible participants that satisfy the exercise conditions during the 3rd exercise period of the first grant. The Company approved the exercise of share options by the eligible participants that satisfy the exercise conditions and incentive conditions during the 2nd exercise period of the reserved grant.

On 24 May 2023, the Company issued the "Implementation Announcement on the Satisfaction of Exercise Conditions for the Third Exercise Period of First Grant and the Second Exercise Period of Reserved Grant under the Share Option Incentive Scheme of the Company"《本公司股票期權激勵計劃首次授予期權第三個行權期及預留授予期權第二個行權期符合行權條件的實施公告》, the proposed number of options to be exercised in the 3rd exercise period of the first grant would be 71,191,616 to be exercised by 393 Participants at the exercise price of RMB1 per share during the 3rd exercise period of first grant from 5 June 2023 to 2 June 2026; the proposed number of options to be exercised in the 2nd exercise period of reserved grant would be 6,430,878 to be exercised by 35 Participants at the exercise price of RMB1 per share during the 2nd exercise period of reserved grant from 29 May 2023 to 28 May 2024.

On 29 August 2023, after consideration at the 27th meeting of the sixth session of the Board and the 17th meeting of the sixth session of the Supervisory Committee, it was agreed to cancel 909,811 share options which were due but not exercised as held by seven Participants.

# Directors' Report

Movements of share options during the Reporting Period are set out below:

(1) Share options granted to the directors and chief executive of the Company

| Name of Participant | Position of Participant             | Exercise price per share (RMB) | Number of share options          |                                     |                                       |                                                           |                                                        |                                                          |   | Outstanding as at 31 December 2023 | Weighted average closing price immediately before the exercise date | Date of grant |
|---------------------|-------------------------------------|--------------------------------|----------------------------------|-------------------------------------|---------------------------------------|-----------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|---|------------------------------------|---------------------------------------------------------------------|---------------|
|                     |                                     |                                | Outstanding as at 1 January 2023 | Granted during the Reporting Period | Exercised during the Reporting Period | Cancelled during the Reporting Period Note <sup>(1)</sup> | Lapsed during the Reporting Period Note <sup>(2)</sup> | Adjusted during the Reporting Period Note <sup>(1)</sup> |   |                                    |                                                                     |               |
| YANG Zhijian        | Director and General Manager        | 1                              | 815,256                          | -                                   | 401,544                               | -                                                         | -                                                      | -                                                        | - | 413,712                            | 10.98                                                               | Note (3)      |
| ZHANG Wei           | Director and Deputy General Manager | 1                              | 656,734                          | -                                   | 323,466                               | -                                                         | -                                                      | -                                                        | - | 333,268                            | 10.98                                                               | Note (3)      |

(2) Share options granted to all participants

| Participants                                                         | Number of Participants (person-time) Note <sup>(1)</sup> | Exercise price per share (RMB) | Number of share options          |                                     |                                       |                                                           |                                                        |                                                          |          | Outstanding as at 31 December 2023 | Weighted average closing price immediately before the exercise date | Date of grant |
|----------------------------------------------------------------------|----------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------|---------------------------------------|-----------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|----------|------------------------------------|---------------------------------------------------------------------|---------------|
|                                                                      |                                                          |                                | Outstanding as at 1 January 2023 | Granted during the Reporting Period | Exercised during the Reporting Period | Cancelled during the Reporting Period Note <sup>(1)</sup> | Lapsed during the Reporting Period Note <sup>(2)</sup> | Adjusted during the Reporting Period Note <sup>(1)</sup> |          |                                    |                                                                     |               |
| Directors and chief executive of the Company                         | 2                                                        | 1                              | 1,471,990                        | -                                   | 725,010                               | -                                                         | -                                                      | -                                                        | -        | 746,980                            | 10.98                                                               | Note (3)      |
| Senior management of the Company                                     | 8                                                        | 1                              | 2,955,654                        | -                                   | 2,369,120                             | -                                                         | -                                                      | -                                                        | -        | 0                                  | 10.53                                                               | Note (4)      |
| Other key business personnel and management personnel of the Company | 385                                                      | 1                              | 76,221,610                       | -                                   | 68,635,763                            | 6,251,028                                                 | 909,811                                                | -                                                        | -        | 1,011,542                          | 10.50                                                               | Note (4)      |
|                                                                      | 34                                                       | 1                              | 12,263,890                       | -                                   | 5,933,147                             | 337,219                                                   | -                                                      | -                                                        | -        | 5,993,524                          | 10.79                                                               | Note (3)      |
| <b>Total</b>                                                         | <b>429</b>                                               | <b>1</b>                       | <b>92,913,144</b>                | <b>-</b>                            | <b>77,663,040</b>                     | <b>6,588,247</b>                                          | <b>909,811</b>                                         | <b>-</b>                                                 | <b>-</b> | <b>7,752,046</b>                   | <b>10.53</b>                                                        |               |



# Directors' Report

*Note:*

- (1) Please refer to (i) the cancellation of share options, (ii) the arrangement for adjustment of share options and (iii) the adjustment of Participants for grant of share options as considered and confirmed by the 26th meeting of the sixth session of the Board of the Company and the 16th meeting of the sixth session of the Supervisory Committee on 28 April 2023, and the arrangement in respect of the 3rd exercise period of the First Batch of the Share Options and the 2nd exercise period of the Reserved Share Options under the A share option incentive scheme announced by the Company on 23 May 2023, as set out above for details.
- (2) Please refer to the arrangement for cancellation of 909,811 share options which were due but not exercised as held by seven Participants, which were considered and agreed at the 27th meeting of the sixth session of the Board of Directors and the 17th meeting of the sixth session of the Supervisory Committee on 29 August 2023 as set out above for details.
- (3) Such A share options were granted on 29 May 2020 (i.e. the Date of Grant for Reserved Share Options).
- (4) Such A share options were granted on 3 June 2019 (i.e. the Date of Grant for the First Batch of the Share Options).
- (5) During the Reporting Period, there were no Participants who were granted and would be granted share options in excess of 1% of the individual limit, nor were there any related entity Participants or service providers who were granted or would be granted share options in excess of 0.1% of the relevant class of shares issued by the Company during the Reporting Period. The grant of share options was completed on 29 May 2020. There were no outstanding ungranted share options as at the beginning and the end of the Reporting Period.
- (6) During the Reporting Period, the number of the A Shares which may be issued by the Company under the Share Option Incentive Scheme was 92,913,144 Shares, representing approximately 0.729% of the weighted average number of the Company's A Shares in issue during the Reporting Period. Among them, 77,663,040 A Shares were issued after the exercise of share options, 7,498,058 share options were cancelled and 7,752,046 share options are exercisable in the future, representing 0.609%, 0.059% and 0.061% of the weighted average number of the Company's A Shares in issue during the Reporting Period, respectively.
- (7) As of the the disclosure date of this report, the total number of Shares which could be issued under the Share Option Incentive Scheme of the Company was 218,195,782 Shares, representing approximately 1.36% of the total number of Shares issued by the Company and approximately 1.71% of the total number of A Shares Issued by the Company.
- (8) The accumulative equity interests of the Company granted to any one Participant through the Share Option Incentive Scheme shall not exceed 1% of the total number of the Company's A Shares.
- (9) Only the Participants who satisfied the exercise conditions as at the end of the Reporting Period were counted.

# Directors' Report

## *Validity Period*

The Further Revised Scheme (subsequently revised as the “**Share Option Incentive Scheme (Revised)**”) shall be effective for 10 years upon approval by the shareholders' meetings on 30 May 2019.

## *Exercise Period*

- (i) The exercise period in respect of the first batch of the share options commences on the first trading day after the expiration of the 24-month period (two years) from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options) and ending on the last trading day of the 36-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options). The exercisable share options shall be 33% of the total number of share options granted;
- (ii) The exercise period in respect of the second batch of the share options commences on the first trading day after the expiration of the 36-month period (three years) from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options) and ending on the last trading day of the 48-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options). The exercisable share options shall be 33% of the total number of share options granted; and
- (iii) The exercise period in respect of the third batch of the share options commences on the first trading day after the expiration of the 48-month period (four years) from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options) and ending on the last trading day of the 84-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options). The exercisable share options shall be 34% of the total number of share options granted.

# Directors' Report

## Conditions of Exercise

The following conditions must be satisfied before the share options (including the share options granted on 3 June 2019 and the reserved share options granted on 29 May 2020 by the Company) become effective and exercisable by the Company and the Participants pursuant to the terms of the Share Option Incentive Scheme:

- (i) the Company having achieved the following performance targets, and none of the circumstances as stipulated in the relevant requirements of the SASAC and the CSRC that the share options shall not become effective having occurred:

| <b>Exercise period</b>                                              | <b>Performance targets</b>                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exercise period in respect of the first batch of the share options  | <p>(a) the EOE for 2020 shall be no less than 12.15% and the 75th percentile of the peer benchmark companies;</p> <p>(b) the growth rate of the net profit attributable to the owners of the parent company for 2020 shall be no less than 8% as compared to that of the financial year ended 31 December 2018; and</p> <p>(c) the EVA for 2020 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.</p> |
| Exercise period in respect of the second batch of the share options | <p>(a) the EOE for 2021 shall be no less than 13% and the 75th percentile of the peer benchmark companies;</p> <p>(b) the growth rate of the net profit attributable to the owners of the parent company for 2021 shall be no less than 18% as compared to that of the financial year ended 31 December 2018; and</p> <p>(c) the EVA for 2021 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.</p>   |
| Exercise period in respect of the third batch of the share options  | <p>(a) the EOE for 2022 shall be no less than 14% and the 75th percentile of the peer benchmark companies;</p> <p>(b) the growth rate of the net profit attributable to the owners of the parent company for 2022 shall be no less than 30% as compared to that of the financial year ended 31 December 2018; and</p> <p>(c) the EVA for 2022 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.</p>   |

# Directors' Report

- (ii) the Participants of the share options granted on 3 June 2019 having met the following conditions conducted pursuant to the revised appraisal measures for the Share Option Incentive Scheme, and none of the circumstances under which a person shall not become a Participant as set out in the Share Option Incentive Scheme having occurred:

| <b>Exercise of the first batch of the Share Options</b>                                                                                           | <b>Exercise of the second batch of the Share Options</b>                                                                                          | <b>Exercise of the third batch of the Share Options</b>                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2020 | the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2021 | the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2022 |

- (iii) the Participants of the reserved share options granted on 29 May 2020 having met the following conditions conducted pursuant to the revised appraisal measures for the Share Option Incentive Scheme, and none of the circumstances under which a person shall not become a Participant as set out in the Share Option Incentive Scheme having occurred:

| <b>Exercise of the first batch of the Share Options</b>                                                                                           | <b>Exercise of the second batch of the Share Options</b>                                                                                          | <b>Exercise of the third batch of the Share Options</b>                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2021 | the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2022 | the Participant having obtained an assessment grade of “qualified” (or equivalent to “qualified”) or above in his/her performance review for 2023 |

- (iv) According to relevant regulations, in order to protect the interests of the minority Shareholders and potential shareholders of the Company, in connection with the non-public issuance of A Shares by the Company, the Directors (excluding independent non-executive Directors) and senior management of the Company have undertaken to ensure the Company's strict implementation of the remedial measures of the current return. The Directors (excluding independent non-executive Directors) and senior management of the Company who are also Participants under the Share Option Incentive Scheme, in addition to fulfilling the conditions of exercise above, shall also fulfill the condition of the Company implementing the remedial measures of the current return. The remuneration committee of the Company will appraise the implementation of the remedial measures of the return by the Company.

If one or more of the conditions of exercise in respect of any exercise period are not satisfied, such part of the share options shall lapse and be cancelled by the Company.

## COSCO SHIPPING Ports Share Option Scheme

### General Information of COSCO SHIPPING Ports Share Option Scheme

On 26 October 2017, the Board of COSCO SHIPPING Ports approved the COSCO SHIPPING Ports Share Option Incentive Scheme Draft. On 8 June 2018, the Company and COSCO SHIPPING Ports held an annual general meeting and a special general meeting respectively to consider and approve the adoption of a share option scheme under the said draft (the “**COSCO SHIPPING Ports Share Option Scheme**”).

On 19 June 2018, the board of directors of COSCO SHIPPING Ports was of the view that all the conditions of the grant of options had been fulfilled, and determined the date of the initial grant of COSCO SHIPPING Ports Share Option be on 19 June 2018 for the granting of 53,483,200 share options to 238 participants, and handled all necessary issues regarding the grant of share options.

Pursuant to the relevant requirements under the COSCO SHIPPING Ports Share Option Scheme, within one year after the abovementioned initial grant, COSCO SHIPPING Ports had granted a total of 3,640,554 share options to 17 eligible participants in four times on 29 November 2018, 29 March 2019, 23 May 2019 and 17 June 2019, respectively, and had handled all necessary issues regarding the grant of share options.

Please refer to the circular of COSCO SHIPPING Ports dated 18 May 2018 and announcements of COSCO SHIPPING Ports dated 19 June 2018, 29 November 2018, 29 March 2019, 23 May 2019 and 17 June 2019 for details of the COSCO SHIPPING Ports Share Option Scheme and each grant.

### Summary of the Principal Terms of the COSCO SHIPPING Ports Share Option Scheme

The COSCO SHIPPING Ports Share Option Scheme was designed to enable COSCO SHIPPING Ports (i) to establish and cultivate a performance-oriented culture, under which value is created for the Shareholders, and to establish an interests-sharing and restraining mechanism between the Shareholders of COSCO SHIPPING Ports and the management of COSCO SHIPPING Ports; (ii) to further improve corporate governance structure of COSCO SHIPPING Ports and provide a unified mechanism to balance the interests among the Shareholders, decision-makers and executives of COSCO SHIPPING Ports, to secure stable and long-term development of COSCO SHIPPING Ports; (iii) to coordinate the short-term and long-term incentives of the management and professional talents of COSCO SHIPPING Ports, to cultivate and strengthen the key personnel, to attract different kinds of talents more flexibly and to improve the long-term development of COSCO SHIPPING Ports; (iv) to effectively motivate the management and key personnel to enhance their performance and the core competitiveness of COSCO SHIPPING Ports; and (v) to further enhance the competitive advantage of COSCO SHIPPING Ports in the labour market, to attract, retain and incentivise senior management and personnel at key positions of COSCO SHIPPING Ports for achieving the strategic targets of COSCO SHIPPING Ports, to enhance the realisation of the long-term strategic targets of COSCO SHIPPING Ports and to strengthen cohesion of COSCO SHIPPING Ports.

# Directors' Report

The participants for the COSCO SHIPPING Ports Share Option Scheme include the directors, key management personnel such as senior management members at the headquarters of COSCO SHIPPING Ports and departmental deputy managers and above, and management personnel (including senior and mid-level management personnel) appointed to subsidiaries and other invested companies of COSCO SHIPPING Ports, and senior management members of the subsidiaries of COSCO SHIPPING Ports, excluding independent non-executive directors, shareholders or de facto controllers of COSCO SHIPPING Ports who on their own or in aggregate holding more than 5% of the shares of COSCO SHIPPING Ports and their respective spouses, parents, children or other associates (as defined under the Listing Rules).

The number of share options to be granted to each Participant shall be determined on the basis that the estimated benefit upon exercise of the share options will not exceed 40% of twice of his/her total annual emolument (inclusive of the estimated benefit upon exercise of the share options) which was determined according to the annual salary level in 2016. If the results of COSCO SHIPPING Ports is exceptionally outstanding, the cap on the benefit upon exercise of the share options mentioned above may be adjusted according to the regulations of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會). The specific operation and arrangement will be implemented by the Board of COSCO SHIPPING Ports in accordance with the then regulations of the SASAC.

The maximum entitlement for any one Participant for the COSCO SHIPPING Ports Share Option Scheme (including exercised, cancelled and outstanding options) in any 12 months' period shall not exceed 1% of the total number of Shares in issue.

Share options cannot be exercised during the two-year period commencing from the date of grant of the share options (the "**Restriction Period**"). Subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, and each batch of share options vested is exercisable within the relevant exercise period. For details of the vesting and exercise periods in respect of the share options granted, please refer to the table and relevant notes of the table regarding movement of the share options during the year 2023 which is set out at the end of this section.

The validity period within which the participants can take up the underlying shares under the share options is 5 years from the date of grant of the share options and no consideration is payable on acceptance of the share options.

The exercise price in relation to each share option is determined based on the principle of fair market value and in any event should be the highest of (i) the closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date when an option was formally granted; (ii) the average closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange for the five consecutive trading days immediately preceding the date on which an option was formally granted; and (iii) the nominal value of the shares.

The COSCO SHIPPING Ports Share Option Scheme is valid and effective for a period of 10 years commencing from the date of adoption and will expire on 7 June 2028.

As at the disclosure date of this report, all share options were lapsed pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme. According to the terms of the COSCO SHIPPING Ports Share Option Scheme, no share options can be granted under the COSCO SHIPPING Ports Share Option Scheme.

# Directors' Report

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

| Category                             | Exercise price per share HK\$ | Outstanding at 1 January 2023 | Granted during the year | Exercised during the year | Number of share options                              |                                   | Outstanding at 31 December 2023 | % of total number of issued Shares | Exercise period       | Notes          |
|--------------------------------------|-------------------------------|-------------------------------|-------------------------|---------------------------|------------------------------------------------------|-----------------------------------|---------------------------------|------------------------------------|-----------------------|----------------|
|                                      |                               |                               |                         |                           | Transfer (to)/ from other categories during the year | Lapsed/ Cancelled during the year |                                 |                                    |                       |                |
| <b>Directors</b>                     |                               |                               |                         |                           |                                                      |                                   |                                 |                                    |                       |                |
| Mr. ZHU Tao                          | 7.27                          | 371,026                       | -                       | -                         | -                                                    | (371,026)                         | -                               | -                                  | 19.6.2020-18.6.2023   | (1), (2)       |
| Dr. WONG Tin Yau, Kelvin             | 7.27                          | 799,200                       | -                       | -                         | -                                                    | (799,200)                         | -                               | -                                  | 19.6.2020-18.6.2023   | (1), (3)       |
|                                      |                               | 1,170,226                     | -                       | -                         | -                                                    | (1,170,226)                       |                                 |                                    |                       |                |
| <b>Continuous contract employees</b> |                               |                               |                         |                           |                                                      |                                   |                                 |                                    |                       |                |
|                                      | 7.27                          | 22,910,070                    | -                       | -                         | (678,460)                                            | (22,231,610)                      | -                               | -                                  | 19.6.2020-18.6.2023   | (1), (4), (5)  |
|                                      | 8.02                          | 398,404                       | -                       | -                         | -                                                    | (398,404)                         | -                               | -                                  | 29.11.2020-28.11.2023 | (6), (10)      |
|                                      | 8.48                          | 225,201                       | -                       | -                         | -                                                    | (225,201)                         | -                               | -                                  | 29.3.2021-28.3.2024   | (7), (10)      |
|                                      | 7.27                          | 67,673                        | -                       | -                         | -                                                    | (67,673)                          | -                               | -                                  | 23.5.2021-22.5.2024   | (8), (10)      |
|                                      | 7.57                          | 425,350                       | -                       | -                         | -                                                    | (425,350)                         | -                               | -                                  | 17.6.2021-16.6.2024   | (9), (11)      |
| <b>Others</b>                        |                               |                               |                         |                           |                                                      |                                   |                                 |                                    |                       |                |
|                                      | 7.27                          | 6,438,158                     | -                       | -                         | 678,460                                              | (7,116,618)                       | -                               | -                                  | 19.6.2020-18.6.2023   | (1), (4), (12) |
|                                      |                               | 30,464,856                    | -                       | -                         | -                                                    | (30,464,856)                      | -                               | -                                  |                       |                |
|                                      |                               | 31,635,082                    | -                       | -                         | -                                                    | (31,635,082)                      | -                               | -                                  |                       |                |

*Notes:*

- The share options were granted on 19 June 2018 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$7.27 per share of COSCO SHIPPING Ports. According to the provisions of the COSCO SHIPPING Ports Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 19 June 2020; (b) 33.3% of the share options were vested on 19 June 2021; and (c) 33.4% of the share options were vested on 19 June 2022. Details of the vesting conditions for the share options are more particularly set out in section headed "11. Performance Target before the Options can be granted and vested – Performance Conditions for the vesting of Share Options" of the Circular of COSCO SHIPPING Ports dated 18 May 2018.
- These share options were held by the spouse of Mr. ZHU Tao and were lapsed due to expiry of exercisable period.
- These share options represented personal interest held by Dr. WONG Tin Yau, Kelvin as beneficial owner and were lapsed due to expiry of exercisable period.
- These 678,460 share options were transferred from the category of "continuous contract employees" to the category of "others" pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme.

# Directors' Report

- (5) These 22,231,610 share options were lapsed due to expiry of exercisable period.
- (6) The share options were granted on 29 November 2018 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$8.02 per share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 29 November 2020; (b) 33.3% of the share options were vested on 29 November 2021; and (c) 33.4% of the share options were vested on 29 November 2022.
- (7) The share options were granted on 29 March 2019 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$8.48 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 29 March 2021; (b) 33.3% of the share options were vested on 29 March 2022; and (c) 33.4% of the share options were vested on 29 March 2023.
- (8) The share options were granted on 23 May 2019 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$7.27 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 23 May 2021; (b) 33.3% of the share options were vested on 23 May 2022; and (c) 33.4% of the share options were vested on 23 May 2023.
- (9) The share options were granted on 17 June 2019 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK\$7.57 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 17 June 2021; (b) 33.3% of the share options were vested on 17 June 2022; and (c) 33.4% of the share options were vested on 17 June 2023.
- (10) These share options were cancelled due to failure to satisfy the performance targets of COSCO SHIPPING Ports.
- (11) Amongst the 425,350 share options, 58,464 share options were lapsed due to resignation of employee and 366,886 share options were cancelled due to the failure to satisfy the performance targets of COSCO SHIPPING Ports pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme.
- (12) Amongst the 7,116,618 share options, 884,706 share options were lapsed upon expiry of six months after resignation or retirement of the relevant employees and 6,231,912 share options were lapsed due to expiry of exercisable period pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme.
- (13) No share options were granted or exercised under the COSCO SHIPPING Ports Share Option Scheme during the period.



# Directors' Report

## Explanation on the Exercise Conditions and Fulfillment of Exercise Conditions for 2019 Third Exercise Period under the COSCO SHIPPING Ports Share Option Scheme

### **(1) 2019 Third Exercise Period has commenced**

In accordance with the COSCO SHIPPING Ports Share Option Scheme, participants may exercise their share options only after the expiry of the Restriction Period. The third exercise periods of share options granted in 2019 (“**2019 Third Exercise Period**”) were due in 2023. Participant of 2019 Third Exercise Period entitled to exercise his/her share options may exercise 33.4% and 33.3% of the share options granted to him/her respectively during the respective exercise period.

### **(2) Exercise conditions to be fulfilled**

1. Exercise conditions in relation to the business performance of COSCO SHIPPING Ports: (a) return on net assets (after extraordinary gains and losses) (the “**ROE**”) in 2022 should not be lower than 7.0% and the average of the selected peer benchmark enterprises; (b) growth rate of revenue in 2022 as compared to 2018 should not be lower than 40.0% and the average of the selected peer benchmark enterprises; and (c) the EVA indicator accomplished for 2022 has reached the assessment target set by COSCO SHIPPING, and  $\Delta$ EVA is greater than zero;
2. Events described in article 2 under Chapter 10 of the COSCO SHIPPING Ports Share Option Scheme did not happen to COSCO SHIPPING Ports; and
3. Subject to the fulfillment of conditions relating to the business performance of COSCO SHIPPING Ports, personal exercise conditions precedent in relation to the participants are as follows: (a) events described in articles 3 and 4 under Chapter 9 of the COSCO SHIPPING Ports Share Option Scheme did not happened to the participants during the valid period of the COSCO SHIPPING Ports Share Option Scheme prior to the commencement of the current exercise period; and (b) the Participant had achieved average or above at his/her annual performance appraisal in 2022.

### **(3) Fulfillment of exercise conditions for the exercise periods**

Exercise conditions for 2019 Third Exercise Period have not been fulfilled

1. The business performance condition of COSCO SHIPPING Ports: according to the audited 2022 financial statements approved at the annual general meeting of COSCO SHIPPING Ports held on 24 May 2023, ROE of COSCO SHIPPING Ports in 2022 was 5.36%, which was lower than 7.0%, but not lower than the average of the selected peer benchmark enterprises of 1.86%; the growth rate of revenue in 2022 as compared to 2018 was 44.08%, which was not lower than 40.0%, and not lower than the average of the selected peer benchmark enterprises of 19.55%. Meanwhile, the EVA accomplished by COSCO SHIPPING Ports in 2022 was RMB69.84 million (2021: RMB87.35 million) which has reached the assessment target set by COSCO SHIPPING, although  $\Delta$ EVA is lower than zero;
2. Events described in article 2 under Chapter 10 of the COSCO SHIPPING Ports Share Option Scheme did not happened to COSCO SHIPPING Ports; and
3. As the business performance conditions of COSCO SHIPPING Ports were not fulfilled, analysis of the individual target achievement is not necessary.

# Directors' Report

## (4) How non-fulfilled share options were dealt with

In accordance with the COSCO SHIPPING Ports Share Option Scheme, those share options not qualified to be exercised or not yet exercised after the expiry of the exercise year will lapse with immediate effect and will be forfeited and cancelled by COSCO SHIPPING Ports without compensation. Details on the cancellation of share options during the year (including 659,760 Share Options under 2019 Third Exercise Period which exercise conditions were not fulfilled due to the non-fulfillment of vesting conditions) were set out in the above table and notes regarding the movement of share options.

### Notes

- Regarding the peer benchmark enterprises, COSCO SHIPPING Ports mainly focused on ports and terminals business. Based on the Global Industry Classification Standard (GICS), an industry classification indicator established jointly by Morgan Stanley and Standard & Poor which global financial institutes make reference to, COSCO SHIPPING Ports is categorised under the industry of marine ports & services. Peer benchmark enterprises of COSCO SHIPPING Ports include the constituent stocks under such classification. After the adjustment made pursuant to the "Administrative Measures of the COSCO SHIPPING Ports Share Option Scheme" (中遠海運港口股票期權激勵計劃管理辦法), details of which have been set out in section headed "Share Option Scheme" in the 2023 annual report of COSCO SHIPPING Ports, the list of peer benchmark enterprises composed of the following 22 enterprises:

| Stock Code | Stock Name                             |
|------------|----------------------------------------|
| 0144. HK   | CHINA MER PORT                         |
| 0517. HK   | COSCO SHIP INTL                        |
| 0871. HK   | CH DREDG ENV                           |
| 3369. HK   | QHD PORT                               |
| 3382. HK   | TIANJINPORT DEV                        |
| 6198. HK   | QINGDAO PORT                           |
| 1719. HK   | China Infrastructure & Logistics Group |
| 000088     | Yantian Port                           |
| 000507     | Zhuhai Port                            |
| 000582     | Beibu Gulf Port                        |
| 000905     | Xiamen Port Development                |
| 002040     | Nanjing Port                           |
| 002492     | Winbase                                |
| 600017     | Rizhao Port                            |
| 600018     | Shanghai International Port Group      |
| 600279     | Chongqing Gangjiu                      |
| 600717     | Tianjin Port                           |
| 600794     | Fretrade Science & Technology          |
| 601000     | Tangshan Port                          |
| 601008     | Lianyungang Port                       |
| 601018     | Ningbo Port                            |
| 603117     | Wanlin Modern                          |

# Directors' Report

Among which, Zhuhai Port has a total of 5 corporate merger transactions in the financial year 2022, resulting in significant changes in the operating performance of Zhuhai Port.

The Remuneration Committee established by the Board of COSCO SHIPPING Ports has reviewed and discussed the details of the exercise proposal in accordance with the "Administrative Measures of the COSCO SHIPPING Ports Share Option Scheme" (中遠海運港口股票期權激勵計劃管理辦法), including but not limited to the fulfillment of performance conditions of COSCO SHIPPING Ports, the performance appraisal of participants and quantity of exercisable options, adjustment to the peer benchmark enterprises, etc., and was of the opinion that due to the significant changes in the operating performance of Zhuhai Port in the financial year of 2022. Therefore, the remuneration committee recommended the Board of COSCO SHIPPING Ports to consider and approve the exclusion of Zhuhai Port from the List of Peer Benchmark Enterprises.

After consideration, the board of directors of COSCO SHIPPING Ports approved the exclusion of Zhuhai Port from the List of Peer Benchmark Enterprises, the number of peer benchmark enterprises applicable to the Share Option Scheme was reduced from 22 to 21.

2. Events described in article 2 under Chapter 10 of the COSCO SHIPPING Ports Share Option Scheme include:
  - (i) failure to engage an accounting firm to carry out audit work in accordance with the established procedures and requirements;
  - (ii) issue of an auditors' report with qualified or negative opinion or which indicates the inability to give opinion by a certified public accountant with respect to the annual financial accountant's report;
  - (iii) the bodies performing the contributor's functions or the audit department raising significant objections to the business performance or the annual financial accountant's report of the listed company; and
  - (iv) imposition of penalties by security supervisory authority or other relevant authorities due to the occurrence of material non-compliance.
  
3. Events described in articles 3 and 4 under Chapter 9 of the COSCO SHIPPING Ports Share Option Scheme include:
  - (i) results of accountability audit indicate failure in performing duties effectively or gross negligence of duty or malfeasance;
  - (ii) violation of applicable domestic or foreign laws and regulations or provisions of the Bye-laws of COSCO SHIPPING Ports;
  - (iii) possession of sufficient evidence by COSCO SHIPPING Ports proving that the holder of such share options, during his/her employment, due to offering or accepting bribes, corruption, theft, leaking commercial and technological secrets of the listed company, conducting connected transactions which impaired the interests and reputation of the listed company, and other illegal behaviors which have material adverse impact on the image of COSCO SHIPPING Ports, has caused COSCO SHIPPING Ports to suffer losses;
  - (iv) unauthorised transfer, sale, exchange, pledge, guarantee, charge or settlement of debts by using the share options;
  - (v) using the share options held in fraud, extortion, etc.;
  - (vi) violation of the law and conviction of any criminal liability;
  - (vii) other circumstances stipulated under applicable domestic or foreign laws and regulations; and
  - (viii) failure in the performance appraisal.

In light of the above, after a review of the actual conditions of COSCO SHIPPING Ports against the conditions required to be fulfilled for the exercise period under the COSCO SHIPPING Ports Share Option Scheme, the board of directors of COSCO SHIPPING Ports has considered and confirmed that the conditions for the exercise for 2019 Third Exercise Period were not fulfilled.

# Directors' Report

## Effect of the Exercise on the Financial Conditions and Results of Operation of COSCO SHIPPING Ports for the Relevant Year

In accordance with the “Hong Kong Financial Reporting Standard 2 – Share-based Payments”, COSCO SHIPPING Ports shall ensure that services rendered by the participants are included in relevant costs at the fair value of the share options on the date of grant and the share options reserve is credited accordingly, based on the best estimated number of exercisable share options. During the exercise period of the share options, COSCO SHIPPING Ports will not adjust recognised costs. COSCO SHIPPING Ports will recognise monetary funds received and the increase in share capital and share premium according to the actual situation of exercising. The share options shall be exercised by the participants on a voluntary basis. COSCO SHIPPING Ports adopted the Black-Scholes valuation model for share options to determine the fair value of the share options on the date of grant. As at 31 December 2023, based on the best estimated number of exercisable options (after adjusting the estimated number of options to be vested after taking into account of the options not being vested under the first recognised exercisable period for options granted in 2019), the fair value of share options granted in 2018 was US\$0, and the share option expenses recognised in 2023 was US\$0; the fair value of share options granted in 2019 was US\$0, and the share option expenses recognised in 2023 was a reversal of US\$57,000.

## Capital Increase and Employees' Participation Plan Implemented by Shanghai PANASIA Shipping Company Limited

Pursuant to the Opinion on Commencement of Pilot Employee Stock Ownership by Stated-Owned Holding Mixed Ownership Enterprises (Guo Zi Fa Gai Ge [2016] No. 133) 《關於國有控股混合所有制企業開展員工持股試點的意見》(國資發改革[2016]133號), during 2017, Shanghai PANASIA Shipping Company Limited (上海泛亞航運有限公司) (“**PANASIA Shipping**”), a subsidiary of COSCO SHIPPING Lines, decided to implement the capital increase and employees participation plan. PANASIA Shipping introduced certain strategic investor(s) by participating in the public tender for subscribing for equity on the Shanghai United Assets and Equity Exchange. The subscription price per unit will be not less than the appraised net asset value (after the filing procedures having been completed) per unit of the registered capital of PANASIA Shipping. Meanwhile, it introduced employees' participation through the employees' participation platform, under which employees will subscribe for equity interests at the final subscription price of strategic investor(s). Please refer to the announcement of COSCO SHIPPING Holdings dated 18 April 2017 for details.

As at the end of June 2017, COSCO SHIPPING Lines, PANASIA Shipping, Shanghai Fosun Industrial Investment Company Limited (上海復星產業投資有限公司) (a strategic investor) (“**Fosun Industrial Investment**”) and Ningbo Hongyang Investment and Management LLP (寧波滬陽投資管理合夥企業(有限合夥)) (the employees' participation platform) (“**Hongyang**”) signed an agreement on capital increase and completed the change of industrial and commercial registration.

As at the end of 2023, the equity interest in PANASIA Shipping was held 62% by COSCO SHIPPING Lines, 20% by Shanghai International Port (Group) Co., Ltd., 6% by China Huarong Asset Management Co.,Ltd. (renamed as China CITIC Financial Asset Management Co., Ltd. on 24 January 2024), 3% by Shenzhen Qianhai Huajian Equity Investment Co., Ltd. (深圳市前海華建股權投資有限公司), 0.9382% by Fosun Industrial Investment, 8% by Hongyang and 0.0618% by Gongqingcheng Huanhai Investment Management Partnership (Limited Partnership) (共青城寰海投資管理合夥企業(有限合夥)) (Fosun Group Project Team). The participating employees (including employees in subsidiaries), of a total number of 180, are core management personnel of PANASIA Shipping, accounting for approximately 27.86% of its total headcount.

# Directors' Report

## Directors' and Supervisors' interest in Shares, underlying Shares and debentures

As at 31 December 2023, the interests of the Directors and Supervisors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions in the Shares, underlying Shares and debentures of the Company:

| Name of Director              | Capacity         | Number of Shares held as at 31 December 2023 | Approximated percentage of total number of the relevant class of the issued share capital | Approximated percentage of total number of the issued share capital |
|-------------------------------|------------------|----------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Mr. YANG Zhijian <sup>1</sup> | Beneficial owner | 130,000 H Shares                             | 0.00392%                                                                                  | 0.00081%                                                            |
|                               | Beneficial owner | 1,216,800 A Shares                           | 0.00954%                                                                                  | 0.00757%                                                            |
| Mr. ZHANG Wei <sup>2</sup>    | Beneficial owner | 980,200 A Shares                             | 0.00768%                                                                                  | 0.00610%                                                            |

Notes:

- As at 31 December 2023, Mr. Yang Zhijian held 803,088 A Shares and 413,712 A share options under the A share option incentive scheme of the Company.
- As at 31 December 2023, Mr. Zhang Wei held 646,932 A Shares and 333,268 A share options under the A share option incentive scheme of the Company.

(b) Long positions in shares, underlying shares and debentures of associated corporations of the Company:

| Name of associated corporation | Name of Director/ Supervisor | Capacity           | Number of shares held | Percentage of total number of issued shares of the relevant class of the associated corporation | Approximate percentage of total number of the issued share capital of the relevant associated corporations |
|--------------------------------|------------------------------|--------------------|-----------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| COSCO SHIPPING Development     | Mr. WAN Min                  | Beneficial owner   | 200,000 H Shares      | 0.00544%                                                                                        | 0.00147%                                                                                                   |
|                                |                              | Interest of spouse | 2,000 A Shares        | 0.00002%                                                                                        | 0.00001%                                                                                                   |
| COSCO SHIPPING Ports           | Mr. YANG Zhijian             | Beneficial owner   | 400,000 H Shares      | 0.01088%                                                                                        | 0.00295%                                                                                                   |
|                                |                              | Beneficial owner   | 329,437 H Shares      | 0.00924%                                                                                        | 0.00924%                                                                                                   |
|                                | Mr. ZHANG Wei                | Beneficial owner   | 30,000 H Shares       | 0.00084%                                                                                        | 0.00084%                                                                                                   |

# Directors' Report

(c) Long positions in the underlying shares of equity derivatives of the Company

Nil.

Share options were granted by COSCO SHIPPING Ports to its certain directors (some of whom were also Directors and Supervisor of COSCO SHIPPING Holdings) pursuant to the share option scheme of COSCO SHIPPING Ports. Details of the Directors' and Supervisor's interest in share options granted by COSCO SHIPPING Ports are set out under the previous section headed "COSCO SHIPPING Ports Share Option Scheme" of this report.

Save as disclosed above, as at 31 December 2023, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Arrangements to Purchase Shares or Debentures

At no time during the Reporting Period was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors, Supervisors or senior management of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors', Supervisors' and Five Highest Paid Individuals' Remunerations

Details of the remuneration of the Directors and the Supervisors and the five highest paid individuals of the Group are set out in note 38 to the consolidated financial statements.

There were no arrangements under which a Director or Supervisor had waived or agreed to waive any remuneration in respect of the year ended 31 December 2023.

## Service Contracts of Directors and Supervisors

Each of the Directors and Supervisors has entered into a service contract with the Company. No Director or Supervisor has entered into any service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

# Directors' Report

## Interests of Directors and Supervisors in Contracts or Arrangements

None of the Directors or Supervisors had any material interest, whether directly or indirectly, in any contracts or arrangements of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2023.

## Permitted Indemnity Provisions

At no time during the Reporting Period and as at the disclosure date of this report, there was or is, any permitted indemnity provision being in force for the benefit at any of the Directors or Supervisors of the Company (whether made by the Company or otherwise) or the directors or supervisors of an associated corporation of the Company (if made by the Company).

The Company has arranged appropriate liability insurance for the Directors and Supervisors concerning the relevant legal action they may be faced with.

## Board Committees

The Company has established a strategic development committee, a Risk Control Committee, an audit committee, a remuneration committee, a nomination committee.

## Corporate Governance

The Company is committed to maintaining high standards of corporate governance by the Group and the Board is of the view that effective corporate governance is essential and makes important contribution to the corporate success and to enhancing Shareholder value. Please refer to pages 75 to 127 of this annual report for details.

## Employees and Remuneration Policies

As at 31 December 2023, there were approximately 31,654 employees in the Group. Total staff costs of the Group for the year, including directors' remuneration, was approximately RMB12,186,983,000 in total.

To allow all staff to enjoy the development results of the Company, the Company regularly improve its staff remuneration, benefit and insurance policy in accordance with the conditions of the Company and the external and internal business environment to facilitate the development of the Company and the building of a strong working team. The Company also safeguards the legal rights of less privileged group of staff strictly in accordance with the laws and regulations of China. For entities operating in the PRC, the Company determines the minimum salary standard of staff in accordance with the requirements of the local governments. The Company has established retirement benefit scheme, medical insurance scheme, work injury insurance scheme, pregnancy and birth insurance scheme and unemployment insurance scheme for all staff. The Company has also established a housing provident fund. For entities operating outside China, the Company has established a remuneration policy strictly in accordance with the laws and regulations and policies of the local governments.

# Directors' Report

## Shareholders' General Meetings

| Meeting session                                                                                          | Date of meeting  | The designated website for the publication on the announcement of the resolutions | The date of publication of the announcement of the resolutions |
|----------------------------------------------------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------|----------------------------------------------------------------|
| 2022 Annual General Meeting,<br>2023 First A Share Class Meeting and<br>2023 First H Share Class Meeting | 25 May 2023      | www.sse.com.cn<br>www.hkexnews.hk                                                 | 25 May 2023                                                    |
| 2023 First Extraordinary General Meeting                                                                 | 16 November 2023 | www.sse.com.cn<br>www.hkexnews.hk                                                 | 16 November 2023                                               |

## Explanation on general meetings

Please refer to relevant announcements for details.

## Objections of independent non-executive directors on relevant matters of the Company

Not applicable

## Major opinions and recommendations made by Board committees under the Board when performing duties during the Reporting Period

### Strategic Development Committee

In 2023, the Strategic Development Committee did not hold any meeting.

### Audit Committee

In 2023, the Audit Committee of the Board held a total of four meetings, during which 25 proposals including the effectiveness of the Company's annual report, interim report, quarterly report, risk management and internal control, the status of internal audit work, the engagement of domestic and foreign auditors, etc. were considered and approved.

The Audit Committee of the Board is of the view that the financial reports of the Company for various periods in 2023 which had been reviewed were prepared in compliance with Accounting Standards for Business Enterprises and HKFRSs, and the content of disclosure therein also satisfied the requirements of the listing system and regulations of China mainland and Hong Kong.



# Directors' Report

## Remuneration Committee

In 2023, the Remuneration Committee of the Board held a total of four meetings, during which 6 proposals were considered and approved, including the Proposal on the 2022 Annual Appraisal of the Senior Management of COSCO SHIPPING Holdings, the Proposal on the 2022 Annual Remuneration Redemption Plan of the Senior Management of COSCO SHIPPING Holdings, the Proposal on the Performance of the Remuneration Committee of the Board of Directors in 2022, The Proposal on the Fulfillment of the Exercising Conditions of the Share Option Incentive Scheme of COSCO SHIPPING Holdings and the Adjustment of the List of Incentive Objects, the Proposal on Cancellation of Stock Options Expired for the Second Exercise Period but Not Exercised of Options Granted for the First Time under the Stock Option Incentive Scheme and the Proposal on the Relevant Allowances of the Seventh Session of the Board and the Supervisor Committee of COSCO SHIPPING Holdings.

## Nomination Committee

In 2023, the Nomination Committee held one meeting, at which the resolution in relation to the nomination of candidate of the seventh session of the Board was considered and approved.

## Risk Control Committee

In 2023, the Risk Control Committee of the Board held four meetings, whereby it reviewed the evaluation report of internal control of the Company and the amendments to the ongoing risk assessment report of the finance company. Through systematic inspection and assessment, it is of the view that the Company has a relatively reasonable and effective internal control and risk management system which provides reasonable assurance to achieve the risk management objective of the Company and the Company is able to analyze the existing conditions of its own control system objectively and to improve, satisfy and adapt to the development requirements of the Company in a timely manner.

## The establishment and implementation of the appraisal system and incentive mechanism for senior management during the Reporting Period

Pursuant to the Administrative Measures for the Remuneration of Officers in Charge of COSCO SHIPPING Holdings Co., Ltd. (《中遠海運控股股份有限公司企業負責人薪酬管理辦法》) (considered and approved by the remuneration committee of the fifth session of Board and the Board of the Company), annual salary were paid to senior management members of the Company, including the general manager, deputy general managers, Chief Financial Officer and secretary to the Board. The annual salary comprises basic salary, annual salary based on performance, and task accomplishment bonus, among which, the performance-based annual salary is linked to the appraisal results of the Company and individual appraisal results of the senior management of the Company, and shall be submitted to the Board of the Company to determine after consideration by the remuneration committee; task accomplishment bonus shall be determined by the accomplishment condition of the Company's annual task objectives. Where the directors and senior executives of the Company hold their posts in and receive remunerations from its subsidiaries (COSCO SHIPPING Lines, COSCO SHIPPING Ports and OOIL), their annual salary standard shall be determined by their respective board of directors in accordance with corresponding salary system, and its results of fulfillment will be reported to the Company.

# Directors' Report

## Internal Control and Self-evaluation Report

According to the requirements of corporate internal control standard system, the Board is responsible for establishing, improving and effectively implementing the internal control, evaluating the effectiveness of the internal control and disclosing the internal control evaluation report accurately. The Supervisory Committee shall supervise the internal control established and implemented by the Board. The managers are responsible for organizing and leading the day-to-day operation of the internal control of the Company. The Board, the Supervisory Committee and the Directors, Supervisors and senior management officers of the Company confirm that information contained in this report is true, accurate, and complete without any false and misleading statements or material omissions, and assume several and joint liability for the above.

The objectives of the Company's internal control are to reasonably guarantee the authenticity and completeness of information of the compliance, asset security, financial report and relevant information of operation and management of the Company, improve the operating efficiency and results, and promote the realization of development strategies. Due to the inherent limitations of the internal control, reasonable guarantees shall only be provided for realizing the above objectives. In addition, changes in situation may result in that the internal control becomes inappropriate or the extent to which the compliance with policies and process is lessened. There may be certain risks in presuming the effectiveness of future internal control according to the evaluation results of the internal control.

## The Company's self-evaluation of internal control in 2023

The Company's self-evaluation report on internal control for 2023 was published on the website of Shanghai Stock Exchange and the website of the Company on 28 March 2024.

## Audit report on internal control

In accordance with the relevant requirements, such as the guidelines on internal control audit, the Company engaged ShineWing Certified Public Accountants to audit and prepare the audit report on the internal control of the Company.

For details of the internal control audit report, please refer to the report of the Company published on 28 March 2024 on the website of Shanghai Stock Exchange.

# Directors' Report

## I. Positions of current Directors, Supervisors and senior management and those who resigned during the Reporting Period

### (I) Position in the Controlling Shareholder and other subsidiaries of the Company

| Name          | Name of entity                                 | Position                                                                                    | Date of appointment | Date of termination |
|---------------|------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------|---------------------|
| WAN Min       | China COSCO SHIPPING Corporation Limited       | Chairman of the Board and Secretary of the Party Committee                                  | October 2021        | N/A                 |
|               | Orient Overseas (International) Limited        | Chairman of the Board and Executive Director                                                | December 2021       | N/A                 |
| CHEN Yangfan  | China COSCO SHIPPING Corporation Limited       | Deputy General Manager                                                                      | November 2021       | N/A                 |
|               | Orient Overseas (International) Limited        | Executive Director, Chief Executive Officer (CEO)                                           | September 2023      | N/A                 |
| HUANG Xiaowen | China COSCO SHIPPING Corporation Limited       | Deputy General Manager                                                                      | January 2016        | February 2023       |
|               | Orient Overseas (International) Limited        | Executive Director, Chief Executive Officer (CEO)                                           | August 2020         | September 2023      |
|               | Star Cruise International Co. Ltd (星旅郵輪國際有限公司) | Chairman                                                                                    | June 2019           | N/A                 |
| YANG Zhijian  | China COSCO SHIPPING Corporation Limited       | Staff Director                                                                              | May 2019            | N/A                 |
|               | COSCO SHIPPING Lines Co., Ltd.                 | Chairman and Secretary of the Party Committee                                               | June 2022           | N/A                 |
|               | COSCO SHIPPING Ports Limited                   | Chairman of the Board of Directors, Executive Director and Secretary of the Party Committee | April 2022          | N/A                 |
|               | Orient Overseas (International) Limited        | Executive Director                                                                          | September 2019      | N/A                 |
|               | Orient Overseas Container Line Limited         | Director, Chief Executive Officer (CEO) and member of the Executive Committee               | September 2019      | N/A                 |
|               | Orient Overseas Container Line Limited         | Chairman of the Board and Chairman of the Executive Committee                               | March 2020          | N/A                 |
| ZHANG Wei     | COSCO SHIPPING Lines Co., Ltd.                 | Director, General Manager and Deputy Party Secretary                                        | June 2022           | N/A                 |
|               | Shanghai PANASIA Shipping Co., Ltd.            | Chairman and Secretary of the Party Committee                                               | June 2022           | N/A                 |
|               | COSCO SHIPPING Ports Limited                   | Director                                                                                    | October 2016        | N/A                 |

# Directors' Report

| Name          | Name of entity                                                    | Position                                              | Date of appointment | Date of termination |
|---------------|-------------------------------------------------------------------|-------------------------------------------------------|---------------------|---------------------|
| TAO Weidong   | China COSCO SHIPPING Corporation Limited                          | General Manager of Operation Management Division      | April 2020          | N/A                 |
| YANG Shicheng | COSCO SHIPPING (Tianjin) Company Limited                          | Full-time External Director                           | June 2020           | N/A                 |
|               | COSCO SHIPPING Bulk Co., Ltd.                                     | Full-time External Director                           | June 2020           | N/A                 |
|               | COSCO SHIPPING (Dalian) Co., Ltd./ COSCO Shipping Ferry Co., Ltd. | Supervisor                                            | June 2020           | N/A                 |
| XU Weifeng    | COSCO SHIPPING Ports Limited                                      | Secretary of the Commission for Discipline Inspection | July 2020           | N/A                 |
| SONG Tao      | Shanghai PANASIA Shipping Company Limited                         | Deputy Party Secretary                                | June 2022           | N/A                 |
| YE Jianping   | Orient Overseas Container Line Limited                            | Director and member of Executive Committee            | November 2015       | N/A                 |
|               | Orient Overseas Container Line Limited                            | Chief Operation Officer (COO)                         | January 2020        | N/A                 |
|               | COSCO SHIPPING Lines Co., Ltd                                     | Deputy General Manager                                | February 2021       | N/A                 |
| CHEN Shuai    | COSCO SHIPPING Lines Co., Ltd.                                    | Deputy General Manager                                | January 2016        | N/A                 |
|               | Orient Overseas Container Line Limited                            | Director and member of Executive Committee            | October 2019        | N/A                 |
|               | Shanghai PANASIA Shipping Company Limited                         | Director                                              | May 2020            | N/A                 |
| ZHENG Qi      | COSCO SHIPPING Lines Co., Ltd.                                    | Chief Financial Officer                               | March 2016          | N/A                 |
|               | Shanghai PANASIA Shipping Company Limited                         | Director                                              | May 2019            | N/A                 |
|               | COSCO Shipping Finance Co., Ltd.                                  | Director                                              | December 2017       | N/A                 |
|               | Orient Overseas (International) Limited                           | CFO                                                   | June 2022           | N/A                 |
|               | Orient Overseas Container Line Limited                            | Director, CFO, member of the Executive Committee      | June 2022           | N/A                 |

# Directors' Report

| Name          | Name of entity                                               | Position                                             | Date of appointment | Date of termination |
|---------------|--------------------------------------------------------------|------------------------------------------------------|---------------------|---------------------|
| GU Zhongdong  | COSCO SHIPPING Lines Co., Ltd.                               | Deputy General Manager                               | January 2016        | May 2023            |
|               | Shanghai PANASIA Shipping Company Limited                    | Director                                             | May 2020            | August 2023         |
| YU Tao        | COSCO SHIPPING Lines Co., Ltd.                               | Deputy General Manager                               | January 2016        | N/A                 |
|               | Orient Overseas Container Line Limited                       | Director, member of the Executive Committee          | December 2020       | N/A                 |
|               | COSCO SHIPPING (Piraeus) Ports Limited                       | Director                                             | October 2021        | N/A                 |
|               | COSCO SHIPPING Captive Insurance Co., Ltd                    | Director                                             | July 2020           | N/A                 |
| XIAO Janguang | COSCO SHIPPING Lines Co., Ltd.                               | Secretary of the Board, General Legal Counsel        | August 2022         | N/A                 |
|               | Orient Overseas Container Line Limited                       | Director, member of the Executive Committee          | October 2020        | N/A                 |
|               | Orient Overseas (International) Limited                      | Secretary of the Company, Legal Counsel of the Group | August 2020         | N/A                 |
| QIAN Ming     | COSCO SHIPPING Lines Co., Ltd.                               | Deputy General Manager                               | January 2020        | N/A                 |
|               | Shanghai PANASIA Shipping Company Limited                    | Director                                             | August 2022         | N/A                 |
| WU Yu         | COSCO SHIPPING Lines Co., Ltd.                               | Deputy General Manager                               | July 2022           | N/A                 |
|               | Orient Overseas Container Line Limited                       | Director, member of the Executive Committee          | December 2020       | N/A                 |
|               | Shanghai COSCO Shipping Information Technology Co., Ltd.     | Chairman                                             | February 2020       | N/A                 |
|               | Shanghai COSCO Shipping Information Technology Co., Ltd.     | Secretary of Party Committee, General Manager        | December 2022       | N/A                 |
| GE Heyue      | COSCO SHIPPING Lines Co., Ltd.                               | Deputy General Manager                               | July 2022           | N/A                 |
|               | COSCO SHIPPING Logistics Co., Ltd.                           | Director                                             | November 2022       | N/A                 |
|               | COSCO Shipping Logistics & Supply Chain Management Co., Ltd. | Director                                             | November 2022       | N/A                 |
|               | Hainan Harbour & Shipping Holding Co., Ltd.                  | Director                                             | December 2022       | N/A                 |

# Directors' Report

## (II) Position in other entities

| Name                 | Name of entity                                         | Position                             | Date of appointment | Date of termination |
|----------------------|--------------------------------------------------------|--------------------------------------|---------------------|---------------------|
| TAO Weidong          | Shanghai International Port (Group) Co., Ltd.          | Director                             | October 2022        | June 2023           |
| YU De                | SAIC Motor Corporation Limited                         | Assistant to the president           | July 2019           | N/A                 |
|                      | Shanghai Automotive International Trading Co., Ltd.    | General Manager                      | July 2019           | N/A                 |
| MA Si-hang Frederick | FWD Group Limited                                      | Independent Non-executive Director   | December 2013       | N/A                 |
|                      | FWD Group Limited                                      | Chairman                             | July 2022           | N/A                 |
|                      | Guangshen Railway Co. Ltd.                             | Independent Non-executive Director   | June 2020           | June 2023           |
|                      | HH&L Acquisition Co.                                   | Independent Non-executive Director   | February 2021       | N/A                 |
|                      | Unicorn II Holdings Limited                            | Independent Non-executive Director   | January 2022        | N/A                 |
|                      | BOC Hong Kong (Holdings) Limited                       | Independent Non-executive Director   | October 2023        | N/A                 |
|                      | Bank of China (Hong Kong) Limited                      | Independent Non-executive Director   | October 2023        | N/A                 |
| SHEN Dou             | Baidu, Inc.                                            | Executive Vice President             | May 2019            | N/A                 |
|                      | CITIC Aibank Corporation Limited                       | Director                             | July 2023           | N/A                 |
|                      | Dalian Neusoft Holdings Co., Ltd.                      | Director                             | July 2023           | N/A                 |
|                      | Beijing iQIYI Science & Technology Co., Ltd.           | Director                             | September 2019      | N/A                 |
|                      | China United Network Communications Limited            | Director                             | November 2023       | N/A                 |
| WU Dawei             | Jiangsu Zhongtian Technology Co., Ltd.                 | Independent Non-executive Director   | June 2019           | N/A                 |
| ZHOU Zhonghui        | Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. | Independent Non-executive Director   | May 2013            | N/A                 |
|                      | S.F. Holding Co., Ltd.                                 | Independent Non-executive Director   | December 2016       | N/A                 |
|                      | CITIC Securities Company Limited                       | Independent Non-executive Director   | December 2019       | N/A                 |
|                      | Oriental Pearl Group Co., Ltd.                         | External Supervisor                  | June 2015           | N/A                 |
| TEO Siong Seng       | Pacific International Lines (Pte) Ltd                  | Executive Chairman                   | January 1979        | N/A                 |
|                      | Singamas Container Holdings Limited                    | Chairman and Chief Executive Officer | October 1988        | N/A                 |
|                      | Keppel Corporation Limited                             | Independent Non-executive Director   | November 2019       | N/A                 |
|                      | Wilmar International Limited                           | Independent Non-executive Director   | February 2020       | N/A                 |

# Directors' Report

| Name           | Name of entity                                                  | Position                                       | Date of appointment | Date of termination |
|----------------|-----------------------------------------------------------------|------------------------------------------------|---------------------|---------------------|
| XU Donggen     | Power Construction Corporation of China, Ltd                    | Independent Director                           | March 2018          | N/A                 |
|                | Qingdao Citymedia Co., Ltd.                                     | Independent Director                           | January 2022        | N/A                 |
|                | Shanghai Jiao Tong University                                   | Professor at the School of Law, doctoral tutor | December 2002       | N/A                 |
| SI Yuncong     | Shenzhen SED Industry Co., Ltd.                                 | Chairman of the Board and Party Secretary      | May 2023            | N/A                 |
| MENG Yan       | Sinotrans Limited                                               | Independent Non-executive Director             | January 2019        | N/A                 |
|                | Beijing Capital Co., Ltd                                        | Independent Non-executive Director             | December 2017       | N/A                 |
|                | Qianxin Technology Co., Ltd. (奇安信科技股份有限公司)                      | Independent Non-executive Director             | May 2019            | N/A                 |
|                | Changchun Engley Automobile Industry Co., Ltd. (長春英利汽車工業股份有限公司) | Independent Non-executive Director             | July 2018           | N/A                 |
| ZHANG Jianping | Shenzhen Worldunion Group Incorporated (深圳世聯行集團有限公司)            | Independent Non-executive Director             | October 2019        | N/A                 |
|                | China First Heavy Industries Co., Ltd.                          | Independent Non-executive Director             | June 2019           | N/A                 |
|                | Cinda Securities                                                | Independent Non-executive Director             | May 2019            | N/A                 |
|                | Vantone Neo Development Group Co., Ltd.                         | Independent Non-executive Director             | February 2021       | N/A                 |

# Directors' Report

## II. Remuneration of Directors, Supervisors and Senior Management of the Company

|                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determination of remuneration of Directors, Supervisors and senior management                                                                                                                    | Remuneration of Directors and Supervisors were determined at Shareholders' meeting. Determination of the remuneration of the senior management of the Company is set out in the section headed "The establishment and implementation of the appraisal system and incentive mechanism for senior management during the Reporting Period" under the Directors' Report of this annual report.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Whether Directors avoid when discussing matters on their own remuneration by the Board                                                                                                           | Yes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Details on the recommendations made by the remuneration and assessment Committee or the special meeting of independent Directors on remuneration of Directors, Supervisors and senior management | On 23 October 2023, the 13th meeting of the Remuneration Committee of the sixth session of the Board of Directors of COSCO SHIPPING Holdings reviewed and approved the resolution on relevant allowances for the seventh session of Directors and Supervisors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Basis of remuneration of Directors, Supervisors and senior management                                                                                                                            | Remuneration of Directors and Supervisors were determined at Shareholders' meeting. Decision-making process of the remuneration of the senior management of the Company is set out in the section headed "The establishment and implementation of the appraisal system and incentive mechanism for senior management during the Reporting Period" under the Directors' Report of this annual report.                                                                                                                                                                                                                                                                                                                                                                                                               |
| Remuneration payable to Directors, Supervisors and senior management                                                                                                                             | The salaries of Directors and Supervisors shall be paid in accordance with the service contracts entered into by them. Remuneration of the senior management of the Company shall be determined on annual basis taking into account the operating results and annual personal appraisal results and in accordance with the "Administrative Measures for the Remuneration of Officers in Charge of COSCO SHIPPING Holdings Co., Ltd." approved by the Board. Where the senior executives of the Company hold their posts in and receive remunerations from its subsidiaries, their annual salary standard shall be determined by their respective subsidiaries' Board of Directors in accordance with corresponding salary system, and its salary results of fulfillment will be reported to the Company for check. |
| Total actual remuneration of all Directors, Supervisors and senior management during the Reporting Period                                                                                        | RMB67.3423 million (before tax)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |



# Directors' Report

## III. Changes in Directors, Supervisors and Senior Management of the Company during the Reporting Period

### 1. Appointment of Directors and Changes

On 16 November 2023, the shareholders of the Company approved at the extraordinary general meeting (i) re-election of Mr. WAN Min as an executive Director and recommendation of him as a candidate for chairman of the Board; (ii) election of Mr. CHEN Yangfan as an executive Director and recommendation of him as a candidate for vice chairman of the Board; (iii) re-election of Mr. YANG Zhijian and Mr. ZHANG Wei as executive Directors; (iv) election of Mr. TAO Weidong as an executive Director; (v) election of Mr. YU De as a non-executive Director; (vi) re-election of Prof. MA Si-hang Frederick as an independent non-executive Director; (vii) election of Mr. SHEN Dou and Ms. HAI Chi-yuet as independent non-executive Directors. On the same day, upon consideration and unanimous approval at the first meeting of the seventh session of the Board, Mr. WAN Min and Mr. CHEN Yangfan were appointed as the chairman and vice chairman of the seventh session of the Board, respectively. For details, please refer to the announcement dated 16 November 2023 and the overseas regulatory announcement dated 16 November 2023 of the Company.

Mr. HUANG Xiaowen, an executive Director and vice chairman of the sixth session of the Board of the Company ceased to serve as the executive Director and vice chairman of the Board of the Company due to retirement with effect from 16 November 2023. For details, please refer to the announcement dated 25 October 2023 of the Company.

In light of the restriction that the consecutive term of office of an independent non-executive Director shall not exceed six years, Mr. WU Dawei, Mr. ZHOU Zhonghui and Mr. TEO Siong Seng, independent non-executive Directors of the sixth session of the Board of the Company, ceased to serve as independent non-executive Directors of the Company as they have served as independent non-executive Directors of the Company for six consecutive years, with effect from 16 November 2023. For details, please refer to the announcement dated 25 October 2023 of the Company.

# Directors' Report

## 2. Appointment of Supervisors and Changes

Mr. DENG Huangjun and Mr. SONG Tao were elected by the general meeting of the employee representatives of the Company as the employee representative Supervisors of the Company with effect from the date of the election of non-employee representative Supervisors at the 2023 first extraordinary general meeting (i.e. 16 November 2023). For details, please refer to the announcement dated 8 November 2023 of the Company.

On 16 November 2023, the shareholders of the Company approved at the extraordinary general meeting the election of Mr. XU Donggen and Mr. SI Yuncong as independent Supervisors. For details, please refer to the announcement dated 16 November 2023 of the Company.

Mr. MENG Yan and Mr. ZHANG Jianping, independent Supervisors of the sixth session of the Supervisory Committee of the Company ceased to serve as independent supervisors of the Company with effect from 16 November 2023. For details, please refer to the announcement dated 25 October 2023 of the Company.

## 3. Changes in Senior Management

Mr. GU Zhongdong voluntarily resigned as deputy general manager of the Company due to a change of job position with effect from 8 June 2023.

With effect from 16 November 2023, the members of senior management of the Company are: Mr. YANG Zhijian as the general manager of the Company, Mr. ZHANG Wei as the deputy general manager of the Company, Mr. YE Jianping as the deputy general manager of the Company, Mr. CHEN Shuai as the deputy general manager of the Company, Ms. YU Tao as the deputy general manager of the Company, Ms. ZHENG Qi as the chief financial officer (總會計師) of the Company, Mr. XIAO Jinguang as the secretary to the Board, the company secretary of the Company under the Listing Rules and the general legal counsel (總法律顧問) of the Company, Mr. QIAN Ming as the deputy general manager of the Company, Ms. WU Yu as the deputy general manager of the Company, and Mr. GE Heyue as the deputy general manager of the Company. For details, please refer to the announcement dated 16 November 2023 of the Company.

## IV. Penalty imposed by security regulatory authorities in recent three years

Not applicable

# Directors' Report

## V. Staff of the Company and its significant subsidiaries

### (1) Information of staff

|                                                     |        |
|-----------------------------------------------------|--------|
| Number of working staff of parent company           | 53     |
| Number of working staff of significant subsidiaries | 31,601 |
| Total number of working staff                       | 31,654 |

#### Qualification

| Category of qualification | Number of staff |
|---------------------------|-----------------|
| Production                | 5,456           |
| Sales                     | 8,192           |
| Technicians               | 4,367           |
| Accounting                | 2,098           |
| Administration            | 1,977           |
| Others                    | 9,564           |
| Total                     | 31,654          |

#### Education level

| Education background     | Number of staff |
|--------------------------|-----------------|
| Secondary or below       | 5,092           |
| Tertiary                 | 8,258           |
| Graduate                 | 15,967          |
| Master's degree or above | 2,337           |
| Total                    | 31,654          |

# Directors' Report

## (2) Employee diversity policy

As of the end of the Reporting Period, the Company had a total of 31,654 employees, of which 64% were male employees and 36% were female employees.

The Company attaches great importance to the building of pool of talent pool and continues to explore talents in the industry. Under the principle of fair, transparent and equal recruitment, the Company continues to recruit and build a pool of outstanding talents through online and offline campus and social recruitments. The Group actively recruits new graduates and solicited a group of outstanding students through special campus promotion activities and corporate publicity to join the shipping team.

Combining the principle of equal recruitment, the Company continuously builds a diversified and inclusive team and provides its employees with equal employment opportunities. Any form of discrimination or unfair treatment based on any non-work-related factors is prohibited, irrespective of colour, nationality, ethnicity, age, gender, religious belief or physical disability. The Company actively recruits retired firefighters and provides diversified stages and career development opportunities for such retired personnel. The Company also cares for the disabled persons and offered various benefits and remunerations to the disabled employees, helping them to explore their career development and job positioning.

There are no factors and circumstances that would make it more challenging or less possible to achieve gender diversity for all employees, including senior management.

During the year, the Company had reviewed the implementation and effectiveness of the gender diversity policy for employees, including senior management. As a result of the above measures, the gender diversity policy for employees, including senior management, was considered to have been effectively implemented.

## (3) Remuneration policy

To allow all staff to enjoy the development results of the Company, the Company regularly improve its staff remuneration, benefit and insurance policy in accordance with the conditions of the Company and the external and internal business environment to facilitate the development of the Company and the building of a strong working team. The Company also safeguards the legal rights of less privileged group of staff strictly in accordance with the laws and regulations of China. For entities operating in the PRC, the Company determines the minimum salary standard of staff in accordance with the requirements of the local governments. The Company has established retirement benefit scheme, medical insurance scheme, work injury insurance scheme, pregnancy and birth insurance scheme and unemployment insurance scheme for all staff. The Company has also established a housing provident fund. For entities operating outside China, the Company has established a remuneration policy strictly in accordance with the laws and regulations and policies of the local governments.

# Directors' Report

## (4) Training plans

In respect of the training work in 2023, the Company focused on the general keynote of seeking progress while maintaining stability, deepened the two development concepts of “diversified integration, green and low-carbon development” and supported the advancement of the “three layouts and five networks”. Guided by the Company and the 14th Five-Year Plan for Talent Development, the training work served the strategic transformation of the Company and the construction of talent team in accordance with the relevant requirements of the Opinions of the Group Party Organization on Improving the Construction of Education and Training System to promote the construction and improvement of the training system, adapt to the new requirements of training management under the new situation and give full play to the important role of education and training in talent cultivation.

## (5) Outsourcing

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|                           |                  |
|---------------------------|------------------|
| Total cost of outsourcing | RMB0.587 billion |
|---------------------------|------------------|

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## VI. Repurchase, Sale or Redemption of the Company's Shares

On 25 May 2023, the annual general meeting, the A Share Class Meeting and the H Share Class Meeting of the Company considered and approved the grant of the general mandate to the Board to repurchase A Shares and H Shares, respectively, of no more than 10% of the number of A Shares in issue and the number of H Shares in issue as at the date of the annual general meeting, the A Share Class Meeting and the H Share Class Meeting. On 29 August 2023, the 27th meeting of the sixth session of the Board of the Company considered and approved the Resolution on the Share Repurchase Plan of COSCO SHIPPING Holdings to implement the share repurchase plan for the purpose of safeguarding the Company's value and shareholders' rights and interests and to carry out the share repurchase in accordance with the law under the framework of the general repurchase mandate approved at the general meeting, and all the repurchased shares will be cancelled and the registered share capital will be reduced.

On 31 August 2023, the Company commenced the repurchase of A shares and H shares. As of 31 December 2023, the Company had repurchased a total of 59,999,924 A Shares, representing 0.3733% of the total share capital of the Company as of the end of the Reporting Period, and the total amount paid was approximately RMB583,328,594 (excluding transaction costs), and had repurchased a total of 97,949,000 H Shares, accounting for 0.6095% of the total share capital of the Company as of 31 December 2023, and the total amount paid was approximately HK\$740,023,330 (excluding transaction costs). The monthly report on the A Share and H Share repurchase is as follows:

# Directors' Report

## A Share repurchase

| Month of Repurchase | Number of shares repurchased | Purchase price per share |                    | Total amount of price (RMB) |
|---------------------|------------------------------|--------------------------|--------------------|-----------------------------|
|                     |                              | Highest (RMB/share)      | Lowest (RMB/share) |                             |
| August              | 200,800                      | 9.75                     | 9.74               | 1,957,700.00                |
| September           | 12,233,354                   | 10.09                    | 9.72               | 120,592,890.00              |
| October             | 20,519,280                   | 9.79                     | 9.44               | 198,061,728.20              |
| November            | 27,046,490                   | 9.92                     | 9.55               | 262,716,275.80              |
|                     | 59,999,924                   |                          |                    | 583,328,594.00              |

## H Share repurchase

| Month of Repurchase | Number of shares repurchased | Purchase price per share |                     | Total amount of price (HK\$) |
|---------------------|------------------------------|--------------------------|---------------------|------------------------------|
|                     |                              | Highest (HK\$/share)     | Lowest (HK\$/share) |                              |
| August              | 254,000                      | 7.99                     | 7.95                | 2,022,020.00                 |
| September           | 24,658,000                   | 8.32                     | 7.86                | 199,612,985.00               |
| October             | 1,610,000                    | 7.96                     | 7.86                | 12,755,710.00                |
| November            | 35,438,000                   | 8.04                     | 6.99                | 264,256,645.00               |
| December            | 35,989,000                   | 7.99                     | 6.85                | 261,375,970.00               |
|                     | 97,949,000                   |                          |                     | 740,023,330.00               |

# Directors' Report

As of the Latest Practicable Date, the Company had repurchased a total of 155,000,000 H Shares, representing 0.9645% of the total share capital of the Company as of 31 December 2023, and the total amount paid was HK\$1,201,957,510. 41,467,000 and 113,533,000 repurchased H Shares were cancelled on 17 November 2023 and 29 February 2024, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the Reporting Period. The Company did not redeem any of the Company's securities during the Reporting Period.

## VII. Public Float

As of the latest practicable date prior to the issue of this report, i.e. 15 April 2024, based on information that is publicly available to the Company and within the knowledge of the Directors, the public float of the Company satisfied the requirement of the Listing Rules.

By Order of the Board of Directors

**Wan Min**

*Chairman*

Shanghai, the PRC

28 March 2024

# Report of Supervisory Committee

Dear Supervisors,

The Supervisory Committee of the Company conscientiously performs its duties conducts its work proactively and diligently in accordance with the laws and regulations in the places where the Company's shares are listed, the Articles of Association, the Rules of Procedures of the Supervisory Committee and other applicable laws. In 2023, the Company held six meetings of the Supervisory Committee in total, including five physical + video meetings and one meeting by written correspondence.

## I. Basic information

Members of the Supervisory Committee were present at general meetings, Board meetings and meetings of the Supervisory Committee to listen to work reports and financial presentation, review financial reports and audit reports and supervise the procedures and the resolutions of the Board meetings and general meetings, the implementation of resolutions made at general meetings, the discharge of duties by the Directors and senior management of the Company, financial position of the Company, the implementation of the Company's internal control, the Share Option Incentive Scheme, the profit distribution of the Company etc., and issued their opinion independently so as to safeguard the interests of the Shareholders and the Company lawfully.

The Supervisory Committee is of the opinion that the Board and the senior management of the Company have strictly complied with the Articles of Association and the relevant requirements of the applicable laws in the places where the Company's shares are listed, and have dutifully and diligently conducted the Company's operations within the relevant regulatory framework. The Supervisory Committee was not aware of any situation where the Directors and senior management of the Company have violated applicable laws, the Articles of Association or the interests of the Company. The Supervisory Committee has no objection to the matters under its supervision during the Reporting Period.

The Supervisory Committee has carefully reviewed the periodic reports such as annual and quarterly reports and signed the written confirmation for the periodic reports of the Company. The Supervisory Committee is of the opinion that there are no false and misleading statements or material omissions in the annual and quarterly reports of the Company.

The Supervisory Committee has reviewed the 2023 annual financial report issued by the Company, the profit distribution plan and the unqualified auditor's report issued by the Company's domestic and overseas auditors. The Supervisory Committee agreed with the unqualified auditor's reports issued by ShineWing Certified Public Accountants and PricewaterhouseCoopers.

The Supervisory Committee has reviewed the "2023 Annual Evaluation Report of Internal Control of the Company" issued by the Board and was of the view that the report truly reflected the basic situation of the Company's internal control and complied with the relevant laws and regulations of the PRC and the requirements of the securities regulatory authorities.

During the year, the Supervisory Committee carefully reviewed the Proposal on Fulfillment of Exercise Conditions of Share Option Incentive Plan of COSCO SHIPPING Holdings and Adjustment of List of Incentive Participants 《關於中遠海控股股票期權激勵計劃行權條件達成及激勵對象名單調整的議案》, the Proposal on Amending the Rules of Procedures of the Supervisory Committee of COSCO SHIPPING Holdings and the Proposal on Cancellation of Outstanding Share Options upon Expiration of the Second Exercise Period Granted during the First Grant under the Share Option Incentive Scheme 《關於註銷股票期權激勵計劃首次授予期權第二個行權期到期未行權股票期權的議案》 and signed the review opinions on the matters considered. The Supervisory Committee is of the opinion that the resolution is true and in compliance with standardized procedure and in accordance with the requirements of relevant laws, regulations and regulatory documents.



# Report of Supervisory Committee

## II. Changes of the composition of the Supervisory Committee

In November 2023, the term of office of three years of the sixth session of the Supervisory Committee of the Company had expired. According to the work needs, the Supervisory Committee of the Company held a general election in accordance with the Articles of Association of the Company and relevant laws and regulations. After the election of the 2023 first extraordinary general meeting of the Company and the election of the employee representative congress of the Company, the seventh session of the Supervisory Committee of the Company consists of five Supervisors, namely YANG Shicheng, XU Weifeng, SONG Tao, SI Yuncong and XU Donggen. Pursuant to the provision of Article 145 of the Articles of Association that the Supervisory Committee shall have one chairman, the first meeting of the seventh session of the Supervisory Committee of the Company was held and the chairman of the seventh session of the Supervisory Committee was elected on 16 November 2023.

## III. Investigation

Due to the conflict of work arrangement, the 2023 work investigation project of the Supervisory Committee the Company was postponed, and it was unable to conduct on-site investigations at the subordinate units during the year. However, each functional department of the Company timely submitted information on production and operation management and the latest developments of the industry to the Supervisors in a certain form in order to keep abreast of the latest situation of the Company's production and operation management. In 2024, based on the work situation, the Supervisory Committee will adhere to the basis of laws and regulations such as those in relation to listed companies, the Articles of Association and the Rules of Procedures of the Supervisory Committee, and will not participate or intervene with the daily decision-making and the specific operating and management activities. It will conduct on-site supervisory inspection and investigations at the grassroots units of the Company, conduct investigations and supervisory inspection on areas such as the Company's implementation of relevant laws and regulations and the preservation and appreciation of value of assets in order to ensure sufficient supervision and scientific appraisals and suggestions, and to further improve the standardized operation of the Company's corporate governance.

Supervisory Committee of COSCO SHIPPING Holdings Co., Ltd.

28 March 2024

# Independent Auditor's Report

## **TO THE SHAREHOLDERS OF COSCO SHIPPING HOLDINGS CO., LTD.**

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

### Opinion

#### What we have audited

The consolidated financial statements of COSCO SHIPPING Holdings Co., Ltd. (the "Company") and its subsidiaries (together, the "Group"), which are set out on pages 183 to 323, comprise:

- the consolidated balance sheet as at 31 December 2023;
- 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 cash flow statement 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 2023, 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.

#### 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.

# Independent Auditor's Report

## 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.

Key audit matters identified in our audit are summarized as follows:

- Impairment assessment of property, plant and equipment, intangible assets, right-of-use assets and goodwill;
- Freight revenues for vessel voyages in progress at year end;
- Provision for onerous contract for the Terminal Service Agreement ("TSA") for Long Beach Container Terminal ("LBCT");

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How our audit addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b><i>Impairment assessment of property, plant and equipment, intangible assets, right-of-use assets and goodwill</i></b><br/> <i>Refer to notes 3.1(b), 3.1(d), 3.1(e), 3.1(f),3.1(j), 5(a), 5(b), 7, 8, 10 and 11 to the consolidated financial statements.</i></p> <p>As at 31 December 2023, the Group had property, plant and equipment with total carrying amount of RMB129,794 million, right-of-use assets with total carrying amount of RMB44,644 million, intangible assets with total carrying amount of RMB4,706 million and goodwill with total carrying amount of RMB6,358 million.</p> <p>Management performed assessment at the end of each reporting period whether there is any indication that the property, plant and equipment, right-of-use assets and intangible assets may be impaired. Goodwill and indefinite lived intangible assets are required to be tested annually for impairment. For the purpose of impairment assessment, management identified the relevant cash generating unit ("CGU") or group of CGUs and estimated the recoverable amounts of these CGUs using value-in-use model. The value-in-use calculations use cash flow projections based on financial budgets which involve judgments by management such as revenue growth rates, operating margins and the discount rate.</p> <p>We focused on this area because of the significance of the carrying amounts of the assets, estimation uncertainty of recoverable amounts, subjectivity and significance of management judgements applied.</p> | <p>Our procedures in relation to the impairment assessment of property, plant and equipment, intangible assets, right-of-use assets and goodwill of relevant CGUs included:</p> <ul style="list-style-type: none"> <li>• obtained an understanding of management's internal control and assessment process of impairment of property, plant and equipment, right-of-use assets, intangible assets, goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud;</li> <li>• assessed management's identification of the CGU and the allocation of assets to the CGU for the purpose of impairment assessment;</li> <li>• agreed the input data used by the management with supporting evidences such as approved financial budgets;</li> <li>• involved our internal valuation experts to assess the appropriateness of the valuation methodologies used to determine value-in-use and benchmarked the discount rates applied to other comparable companies in the same industry;</li> <li>• assessed the reasonableness of key assumptions applied in the financial budgets such as revenue growth rates and operating margins applied by management by comparing historical performance and available market reports, where applicable;</li> <li>• tested the mathematical accuracy of the value-in-use calculations; and</li> <li>• assessed management's sensitivity analyses on the key assumptions, to ascertain the extent to which adverse changes, both individually or in aggregate, would result in the assets being impaired.</li> </ul> <p>Based on the audit procedures performed, we found the key judgement and assumptions used by management in impairment assessment of property, plant and equipment, intangible assets, right-of-use assets and goodwill were supportable by the evidences we gathered.</p> |

# Independent Auditor's Report

## Key Audit Matters (Continued)

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | How our audit addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Freight revenues for vessel voyages in progress at year end</b><br/> Refer to note 3.1(i), 5(d) and 6 to the consolidated financial statements.</p> <p>For the year ended 31 December 2023, the Group recognized revenue of RMB175,448 million out of which RMB168,039 million was related to freight revenues from container shipping.</p> <p>The Group recognizes freight revenues over time which is determined on the time proportion of each individual vessel voyage completed at year end with reference to their voyage details such as freight rates, voyage departure and arrival information.</p> <p>We focused on the recognition of freight revenues at year end because the transaction volume of the voyages which were in progress at year end is significant and complex calculations are involved in the estimation of freight revenue on a percentage of completion basis.</p> | <p>Our procedures in relation to management's estimation of freight revenues for vessel voyages in progress at year end included:</p> <ul style="list-style-type: none"> <li>• obtained an understanding of management's internal control and estimation process and assessed the level of inherent risk by considering the degree of estimation uncertainty and factors such as complexity;</li> <li>• evaluated and tested the key controls that management has established in respect of recording freight revenues, focusing on management's controls over the estimate of freight revenues for vessel voyages which were still in progress at year end;</li> <li>• tested the freight rates maintained in the Group's operation system on a sample basis by comparing with supporting documents such as customer contracts;</li> <li>• checked the vessel voyage departure and arrival information (i.e. time and date) from the Group's operation system on a sample basis against the supporting documents such as terminal records; and</li> <li>• recomputed the estimated freight revenues calculations of vessels voyages in progress recorded in the Group's operation system on a sample basis and reconciled to the accounting records.</li> </ul> <p>Based on the audit procedures performed, we found the freight revenues for vessel voyages in progress at year end were supportable by the evidences we gathered.</p> |

# Independent Auditor's Report

## Key Audit Matters (Continued)

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | How our audit addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| <p><b>Provision for onerous contract for the TSA for LBCT</b><br/>Refer to notes 3.1(g), 5(e) and 27 to the consolidated financial statements.</p> <p>In October 2019, Orient Overseas International Limited ("OOIL"), a subsidiary of the Company, entered into a terminal service agreement for procuring the placement of an annual minimum number of vessel lifts ("MVC") at LBCT for each of the 20 years commencing on 1 November 2019 ("TSA"). According to the TSA, OOIL is entitled to an excess rebate or obliged to pay a deficiency payment when there is surplus or shortfall over the respective MVC for each year during the contract period.</p> <p>A provision should be made for the present obligation under the TSA where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Management performed an assessment to determine if any onerous provision for the TSA is required.</p> <p>As at 31 December 2023, OOIL recognized a provision for onerous contract of US\$916.7 million (equivalent to approximately RMB6,493.0 million) for the TSA, which is calculated using an expected value approach involving probability weighted possible scenarios taking into considerations of respective economic benefits to be received and associated fulfilment costs during the remaining contract period.</p> <p>The estimation of the fulfilment costs and economic benefits over the remaining contract period involves significant judgements and assumptions including, a) the projected vessel lifts to be placed at LBCT, b) the expected amount of deficiency payment/excess rebates as stipulated in the TSA when the volume is below/in excess of the MVC, c) the amount of expected bunker costs and other operating costs and d) the expected freight rate from operating the services to/from LBCT.</p> <p>We focused on this area because of the significance of the onerous provision as well as the estimation of it involved a high degree of uncertainty. The inherent risk in relation to the onerous contract assessment is significant due to the complexity of the calculation methodology and model and high level of subjectivity of management's judgements and assumptions made.</p> | <p>Our procedures in relation to the assessment of the provision for onerous contract for the TSA included:</p> <ul style="list-style-type: none"> <li>obtained an understanding of management's assessment process of the onerous provision for the TSA and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and factors such as complexity and subjectivity;</li> <li>evaluated the appropriateness of the identification of expected economic benefits and fulfilment cost element included in management's assessment through discussion with management and corroborated with our review of the key terms of the TSA and our understanding of the applicable accounting standard requirements;</li> <li>assessed the calculation methodology and model for onerous contract provision with the involvement of our in house specialists;</li> <li>evaluated management's projected vessel lifts for the remaining contract period under the TSA through discussion with management, referencing to market data and comparing to historical vessel lifts and trends of LBCT;</li> <li>checked management's calculation of the excess rebate or deficiency payment according to the terms in the TSA and the projected vessel lifts at LBCT;</li> <li>assessed the reasonableness of expected bunker costs with reference to market forecast and other expected operating costs and freight rate based on the approved budget, market data, and our knowledge of the business and industry;</li> </ul> |

# Independent Auditor's Report

## Key Audit Matters (Continued)

| Key Audit Matter                                                                                                                                                | How our audit addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Provision for onerous contract for the TSA for LBCT (Continued)</b><br/> Refer to notes 3.1(g), 5(e) and 27 to the consolidated financial statements.</p> | <ul style="list-style-type: none"> <li>• evaluated the probability weighting applied to the possible scenarios prepared by management based on our understanding of the OOIL's business and industry as well as discussion with management and corroborated with management's sensitivity analysis on the probability weighting applied to possible scenarios; and</li> <li>• evaluated the appropriateness and adequacy of the relevant disclosures made in the Group's consolidated financial statements.</li> </ul> <p>Based on the procedures performed, we found the calculation methodology and model, judgements and assumptions used in the estimation of the provision of onerous contract for TSA in LBCT were supportable by available evidences.</p> |

## 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.

# Independent Auditor's Report

## 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, 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 appropriate audit procedures, 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.

# Independent Auditor's Report

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 Jack Li.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 28 March 2024



# Consolidated Balance Sheet

As At 31 December 2023

|                                                                   | Note | 2023<br>RMB'000    | 2022<br>RMB'000<br>(Restated,<br>note 2.2(b)) |
|-------------------------------------------------------------------|------|--------------------|-----------------------------------------------|
| <b>ASSETS</b>                                                     |      |                    |                                               |
| <b>Non-current assets</b>                                         |      |                    |                                               |
| Property, plant and equipment                                     | 7    | 129,793,884        | 119,518,590                                   |
| Right-of-use assets                                               | 8    | 44,643,967         | 54,918,414                                    |
| Investment properties                                             | 9    | 3,254,220          | 2,701,063                                     |
| Intangible assets                                                 | 10   | 4,705,737          | 4,769,242                                     |
| Goodwill                                                          | 11   | 6,358,223          | 6,104,494                                     |
| Investments in joint ventures                                     | 13   | 8,680,100          | 8,358,662                                     |
| Investments in associates                                         | 14   | 58,203,338         | 49,707,918                                    |
| Financial assets at fair value through other comprehensive income | 16   | 1,918,241          | 1,908,361                                     |
| Financial assets at fair value through profit or loss             | 17   | 380,662            | 371,477                                       |
| Financial assets at amortized cost                                | 18   | 374,862            | 368,886                                       |
| Derivative financial assets                                       |      | –                  | 16,324                                        |
| Restricted bank deposits                                          | 21   | 16,439             | 11,126                                        |
| Deferred income tax assets                                        | 19   | 918,504            | 1,036,109                                     |
| Loans to associates                                               | 15   | 227,932            | 664,991                                       |
| Pension and retirement assets                                     | 29   | 95,546             | 70,294                                        |
| Other non-current assets                                          | 20   | 392,780            | 261,123                                       |
| <b>Total non-current assets</b>                                   |      | <b>259,964,435</b> | <b>250,787,074</b>                            |
| <b>Current assets</b>                                             |      |                    |                                               |
| Inventories                                                       | 22   | 6,561,355          | 7,017,037                                     |
| Trade and other receivables and contract assets                   | 23   | 13,392,866         | 16,762,308                                    |
| Financial assets at fair value through profit or loss             | 17   | 95,000             | 93,107                                        |
| Financial assets at amortized cost                                | 18   | 5,747              | 254,856                                       |
| Derivative financial assets                                       |      | 19,106             | 25,980                                        |
| Taxes recoverable                                                 |      | 103,298            | 124,228                                       |
| Restricted bank deposits                                          | 21   | 1,174,258          | 1,251,564                                     |
| Cash and cash equivalents                                         | 21   | 181,113,316        | 235,613,923                                   |
| <b>Total current assets</b>                                       |      | <b>202,464,946</b> | <b>261,143,003</b>                            |
| <b>Total assets</b>                                               |      | <b>462,429,381</b> | <b>511,930,077</b>                            |

The notes on pages 191 to 323 are an integral part of these consolidated financial statements.

# Consolidated Balance Sheet (Continued)

As At 31 December 2023

|                                                                 | Note | 2023<br>RMB'000 | 2022<br>RMB'000<br>(Restated,<br>note 2.2(b)) |
|-----------------------------------------------------------------|------|-----------------|-----------------------------------------------|
| <b>EQUITY</b>                                                   |      |                 |                                               |
| <b>Equity attributable to the equity holders of the Company</b> |      |                 |                                               |
| Share capital                                                   | 24   | 16,071,058      | 16,094,862                                    |
| Reserves                                                        | 25   | 180,044,199     | 184,495,805                                   |
|                                                                 |      | 196,115,257     | 200,590,667                                   |
| <b>Non-controlling interests</b>                                |      | 47,104,215      | 53,202,427                                    |
| <b>Total equity</b>                                             |      | 243,219,472     | 253,793,094                                   |
| <b>LIABILITIES</b>                                              |      |                 |                                               |
| <b>Non-current liabilities</b>                                  |      |                 |                                               |
| Long-term borrowings                                            | 26   | 32,740,761      | 34,759,086                                    |
| Lease liabilities                                               | 8    | 31,841,919      | 38,030,000                                    |
| Provisions and other liabilities                                | 27   | 7,005,654       | 6,655,007                                     |
| Put option liability                                            | 28   | 1,742,435       | 1,664,811                                     |
| Pension and retirement liabilities                              | 29   | 320,849         | 310,214                                       |
| Deferred income tax liabilities                                 | 19   | 18,231,512      | 17,253,858                                    |
| <b>Total non-current liabilities</b>                            |      | 91,883,130      | 98,672,976                                    |
| <b>Current liabilities</b>                                      |      |                 |                                               |
| Trade and other payables and contract liabilities               | 30   | 106,040,447     | 129,762,356                                   |
| Short-term borrowings                                           | 26   | 2,417,519       | 2,241,818                                     |
| Current portion of long-term borrowings                         | 26   | 8,118,638       | 5,806,773                                     |
| Current portion of lease liabilities                            | 8    | 9,266,647       | 12,887,982                                    |
| Current portion of provisions and other liabilities             | 27   | 36,999          | 39,142                                        |
| Tax payables                                                    |      | 1,446,529       | 8,725,936                                     |
| <b>Total current liabilities</b>                                |      | 127,326,779     | 159,464,007                                   |
| <b>Total liabilities</b>                                        |      | 219,209,909     | 258,136,983                                   |
| <b>Total equity and liabilities</b>                             |      | 462,429,381     | 511,930,077                                   |
| <b>Net current assets</b>                                       |      | 75,138,167      | 101,678,996                                   |
| <b>Total assets less current liabilities</b>                    |      | 335,102,602     | 352,466,070                                   |

The notes on pages 191 to 323 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 183 to 323 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf.

**Mr. Yang Zhijian**  
Director

**Mr. Zhang Wei**  
Director

# Consolidated Income Statement

For the year ended 31 December 2023

|                                                                        | Note | 2023<br>RMB'000   | 2022<br>RMB'000<br>(Restated,<br>note 2.2(b)) |
|------------------------------------------------------------------------|------|-------------------|-----------------------------------------------|
| Revenues                                                               | 6    | 175,447,747       | 391,058,497                                   |
| Cost of services                                                       | 31   | (147,860,433)     | (220,580,548)                                 |
| Gross profit                                                           |      | 27,587,314        | 170,477,949                                   |
| Other income                                                           | 32   | 5,134,993         | 4,663,174                                     |
| Other expenses                                                         | 32   | (75,388)          | (310,842)                                     |
| Reversal of/(provision for) impairment losses on financial assets, net |      | 225,164           | (35,720)                                      |
| Selling, administrative and general expenses                           | 31   | (8,231,638)       | (11,795,727)                                  |
| Operating profit                                                       |      | 24,640,445        | 162,998,834                                   |
| Finance income                                                         | 33   | 7,473,850         | 5,705,708                                     |
| Finance costs                                                          | 33   | (3,735,448)       | (3,840,637)                                   |
| Net finance income                                                     |      | 3,738,402         | 1,865,071                                     |
|                                                                        |      | 28,378,847        | 164,863,905                                   |
| Share of profits less losses of                                        |      |                   |                                               |
| – joint ventures                                                       | 13   | 606,010           | 650,019                                       |
| – associates                                                           | 14   | 4,091,814         | 1,662,046                                     |
| Profit before income tax                                               |      | 33,076,671        | 167,175,970                                   |
| Income tax expenses                                                    | 34   | (4,681,012)       | (35,638,568)                                  |
| <b>Profit for the year</b>                                             |      | <b>28,395,659</b> | <b>131,537,402</b>                            |
| <b>Profit attributable to:</b>                                         |      |                   |                                               |
| – Equity holders of the Company                                        |      | 23,860,258        | 109,792,453                                   |
| – Non-controlling interests                                            |      | 4,535,401         | 21,744,949                                    |
|                                                                        |      | 28,395,659        | 131,537,402                                   |
|                                                                        |      | 2023              | 2022                                          |
|                                                                        |      | RMB               | RMB                                           |
| Earnings per share attributable to equity holders of the Company:      |      |                   |                                               |
| Basic earnings per share                                               | 36   | 1.48              | 6.84                                          |
| Diluted earnings per share                                             | 36   | 1.48              | 6.79                                          |

The notes on pages 191 to 323 are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

|                                                                                                            | 2023<br>RMB'000   | 2022<br>RMB'000<br>(Restated,<br>Note 2.2(b)) |
|------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------|
| <b>Profit for the year</b>                                                                                 | <b>28,395,659</b> | 131,537,402                                   |
| <b>Other comprehensive income/(loss)</b>                                                                   |                   |                                               |
| <i>Items that may be reclassified to profit or loss</i>                                                    |                   |                                               |
| Share of other comprehensive loss of joint ventures and associates, net                                    | <b>(33,772)</b>   | (65,249)                                      |
| Cash flow hedges, net of tax                                                                               | <b>(17,967)</b>   | 62,569                                        |
| Currency translation differences                                                                           | <b>1,816,878</b>  | 4,894,384                                     |
| <i>Items that will not be reclassified to profit or loss</i>                                               |                   |                                               |
| Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax | <b>16,259</b>     | 12,423                                        |
| Remeasurements of post-employment benefit obligations                                                      | <b>(29,702)</b>   | (20,527)                                      |
| Share of other comprehensive loss of an associate                                                          | <b>(29,873)</b>   | (57,362)                                      |
| Currency translation differences                                                                           | <b>683,696</b>    | 2,014,532                                     |
| <b>Other comprehensive income for the year, net of tax</b>                                                 | <b>2,405,519</b>  | 6,840,770                                     |
| <b>Total comprehensive income for the year</b>                                                             | <b>30,801,178</b> | 138,378,172                                   |
| <b>Total comprehensive income for the year attributable to:</b>                                            |                   |                                               |
| – Equity holders of the Company                                                                            | <b>25,621,462</b> | 114,648,216                                   |
| – Non-controlling interests                                                                                | <b>5,179,716</b>  | 23,729,956                                    |
|                                                                                                            | <b>30,801,178</b> | 138,378,172                                   |

The notes on pages 191 to 323 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

|                                                                                                            | Attributable to equity holders of the Company |                     |                      | Non-controlling interests<br>RMB'000 | Total<br>RMB'000 |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------|----------------------|--------------------------------------|------------------|
|                                                                                                            | Share capital<br>RMB'000                      | Reserves<br>RMB'000 | Sub-total<br>RMB'000 |                                      |                  |
| <b>Balance at 1 January 2023, as previously reported</b>                                                   | 16,094,862                                    | 184,287,911         | 200,382,773          | 53,140,695                           | 253,523,468      |
| <b>Change in accounting policy (note 2.2(b))</b>                                                           | -                                             | 207,894             | 207,894              | 61,732                               | 269,626          |
| <b>Balance at 1 January 2023, as restated</b>                                                              | 16,094,862                                    | 184,495,805         | 200,590,667          | 53,202,427                           | 253,793,094      |
| <b>Comprehensive income</b>                                                                                |                                               |                     |                      |                                      |                  |
| <b>Profit for the year</b>                                                                                 | -                                             | 23,860,258          | 23,860,258           | 4,535,401                            | 28,395,659       |
| <b>Other comprehensive income/(loss):</b>                                                                  |                                               |                     |                      |                                      |                  |
| Share of other comprehensive loss of joint ventures and associates, net                                    | -                                             | (41,956)            | (41,956)             | (21,689)                             | (63,645)         |
| Cash flow hedges, net of tax                                                                               | -                                             | (5,434)             | (5,434)              | (12,533)                             | (17,967)         |
| Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax | -                                             | 12,117              | 12,117               | 4,142                                | 16,259           |
| Remeasurements of post-employment benefit obligations                                                      | -                                             | (20,401)            | (20,401)             | (9,301)                              | (29,702)         |
| Currency translation differences                                                                           | -                                             | 1,816,878           | 1,816,878            | 683,696                              | 2,500,574        |
| <b>Total other comprehensive income</b>                                                                    | -                                             | 1,761,204           | 1,761,204            | 644,315                              | 2,405,519        |
| <b>Total comprehensive income</b>                                                                          | -                                             | 25,621,462          | 25,621,462           | 5,179,716                            | 30,801,178       |
| <b>Transactions with owners:</b>                                                                           |                                               |                     |                      |                                      |                  |
| Issue of A shares in connection with the exercise of share options                                         | 77,663                                        | -                   | 77,663               | -                                    | 77,663           |
| Transaction with non-controlling shareholders of subsidiaries                                              | -                                             | 1,651,611           | 1,651,611            | (3,641,108)                          | (1,989,497)      |
| Dividends declared to shareholders of the Company                                                          | -                                             | (30,672,892)        | (30,672,892)         | -                                    | (30,672,892)     |
| Dividends declared to non-controlling shareholders of subsidiaries                                         | -                                             | -                   | -                    | (8,061,327)                          | (8,061,327)      |
| Fair value of share options granted                                                                        | -                                             | 9,776               | 9,776                | 135                                  | 9,911            |
| Put option liability movement                                                                              | -                                             | (32,505)            | (32,505)             | (16,652)                             | (49,157)         |
| Repurchase and cancellation of shares                                                                      | (101,467)                                     | (1,159,993)         | (1,261,460)          | -                                    | (1,261,460)      |
| Others                                                                                                     | -                                             | 130,935             | 130,935              | 441,024                              | 571,959          |
| <b>Total transactions with owners</b>                                                                      | (23,804)                                      | (30,073,068)        | (30,096,872)         | (11,277,928)                         | (41,374,800)     |
| <b>Balance at 31 December 2023</b>                                                                         | 16,071,058                                    | 180,044,199         | 196,115,257          | 47,104,215                           | 243,219,472      |

The notes on pages 191 to 323 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2023

|                                                                                                            | Attributable to equity holders of the Company |                     |                      | Non-controlling interests<br>RMB'000 | Total<br>RMB'000 |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------|----------------------|--------------------------------------|------------------|
|                                                                                                            | Share capital<br>RMB'000                      | Reserves<br>RMB'000 | Sub-total<br>RMB'000 |                                      |                  |
| <b>Balance at 1 January 2022, as previously reported</b>                                                   | 16,014,126                                    | 117,679,703         | 133,693,829          | 45,766,217                           | 179,460,046      |
| <b>Change in accounting policy</b>                                                                         | -                                             | 90,987              | 90,987               | 54,916                               | 145,903          |
| <b>Balance at 1 January 2022, as restated</b>                                                              | 16,014,126                                    | 117,770,690         | 133,784,816          | 45,821,133                           | 179,605,949      |
| <b>Comprehensive income</b>                                                                                |                                               |                     |                      |                                      |                  |
| <b>Profit for the year, as restated</b>                                                                    | -                                             | 109,792,453         | 109,792,453          | 21,744,949                           | 131,537,402      |
| <b>Other comprehensive income/(loss):</b>                                                                  |                                               |                     |                      |                                      |                  |
| Share of other comprehensive loss of joint ventures and associates, net                                    | -                                             | (78,334)            | (78,334)             | (44,277)                             | (122,611)        |
| Cash flow hedges, net of tax                                                                               | -                                             | 19,134              | 19,134               | 43,435                               | 62,569           |
| Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax | -                                             | 33,218              | 33,218               | (20,795)                             | 12,423           |
| Remeasurements of post-employment benefit obligations                                                      | -                                             | (12,639)            | (12,639)             | (7,888)                              | (20,527)         |
| Currency translation differences                                                                           | -                                             | 4,894,384           | 4,894,384            | 2,014,532                            | 6,908,916        |
| <b>Total other comprehensive income, as restated</b>                                                       | -                                             | 4,855,763           | 4,855,763            | 1,985,007                            | 6,840,770        |
| <b>Total comprehensive income, as restated</b>                                                             | -                                             | 114,648,216         | 114,648,216          | 23,729,956                           | 138,378,172      |
| <b>Transactions with owners:</b>                                                                           |                                               |                     |                      |                                      |                  |
| Issue of A shares in connection with the exercise of share options                                         | 80,736                                        | 219,437             | 300,173              | -                                    | 300,173          |
| Business combination under common control                                                                  | -                                             | (3,560,029)         | (3,560,029)          | -                                    | (3,560,029)      |
| Transaction with non-controlling shareholders of subsidiaries                                              | -                                             | 1,841,483           | 1,841,483            | (2,590,942)                          | (749,459)        |
| Dividends declared to shareholders of the Company                                                          | -                                             | (46,283,357)        | (46,283,357)         | -                                    | (46,283,357)     |
| Dividends declared to non-controlling shareholders of subsidiaries                                         | -                                             | -                   | -                    | (13,783,221)                         | (13,783,221)     |
| Fair value of share options granted                                                                        | -                                             | (62,509)            | (62,509)             | (4,137)                              | (66,646)         |
| Put option liability movement                                                                              | -                                             | (26,602)            | (26,602)             | (18,986)                             | (45,588)         |
| Others                                                                                                     | -                                             | (51,524)            | (51,524)             | 48,624                               | (2,900)          |
| <b>Total transactions with owners, as restated</b>                                                         | 80,736                                        | (47,923,101)        | (47,842,365)         | (16,348,662)                         | (64,191,027)     |
| <b>Balance at 31 December 2022, as restated</b>                                                            | 16,094,862                                    | 184,495,805         | 200,590,667          | 53,202,427                           | 253,793,094      |

The notes on pages 191 to 323 are an integral part of these consolidated financial statements.

# Consolidated Cash Flow Statement

For the year ended 31 December 2023

|                                                                                                                                                                                                | Note  | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                                                                                                                                                    |       |                 |                 |
| Cash generated from operations                                                                                                                                                                 | 39(a) | 25,892,202      | 218,027,771     |
| Interest received                                                                                                                                                                              |       | 7,469,436       | 5,337,262       |
| Income tax paid                                                                                                                                                                                |       | (10,749,583)    | (26,566,228)    |
| Net cash generated from operating activities                                                                                                                                                   |       | 22,612,055      | 196,798,805     |
| <b>Cash flows from investing activities</b>                                                                                                                                                    |       |                 |                 |
| Purchase of property, plant and equipment, investment properties and intangible assets                                                                                                         |       | (15,320,668)    | (10,491,470)    |
| Acquisition of subsidiaries, net cash paid                                                                                                                                                     | 41    | (561,895)       | (201)           |
| Investments in joint ventures and associates, financial assets at fair value through profit or loss                                                                                            |       | (5,708,644)     | (26,303,919)    |
| Proceeds from disposal of property, plant and equipment, investment properties, right-of-use assets and intangible assets                                                                      |       | 375,078         | 1,057,460       |
| Cash received from disposal of investment in associates, joint ventures and a subsidiary                                                                                                       |       | 20,752          | 424,228         |
| Cash received from disposal of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, or financial assets at amortized cost |       | 258,848         | 431,944         |
| Dividends received from joint ventures                                                                                                                                                         |       | 643,007         | 695,011         |
| Dividends received from associates                                                                                                                                                             |       | 1,828,641       | 1,053,476       |
| Interest income from financial assets at amortized cost                                                                                                                                        |       | 24,018          | 39,974          |
| Others                                                                                                                                                                                         |       | 90,166          | 116,710         |
| Net cash used in investing activities                                                                                                                                                          |       | (18,350,697)    | (32,976,787)    |

The notes on pages 191 to 323 are an integral part of these consolidated financial statements.

# Consolidated Cash Flow Statement (Continued)

For the year ended 31 December 2023

|                                                                      | Note  | 2023<br>RMB'000     | 2022<br>RMB'000 |
|----------------------------------------------------------------------|-------|---------------------|-----------------|
| <b>Cash flows from financing activities</b>                          | 39(b) |                     |                 |
| Proceed from borrowings                                              |       | 9,704,738           | 6,787,671       |
| Repayment of borrowings                                              |       | (10,029,581)        | (41,313,124)    |
| Draw down of loan from non-controlling shareholders of subsidiaries  |       | –                   | 67,785          |
| Repayment of loans from non-controlling shareholders of subsidiaries |       | (277,904)           | (77,783)        |
| Draw down of loans from an associate and a joint venture             |       | 273,264             | 285,000         |
| Repayment of loans from an associate and a joint venture             |       | (405,000)           | (365,001)       |
| Repurchase of shares of the Company                                  | 24(a) | (1,261,193)         | –               |
| Transaction with non-controlling shareholders of subsidiaries        |       | (2,009,884)         | (1,056,547)     |
| Dividends paid to non-controlling shareholders of subsidiaries       |       | (8,418,757)         | (13,286,467)    |
| Dividends paid to shareholders of the Company                        |       | (30,867,888)        | (46,013,481)    |
| Issue of A shares in connection with the exercise of share options   |       | 77,663              | 181,652         |
| Payment of lease liabilities                                         |       | (14,568,616)        | (15,025,986)    |
| Interest paid                                                        |       | (2,222,080)         | (1,894,207)     |
| Business combination under common control                            |       | –                   | (3,560,029)     |
| Others                                                               |       | (16,460)            | (107,117)       |
| Net cash used in financing activities                                |       | (60,021,698)        | (115,377,634)   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>          |       | <b>(55,760,340)</b> | 48,444,384      |
| Cash and cash equivalents as at 1 January                            |       | 235,613,923         | 178,428,462     |
| Exchange differences                                                 |       | 1,259,733           | 8,741,077       |
| <b>Cash and cash equivalents as at 31 December</b>                   | 21    | <b>181,113,316</b>  | 235,613,923     |

The notes on pages 191 to 323 are an integral part of these consolidated financial statements.



# Notes to the Consolidated Financial Statements

## 1 General information

COSCO SHIPPING Holdings Company Limited (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 3 March 2005 as a joint stock company with limited liability under the Company Law of the PRC. The address of its registered office is 2nd Floor, 12 Yuanhang Business Center, Central Boulevard and East Seven Road Junction, Tianjin Pilot Free Trade Zone (Airport Economic Area), Tianjin, the PRC. The H-Shares and A-Shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange respectively.

The businesses of the Company and its subsidiaries (the “Group”) included the provisions of a range of container shipping, managing and operating container terminals services on a worldwide basis.

The directors of the Company (the “Directors”) regard China COSCO SHIPPING Corporation Limited (“COSCO SHIPPING”), a state-owned enterprise incorporated in the PRC, as being the Company’s ultimate parent company, COSCO SHIPPING and its subsidiaries (other than the Group) are collectively referred to as “COSCO SHIPPING Group”. The Directors regard China Ocean SHIPPING Company Limited (“COSCO”) as the immediate parent company.

The consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

These consolidated financial statements have been approved for issue by the Directors on 28 March 2024.

# Notes to the Consolidated Financial Statements

## 2 Basis of preparation and changes in accounting policies

### 2.1 Basis of preparation

#### (a) Compliance with HKFRS and HKCO

The consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

#### (b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) – measured at fair value or revalued amount
- assets held for sale – measured at the lower of carrying amount and fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention except for certain financial assets and liabilities (including derivative instruments) which have been stated at fair value or revalued amount.

# Notes to the Consolidated Financial Statements

## 2 Basis of preparation and changes in accounting policies (Continued)

### 2.2 Changes in accounting policies

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

- (a) New standards, amendments and interpretation to existing standards which are effective in 2023 and adopted by the Group

The following new standards, amendments and interpretation to existing standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2023:

#### **Amendments to existing standards**

|                                                    |                                                                                  |
|----------------------------------------------------|----------------------------------------------------------------------------------|
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of Accounting Policies                                                |
| HKAS 8 (Amendment)                                 | Definition of Accounting Estimates                                               |
| HKAS 12 (Amendment)                                | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| HKAS 12 (Amendment)                                | International Tax Reform – Pillar Two Model Rules                                |
| HKFRS 17 and HKFRS 17 (Amendment)                  | Insurance Contracts                                                              |
| HKFRS 17 (Amendments)                              | Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information            |

The effect of the adoption of HKAS 12 (Amendment) is closed in note 2.2(b). The adoption of the other new standards, amendments and interpretation to existing standards do not have a material impact on the consolidated financial statements of the Group.

- (b) Adoption of HKAS 12 (Amendment) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees, and will require the recognition of additional deferred tax assets and liabilities. The related deferred tax assets and liabilities are presented on a net basis in the consolidated statement of financial position as they qualify for offsetting under HKAS 12.

The Group recognizes deferred tax assets and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities.

The comparative information in these consolidated financial statements has been restated accordingly on the adoption of HKAS 12 (Amendment).

# Notes to the Consolidated Financial Statements

## 2 Basis of preparation and changes in accounting policies (Continued)

### 2.2 Changes in accounting policies (Continued)

- (b) Adoption of HKAS 12 (Amendment) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

Consolidated balance sheet on 1 January 2023:

|                                             | As at 31<br>December 2022<br>(As originally<br>presented)<br>RMB'000 | Impact on initial<br>adoption of<br>HKAS 12<br>(Amendment)<br>RMB'000 | As at 1<br>January 2023<br>RMB'000<br>(Restated) |
|---------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|
| <b>Consolidated balance sheet (extract)</b> |                                                                      |                                                                       |                                                  |
| <b>Assets</b>                               |                                                                      |                                                                       |                                                  |
| Deferred income tax assets                  | 885,746                                                              | 150,363                                                               | 1,036,109                                        |
| <b>Equity</b>                               |                                                                      |                                                                       |                                                  |
| Reserves                                    | 184,287,911                                                          | 207,894                                                               | 184,495,805                                      |
| Non-controlling interests                   | 53,140,695                                                           | 61,732                                                                | 53,202,427                                       |
| <b>Liabilities</b>                          |                                                                      |                                                                       |                                                  |
| Deferred income tax liabilities             | 17,373,121                                                           | (119,263)                                                             | 17,253,858                                       |

Consolidated income statement for the year ended 31 December 2022:

|                                                                             | Before adoption<br>of HKAS 12<br>(Amendment)<br>RMB'000 | Impact on initial<br>adoption of<br>HKAS 12<br>(Amendment)<br>RMB'000 | Twelve months<br>ended 31<br>December 2022<br>RMB'000<br>(Restated) |
|-----------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>Consolidated income statement (extract)</b>                              |                                                         |                                                                       |                                                                     |
| <b>Income tax expenses</b>                                                  | (35,758,814)                                            | 120,246                                                               | (35,638,568)                                                        |
| <b>Profit for the period</b>                                                | 131,417,156                                             | 120,246                                                               | 131,537,402                                                         |
| <b>Profit attributable to</b>                                               |                                                         |                                                                       |                                                                     |
| Equity holders of the Company                                               | 109,684,166                                             | 108,287                                                               | 109,792,453                                                         |
| Non-controlling interest                                                    | 21,732,990                                              | 11,959                                                                | 21,744,949                                                          |
|                                                                             | 131,417,156                                             | 120,246                                                               | 131,537,402                                                         |
| <b>Earnings per share attributable to equity<br/>holders of the Company</b> |                                                         |                                                                       |                                                                     |
| Basic earnings per share (in RMB)                                           | 6.83                                                    | 0.01                                                                  | 6.84                                                                |
| Diluted earnings per share (in RMB)                                         | 6.78                                                    | 0.01                                                                  | 6.79                                                                |

# Notes to the Consolidated Financial Statements

## 2 Basis of preparation and changes in accounting policies (Continued)

### 2.2 Changes in accounting policies (Continued)

- (b) Adoption of HKAS 12 (Amendment) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

The impact of the initial adoption of HKAS 12 (Amendment) on consolidated balance sheet as at 1 January 2022 and consolidated income statement for the year ended 31 December 2021 was not material.

- (c) New standards, amendments, interpretation and improvements to existing standards which have not been adopted

The following standards, amendments, interpretation and improvements to existing standards, which are relevant to the operations of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2024 but have not been early adopted by the Group:

| <b>New standards, amendments, interpretation and improvements</b> |                                                                                          | <b>Effective for accounting periods beginning on or after</b> |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| HK Int 5 (Revised)                                                | Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 January, 2024                                               |
| HKAS 1 (Amendment)                                                | Classification of Liabilities as Current or Non-current                                  | 1 January, 2024                                               |
| HKAS 1 (Amendment)                                                | Non-current Liabilities with Covenants                                                   | 1 January, 2024                                               |
| HKAS 7 and HKFRS 7 (Amendments)                                   | Supplier Finance Arrangements                                                            | 1 January, 2024                                               |
| HKFRS 16 (Amendment)                                              | Lease Liability in a Sale and Leaseback                                                  | 1 January, 2024                                               |
| HKAS 21 (Amendment)                                               | Lack of Exchangeability                                                                  | 1 January, 2025                                               |
| HKFRS 10 and HKAS 28 (Amendments)                                 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture    | To be announced                                               |

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

# Notes to the Consolidated Financial Statements

## 3 Accounting policies

### 3.1 Material accounting policies

#### (a) Group accounting

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

#### (i) Merger accounting for common control combinations

Business combinations under common control are accounted for in accordance with the Accounting Guideline 5 “Merger Accounting for Common Control Combinations”. In applying merger accounting, the consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties’ perspective. No amount is recognized in consideration for joint ventures or excess of acquirers’ interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognized as an expense in the year in which it is incurred.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (a) Group accounting (Continued)

##### (ii) Purchase method of accounting for non-common control combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group, other than the common control combinations (note 3.1(a)(i)). The consideration transferred for the acquisition of subsidiaries 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss.

##### (iii) Subsidiaries

Subsidiaries are all entities (including structured 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 to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In the Company's balance sheet, the investments in subsidiaries are accounted for at cost less impairment (note 3.1(f)). For common control combination, the cost of investment is being the amount of the net asset value of the subsidiary acquired at date of completion (for share-settled transaction). For non-common control combination, the cost of investment is being the amount of the fair value of the consideration for the subsidiary acquired at date of completion.

The results of subsidiaries are accounted by the Company on the basis of dividend income.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (a) Group accounting (Continued)

##### (iv) 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 in their capacity as owners. The difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Non-controlling interest put options are put options over non-controlling interests accounted for using the present access method. Written put options in respect of which the Group does not have an unconditional right to avoid the delivery of cash, are recognized as financial liabilities.

Under this method, the non-controlling interest is not derecognized when the financial liability in respect of the put option is recognized, as the non-controlling interest still has present access to the economic benefits associated with the underlying ownership interest.

Non-controlling interest put options are initially recognized at the present value of expected future cash flows and subsequently remeasured at the present value of expected future cash flows with any changes in value (accretion and interest) through equity.

##### (v) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as joint venture, associate, or financial asset. In addition, any amounts previously recognized 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 recognized in other comprehensive income are reclassified to profit or loss or equity.



# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (a) Group accounting (Continued)

##### (vi) Investments in joint ventures/associates

HKFRS 11 classifies joint arrangements as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

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 joint ventures/associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investments in joint ventures/associates include goodwill identified on acquisition. The measurement of goodwill is the same as that of goodwill arising from the acquisition of subsidiaries. Appropriate adjustments to the Group's share of the profits or losses after acquisition are made to the consolidated financial statements based on the fair values of the assets and liabilities acquired at the date of acquisition.

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

The Group's share of its joint ventures'/associates' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture/an associate equals or exceeds its interest in the joint ventures/associates, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures/associates.

Dilution or partial disposal gains and losses arising in investments in joint ventures/associates are recognized in the consolidated income statement.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (a) Group accounting (Continued)

##### (vi) Investments in joint ventures/associates (Continued)

In the Company's balance sheet, the investments in the joint ventures/associates are stated at cost less provision for impairment losses (note 3.1(f)). The results of joint ventures/associates are accounted for by the Company on the basis of dividend received and receivable.

Accounting policies of subsidiaries, joint ventures and associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Intercompany transactions and balances between group companies are eliminated. Unrealized gains on transactions between group companies and between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest. Unrealized losses are also eliminated but unless the transaction provides evidence of an impairment of the asset transferred.

#### (b) Property, plant and equipment

##### (i) Assets under construction

Assets under construction represent primarily vessels and buildings under construction, and plant and equipment pending installation and are stated at cost less accumulated impairment losses. Cost includes all direct costs relating to the construction of the assets and acquisition. No depreciation is provided for assets under construction until such time as the relevant assets are completed and ready for intended use. Assets under construction are transferred to relevant categories of property, plant and equipment upon the completion of their respective construction.

##### (ii) Container vessels and containers

Container vessels and containers are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Container vessels and containers are depreciated on a straight-line basis over their anticipated useful lives, after taking into account the estimated residual values.

|                   |          |
|-------------------|----------|
| Container vessels | 25 years |
| Containers        | 15 years |

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (b) Property, plant and equipment (Continued)

##### (ii) Container vessels and containers (Continued)

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. Costs incurred on subsequent dry-docking of vessels are capitalized and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

##### (iii) Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Other property, plant and equipment are depreciated at rates sufficient to write off their costs less accumulated impairment losses over their estimated useful lives to their respective residual values estimated by the Directors or management on a straight-line basis. The estimated useful lives of these assets are summarized as follows:

|                                       |                        |
|---------------------------------------|------------------------|
| Buildings                             | not exceeding 75 years |
| Trucks, chassis and motor vehicles    | 5 to 10 years          |
| Computers, office and other equipment | 3 to 30 years          |
| Terminal equipment and improvement    | 3 to 15 years          |

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 recognized 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. All other repairs and maintenance are expensed in profit or loss during the period in which they are incurred.

The residual values of the property, plant and equipment and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. 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 (note 3.1(f)).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (c) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the entities in the Group, is classified as investment property.

Investment properties are stated at cost less accumulated depreciation and impairment losses. The cost less accumulated impairment and residual values of investment properties are depreciated on a straight-line basis over their estimated useful lives.

#### (d) Intangible assets

##### (i) Computer software

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 5 years on a straight line basis.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

##### (ii) Concession

Concession primarily resulted from the entering of agreement for the right to construct, operate, manage and develop terminals. Concession is carried at cost less accumulated amortization and impairment. Amortization is calculated using the straight-line basis over the period of operation of approximately 23 to 32 years.

##### (iii) Customer relationships

Customer relationships, which are acquired in a business combination, are recognized at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationships, ranging from approximately 12 to 20 years.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (d) Intangible assets (Continued)

##### (iv) Trademarks

Trademarks are capitalized at their fair value as at the acquisition date. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment on an annual basis, as is the case with goodwill. Trademarks are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

#### (e) Goodwill

Goodwill arising from acquisition of subsidiaries represents the excess of the aggregate of the consideration transferred, the amount of the non-controlling interest and fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. 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.

Goodwill impairment reviews are undertaken annually or if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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

Assets that have an indefinite useful life are not subject to depreciation/amortization and are tested annually for impairment. Assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 to sell 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.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

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

Impairment testing of the investments in subsidiaries, joint ventures or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, joint ventures or associates 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.

#### (g) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized 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 recognized 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 recognized as interest expense.

A provision for onerous contracts is recognized where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under them.

The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both:

- the incremental costs of fulfilling that contract – for example, cargo cost; and
- an allocation of other costs that relate directly to fulfilling contracts – for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (h) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized 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 balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized 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 recognized if they arise from initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference 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.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (i) Recognition of revenues and income

Revenue are recognized when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point of time.

When control of goods or services is transferred over time, the progress towards complete satisfaction of performance obligation is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- (i) direct measurements of the value of individual services transferred by the Group to the customer, such as units produced or delivered, contract milestones, or surveys of work performed; or
- (ii) the Group's efforts or inputs to the satisfaction of the performance obligation.

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, and it should be presented separately. Incremental costs incurred to obtain a contract, if recoverable, are capitalized and presented as contract assets and subsequently amortized when the related revenue is recognized. A contract asset becomes a receivable when receipt of the consideration is conditional only on the passage of time.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortized cost.

Contract liabilities (included in trade and other payables and contract liabilities) are recognized for expected volume discounts to customers in relation to sales made until the end of the reporting period.

The Group do not have any significant variable consideration such as discounts, refunds, rebates, credits, penalties, performance bonuses or royalties. Trade receivables and contract assets expected to be recovered in one year or less are classified as current assets. If not, they are represented as non-current assets.

The Group assesses, and includes in the transaction price at contract inception, the amount of variable, consideration to which it expects to be entitled. There is no material contract fulfilment cost or cost of obtaining contracts of the Group.



# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (i) Recognition of revenues and income (Continued)

The following is a description of accounting policy for the revenue streams of the Group:

#### (i) Revenues from container shipping

Freight revenues from the operation of international and domestic containerised transportation business are recognized over time, which are determined on the time proportion of each individual vessel voyage completed at year end.

#### (ii) Revenues from container terminal operations

Revenues from container terminal operations are recognized over time in which the services are rendered as the Group's performance provides all of the benefits received and consumed simultaneously by the customer. Revenues are recognized based on the price specified in the contract, net of the estimated volume discounts. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Accumulated experience is used to estimate and provide for the discounts, using either the expected value or the most likely amount approach, and revenues are only recognized to the extent that it is highly probable that a significant reversal will not occur.

#### (iii) Revenues from freight forwarding

Revenues are recognized when the services are rendered or over time which is determined on the time proportion method of the progress of the transportation.

#### (iv) Interest income

Interest income on financial assets at amortized cost and financial assets at FVPL and FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other 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).

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

(i) Recognition of revenues and income (Continued)

(v) Dividend income

Dividend income is recognized when the right to receive payment is established.

(vi) Other service income

Other service income is recognized when the services are rendered.

(j) Leases

Leases are recognized 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.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.1 Material accounting policies (Continued)

#### (j) Leases (Continued)

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

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term (note 3.1(i)). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies

#### (a) 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 RMB, which is the Company's functional and the Group's presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. 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 recognized in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses that related to borrowings and cash and cash equivalents are presented in profit or loss within "finance income and costs". All other foreign exchange gains and losses are presented in profit or loss within "other income and other expenses".

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets are analyzed between translation differences resulting from changes in the amortized cost of the securities, and other changes in the carrying amount of the securities. Translation differences related to changes in the amortized cost are recognized in the consolidated income statement, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial assets at fair value through other comprehensive income ("FVOCI") are included in other comprehensive income.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

#### (a) Foreign currency translation (Continued)

##### (iii) Group companies

The results and financial position of all 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:

- (1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) 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
- (3) All resulting exchange differences are recognized in other comprehensive income.

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 the closing rate. Exchange difference arising are recognized in other comprehensive income and accumulated in a separate reserve within equity.

#### (iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss or to other comprehensive income.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in joint ventures or associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss or to other comprehensive income.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

#### (b) Non-current assets (or disposal groups) held-for-sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets, (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out in note 3.

Non-current assets classified as held for sale and the assets of disposal group classified as held for sale are presented separately from the other assets in the consolidated balance sheet. The liabilities of disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

#### (c) Investments and other financial assets

##### (i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortized cost.

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

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

#### (c) Investments and other financial assets (Continued)

##### (i) Classification (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### (iii) 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

- (c) Investments and other financial assets (Continued)
- (iii) Measurement (Continued)

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income and other expenses together with foreign exchange gains and losses. Impairment losses are presented in other income and other expenses.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income and other expenses. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented in other income and other expenses.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other income and other expenses in the period in which it arises.



# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

#### (c) Investments and other financial assets (Continued)

##### (iii) Measurement (Continued)

###### 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 recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other income and other expenses in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on financial assets measured at FVOCI are not reported separately from other changes in fair value.

##### (iv) Impairment

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

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 23 for further details.

#### (d) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are calculated on a weighted average basis. Net realizable value of bunkers is the expected amount to be realized from use as estimated by the management. Net realizable value of other inventories such as general merchandises, spare parts and consumable stores and marine supplies is determined on the basis of anticipated sales proceeds less estimated selling expenses.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

(e) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in short-term borrowings on the balance sheet.

(f) Trade and other receivables and contract assets

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 and contract assets 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 receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables and contract assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See note 23 for further information about the Group's accounting for trade and other receivables and contract assets and note 3.2(c)(iv) for a description of the Group's impairment policies.

(g) Share capital

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

(h) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

#### (i) Government subsidies

Subsidies from the government are recognized at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions.

Government subsidies relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government subsidies as compensation for costs already incurred or for immediate financial support, with no future related costs, should be recognized as income in the period in which they are receivable.

Government subsidies relating to property, plant and equipment are included in non-current liabilities as deferred government subsidies and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

#### (j) Employee benefits

##### (i) Post-retirement and early retirement benefit costs

The Group has both defined benefit and defined contribution plans in a number of territories. The assets of defined contribution plans are generally held in separate trustee-administered funds. The plans are generally funded by payments from employees and the relevant companies in the Group.

Contributions under the defined contribution plans are charged to profit or loss as expense when incurred.

The liability recognized in the balance sheet in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries/management using the projected unit credit method/expected benefit payments. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

#### (j) Employee benefits (Continued)

##### (i) Post-retirement and early retirement benefit costs (Continued)

Past-service costs are recognized immediately in income statements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income directly in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered retirement benefit insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due and reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date as approved by management. The related benefit payments are made from the date of early retirement through the normal retirement date.

##### (ii) Housing funds

All full-time employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

- (j) Employee benefits (Continued)
- (iii) Housing subsidies

The Group has provided one-off cash housing subsidies based on PRC regulations to those eligible employees who have not been allocated with staff quarters at all or who have not been allocated with quarters up to the prescribed standards before 31 December 1998 when the staff quarter allocation schemes were terminated. The subsidies are determined based on staff member's years of service, position and other criteria. In addition, monthly cash housing allowances should be made to other employees following the withdrawal of allocation of staff quarters regulations, which are recognized as incurred.

The liability recognized in the balance sheet is the present value of the obligation of the one-off housing subsidies at the balance sheet date and the past-service costs are recognized immediately in profit or loss.

- (iv) Share-based payments

The Group regularly entered into equity-settled or cash-settled share-based payment transactions with employees.

- (1) Employee services settled in cash

Employee services received in exchange for cash-settled share-based payments, are recognized at the fair value of the liability incurred and are expensed over the vesting period, when consumed or capitalized as assets, which are depreciated or amortized. The liability is remeasured at each balance sheet date to its fair value, with all changes recognized immediately in profit or loss.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

- (j) Employee benefits (Continued)
- (iv) Share-based payments (Continued)
  - (2) Employee services settled in equity instruments

The Company and one of the Group's subsidiaries operates certain equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share options of the subsidiary is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium of the subsidiary when the options are exercised.

- (3) Modification and cancellation

If the terms of an equity-settled award are modified, at a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognized for that award, as at the date of forfeiture, is treated as if it had never been recognized. At the same time, any expense previously recognized on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

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

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

- (j) Employee benefits (Continued)
- (iv) Share-based payments (Continued)
- (4) Cash-settled share-based payment transactions

For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

The Group recognized the services received, and a liability to pay for those services, as the employees render services. For example, some share appreciation rights vest immediately, and the employees are therefore not required to complete a specified period of service to become entitled to the cash payment. In the absence of evidence to the contrary, the Group presumes that the services rendered by the employees in exchange for the share appreciation rights have been received. Thus, the Group recognized immediately the services received and a liability to pay for them. If the share appreciation rights do not vest until the employees have completed a specified period of service, the Group recognized the services received, and a liability to pay for them, as the employees render service during that period.

The liability shall be measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

- (k) Contingent liabilities and contingent assets

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 recognized 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 recognized but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

#### (k) Contingent liabilities and contingent assets (Continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

#### (l) 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

#### (m) Dividend distribution

Dividend distribution to the Company's equity holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's equity holders or Directors, where appropriate.

#### (n) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to profit or loss in the year in which they are incurred.

Interest expense is presented in the consolidated cash flow statement within "Cash flows from financing activities".



# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

#### (o) Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 “Financial Instruments”; and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of HKFRS 15 “Revenue from Contracts with Customers”.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates and joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment.

#### (p) Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging, the Group documents the economics, relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedge items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

# Notes to the Consolidated Financial Statements

## 3 Accounting policies (Continued)

### 3.2 Other accounting policies (Continued)

#### (p) Derivatives and hedging activities (Continued)

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

#### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other operating income or other operating expenses.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

#### (q) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

#### (r) Segment reporting

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

# Notes to the Consolidated Financial Statements

## 4 Financial risk management

### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including market freight rate risk, foreign exchange risk, interest rate risk and bunker price risk), credit and counterparty 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 program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to mitigate certain risk exposures.

The Group's Risk Management Committee identifies the financial risks associated with the Group. The Risk Management Committee reviews the controls and procedures for managing the risks identified. The risk management controls and procedures are carried out by respective operating units under the risk management policies as approved by the Directors.

#### (i) Market risk

##### (1) Market freight rate risk

The freight rates of the Group's shipping businesses are very sensitive to economic fluctuations. The Group's revenues from operations of container shipping may be impacted if freight rates will have any significant changes.

##### (2) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various non-functional currencies. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The actual foreign exchange risk faced by the Group therefore is primarily with respect to non-functional currency bank balances, receivable and payable balances and borrowings (collectively "Non-Functional Currency Items").

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

As at 31 December 2023, with all other variables held constant, if non-functional currencies had strengthened/weakened by 5%, the Group's post-tax profit for the year would have decreased/increased by approximately RMB10,357,000 (2022: increased/decreased by approximately RMB2,351,412,000) and the equity as at 31 December 2023 would have decreased/increased by approximately RMB10,357,000 (2022: increased/decreased by approximately RMB2,351,412,000) respectively as a result of the translation of those Non-Functional Currency Items.

# Notes to the Consolidated Financial Statements

## 4 Financial risk management (Continued)

### (a) Financial risk factors (Continued)

#### (i) Market risk (Continued)

##### (3) Cash flow and fair value interest rate risk

Other than the deposits placed with banks and financial institutions, and loans to joint ventures and associates (collectively the “Interest Bearing Assets”), the Group has no other significant interest bearing assets.

The Group’s interest rate risk also arises from borrowings and certain balances payable to related parties (collectively the “Interest Bearing Liabilities”). Interest Bearing Assets and Interest Bearing Liabilities are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk.

As at 31 December 2023, with all other variables held constant, if the interest rate had increased/decreased by 50 basis points, the corresponding increase/decrease in net finance cost would have resulted in an increase in the Group’s post-tax profit for the year by approximately RMB555,755,000 (2022: an increase by approximately RMB908,462,000) and the equity as at 31 December 2023 would have increased by approximately RMB555,755,000 (2022: increase by approximately RMB908,462,000).

Management monitors the capital market conditions and where appropriate, interest rate swap contracts with financial institutions will be used to achieve optimum ratio between fixed and floating rates borrowings.

##### (4) Bunker price risk

The Group is also exposed to fluctuations in bunker prices. Bunker cost is part of the voyage expenses and is a significant cost item to the Group. Management monitors the market conditions and bunker price fluctuations and where appropriate, bunker forward contracts are used to lock up the price of part of the Group’s bunker requirements.

#### (ii) Credit and counterparty risk

The credit and counterparty risk mainly arises from deposits placed with banks and financial institutions, financial assets transacted with banks, financial institutions and shipping companies through shipping agents or brokers, loans to joint ventures and associates, trade and other receivables and contract assets, down payment to shipyards, other financial assets at amortized cost, and guarantee.

The Group has limited its credit exposure by restricting their selection of financial institutions on those state-owned PRC banks, overseas banks with good credit rating, and the associate, a state-owned financial institution with high credit rating. Management does not expect significant losses from non-performance by these counterparties.

# Notes to the Consolidated Financial Statements

## 4 Financial risk management (Continued)

### (a) Financial risk factors (Continued)

#### (ii) Credit and counterparty risk (Continued)

The trade customers (including related parties), joint ventures, associates and shipping companies are assessed and rated based on their credit quality, taking into account their financial position, past experience and other factors. Individual risk limits are set by management of the respective operating units.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group has assessed that during the year ended 31 December 2023, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit losses approach that results from possible default event within 12 months of each reporting date is adopted by management. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available.

In addition, the Group monitors the exposure to credit risk in respect of the financial assistance provided to subsidiaries, joint ventures and associates through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

#### (iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group's cash management policy is to regularly monitor its current and expected liquidity positions to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all time so that the Group can meet its short-term and long-term funding requirements.

# Notes to the Consolidated Financial Statements

## 4 Financial risk management (Continued)

### (a) Financial risk factors (Continued)

#### (iii) Liquidity risk (Continued)

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

The table below analyzes the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table, except for derivative financial instruments, are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

|                               | Less than<br>1 year<br>RMB'000 | Between<br>1 and 2 years<br>RMB'000 | Between<br>2 and 5 years<br>RMB'000 | Over<br>5 years<br>RMB'000 |
|-------------------------------|--------------------------------|-------------------------------------|-------------------------------------|----------------------------|
| <b>As at 31 December 2023</b> |                                |                                     |                                     |                            |
| Bank and other borrowings     | 11,481,500                     | 7,669,834                           | 15,089,693                          | 14,107,076                 |
| Trade and other payables      | 105,363,960                    | -                                   | -                                   | -                          |
| Put option liability          | -                              | -                                   | -                                   | 1,983,156                  |
| Lease liabilities             | 11,360,309                     | 8,154,510                           | 11,671,796                          | 24,466,552                 |
| <b>As at 31 December 2022</b> |                                |                                     |                                     |                            |
| Bank and other borrowings     | 9,610,374                      | 11,212,800                          | 16,232,716                          | 13,860,811                 |
| Trade and other payables      | 128,862,209                    | -                                   | -                                   | -                          |
| Put option liability          | -                              | -                                   | -                                   | 1,950,088                  |
| Lease liabilities             | 24,454,012                     | 11,990,650                          | 10,535,130                          | 20,742,842                 |

# Notes to the Consolidated Financial Statements

## 4 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 shareholders/equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the net debt to total equity (capital and reserves attributable to equity holders of the Company and non-controlling interests) ratio and the compliance of covenants of its borrowings. Net debt is calculated as total borrowings less cash and cash equivalents. As at 31 December 2023, the net debt to equity ratio is summarized as follows:

|                                           | 2023<br>RMB'000 | 2022<br>RMB'000<br>(Restated) |
|-------------------------------------------|-----------------|-------------------------------|
| Total borrowings (note 26)                | 43,276,918      | 42,807,677                    |
| Less: Cash and cash equivalents (note 21) | (181,113,316)   | (235,613,923)                 |
| Net cash                                  | (137,836,398)   | (192,806,246)                 |
| Total equity                              | 243,219,472     | 253,793,094                   |
| Net debt to total equity ratio            | N/A             | N/A                           |

### (c) Fair value estimation

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- b. 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); and
- c. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# Notes to the Consolidated Financial Statements

## 4 Financial risk management (Continued)

### (c) Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2023:

|                                     | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000 |
|-------------------------------------|--------------------|--------------------|--------------------|------------------|
| Financial assets at FVPL (note 17)  |                    |                    |                    |                  |
| – Equity securities                 | 95,000             | –                  | –                  | 95,000           |
| – Listed convertible bonds          | 380,662            | –                  | –                  | 380,662          |
| Financial assets at FVOCI (note 16) | 1,637,274          | –                  | 280,967            | 1,918,241        |
| Derivative financial instruments    | –                  | 19,106             | –                  | 19,106           |

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2022:

|                                     | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000 |
|-------------------------------------|--------------------|--------------------|--------------------|------------------|
| Financial assets at FVPL (note 17)  |                    |                    |                    |                  |
| – Equity securities                 | 93,107             | –                  | –                  | 93,107           |
| – Listed convertible bonds          | 371,477            | –                  | –                  | 371,477          |
| Financial assets at FVOCI (note 16) | 1,632,865          | –                  | 275,496            | 1,908,361        |
| Derivative financial instruments    | –                  | 42,304             | –                  | 42,304           |

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet 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 regular 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 listed equity investments classified as financial assets at FVOCI.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.



# Notes to the Consolidated Financial Statements

## 4 Financial risk management (Continued)

### (c) Fair value estimation (Continued)

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Movements of financial instruments classified as level 3 recognized in the consolidated balance sheets are as follows:

|                                  | 2023<br>RMB'000 | 2022<br>RMB'000 |
|----------------------------------|-----------------|-----------------|
| Financial assets at FVOCI        |                 |                 |
| As at 1 January                  | 275,496         | 290,030         |
| Disposals                        | (6,920)         | (58)            |
| Fair value change                | 12,092          | (14,642)        |
| Currency translation differences | 299             | 166             |
| As at 31 December                | 280,967         | 275,496         |

As at 31 December 2023, description of the valuation techniques and the inputs used in the fair value measurement in level 3 include:

- The fair value of investments in unlisted property management companies and a hotel are determined using valuation techniques (including asset-based approach and market comparable approach). The inputs are mainly prices per square meter.
- The fair value of other unlisted financial assets is determined by reference to valuation report or the valuation performed by management using valuation techniques (including price/book multiple method and direct market quote). The inputs are mainly price/book multiples. A discount rate of 20% is applied to computing the fair value on top of market price/book multiples.

Financial assets and liabilities approximate their carrying amounts including: trade and other receivables and contract assets, financial assets at amortized cost, cash equivalents, restricted bank deposits, loans to joint ventures and associates, trade and other payables and contract liabilities, lease liabilities, short-term and long-term borrowings.

# Notes to the Consolidated Financial Statements

## 5 Critical accounting estimates and judgments

Estimates and judgments 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 the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### (a) Impairment assessment of property, plant and equipment, intangible assets and right-of-use assets

The Group's operating assets represent property, plant and equipment, related intangible assets and right-of-use assets ("Operating assets"). In assessing the indications of potential impairment of the Operating assets, management considered both internal and external sources of information. Management tests whether the carrying amount of the Operating assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Due to that the carrying amount of the equity attributable to the equity holders of the Company is higher than its market capitalisation as at 31 December 2023, management identified indications that the Operating assets might be impaired, and performed an impairment assessment.

The Operating assets major represent vessels and containers, which are considered as two CGUs, which consists of a CGU of COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines CGU") and another CGU of Orient Overseas Container Line Limited ("OOCL CGU"). Each CGU should be assessed on a portfolio basis given the operations of each trade route are dependent upon each other and vessels and containers are interchangeable in the CGU.

The recoverable amounts of each CGU have been determined based on value-in-use calculations which require the use of assumptions. The key assumptions and sensitivity test was disclosed in note 7.

### (b) Impairment assessment of goodwill and intangible assets with indefinite useful lives impairment

The Group tests annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment and when there is indication that they may be impaired, in accordance with the accounting policy stated in note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of assumptions. These calculations require the use of estimates. The key assumptions and sensitivity test was disclosed in note 11.

# Notes to the Consolidated Financial Statements

## 5 Critical accounting estimates and judgments (Continued)

### (c) Impairment assessment of investments in joint ventures and associates

Management determines whether investments in joint ventures and associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. The determination of impairment indication requires significant judgement, and the calculations require the use of estimates which are subject to change of economic environment in future.

### (d) Recognition of container shipping revenue for vessel voyages in progress at year end

Revenue for container shipping is one performance obligation per shipment, which is rendered on a period-related basis, i.e. for the duration of transport. The Group recognizes revenue for container shipping over time which is determined on the time proportion of each individual voyage completed at end of reporting period with reference to their voyage details, such as freight rates, departure dates and arrival dates. If the total estimated voyage days were different from the estimate, this would have an impact on the freight revenues in the following reporting period.

Had the freight revenues from voyages in progress at year end been decreased/increased by 10% from management's estimates for the year ended 31 December 2023, the revenue would have been RMB296,510,000 (2022: RMB543,414,000) lower or higher in the future periods.

Changes in management's estimate of container shipping revenue for vessel voyages in progress at year end could caused a material change in the revenue recognized in the future periods.

### (e) Commitment to long-term service agreement

The Group's subsidiary, Orient Overseas International Limited ("OOIL"), entered into a Terminal Service Agreement ("TSA") in October 2019 following the completion of the disposal of Long Beach Container Terminal ("LBCT"). According to the TSA, OOIL committed to place, or procure the placement of an annual minimum number of vessel lifts ("MVC") for 20 years. Failure to meet the committed volume for each of the contract year would require certain level of deficiency payment as stipulated in the TSA.

As at 31 December 2023, OOIL reassessed the expected number of vessel lifts in LBCT for each of the remaining contract years with reference to future prospects of the market and its expected load factor. The overall economic environment in the USA is still highly uncertain, and it is expected that high inflation and interest rate environment would slow down the USA economy growth and would have some negative impact to the demand/import of the USA in the near future. As at 31st December 2023, with these uncertainties over such a long-term contract period, management reassessed that the projected vessel lifts in LBCT would result in a shortfall on minimum volume commitment over the remaining contract period.

# Notes to the Consolidated Financial Statements

## 5 Critical accounting estimates and judgments (Continued)

### (e) Commitment to long-term service agreement (Continued)

As such, OOIL further estimated the present value of the unavoidable costs of meeting the obligations under the remaining term of the TSA (till October 2039) and the corresponding associated economic benefits in relation to OOIL with reference to a) the expected number of vessel lifts; b) the expected amount of deficiency payment/excess rebates as stipulated in the TSA when the volume is below/in excess of the MVC; c) the expected operating costs (including cargo and logistics cost, vessel and voyage costs and equipment and repositioning costs); and d) the associated income expected to be earned from operating the services to/from LBCT. Based on the assessment performed by management, an onerous provision of US\$916.7 million (equivalent to approximately RMB6,493.0 million) (2022: US\$894.7 million (equivalent to approximately RMB6,231.5 million)) was recognized as at 31 December 2023.

OOIL applied the expected value approach considering several probability-weighted possible scenarios which included adjusting key assumptions such as volume, freight rate, bunker cost and probability applied on the scenarios. The onerous contract assessment involves a significant level of management estimates and judgment, including the future profitability generated from services using LBCT and the expected number of vessel lifts handled in LBCT during the remaining contract term.

To the extent that the actual results differ from these estimates, the amount of provision will be differed and will affect the consolidated profit and loss account. The provision, including the estimates and assumptions contained therein, are reviewed regularly by management. The key assumptions used by management as at 31 December 2023 and 2022 are as follows:

| Key assumptions          | Range of possible scenarios     |                                |
|--------------------------|---------------------------------|--------------------------------|
|                          | 2023                            | 2022                           |
| Volume growth rate       | -16% to +5%                     | -6% to +10%                    |
| Freight rate growth rate | -36% to +17%                    | -20% to +10%                   |
| Bunker cost              | -5% to +10% on fuel oil futures | -4% to +0% on fuel oil futures |
| Probability applied      | 2% to 60%                       | 2% to 60%                      |

The major changes in key assumptions from previous year are as follows:

- adjusted the freight rate based on the updated normalised rate from actual results, together with the latest inflation rate and forward bunker price;
- adjusted bunker price based on the latest 10-year futures in the market as compared to previous year's forecast; and
- adjusted the discount rate based on the latest rate for the US Treasury Bills.

# Notes to the Consolidated Financial Statements

## 5 Critical accounting estimates and judgments (Continued)

### (e) Commitment to long-term service agreement (Continued)

For illustration purpose, management has performed sensitivity analysis by adjusting the probability applied to the possible scenarios. The effects for the respective sensitivity analysis, holding other factors constant, are set out below:

#### Sensitivity cases

Changing the most probable scenario from 60% to 100%

Changing the most probable scenario from 60% to 40% and the most probable pessimistic scenario from 15% to 35%

Changing the most probable scenario from 60% to 40% and the most probable optimistic scenario from 15% to 35%

#### Change of onerous provision as at 31 December 2023

Decrease by approximately US\$16 million (equivalent to approximately RMB113 million)

Increase by approximately US\$58 million (equivalent to approximately RMB411 million)

Decrease by approximately US\$42 million (equivalent to approximately RMB297 million)

#### Sensitivity cases

Changing the most probable scenario from 60% to 100%

Changing the most probable scenario from 60% to 40% and the most probable pessimistic scenario from 15% to 35%

Changing the most probable scenario from 60% to 40% and the most probable optimistic scenario from 15% to 35%

#### Change of onerous provision as at 31 December 2022

Decrease by approximately US\$20 million (equivalent to approximately RMB134 million)

Increase by approximately US\$65 million (equivalent to approximately RMB437 million)

Decrease by approximately US\$45 million (equivalent to approximately RMB303 million)

### (f) Estimated useful lives and residual values of container vessels and containers

The Group's major operating assets represent container vessels and containers. Management determines the estimated useful lives, residual values and related depreciation expenses for its container vessels and containers. Management estimates useful lives of the container vessels and containers by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the vessels, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the vessel market.

Management determines the estimated residual value for its container vessels and containers by reference to all relevant factors (including the use of the current scrap values of steels in an active market) at each measurement date. The depreciation expense will change where the useful lives or residual value of container vessels and containers are different from the previous estimate.

Had the useful lives been extended/shortened by 10% from management's estimates as at 31 December 2023 with all other variables held constant, the estimated depreciation expenses of container vessels and containers for the year would have been decreased by RMB834,195,000 (2022: RMB859,402,000) or increased by RMB1,005,923,000 (2022: RMB1,232,487,000) for the year ended 31 December 2023.

# Notes to the Consolidated Financial Statements

## 5 Critical accounting estimates and judgments (Continued)

### (f) Estimated useful lives and residual values of container vessels and containers (Continued)

Had the residual values been increased/decreased by 10% from management's estimates as at 31 December 2023 with all other variables held constant, the estimated depreciation expenses of container vessels and containers for the year would have been decreased or increased by RMB228,156,000 (2022: RMB221,112,000) for the year ended 31 December 2023.

### (g) Impairment assessment of terminal assets, investments in joint ventures and associates

Management determines whether terminal assets, investments in joint ventures and associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. The determination of impairment indication requires significant judgment, and the calculations require the use of estimates which are subject to change of economic environment in future.

### (h) Income taxes and withholding taxes

The Group is subject to income taxes and withholding taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes and withholding taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of overseas subsidiaries to be repatriated and distributed by way of dividends as the Directors consider that the timing of the reversal of the related temporary differences can be controlled or such profits will not be distributed and such temporary differences will not be reversed in the foreseeable future (note 19).

If those undistributed earnings of the overseas subsidiaries had been repatriated and distributed by way of dividends, the deferred income tax charge for the year and deferred income tax liabilities as at 31 December 2023 would have been increased by the same amount of RMB17,908,126,000 (2022: RMB14,725,274,000).

Recognition of deferred tax assets, which principally relate to temporary differences, depend on the management's expectation of the timing of reversal and the taxable profit that will be available against which tax losses can be utilized. The outcome of their actual utilization or reversal may be different (note 19).

# Notes to the Consolidated Financial Statements

## 6 Revenues and segment information

### Operating segments

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and analyzed from a business perspective:

- Container shipping business
- Terminal business
- Corporate and other operations that primarily comprise investment holding, management services and financing.

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude investments in joint ventures, investments in associates, loans to associates, financial assets at fair value through other comprehensive income ("FVOCI"), financial assets at fair value through profit or loss ("FVPL"), financial assets at amortized cost and assets classified as held for sale not related to the segment. Segment liabilities are these operating liabilities that result from the operating activities of a segment.

Addition to non-current assets comprises additions to property, plant and equipment, investment properties, intangible assets and right-of-use assets.

# Notes to the Consolidated Financial Statements

## 6 Revenues and segment information (Continued)

Operating segments (Continued)

|                                                                | Year ended 31 December 2023            |                              |                                           |                                      |                  |
|----------------------------------------------------------------|----------------------------------------|------------------------------|-------------------------------------------|--------------------------------------|------------------|
|                                                                | Container shipping business<br>RMB'000 | Terminal business<br>RMB'000 | Corporate and other operations<br>RMB'000 | Inter-segment elimination<br>RMB'000 | Total<br>RMB'000 |
| <b>Income statement</b>                                        |                                        |                              |                                           |                                      |                  |
| Total revenues                                                 | 168,125,772                            | 10,396,162                   | -                                         | (3,074,187)                          | 175,447,747      |
| Comprising:                                                    |                                        |                              |                                           |                                      |                  |
| – Inter-segment revenues                                       | 86,364                                 | 2,987,823                    | -                                         | (3,074,187)                          | -                |
| – Revenues (from external customers)                           | 168,039,408                            | 7,408,339                    | -                                         | -                                    | 175,447,747      |
| Revenues from contracts with customers:                        |                                        |                              |                                           |                                      |                  |
| Recognized over time                                           | 168,125,772                            | 10,396,162                   | -                                         | (3,074,187)                          | 175,447,747      |
| Segment profit                                                 | 22,556,526                             | 1,917,702                    | 6,431,014                                 | (6,264,797)                          | 24,640,445       |
| Finance income                                                 | 6,156,505                              | 196,556                      | 1,130,310                                 | (9,521)                              | 7,473,850        |
| Finance costs                                                  | (2,178,064)                            | (1,211,281)                  | (355,624)                                 | 9,521                                | (3,735,448)      |
| Share of profits less losses of                                |                                        |                              |                                           |                                      |                  |
| – joint ventures                                               | 170,362                                | 435,648                      | -                                         | -                                    | 606,010          |
| – associates                                                   | 38,677                                 | 1,663,915                    | 2,389,222                                 | -                                    | 4,091,814        |
| Profit before income tax                                       | 26,744,006                             | 3,002,540                    | 9,594,922                                 | (6,264,797)                          | 33,076,671       |
| Income tax expenses                                            | (4,328,531)                            | (248,162)                    | (104,319)                                 | -                                    | (4,681,012)      |
| Profit for the year                                            | 22,415,475                             | 2,754,378                    | 9,490,603                                 | (6,264,797)                          | 28,395,659       |
| Gain/(loss) on disposals of property, plant and equipment, net | 94,882                                 | (1,484)                      | -                                         | -                                    | 93,398           |
| Depreciation and amortization                                  | 17,688,056                             | 1,797,403                    | 1,150                                     | -                                    | 19,486,609       |
| Additions to non-current assets                                | 13,345,760                             | 4,287,032                    | -                                         | -                                    | 17,632,792       |



# Notes to the Consolidated Financial Statements

## 6 Revenues and segment information (Continued)

### Operating segments (Continued)

|                                                         | Year ended 31 December 2022 (Restated) |                              |                                           |                                      |                  |
|---------------------------------------------------------|----------------------------------------|------------------------------|-------------------------------------------|--------------------------------------|------------------|
|                                                         | Container shipping business<br>RMB'000 | Terminal business<br>RMB'000 | Corporate and other operations<br>RMB'000 | Inter-segment elimination<br>RMB'000 | Total<br>RMB'000 |
| <b>Income statement</b>                                 |                                        |                              |                                           |                                      |                  |
| Total revenues                                          | 384,035,553                            | 9,798,133                    | –                                         | (2,775,189)                          | 391,058,497      |
| Comprising:                                             |                                        |                              |                                           |                                      |                  |
| – Inter-segment revenues                                | 42,320                                 | 2,732,869                    | –                                         | (2,775,189)                          | –                |
| – Revenues (from external customers)                    | 383,993,233                            | 7,065,264                    | –                                         | –                                    | 391,058,497      |
| Revenues from contracts with customers:                 |                                        |                              |                                           |                                      |                  |
| Recognized over time                                    | 384,035,553                            | 9,798,133                    | –                                         | (2,775,189)                          | 391,058,497      |
| Segment profit                                          | 160,426,816                            | 1,779,797                    | 63,129,022                                | (62,336,801)                         | 162,998,834      |
| Finance income                                          | 4,056,368                              | 114,062                      | 1,560,278                                 | (25,000)                             | 5,705,708        |
| Finance costs                                           | (2,132,642)                            | (869,088)                    | (863,907)                                 | 25,000                               | (3,840,637)      |
| Share of profits less losses of                         |                                        |                              |                                           |                                      |                  |
| – joint ventures                                        | 144,902                                | 505,117                      | –                                         | –                                    | 650,019          |
| – associates                                            | 75,573                                 | 1,567,240                    | 19,233                                    | –                                    | 1,662,046        |
| Profit before income tax                                | 162,571,017                            | 3,097,128                    | 63,844,626                                | (62,336,801)                         | 167,175,970      |
| Income tax expenses                                     | (25,655,108)                           | (466,683)                    | (9,516,777)                               | –                                    | (35,638,568)     |
| Profit for the year                                     | 136,915,909                            | 2,630,445                    | 54,327,849                                | (62,336,801)                         | 131,537,402      |
| Gain on disposals of property, plant and equipment, net | 384,357                                | 5,066                        | –                                         | –                                    | 389,423          |
| Depreciation and amortization                           | 18,730,960                             | 1,668,755                    | 2,701                                     | –                                    | 20,402,416       |
| Additions to non-current assets                         | 20,241,904                             | 2,433,002                    | 146                                       | –                                    | 22,675,052       |

# Notes to the Consolidated Financial Statements

## 6 Revenues and segment information (Continued)

Operating segments (Continued)

|                                                   | As at 31 December 2023                 |                              |                                           |                                      |                  |
|---------------------------------------------------|----------------------------------------|------------------------------|-------------------------------------------|--------------------------------------|------------------|
|                                                   | Container shipping business<br>RMB'000 | Terminal business<br>RMB'000 | Corporate and other operations<br>RMB'000 | Inter-segment elimination<br>RMB'000 | Total<br>RMB'000 |
| <b>Balance sheet</b>                              |                                        |                              |                                           |                                      |                  |
| Segment operating assets                          | 308,942,457                            | 51,587,824                   | 109,763,160                               | (77,749,942)                         | 392,543,499      |
| Investments in joint ventures                     | 1,161,998                              | 7,518,102                    | -                                         | -                                    | 8,680,100        |
| Investments in associates                         | 3,569,890                              | 23,694,446                   | 31,009,518                                | (70,516)                             | 58,203,338       |
| Loans to associates                               | -                                      | 227,932                      | -                                         | -                                    | 227,932          |
| Financial assets at FVOCI                         | 169,535                                | 984,656                      | 764,050                                   | -                                    | 1,918,241        |
| Financial assets at FVPL                          | 95,000                                 | 380,662                      | -                                         | -                                    | 475,662          |
| Financial assets at amortized cost                | 380,609                                | -                            | -                                         | -                                    | 380,609          |
| Total assets                                      | 314,319,489                            | 84,393,622                   | 141,536,728                               | (77,820,458)                         | 462,429,381      |
| Segment operating liabilities & total liabilities | 163,336,827                            | 36,046,395                   | 20,056,894                                | (230,207)                            | 219,209,909      |

|                                                   | As at 31 December 2022 (Restated)      |                              |                                           |                                      |                  |
|---------------------------------------------------|----------------------------------------|------------------------------|-------------------------------------------|--------------------------------------|------------------|
|                                                   | Container shipping business<br>RMB'000 | Terminal business<br>RMB'000 | Corporate and other operations<br>RMB'000 | Inter-segment elimination<br>RMB'000 | Total<br>RMB'000 |
| <b>Balance sheet</b>                              |                                        |                              |                                           |                                      |                  |
| Segment operating assets                          | 365,849,091                            | 46,817,559                   | 122,745,049                               | (85,209,880)                         | 450,201,819      |
| Investments in joint ventures                     | 1,133,728                              | 7,224,934                    | -                                         | -                                    | 8,358,662        |
| Investments in associates                         | 3,457,491                              | 22,745,161                   | 23,574,821                                | (69,555)                             | 49,707,918       |
| Loans to associates                               | -                                      | 664,991                      | -                                         | -                                    | 664,991          |
| Financial assets at FVOCI                         | 167,470                                | 971,957                      | 768,934                                   | -                                    | 1,908,361        |
| Financial assets at FVPL                          | 93,107                                 | 371,477                      | -                                         | -                                    | 464,584          |
| Financial assets at amortized cost                | 623,742                                | -                            | -                                         | -                                    | 623,742          |
| Total assets                                      | 371,324,629                            | 78,796,079                   | 147,088,804                               | (85,279,435)                         | 511,930,077      |
| Segment operating liabilities & total liabilities | 213,133,616                            | 32,644,334                   | 22,369,628                                | (10,010,595)                         | 258,136,983      |

# Notes to the Consolidated Financial Statements

## 6 Revenues and segment information (Continued)

### Geographical information

#### (a) Revenues

The Group's businesses are managed on a worldwide basis. The revenues generated from the world's major trade lanes for container shipping business mainly include Trans-Pacific, Asia-Europe, Intra-Asia, within Mainland China, other international region (including the Atlantic) which are reported as follows:

| Geographical               | Trade lanes                                         |
|----------------------------|-----------------------------------------------------|
| America                    | Trans-Pacific                                       |
| Europe                     | Asia-Europe (including Mediterranean)               |
| Asia Pacific               | Intra-Asia (including Australia)                    |
| Mainland China             | Within Mainland China                               |
| Other international market | Other international region (including the Atlantic) |

For the geographical information, freight revenues from container shipping are analyzed based on trade lanes for container shipping operations.

In respect of terminals operations, revenues are based on the geographical locations in which the business operations are located.

|                              | Year ended 31 December 2023 |                        |                   |
|------------------------------|-----------------------------|------------------------|-------------------|
|                              | RMB'000                     |                        |                   |
|                              | Total revenues              | Inter-segment revenues | External revenues |
| Container shipping business  |                             |                        |                   |
| – America                    | 41,240,756                  | –                      | 41,240,756        |
| – Europe                     | 35,385,444                  | –                      | 35,385,444        |
| – Asia Pacific               | 45,203,166                  | –                      | 45,203,166        |
| – Mainland China             | 20,396,473                  | (86,364)               | 20,310,109        |
| – Other international market | 25,899,933                  | –                      | 25,899,933        |
|                              | 168,125,772                 | (86,364)               | 168,039,408       |
| Terminal business            |                             |                        |                   |
| – Mainland China             | 5,081,792                   | (1,357,688)            | 3,724,104         |
| – Europe                     | 4,768,950                   | (1,426,618)            | 3,342,332         |
| – Asia Pacific               | 512,288                     | (203,517)              | 308,771           |
| – Other international market | 33,132                      | –                      | 33,132            |
|                              | 10,396,162                  | (2,987,823)            | 7,408,339         |
| Total                        | 178,521,934                 | (3,074,187)            | 175,447,747       |

# Notes to the Consolidated Financial Statements

## 6 Revenues and segment information (Continued)

### Geographical information (Continued)

#### (a) Revenues (Continued)

|                              | Year ended 31 December 2022 |                        |                   |
|------------------------------|-----------------------------|------------------------|-------------------|
|                              | RMB'000                     |                        |                   |
|                              | Total revenues              | Inter-segment revenues | External revenues |
| Container shipping business  |                             |                        |                   |
| – America                    | 115,007,179                 | –                      | 115,007,179       |
| – Europe                     | 100,760,668                 | –                      | 100,760,668       |
| – Asia Pacific               | 92,876,196                  | –                      | 92,876,196        |
| – Mainland China             | 23,807,585                  | (42,320)               | 23,765,265        |
| – Other international market | 51,583,925                  | –                      | 51,583,925        |
|                              | 384,035,553                 | (42,320)               | 383,993,233       |
| Terminal business            |                             |                        |                   |
| – Mainland China             | 4,804,472                   | (1,383,836)            | 3,420,636         |
| – Europe                     | 4,618,739                   | (1,199,448)            | 3,419,291         |
| – Asia Pacific               | 339,548                     | (149,585)              | 189,963           |
| – Other international market | 35,374                      | –                      | 35,374            |
|                              | 9,798,133                   | (2,732,869)            | 7,065,264         |
| Total                        | 393,833,686                 | (2,775,189)            | 391,058,497       |

The Group's revenues are mainly with contract period of less than one year, the Group takes the expedient not to disclose the unsatisfied performance obligation under HKFRS 15.

# Notes to the Consolidated Financial Statements

## 6 Revenues and segment information (Continued)

### Geographical information (Continued)

#### (b) Non-current assets

The Group's non-current assets, other than financial instruments and deferred income tax assets ("Geographical Non-Current Assets"), consist of its property, plant and equipment, investment properties, intangible assets, right-of-use assets, investments in joint ventures, investments in associates and other non-current assets.

The container vessels and containers (included in property, plant and equipment and right-of-use assets) are primarily utilized across geographical markets for shipment of cargoes throughout the world. Accordingly, it is impractical to present the locations of the container vessels and containers by geographical areas and thus the container vessels, containers and vessels under construction are presented as unallocated non-current assets.

In respect of the remaining Geographical Non-Current Assets, they are presented based on the geographical locations in which the business operations/assets are located.

|                          | <b>As at 31 December<br/>2023<br/>RMB'000</b> | As at 31 December<br>2022<br>RMB'000 |
|--------------------------|-----------------------------------------------|--------------------------------------|
| <b>Unallocated</b>       | <b>136,371,096</b>                            | 138,098,642                          |
| <b>Remaining assets</b>  |                                               |                                      |
| – Mainland China         | <b>86,022,448</b>                             | 74,825,546                           |
| – Outside mainland China | <b>33,638,705</b>                             | 33,415,318                           |

# Notes to the Consolidated Financial Statements

## 7 Property, plant and equipment

|                                                                                                                                                                 | Leasehold<br>land and<br>buildings<br>RMB'000 | Container<br>vessels<br>RMB'000 | Terminal<br>equipment<br>and<br>improvement<br>RMB'000 | Containers<br>RMB'000 | Trucks,<br>chassis<br>and motor<br>vehicles<br>RMB'000 | Computers,<br>office and<br>other<br>equipment<br>RMB'000 | Assets under<br>construction<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------------------|--------------------------------------------------------|-----------------------|--------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------|------------------|
| <b>Cost</b>                                                                                                                                                     |                                               |                                 |                                                        |                       |                                                        |                                                           |                                         |                  |
| As at 1 January 2023                                                                                                                                            | 20,375,831                                    | 83,445,353                      | 11,388,795                                             | 20,112,199            | 249,502                                                | 3,657,056                                                 | 17,163,730                              | 156,392,466      |
| Currency translation differences                                                                                                                                | 155,661                                       | 1,399,541                       | 230,947                                                | 201,740               | (2,201)                                                | 36,141                                                    | 266,900                                 | 2,288,729        |
| Reclassification between categories and<br>transfer among property, plant and equipment,<br>investment properties, right-of-use assets and<br>intangible assets | 880,094                                       | 9,727,617                       | 717,749                                                | -                     | -                                                      | 224,297                                                   | (9,808,073)                             | 1,741,684        |
| Additions                                                                                                                                                       | 17,297                                        | 818,192                         | 59,569                                                 | 55,919                | 19,758                                                 | 987,179                                                   | 11,796,609                              | 13,754,523       |
| Acquisition of subsidiaries (note 41)                                                                                                                           | 629,035                                       | -                               | 7,627                                                  | -                     | -                                                      | 1,628                                                     | -                                       | 638,290          |
| Disposals                                                                                                                                                       | (17,721)                                      | (319,582)                       | (19,997)                                               | (1,296,740)           | (89,470)                                               | (269,844)                                                 | -                                       | (2,013,354)      |
| As at 31 December 2023                                                                                                                                          | 22,040,197                                    | 95,071,121                      | 12,384,690                                             | 19,073,118            | 177,589                                                | 4,636,457                                                 | 19,419,166                              | 172,802,338      |
| <b>Accumulated depreciation and impairment</b>                                                                                                                  |                                               |                                 |                                                        |                       |                                                        |                                                           |                                         |                  |
| As at 1 January 2023                                                                                                                                            | 4,291,670                                     | 24,153,956                      | 4,824,019                                              | 1,959,030             | 165,485                                                | 1,479,716                                                 | -                                       | 36,873,876       |
| Currency translation differences                                                                                                                                | 40,749                                        | 427,630                         | 76,413                                                 | 17,479                | (681)                                                  | 17,792                                                    | -                                       | 579,382          |
| Depreciation charge for the year (note 31)                                                                                                                      | 639,475                                       | 3,907,236                       | 627,492                                                | 1,305,566             | 12,176                                                 | 755,758                                                   | -                                       | 7,247,703        |
| Disposals                                                                                                                                                       | (3,261)                                       | (303,815)                       | (17,114)                                               | (1,050,227)           | (66,988)                                               | (251,102)                                                 | -                                       | (1,692,507)      |
| As at 31 December 2023                                                                                                                                          | 4,968,633                                     | 28,185,007                      | 5,510,810                                              | 2,231,848             | 109,992                                                | 2,002,164                                                 | -                                       | 43,008,454       |
| <b>Net book value</b>                                                                                                                                           |                                               |                                 |                                                        |                       |                                                        |                                                           |                                         |                  |
| As at 31 December 2023                                                                                                                                          | 17,071,564                                    | 66,886,114                      | 6,873,880                                              | 16,841,270            | 67,597                                                 | 2,634,293                                                 | 19,419,166                              | 129,793,884      |

# Notes to the Consolidated Financial Statements

## 7 Property, plant and equipment (Continued)

|                                                                                                                                                                 | Leasehold<br>land and<br>buildings<br>RMB'000 | Container<br>vessels<br>RMB'000 | Terminal<br>equipment<br>and<br>improvement<br>RMB'000 | Containers<br>RMB'000 | Trucks,<br>chassis<br>and motor<br>vehicles<br>RMB'000 | Computers,<br>office and<br>other<br>equipment<br>RMB'000 | Assets under<br>construction<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------------------|--------------------------------------------------------|-----------------------|--------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------|------------------|
| <b>Cost</b>                                                                                                                                                     |                                               |                                 |                                                        |                       |                                                        |                                                           |                                         |                  |
| As at 1 January 2022                                                                                                                                            | 20,117,560                                    | 75,942,001                      | 10,483,905                                             | 19,279,762            | 208,531                                                | 2,826,476                                                 | 6,575,745                               | 135,433,980      |
| Currency translation differences                                                                                                                                | (49,981)                                      | 6,659,624                       | 468,016                                                | 1,081,583             | 56,392                                                 | 249,071                                                   | 679,411                                 | 9,144,116        |
| Reclassification between categories and<br>transfer among property, plant and equipment,<br>investment properties, right-of-use assets and<br>intangible assets | 159,375                                       | 614,737                         | 260,731                                                | 428,136               | -                                                      | 221,169                                                   | (813,120)                               | 871,028          |
| Additions                                                                                                                                                       | 101,027                                       | 423,194                         | 211,451                                                | 738,672               | 11,520                                                 | 612,091                                                   | 10,054,485                              | 12,152,440       |
| Acquisition of subsidiaries                                                                                                                                     | 68,173                                        | -                               | -                                                      | -                     | 729                                                    | 4,257                                                     | 670,177                                 | 743,336          |
| Disposals                                                                                                                                                       | (20,323)                                      | (194,203)                       | (35,308)                                               | (1,415,954)           | (27,670)                                               | (256,008)                                                 | (2,968)                                 | (1,952,434)      |
| As at 31 December 2022                                                                                                                                          | 20,375,831                                    | 83,445,353                      | 11,388,795                                             | 20,112,199            | 249,502                                                | 3,657,056                                                 | 17,163,730                              | 156,392,466      |
| <b>Accumulated depreciation and impairment</b>                                                                                                                  |                                               |                                 |                                                        |                       |                                                        |                                                           |                                         |                  |
| As at 1 January 2022                                                                                                                                            | 3,905,703                                     | 18,451,470                      | 3,894,014                                              | 1,599,711             | 121,396                                                | 926,231                                                   | -                                       | 28,898,525       |
| Currency translation differences                                                                                                                                | (259,210)                                     | 1,858,665                       | 362,661                                                | 122,959               | 57,493                                                 | 200,594                                                   | -                                       | 2,343,162        |
| Depreciation charge for the year (note 31)                                                                                                                      | 650,655                                       | 4,030,370                       | 594,074                                                | 1,315,719             | 11,861                                                 | 605,216                                                   | -                                       | 7,207,895        |
| Disposals                                                                                                                                                       | (5,478)                                       | (186,549)                       | (26,730)                                               | (1,079,359)           | (25,265)                                               | (252,325)                                                 | -                                       | (1,575,706)      |
| As at 31 December 2022                                                                                                                                          | 4,291,670                                     | 24,153,956                      | 4,824,019                                              | 1,959,030             | 165,485                                                | 1,479,716                                                 | -                                       | 36,873,876       |
| <b>Net book value</b>                                                                                                                                           |                                               |                                 |                                                        |                       |                                                        |                                                           |                                         |                  |
| As at 31 December 2022                                                                                                                                          | 16,084,161                                    | 59,291,397                      | 6,564,776                                              | 18,153,169            | 84,017                                                 | 2,177,340                                                 | 17,163,730                              | 119,518,590      |

- (a) As at 31 December 2023, certain property, plant and equipment with net book value of RMB28,913,602,000 (2022: RMB24,599,297,000) were secured as security for short-term and long-term bank borrowings (note 26(g)(i)).
- (b) During the year, interest expenses of RMB459,060,000 (2022: RMB150,247,000) were capitalized in costs during the construction period (note 33).
- (c) As described in note 5(a), for the purpose of impairment assessment, management identified two CGUs for the operating assets of container shipping business and estimated the recoverable amounts of each CGU using value-in-use model. Future cash flows are discounted at a pre-tax rate of 10.3% to 11.9%. Based on management's best estimates, there was no impairment for the property, plant and equipment, intangible assets and right-of-use assets of container shipping business as at 31 December 2023.

With all other variables held constant, increasing the discount rate by 10 basis points from the original estimate would not give rise to any impairment as at 31 December 2023.

# Notes to the Consolidated Financial Statements

## 8 Leases

This note provides information for leases where the Group is a lessee.

### (i) Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to leases:

|                                   | 31 December 2023<br>RMB'000 | 31 December 2022<br>RMB'000 |
|-----------------------------------|-----------------------------|-----------------------------|
| <b>Right-of-use assets</b>        |                             |                             |
| Land use rights (note a)          | 2,703,154                   | 2,783,189                   |
| Concession                        | 4,632,574                   | 4,512,496                   |
| Container vessels                 | 35,504,651                  | 45,636,699                  |
| Others                            | 1,803,588                   | 1,986,030                   |
|                                   | <b>44,643,967</b>           | 54,918,414                  |
| <b>Lease liabilities (note b)</b> |                             |                             |
| Current                           | 9,266,647                   | 12,887,982                  |
| Non-current                       | 31,841,919                  | 38,030,000                  |
|                                   | <b>41,108,566</b>           | 50,917,982                  |

Notes:

- (a) The Group has land lease arrangement with mainland China government.
- (b) The balance included lease liabilities due to related parties of RMB22,195,418,000 as at 31 December 2023 (2022: RMB23,504,326,000).



# Notes to the Consolidated Financial Statements

## 8 Leases (Continued)

### (ii) Right-of-use assets

|                                                                                | Container<br>vessels<br>RMB'000 | Concession<br>RMB'000 | Land<br>use rights<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|--------------------------------------------------------------------------------|---------------------------------|-----------------------|-------------------------------|-------------------|------------------|
| <b>Cost</b>                                                                    |                                 |                       |                               |                   |                  |
| As at 1 January 2023                                                           | 74,574,028                      | 5,617,155             | 3,401,094                     | 3,756,322         | 87,348,599       |
| Currency translation differences                                               | 982,286                         | 261,471               | 51,118                        | 19,736            | 1,314,611        |
| Reclassification between property, plant and equipment and right-of-use assets | (2,758,611)                     | -                     | -                             | (6,843)           | (2,765,454)      |
| Additions (note)                                                               | 2,053,216                       | 19,335                | 17,238                        | 467,946           | 2,557,735        |
| Acquisition of subsidiaries (note 41)                                          | -                               | -                     | -                             | 2,742             | 2,742            |
| Disposals                                                                      | (7,368,285)                     | (19,159)              | (9,284)                       | (772,915)         | (8,169,643)      |
| Others                                                                         | -                               | 91,648                | -                             | -                 | 91,648           |
| As at 31 December 2023                                                         | 67,482,634                      | 5,970,450             | 3,460,166                     | 3,466,988         | 80,380,238       |
| <b>Accumulated depreciation and impairment</b>                                 |                                 |                       |                               |                   |                  |
| As at 1 January 2023                                                           | 28,937,329                      | 1,104,659             | 617,905                       | 1,770,292         | 32,430,185       |
| Currency translation differences                                               | 225,865                         | 67,472                | 50,217                        | 240               | 343,794          |
| Reclassification between property, plant and equipment and right-of-use assets | (979,043)                       | -                     | -                             | (2,630)           | (981,673)        |
| Depreciation charge for the year (note 31)                                     | 10,993,544                      | 184,495               | 92,185                        | 569,060           | 11,839,284       |
| Disposals                                                                      | (7,199,712)                     | (18,750)              | (3,295)                       | (673,562)         | (7,895,319)      |
| As at 31 December 2023                                                         | 31,977,983                      | 1,337,876             | 757,012                       | 1,663,400         | 35,736,271       |
| <b>Net book value</b>                                                          |                                 |                       |                               |                   |                  |
| As at 31 December 2023                                                         | 35,504,651                      | 4,632,574             | 2,703,154                     | 1,803,588         | 44,643,967       |

Note:

Additions to the right-of-use assets included the recognition of lease from related parties amounted to RMB93,744,000 (2022: RMB191,137,000).

# Notes to the Consolidated Financial Statements

## 8 Leases (Continued)

### (ii) Right-of-use assets (Continued)

|                                                                                   | Container<br>vessels<br>RMB'000 | Concession<br>RMB'000 | Land<br>use rights<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------------------------------------------------|---------------------------------|-----------------------|-------------------------------|-------------------|------------------|
| <b>Cost</b>                                                                       |                                 |                       |                               |                   |                  |
| As at 1 January 2022                                                              | 64,709,683                      | 5,184,096             | 3,542,414                     | 4,021,396         | 77,457,589       |
| Currency translation differences                                                  | 4,296,205                       | 257,360               | (167,349)                     | 337,841           | 4,724,057        |
| Reclassification between property, plant and<br>equipment and right-of-use assets | (752,717)                       | –                     | –                             | (745,176)         | (1,497,893)      |
| Additions                                                                         | 9,267,202                       | 256                   | 2,516                         | 294,533           | 9,564,507        |
| Acquisition of subsidiaries                                                       | –                               | –                     | 40,256                        | 49,336            | 89,592           |
| Disposals                                                                         | (2,946,345)                     | –                     | (16,743)                      | (201,608)         | (3,164,696)      |
| Others                                                                            | –                               | 175,443               | –                             | –                 | 175,443          |
| As at 31 December 2022                                                            | 74,574,028                      | 5,617,155             | 3,401,094                     | 3,756,322         | 87,348,599       |
| <b>Accumulated depreciation and impairment</b>                                    |                                 |                       |                               |                   |                  |
| As at 1 January 2022                                                              | 18,780,821                      | 888,633               | 558,662                       | 1,593,416         | 21,821,532       |
| Currency translation differences                                                  | 477,712                         | 40,946                | (25,722)                      | 71,081            | 564,017          |
| Reclassification between property, plant and<br>equipment and right-of-use assets | (271,673)                       | –                     | –                             | (317,039)         | (588,712)        |
| Depreciation charge for the year (note 31)                                        | 11,955,248                      | 175,080               | 88,497                        | 598,618           | 12,817,443       |
| Disposals                                                                         | (2,004,779)                     | –                     | (3,532)                       | (175,784)         | (2,184,095)      |
| As at 31 December 2022                                                            | 28,937,329                      | 1,104,659             | 617,905                       | 1,770,292         | 32,430,185       |
| <b>Net book value</b>                                                             |                                 |                       |                               |                   |                  |
| As at 31 December 2022                                                            | 45,636,699                      | 4,512,496             | 2,783,189                     | 1,986,030         | 54,918,414       |

# Notes to the Consolidated Financial Statements

## 9 Investment properties

|                                                                                  | 2023<br>RMB'000 | 2022<br>RMB'000 |
|----------------------------------------------------------------------------------|-----------------|-----------------|
| Cost                                                                             | 3,108,166       | 2,945,115       |
| Accumulated depreciation                                                         | (407,103)       | (360,294)       |
| Net book value as at 1 January                                                   | 2,701,063       | 2,584,821       |
| Currency translation differences                                                 | 11,352          | 179,804         |
| Addition of purchase                                                             | 16,743          | 13,214          |
| Acquisition of subsidiaries (note 41)                                            | 598,901         | –               |
| Reclassification between property, plant and equipment and investment properties | 423             | 9               |
| Disposals                                                                        | –               | (33,340)        |
| Depreciation (note 31)                                                           | (74,262)        | (43,445)        |
| Net book value as at 31 December                                                 | 3,254,220       | 2,701,063       |
| Cost                                                                             | 3,740,996       | 3,108,166       |
| Accumulated depreciation                                                         | (486,776)       | (407,103)       |
| Net book value as at 31 December                                                 | 3,254,220       | 2,701,063       |

The fair value of the investment properties as at 31 December 2023 approximates their net book value. The fair value is estimated by management or independent professional property valuers. The valuations are derived using direct comparison method and income capitalization method respectively. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. Income capitalization method is based on the capitalization of the net rental income derived from the existing leases and/or achievable in existing market with reversionary income potential by adopting appropriate capitalization rates. Capitalization is estimated by valuer based on the risk profile of the properties being valued.

# Notes to the Consolidated Financial Statements

## 10 Intangible assets

|                                                     | Computer software<br>RMB'000 | Trademark<br>RMB'000 | Concession<br>RMB'000 | Customer relationships<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------------------|------------------------------|----------------------|-----------------------|-----------------------------------|------------------|
| Cost                                                | 1,941,937                    | 3,032,665            | 1,732,717             | 311,756                           | 7,019,075        |
| Accumulated amortization                            | (1,600,697)                  | –                    | (526,413)             | (122,723)                         | (2,249,833)      |
| Net book value as at 1 January 2023                 | 341,240                      | 3,032,665            | 1,206,304             | 189,033                           | 4,769,242        |
| Currency translation differences                    | 21,670                       | 51,426               | 67,594                | 10,440                            | 151,130          |
| Additions                                           | 63,287                       | –                    | 42                    | –                                 | 63,329           |
| Reclassification from property, plant and equipment | 40,616                       | –                    | 1,058                 | –                                 | 41,674           |
| Acquisition of subsidiaries (note 41)               | 529                          | –                    | –                     | –                                 | 529              |
| Disposals                                           | (122)                        | –                    | –                     | –                                 | (122)            |
| Amortization (note 31)                              | (189,142)                    | –                    | (106,430)             | (24,473)                          | (320,045)        |
| Net book value as at 31 December 2023               | 278,078                      | 3,084,091            | 1,168,568             | 175,000                           | 4,705,737        |
| Cost                                                | 1,776,334                    | 3,084,091            | 1,823,250             | 330,082                           | 7,013,757        |
| Accumulated amortization                            | (1,498,256)                  | –                    | (654,682)             | (155,082)                         | (2,308,020)      |
| Net book value as at 31 December 2023               | 278,078                      | 3,084,091            | 1,168,568             | 175,000                           | 4,705,737        |
|                                                     | Computer software<br>RMB'000 | Trademark<br>RMB'000 | Concession<br>RMB'000 | Customer relationships<br>RMB'000 | Total<br>RMB'000 |
| Cost                                                | 1,922,723                    | 2,776,235            | 1,647,467             | 303,228                           | 6,649,653        |
| Accumulated amortization                            | (1,381,909)                  | –                    | (375,962)             | (96,267)                          | (1,854,138)      |
| Net book value as at 1 January 2022                 | 540,814                      | 2,776,235            | 1,271,505             | 206,961                           | 4,795,515        |
| Currency translation differences                    | 4,121                        | 256,430              | 31,439                | 4,812                             | 296,802          |
| Additions                                           | 110,805                      | –                    | 74                    | –                                 | 110,879          |
| Reclassification from property, plant and equipment | 36,045                       | –                    | 2,099                 | –                                 | 38,144           |
| Acquisition of subsidiaries                         | 693                          | –                    | –                     | –                                 | 693              |
| Disposals                                           | (162,900)                    | –                    | –                     | –                                 | (162,900)        |
| Amortization (note 31)                              | (188,338)                    | –                    | (98,813)              | (22,740)                          | (309,891)        |
| Net book value as at 31 December 2022               | 341,240                      | 3,032,665            | 1,206,304             | 189,033                           | 4,769,242        |
| Cost                                                | 1,941,937                    | 3,032,665            | 1,732,717             | 311,756                           | 7,019,075        |
| Accumulated amortization                            | (1,600,697)                  | –                    | (526,413)             | (122,723)                         | (2,249,833)      |
| Net book value as at 31 December 2022               | 341,240                      | 3,032,665            | 1,206,304             | 189,033                           | 4,769,242        |

# Notes to the Consolidated Financial Statements

## 10 Intangible assets (Continued)

### Impairment test for trademark

Trademark arose from the business acquisition of OOIL and is allocated to the Group's CGUs of container shipping operation of OOIL. The impairment testing is performed annually on trademark (note 11(a)).

The Directors believe there was no impairment for the trademark as at 31 December 2023.

## 11 Goodwill

|                                       | 2023<br>RMB'000 | 2022<br>RMB'000 |
|---------------------------------------|-----------------|-----------------|
| As at 1 January                       | 6,104,494       | 5,638,475       |
| Acquisition of subsidiaries (note 41) | 116,496         | –               |
| Currency translation differences      | 137,233         | 466,019         |
| As at 31 December                     | 6,358,223       | 6,104,494       |

### Impairment test for goodwill

Goodwill is allocated to the Group's CGUs that are expected to benefit from business combination and impairment testing is performed annually on goodwill allocated to their operating segments and CGUs.

A segment-level summary of the goodwill is presented below:

| Operating segment           | Cash generating unit                                                | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-----------------------------|---------------------------------------------------------------------|-----------------|-----------------|
|                             |                                                                     | Carrying amount |                 |
| Container shipping business | Container shipping operation of OOIL<br>(note a)                    | 5,023,536       | 4,939,772       |
| Terminal business           | Container terminal operation of COSCO<br>SHIPPING Ports<br>(note b) | 1,265,613       | 816,719         |
| Others                      |                                                                     | 69,074          | 348,003         |
|                             |                                                                     | 6,358,223       | 6,104,494       |

# Notes to the Consolidated Financial Statements

## 11 Goodwill (Continued)

### Impairment test for goodwill (Continued)

Notes:

The most significant goodwill amount relates to the container shipping and terminal segment, where the impairment test is based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the financial budget and future forecast respectively.

- (a) For the goodwill and trademark (note 10) related to the container shipping operation of OOIL, major cash flow projections are based on forecasts using an estimated revenue growth rate ranging from 0% to 2.60% and average gross margin of 11.42% (2022: revenue growth rate ranging from 0% to 2.72% and average gross margin of 16.21%). Future cash flows are discounted at a pre-tax rate of 10.25% (2022: 10.37%).

Assuming discount rate increased by 50 basis points, it would have resulted in a decrease in headroom by RMB5,276,624,000. Considering there was still sufficient headroom based on the assessment, the Directors believe there was no impairment for the goodwill as at 31 December 2023.

- (b) For goodwill related to the terminal business, forecast profitability is based on past performance and expected future changes in cost and revenues. Major CGUs cash flow projections are based on financial forecasts covering a five to eleven year period using an estimated annual average revenue growth rate of 9.7% (2022: 7.1%) and average operating margin of 32.8% (2022: 36.7%) with cash flows beyond this period at 2.3% (2022: 2.2%) terminal growth rate. Future cash flows are discounted at a rate equivalent to pre-tax rate of 11.0% (2022: 11.5%).

Assuming discount rate increased by 50 basis points, impairment charge of US\$27,269,000 (equivalent to approximately RMB193,141,000) would be required for the goodwill in terminals and related business segment at 31 December 2023 (2022: US\$9,707,000 (equivalent to approximately RMB67,598,000)).

# Notes to the Consolidated Financial Statements

## 12 Subsidiaries

- (a) Details of the principal subsidiaries that impose material influence on either the financial position or the financial performance of the Group as at 31 December 2023 are shown in note 45(a).
- (b) **Material non-controlling interests**

The total non-controlling interests for the year is RMB47,104,215,000 of which RMB20,466,256,000 is for COSCO SHIPPING Ports Limited (“COSCO SHIPPING Ports”), and RMB24,560,162,000 is for OOIL.

Set out below are summarized financial information for COSCO SHIPPING Ports.

### Summarized balance sheet

|                                        | <b>COSCO SHIPPING Ports</b> |                       |
|----------------------------------------|-----------------------------|-----------------------|
|                                        | <b>2023</b>                 | 2022                  |
|                                        | <b>RMB'000</b>              | RMB'000<br>(Restated) |
| Current                                |                             |                       |
| – Assets                               | <b>10,895,310</b>           | 9,519,779             |
| – Liabilities                          | <b>(11,384,059)</b>         | (9,362,267)           |
| Total current net (liabilities)/assets | <b>(488,749)</b>            | 157,512               |
| Non-current                            |                             |                       |
| – Assets                               | <b>73,614,623</b>           | 69,363,739            |
| – Liabilities                          | <b>(24,662,323)</b>         | (23,282,066)          |
| Total non-current net assets           | <b>48,952,300</b>           | 46,081,673            |
| Net assets                             | <b>48,463,551</b>           | 46,239,185            |

### Summarized statement of comprehensive income

|                                                                      | <b>COSCO SHIPPING Ports</b> |                       |
|----------------------------------------------------------------------|-----------------------------|-----------------------|
|                                                                      | <b>2023</b>                 | 2022                  |
|                                                                      | <b>RMB'000</b>              | RMB'000<br>(Restated) |
| Revenues                                                             | <b>10,251,443</b>           | 9,696,741             |
| Profit before income tax                                             | <b>3,027,361</b>            | 3,095,568             |
| Income tax expenses                                                  | <b>(248,160)</b>            | (466,681)             |
| Post-tax profit                                                      | <b>2,779,201</b>            | 2,628,887             |
| Other comprehensive income/(loss)                                    | <b>462,518</b>              | (523,814)             |
| Total comprehensive income                                           | <b>3,241,719</b>            | 2,105,073             |
| Total comprehensive income attributable to non-controlling interests | <b>1,206,314</b>            | 1,307,465             |
| Dividends paid to non-controlling interests                          | <b>692,911</b>              | 885,055               |

# Notes to the Consolidated Financial Statements

## 12 Subsidiaries (Continued)

### (b) Material non-controlling interests (Continued)

#### Summarized statement of cash flows

|                                                      | COSCO SHIPPING Ports |                 |
|------------------------------------------------------|----------------------|-----------------|
|                                                      | 2023<br>RMB'000      | 2022<br>RMB'000 |
| Cash flows from operating activities                 | 3,400,672            | 3,146,222       |
| Cash flows used in investing activities              | (1,497,891)          | (513,393)       |
| Cash flows used in financing activities              | (1,241,773)          | (3,298,299)     |
| Net increase/(decrease) in cash and cash equivalents | 661,008              | (665,470)       |

Set out below are summarized financial information for OOIL.

#### Summarized balance sheet

|                              | OOIL            |                 |
|------------------------------|-----------------|-----------------|
|                              | 2023<br>RMB'000 | 2022<br>RMB'000 |
| Current                      |                 |                 |
| – Assets                     | 54,468,371      | 85,469,190      |
| – Liabilities                | (16,800,086)    | (28,838,606)    |
| Total net current assets     | 37,668,285      | 56,630,584      |
| Non-current                  |                 |                 |
| – Assets                     | 69,669,280      | 77,252,938      |
| – Liabilities                | (14,508,860)    | (20,482,978)    |
| Total net non-current assets | 55,160,420      | 56,769,960      |
| Net assets                   | 92,828,705      | 113,400,544     |



# Notes to the Consolidated Financial Statements

## 12 Subsidiaries (Continued)

### (b) Material non-controlling interests (Continued)

#### Summarized statement of comprehensive income

|                                                                      | OOIL            |                 |
|----------------------------------------------------------------------|-----------------|-----------------|
|                                                                      | 2023<br>RMB'000 | 2022<br>RMB'000 |
| Revenues                                                             | 58,814,179      | 133,348,243     |
| Profit before income tax                                             | 9,731,298       | 67,465,652      |
| Income tax expenses                                                  | (80,723)        | (413,799)       |
| Post-tax profit                                                      | 9,650,575       | 67,051,853      |
| Other comprehensive income                                           | 1,623,453       | 5,584,630       |
| Total comprehensive income                                           | 11,274,028      | 72,636,483      |
| Total comprehensive income attributable to non-controlling interests | 3,460,926       | 21,608,136      |
| Dividends paid to non-controlling interests                          | 7,304,686       | 11,951,950      |

#### Summarized statement of cash flows

|                                                      | OOIL            |                 |
|------------------------------------------------------|-----------------|-----------------|
|                                                      | 2023<br>RMB'000 | 2022<br>RMB'000 |
| Cash flows from operating activities                 | 4,350,491       | 75,709,154      |
| Cash flows (used in)/from investing activities       | (32,711,514)    | 9,554,109       |
| Cash flows used in financing activities              | (30,273,976)    | (47,870,542)    |
| Net (decrease)/increase in cash and cash equivalents | (58,634,999)    | 37,392,721      |

The information above is the amount before inter-company eliminations.

# Notes to the Consolidated Financial Statements

## 13 Investments in joint ventures

|                                                                             | 2023<br>RMB'000  | 2022<br>RMB'000 |
|-----------------------------------------------------------------------------|------------------|-----------------|
| Investments in joint ventures (including goodwill on acquisitions) (note a) | 7,668,981        | 7,364,403       |
| Equity loan to a joint venture (note b)                                     | 1,011,119        | 994,259         |
|                                                                             | <b>8,680,100</b> | 8,358,662       |

Notes:

- (a) The carrying amount of goodwill on acquisitions of joint ventures amounted to RMB469,008,000 (2022: RMB461,781,000).
- (b) The balance is equity in nature, unsecured, interest free and has no fixed terms of repayment.
- (c) There is no joint venture that is individually material to the Group as at 31 December 2023. The financial information below, after making necessary adjustments to conform to the Group's material accounting policies, represents the Group's interests in respective joint ventures:

|                         | Net assets<br>RMB'000 | Profit less<br>losses for<br>the year<br>RMB'000 | Other<br>comprehensive<br>(loss)/income<br>RMB'000 | Total<br>comprehensive<br>income<br>RMB'000 |
|-------------------------|-----------------------|--------------------------------------------------|----------------------------------------------------|---------------------------------------------|
| <b>31 December 2023</b> | <b>7,199,973</b>      | <b>606,010</b>                                   | <b>(4,208)</b>                                     | <b>601,802</b>                              |
| 31 December 2022        | 6,902,622             | 650,019                                          | 2,523                                              | 652,542                                     |

- (d) There are no contingent liabilities relating to the Group's interest in joint ventures.
- (e) The Company has no directly owned joint ventures as at 31 December 2022 and 2023. Details of the principal joint ventures as at 31 December 2023 are shown in note 45(b).

# Notes to the Consolidated Financial Statements

## 14 Investments in associates

|                                                                         | 2023<br>RMB'000   | 2022<br>RMB'000 |
|-------------------------------------------------------------------------|-------------------|-----------------|
| Investments in associates (including goodwill on acquisitions) (note b) | 57,565,895        | 49,081,104      |
| Equity loan                                                             | 637,443           | 626,814         |
|                                                                         | <b>58,203,338</b> | 49,707,918      |

Notes:

- (a) In January 2023, the Group acquired 5.81% equity interest of COFCO Fortune Co., Ltd. ("COFCO Fortune") at a consideration of RMB5,500,000,000 (being RMB30.56 per share) with one seat on the board of COFCO Fortune. Therefore, the Group has determined that it has significant influence on COFCO Fortune and accounted it as an associate.

In December 2022, the Group acquired 14.93% equity interest of Shanghai International Port (Group) Co., Ltd. ("SIPG") at a consideration of RMB18,944,479,000 (being RMB5.45 per share). Together with the previously held 0.62% equity interests, the Group held 15.55% effective interest of SIPG in total, with one seat on the board of SIPG. As at 31 December 2023, the quoted market price of the Group's interest in SIPG amounted to RMB17,740,213,000 (2022: RMB19,333,212,000).

- (b) The carrying amount of goodwill on acquisitions of associates amounted to RMB2,293,923,000 (2022: RMB2,220,509,000).
- (c) There is no associate that is individually material to the Group as at 31 December 2023. The financial information below, after making necessary adjustments to conform to the Group's material accounting policies, represents the Group's interests in respective associates:

|             | Net assets<br>RMB'000 | Profit less<br>losses for<br>the year<br>RMB'000 | Other<br>comprehensive<br>(loss)/income<br>RMB'000 | Total<br>comprehensive<br>income<br>RMB'000 |
|-------------|-----------------------|--------------------------------------------------|----------------------------------------------------|---------------------------------------------|
| <b>2023</b> | <b>55,661,286</b>     | <b>4,091,814</b>                                 | <b>(20,542)</b>                                    | <b>4,071,272</b>                            |
| 2022        | 47,174,002            | 1,662,046                                        | 16,604                                             | 1,678,650                                   |

- (d) There are no significant contingent liabilities relating to the Group's interest in associates.
- (e) Details of the principal associates as at 31 December 2023 are shown in note 45(c).

# Notes to the Consolidated Financial Statements

## 15 Loans to associates

|                              | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------------------|-----------------|-----------------|
| Loans to associates (note a) | 227,932         | 664,991         |
|                              | <b>227,932</b>  | 664,991         |

Notes:

- (a) Loans to associates mainly included a balance of RMB157,123,000 (2022: Nil), which is unsecured, bears interest at 4.45% per annum, and is repayable in 2028. A balance of RMB660,171,000 (2022: RMB623,450,000) is unsecured, which bears interest at the aggregate of 2.0% per annum and EURIBOR (2022: 2.0% per annum and EURIBOR), and is repayable in 2024. As at 31 December 2023, the balance was reclassified to trade and other receivables and contract assets (note 23(d)).

## 16 Financial assets at fair value through other comprehensive income

Financial assets at FVOCI comprise the following investments in listed and unlisted equity:

|                               | 2023<br>RMB'000  | 2022<br>RMB'000 |
|-------------------------------|------------------|-----------------|
| <b>Non-current assets</b>     |                  |                 |
| Listed securities (note a)    | 1,637,274        | 1,632,865       |
| Unlisted investments (note b) | 280,967          | 275,496         |
|                               | <b>1,918,241</b> | 1,908,361       |

Notes:

- (a) Listed securities represent equity interests in entities which are principally engaged in provision of port related services and securities service.
- (b) Unlisted investments mainly comprise equity interests in terminal operating companies, port information system engineering companies and property investment companies.

# Notes to the Consolidated Financial Statements

## 16 Financial assets at fair value through other comprehensive income (Continued)

Notes: (Continued)

(c) Financial assets at FVOCI are denominated in the following currencies:

|        | 2023<br>RMB'000  | 2022<br>RMB'000 |
|--------|------------------|-----------------|
| RMB    | 1,858,860        | 1,908,124       |
| HKD    | 53,793           | –               |
| EURO   | 5,376            | 28              |
| Others | 212              | 209             |
|        | <b>1,918,241</b> | 1,908,361       |

(d) Movement of the financial assets at FVOCI during the year is as follows:

|                                                            | 2023<br>RMB'000  | 2022<br>RMB'000 |
|------------------------------------------------------------|------------------|-----------------|
| As at 1 January                                            | 1,908,361        | 1,218,207       |
| Addition                                                   | –                | 1,571,393       |
| Disposals                                                  | (6,311)          | (58)            |
| Fair value change recognized in other comprehensive income | 15,201           | (92,752)        |
| Transfer to an associate                                   | –                | (792,565)       |
| Currency translation differences                           | 990              | 4,136           |
| As at 31 December                                          | <b>1,918,241</b> | 1,908,361       |

(e) Financial assets at fair value through other comprehensive income includes the following classes of financial assets:

|                              | 2023<br>RMB'000  | 2022<br>RMB'000 |
|------------------------------|------------------|-----------------|
| Listed securities in the PRC | 1,637,274        | 1,632,865       |
| Unlisted investments         | 280,967          | 275,496         |
|                              | <b>1,918,241</b> | 1,908,361       |

# Notes to the Consolidated Financial Statements

## 17 Financial assets at fair value through profit or loss

Financial assets at FVPL include the following:

|                                                | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------------------------------------|-----------------|-----------------|
| Listed equity securities, current (note a)     |                 |                 |
| – Hong Kong, China                             | 68,716          | 78,843          |
| – Overseas                                     | 26,284          | 14,264          |
| Market value of listed equity securities       | 95,000          | 93,107          |
| Listed convertible bonds, non-current (note b) | 380,662         | 371,477         |
| Total                                          | 475,662         | 464,584         |

Notes:

- (a) As at 31 December 2023, the carrying amounts of the Group's financial assets at FVPL of listed equity securities are mainly denominated in Hong Kong dollar.

The fair value of all listed equity securities are based on their current bid prices in active markets.

- (b) In July 2021, COSCO SHIPPING Ports subscribed for convertible bonds issued by an associate, Beibu Gulf Port Co., Ltd. at a consideration of RMB321,491,500.

During the year ended 31 December 2023, fair value gain on the Group's financial asset at FVPL of listed convertible bond of RMB9,185,000 (2022: fair value loss of RMB23,319,000) was recognized in other income (2022: other expenses) (note 32).

# Notes to the Consolidated Financial Statements

## 18 Financial assets at amortized cost

Financial assets at amortized cost include the following:

|                                                  | 2023<br>RMB'000 | 2022<br>RMB'000 |
|--------------------------------------------------|-----------------|-----------------|
| Listed debt securities                           |                 |                 |
| – Hong Kong, China                               | –               | 71,835          |
| – Overseas                                       | 380,609         | 551,907         |
|                                                  | 380,609         | 623,742         |
| Less: Current portion included in current assets | (5,747)         | (254,856)       |
|                                                  | 374,862         | 368,886         |
| Market value                                     | 364,834         | 608,783         |

Movements in financial assets at amortized cost are as follows:

|                                  | 2023<br>RMB'000 | 2022<br>RMB'000 |
|----------------------------------|-----------------|-----------------|
| Balance at beginning of year     | 623,742         | 732,392         |
| Currency translation differences | 9,369           | 59,763          |
| Disposals                        | –               | (68,073)        |
| Redemptions on maturity          | (249,182)       | (100,919)       |
| Amortization                     | (204)           | 579             |
| Interest receivables             | (3,116)         | –               |
| Balance at end of year           | 380,609         | 623,742         |

- (a) The carrying amounts of financial assets at amortized cost are mainly denominated in US dollar.
- (b) The credit quality of other financial assets at amortized cost by reference to Standard & Poor's and/or Moody's credit ratings is as follows:

|     | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-----|-----------------|-----------------|
| A   | –               | 178,658         |
| BBB | 380,609         | 445,084         |
|     | 380,609         | 623,742         |

# Notes to the Consolidated Financial Statements

## 19 Deferred income tax assets/(liabilities)

Deferred income tax is calculated in full on temporary differences under the liability method using taxation rates ranging from 2.5% to 39% for the year (2022: 2.5% to 34.2%).

The movement on the net deferred tax liabilities is as follows:

|                                                  | 2023<br>RMB'000     | 2022<br>RMB'000 |
|--------------------------------------------------|---------------------|-----------------|
| As at end of previous year                       | <b>(16,487,375)</b> | (6,534,512)     |
| Change in accounting policy (note 2.2(b))        | <b>269,626</b>      | –               |
| As at 1 January, as restated                     | <b>(16,217,749)</b> | (6,534,512)     |
| Currency translation differences                 | <b>13,516</b>       | (142,936)       |
| Charged to consolidated income statement         | <b>(940,970)</b>    | (9,853,568)     |
| Acquisition of subsidiaries (note 41)            | <b>(167,233)</b>    | –               |
| (Charged)/credited to other comprehensive income | <b>(572)</b>        | 43,641          |
| As at 31 December                                | <b>(17,313,008)</b> | (16,487,375)    |

Deferred income tax assets are recognized for tax losses carry forward to the extent that realization of the related tax benefit through the future taxable profits is probable. As at 31 December 2023, the Group had tax losses of RMB3,638,409,000 (2022: RMB2,434,735,000) to carry forward, which were not recognized as deferred tax assets as the Directors considered that the utilization of these tax losses in the foreseeable future is not probable, of which an amount of RMB714,865,000 (2022: RMB674,118,000) will expire through year 2028 (2022: year 2027) and an amount of RMB2,923,544,000 (2022: RMB1,760,617,000) has no expiry date.

As at 31 December 2023, the unrecognized deferred income tax liabilities were RMB17,908,126,000 (2022: RMB14,725,274,000), relating to income tax and withholding tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled or such profits will not be distributed and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 31 December 2023 amounted to RMB71,353,240,000 (2022: RMB55,853,608,000).



# Notes to the Consolidated Financial Statements

## 19 Deferred income tax assets/(liabilities) (Continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year was as follows:

Deferred income tax liabilities

|                                                     | Undistributed profits of subsidiaries, joint ventures and associates<br>RMB'000 | Accelerated tax depreciation and fair value adjustments on assets in relation to business combination<br>RMB'000 | Right-of-use assets<br>RMB'000 | Fair value gain on financial assets<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------------|-------------------|------------------|
| As at 1 January 2022                                | (5,838,846)                                                                     | (1,357,812)                                                                                                      | -                              | (293,068)                                      | (11,527)          | (7,501,253)      |
| Currency translation differences                    | (147,443)                                                                       | (11,072)                                                                                                         | -                              | 4,895                                          | (16,783)          | (170,403)        |
| (Charged)/credited to consolidated income statement | (10,062,780)                                                                    | 42,705                                                                                                           | -                              | 5,833                                          | 1,858             | (10,012,384)     |
| Credited to other comprehensive income              | -                                                                               | -                                                                                                                | -                              | 43,641                                         | -                 | 43,641           |
| As at 31 December 2022                              | (16,049,069)                                                                    | (1,326,179)                                                                                                      | -                              | (238,699)                                      | (26,452)          | (17,640,399)     |
| Change in accounting policy (note 2.2(b))           | -                                                                               | -                                                                                                                | (591,578)                      | -                                              | -                 | (591,578)        |
| As at 1 January 2023, as restated                   | (16,049,069)                                                                    | (1,326,179)                                                                                                      | (591,578)                      | (238,699)                                      | (26,452)          | (18,231,977)     |
| Currency translation differences                    | (6,852)                                                                         | 1,949                                                                                                            | (33,356)                       | 34,643                                         | (14,918)          | (18,534)         |
| (Charged)/credited to consolidated income statement | (827,059)                                                                       | 478,464                                                                                                          | (69,751)                       | 10,644                                         | (471,324)         | (879,026)        |
| Acquisition of subsidiaries (note 41)               | -                                                                               | (167,268)                                                                                                        | -                              | -                                              | -                 | (167,268)        |
| Charged to other comprehensive income               | -                                                                               | -                                                                                                                | -                              | (1,792)                                        | -                 | (1,792)          |
| As at 31 December 2023                              | (16,882,980)                                                                    | (1,013,034)                                                                                                      | (694,685)                      | (195,204)                                      | (512,694)         | (19,298,597)     |

# Notes to the Consolidated Financial Statements

## 19 Deferred income tax assets/(liabilities) (Continued)

Deferred income tax assets

|                                                     | Tax loss<br>RMB'000 | Staff benefit<br>RMB'000 | Lease<br>liabilities<br>RMB'000 | Accelerated<br>accounting<br>depreciation<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------------------|---------------------|--------------------------|---------------------------------|------------------------------------------------------|-------------------|------------------|
| As at 1 January 2022                                | 448,842             | 52,464                   | -                               | 11,928                                               | 453,507           | 966,741          |
| Currency translation differences                    | 26,673              | -                        | -                               | (2,129)                                              | 2,923             | 27,467           |
| Credited/(charged) to consolidated income statement | 16,565              | (3,012)                  | -                               | 12,717                                               | 132,546           | 158,816          |
| As at 31 December 2022                              | 492,080             | 49,452                   | -                               | 22,516                                               | 588,976           | 1,153,024        |
| Change in accounting policy (note 2.2(b))           | -                   | -                        | 861,204                         | -                                                    | -                 | 861,204          |
| As at 1 January 2023, as restated                   | 492,080             | 49,452                   | 861,204                         | 22,516                                               | 588,976           | 2,014,228        |
| Currency translation differences                    | (12,019)            | (1,516)                  | 39,898                          | (424)                                                | 6,111             | 32,050           |
| (Charged)/credited to consolidated income statement | (65,742)            | 4,768                    | 81,173                          | (6,466)                                              | (75,677)          | (61,944)         |
| Acquisition of subsidiaries (note 41)               | -                   | -                        | -                               | -                                                    | 35                | 35               |
| Credited to other comprehensive income              | -                   | -                        | -                               | -                                                    | 1,220             | 1,220            |
| As at 31 December 2023                              | 414,319             | 52,704                   | 982,275                         | 15,626                                               | 520,665           | 1,985,589        |

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance and a net basis. As at 31 December 2023, deferred income tax assets and deferred income tax liabilities amounted to RMB1,067,085,000 were offset (2022 restated: RMB978,119,000).

# Notes to the Consolidated Financial Statements

## 19 Deferred income tax assets/(liabilities) (Continued)

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

|                                                                         | 2023<br>RMB'000     | 2022<br>RMB'000<br>(Restated) |
|-------------------------------------------------------------------------|---------------------|-------------------------------|
| Deferred income tax assets                                              |                     |                               |
| Deferred income tax assets to be recovered after more than 12 months    | 843,782             | 550,001                       |
| Deferred income tax assets to be recovered within 12 months             | 74,722              | 486,108                       |
|                                                                         | <b>918,504</b>      | 1,036,109                     |
| Deferred income tax liabilities                                         |                     |                               |
| Deferred income tax liabilities to be settled after more than 12 months | (18,227,921)        | (8,726,657)                   |
| Deferred income tax liabilities to be settled within 12 months          | (3,591)             | (8,527,201)                   |
|                                                                         | <b>(18,231,512)</b> | (17,253,858)                  |
| Deferred income tax liabilities, net                                    | <b>(17,313,008)</b> | (16,217,749)                  |

## 20 Other non-current assets

|          | 2023<br>RMB'000 | 2022<br>RMB'000 |
|----------|-----------------|-----------------|
| Deposits | 36,596          | 62,084          |
| Others   | 356,184         | 199,039         |
|          | <b>392,780</b>  | 261,123         |

# Notes to the Consolidated Financial Statements

## 21 Cash and cash equivalents and restricted bank deposits

|                                                                                              | 2023<br>RMB'000 | 2022<br>RMB'000 |
|----------------------------------------------------------------------------------------------|-----------------|-----------------|
| Restricted bank deposits (note a)                                                            | 1,190,697       | 1,262,690       |
| Balances placed with COSCO Shipping Finance Co., Ltd.<br>("COSCO SHIPPING Finance") (note b) | 89,075,504      | 103,875,180     |
| Bank balances and cash                                                                       | 92,037,812      | 131,738,743     |
| Total bank deposits and cash and cash equivalents (note c)                                   | 182,304,013     | 236,876,613     |
| Less:                                                                                        |                 |                 |
| Restricted bank deposits                                                                     |                 |                 |
| – current                                                                                    | (1,174,258)     | (1,251,564)     |
| – non-current                                                                                | (16,439)        | (11,126)        |
| Cash and cash equivalents                                                                    | 181,113,316     | 235,613,923     |

Notes:

- (a) Restricted bank deposits are mainly held as security for borrowings and bank guarantees and facilities (note 26(g)(iv)).
- (b) COSCO SHIPPING Finance is a finance company owned by COSCO SHIPPING and balances placed with COSCO SHIPPING Finance bear interest at prevailing market rates.
- (c) The carrying amounts of bank deposits and cash and cash equivalents are denominated in the following currencies:

|                  | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------|-----------------|-----------------|
| RMB              | 101,182,654     | 102,917,567     |
| US dollar        | 75,292,920      | 91,124,038      |
| EURO             | 2,826,148       | 36,996,702      |
| HK dollar        | 286,613         | 1,263,232       |
| Other currencies | 2,715,678       | 4,575,074       |
|                  | 182,304,013     | 236,876,613     |

- (d) The effective interest rates on time deposits as at 31 December 2023 were in the range of 2.10% to 5.45% per annum (2022: 2.08% to 3.92% per annum). The deposits earn interests for liquidity management purpose at floating rates based on prevailing market rates.

# Notes to the Consolidated Financial Statements

## 22 Inventories

|                                                  | 2023<br>RMB'000  | 2022<br>RMB'000 |
|--------------------------------------------------|------------------|-----------------|
| Bunkers, voyage supplies, consumables and others | <b>6,561,355</b> | 7,017,037       |

## 23 Trade and other receivables and contract assets

|                                             | 2023<br>RMB'000   | 2022<br>RMB'000 |
|---------------------------------------------|-------------------|-----------------|
| Trade receivables (note a)                  |                   |                 |
| – third parties                             | <b>6,346,952</b>  | 10,254,689      |
| – fellow subsidiaries                       | <b>176,541</b>    | 105,940         |
| – joint ventures                            | <b>18,860</b>     | 7,698           |
| – other related companies                   | <b>192,212</b>    | 132,577         |
|                                             | <b>6,734,565</b>  | 10,500,904      |
| Bills receivables (note a)                  | <b>175,916</b>    | 321,734         |
| Contract assets (note a)                    | <b>179,386</b>    | 292,917         |
|                                             | <b>7,089,867</b>  | 11,115,555      |
| Prepayments, deposits and other receivables |                   |                 |
| – third parties (note b)                    | <b>4,598,018</b>  | 4,627,272       |
| – fellow subsidiaries (note d)              | <b>327,920</b>    | 409,586         |
| – joint ventures (note d)                   | <b>507,256</b>    | 428,846         |
| – associates (note d)                       | <b>850,033</b>    | 81,333          |
| – other related companies (note d)          | <b>19,772</b>     | 99,716          |
|                                             | <b>6,302,999</b>  | 5,646,753       |
| Total                                       | <b>13,392,866</b> | 16,762,308      |

# Notes to the Consolidated Financial Statements

## 23 Trade and other receivables and contract assets (Continued)

Notes:

- (a) Trade receivables with related parties are unsecured and have similar credit periods as third party customers. The normal credit period granted to the trade receivables of the Group is generally within 90 days. Trade receivables primarily consisted of voyage-related receivables. As at 31 December 2023, the aging analysis of trade and bills receivables and contract assets on the basis of the date of relevant invoice or demand note is as follows:

|                                                     | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-----------------------------------------------------|-----------------|-----------------|
| Within 1 year                                       | 7,231,474       | 11,505,400      |
| 1-2 years                                           | 56,877          | 41,703          |
| 2-3 years                                           | 35,842          | 23,191          |
| Over 3 years                                        | 137,418         | 138,834         |
| Trade, bills receivables and contract assets, gross | 7,461,611       | 11,709,128      |
| Within 1 year                                       | (156,777)       | (393,905)       |
| 1-2 years                                           | (51,195)        | (39,155)        |
| 2-3 years                                           | (26,354)        | (22,006)        |
| Over 3 years                                        | (137,418)       | (138,507)       |
| Provision for impairment                            | (371,744)       | (593,573)       |
| Trade, bills receivables and contract assets, net   | 7,089,867       | 11,115,555      |

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled service provided and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this year. 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.

# Notes to the Consolidated Financial Statements

## 23 Trade and other receivables and contract assets (Continued)

Notes: (Continued)

(a) (Continued)

Movements on the provision for impairment of trade receivables and contract assets are as follows:

|                                                                                    | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------------------------------------------------------------------------|-----------------|-----------------|
| As at 1 January                                                                    | 593,573         | 532,107         |
| (Reversal of)/provision for trade receivables and contract assets impairment       | (224,471)       | 44,009          |
| Trade receivables and contract assets written off during the year as uncollectible | (15,512)        | (22,795)        |
| Acquisition of subsidiary (note 41)                                                | 8,955           | –               |
| Currency translation differences                                                   | 9,199           | 40,252          |
| As at 31 December                                                                  | 371,744         | 593,573         |

The creation and release of provision for impaired receivables have been included in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Management considered that there is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

(b) Prepayments, deposits and other receivables due from third parties

|                                           | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-------------------------------------------|-----------------|-----------------|
| Prepayments and deposits                  | 2,643,787       | 2,795,416       |
| Claims receivables                        | 3,416           | 3,378           |
| Other receivables less provision (note c) | 1,950,815       | 1,828,478       |
|                                           | 4,598,018       | 4,627,272       |

# Notes to the Consolidated Financial Statements

## 23 Trade and other receivables and contract assets (Continued)

Notes: (Continued)

(c) Movements on the provision for impairment of other receivables are as follows:

|                                                          | 2023<br>RMB'000 | 2022<br>RMB'000 |
|----------------------------------------------------------|-----------------|-----------------|
| As at 1 January                                          | 59,335          | 67,401          |
| Reversal of receivable impairment                        | (692)           | (8,280)         |
| Receivables written off during the year as uncollectible | (233)           | –               |
| Disposal of subsidiary                                   | 1,831           | –               |
| Currency translation differences                         | 34              | 214             |
| As at 31 December                                        | 60,275          | 59,335          |

(d) As at 31 December 2023, balance of US\$93,209,000 (equivalent to approximately RMB660,171,384) is unsecured, which bears interest at the aggregate of 2.0% per annum and EURIBOR, and is repayable in 2024. Other amounts due from related companies are unsecured, interest free and have no fixed terms of repayment.

(e) The carrying amount of trade and other receivables and contract assets (excluding prepayments and deposits, and contract assets) are denominated in the following currencies:

|                  | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------|-----------------|-----------------|
| RMB              | 4,309,032       | 2,341,503       |
| US dollar        | 3,507,575       | 5,291,521       |
| EURO             | 1,089,001       | 2,514,335       |
| HK dollar        | 208,714         | 248,385         |
| AUD              | 188,022         | 303,294         |
| GBP              | 102,008         | 131,515         |
| Other currencies | 1,165,341       | 2,843,422       |
|                  | 10,569,693      | 13,673,975      |

(f) The carrying amounts of trade and other receivables and contract assets (excluding prepayments and deposits) approximate their fair values.

(g) Management considered the maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.



# Notes to the Consolidated Financial Statements

## 24 Share capital and equity linked benefits

### (a) Share capital

|                                                      | Number of shares<br>(thousands) | Nominal value<br>RMB'000 |
|------------------------------------------------------|---------------------------------|--------------------------|
| H Shares of RMB1.00 each                             |                                 |                          |
| As at 31 December 2022                               | 3,354,780                       | 3,354,780                |
| Cancellation of shares (note)                        | (41,467)                        | (41,467)                 |
| As at 31 December 2023                               | <b>3,313,313</b>                | <b>3,313,313</b>         |
| A Shares of RMB1.00 each                             |                                 |                          |
| As at 31 December 2022                               | 12,740,082                      | 12,740,082               |
| Issue of shares by exercising share options (note b) | 77,663                          | 77,663                   |
| Cancellation of shares (note)                        | (60,000)                        | (60,000)                 |
| As at 31 December 2023                               | <b>12,757,745</b>               | <b>12,757,745</b>        |

Note:

During the year 2023, the Company repurchased a total of 59,999,924 its own ordinary shares on the Shanghai Stock Exchange at an aggregate consideration of approximately RMB583,404,521. Meanwhile, the Company repurchased a total of 97,949,000 its own ordinary shares on the Stock Exchange of Hong Kong Limited at an aggregate consideration of approximately RMB677,788,496. RMB1,261,193,000 was recognized as treasury share of the Company.

During the year 2023, the Company cancelled a total of 59,999,924 shares amount of approximately RMB583,404,521 on the Shanghai Stock Exchange, and a total of 41,467,000 shares amount of approximately RMB303,696,354 on the Stock Exchange of Hong Kong Limited. Stock cancellation resulted in a decrease of share capital of RMB101,466,924, a decrease of treasury shares of RMB887,100,875, and a decrease of reserves of RMB785,633,951 of the Company.

# Notes to the Consolidated Financial Statements

## 24 Share capital and equity linked benefits (Continued)

### (b) Share options of the Company

The Company operates share option schemes whereby options are granted to eligible employees or any participants (as defined in the relevant share option schemes) of the Group, to subscribe for its shares. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Pursuant to a board resolution dated on 30 May 2019, the Company adopted a share option scheme (the “2019 Share Option Scheme”), which enable the Company to establish and cultivate a performance-oriented culture, under which value is created for the Shareholders, and to establish an interests-sharing and restraining mechanism between the Shareholders and the Company’s management. No consideration was paid by the grantees for the acceptance of share options.

Pursuant to a board resolution dated on 29 May 2020, the Company adopted a share option scheme (the “2020 Share Option Scheme”) enable the Company to establish and cultivate a performance-oriented culture, under which value is created for the Shareholders, and to establish an interests-sharing and restraining mechanism between the Shareholders and the Company’s management. No consideration was paid by the grantees for the acceptance of share options.

Under the 2019 Share Option Scheme and 2020 Share Option Scheme, the exercises of the options of three batches are subject to two-year, three-year and four-year vesting periods respectively during which a participant is not allowed to exercise any option granted. After the expiration of each vesting period, the participant may exercise the options in three batches in the one year, one year and three years after the expiration of each vesting period respectively. Within the exercise period of the share options, and subject to the fulfilment of the vesting conditions and the exercise arrangement of the share options, grant of each share option entitles the grantee to subscribe for one A share at relevant exercise price in three batches evenly after the expiry of each vesting period.

# Notes to the Consolidated Financial Statements

## 24 Share capital and equity linked benefits (Continued)

### (b) Share options of the Company (Continued)

Movements of the share options granted by the Company during the year ended 31 December 2023 and 2022 are set out below:

| Date of grant | Exercisable period | Year ended 31 December 2023      |                           |                           |                                    |
|---------------|--------------------|----------------------------------|---------------------------|---------------------------|------------------------------------|
|               |                    | Outstanding as at 1 January 2023 | Exercised during the year | Forfeited during the year | Outstanding as at 31 December 2023 |
| 03 June 2019  | Note (i)           | 79,177,264                       | (71,004,883)              | (7,160,839)               | 1,011,542                          |
| 29 May 2020   | Note (ii)          | 13,735,880                       | (6,658,157)               | (337,219)                 | 6,740,504                          |
|               |                    | 92,913,144                       | (77,663,040)              | (7,498,058)               | 7,752,046                          |

| Date of grant | Exercisable period | Year ended 31 December 2022      |                           |                           |                                    |
|---------------|--------------------|----------------------------------|---------------------------|---------------------------|------------------------------------|
|               |                    | Outstanding as at 1 January 2022 | Exercised during the year | Forfeited during the year | Outstanding as at 31 December 2022 |
| 03 June 2019  | Note (i)           | 161,222,345                      | (74,309,846)              | (7,735,235)               | 79,177,264                         |
| 29 May 2020   | Note (ii)          | 22,067,760                       | (6,426,080)               | (1,905,800)               | 13,735,880                         |
|               |                    | 183,290,105                      | (80,735,926)              | (9,641,035)               | 92,913,144                         |

Notes:

- (i) The share options were granted on 3 June 2019 under the 2019 Share Option Scheme at an exercise price of RMB4.10 per share. According to the provisions of the 2019 Share Option Scheme, share options under each grant have a validity period of ten years commencing from the date of grant and cannot be exercised evenly during the two-year, three-year and four-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of one year, one year and three years after the expiry of each Restriction Period, i.e. 33%, 33% and 34%.

The exercise price was adjusted from RMB4.10 per share to RMB3.15 per share according to the capitalization issue of 3 shares for every 10 shares in July 2021 and was further adjusted to RMB1.00 per share according to the 2021 and 2022 profit distribution plan.

- (ii) The share options were granted on 29 May 2020 under the 2020 Share Option Scheme at an exercise price of RMB3.50 per share. According to the provisions of the 2020 Share Option Scheme, share options under each grant have a validity period of ten years commencing from the date of grant and cannot be exercised evenly during the two-year, three-year and four-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of one year, one year and three years after the expiry of each Restriction Period, i.e. 33%, 33% and 34%.

The exercise price was adjusted from RMB3.50 per share to RMB2.69 per share according to the capitalization issue of 3 shares for every 10 shares in July 2021 and was further adjusted to RMB1.00 per share according to the 2021 and 2022 profit distribution plan.

# Notes to the Consolidated Financial Statements

## 24 Share capital and equity linked benefits (Continued)

### (b) Share options of the Company (Continued)

Notes: (Continued)

#### (ii) (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

|                           | Year ended 31 December 2023          |                         |
|---------------------------|--------------------------------------|-------------------------|
|                           | Average exercise price per share RMB | Number of share options |
| As at 1 January           | 1.00                                 | 92,913,144              |
| Forfeited during the year | 1.00                                 | (7,498,058)             |
| Exercised during the year | 1.00                                 | (77,663,040)            |
| As at 31 December         | 1.00                                 | 7,752,046               |

|                           | Year ended 31 December 2022          |                         |
|---------------------------|--------------------------------------|-------------------------|
|                           | Average exercise price per share RMB | Number of share options |
| As at 1 January           | 3.83                                 | 183,290,105             |
| Forfeited during the year | 3.06                                 | (9,641,035)             |
| Exercised during the year | 2.25                                 | (80,735,926)            |
| As at 31 December         | 1.00                                 | 92,913,144              |

- (iii) 1,011,542 A Shares under the 2019 Share Option Scheme and 91 A Shares under the 2020 Share Option Scheme were vested and exercisable as at 31 December 2023. The Company has no legal or constructive obligation to repurchase or settle the options in cash.
- (iv) The Company completed the registration of 71,004,883 A shares due to exercise of A Share Option of the Company under the 2019 Share Option Scheme, and 6,658,157 A shares due to exercise of A Share Option of the Company under the 2020 Share Option Scheme during the year of 2023.

# Notes to the Consolidated Financial Statements

## 24 Share capital and equity linked benefits (Continued)

### (b) Share options of the Company (Continued)

Notes: (Continued)

#### (v) Fair value of options granted

The fair values of options granted before the Capitalization Issue are estimated based on the Black-Scholes valuation model, and such fair values and significant inputs into the model are as follows:

|                        | Fair value<br>per share<br>option<br>RMB | Share<br>price at<br>date of<br>grant<br>RMB | Exercise<br>price<br>RMB | Standard<br>deviation of<br>expected<br>share price<br>return | Expected<br>life of share<br>options | Expected<br>dividend<br>paid out<br>rate | Risk-free<br>interest<br>rate |
|------------------------|------------------------------------------|----------------------------------------------|--------------------------|---------------------------------------------------------------|--------------------------------------|------------------------------------------|-------------------------------|
| Granted on 3 June 2019 | 2.00                                     | 4.82                                         | 4.10                     | 41.57%                                                        | 3.83 years                           | 0%                                       | 3.11%                         |
| Granted on 29 May 2020 | 0.85                                     | 3.19                                         | 3.50                     | 35.20%                                                        | 3.83 years                           | 0%                                       | 2.33%                         |

The above fair values and inputs into the Black-Scholes valuation model are based on the data of options when granted.

#### (vi) Expense arising from share-based payment transaction

The Group recognized an expense of RMB5,269,541 for share based payment of the Company to its employees for the year ended 31 December 2023 (2022: RMB47,100,307).

# Notes to the Consolidated Financial Statements

## 24 Share capital and equity linked benefits (Continued)

### (c) Share options of a subsidiary

COSCO SHIPPING Ports operates share option schemes whereby options are granted to eligible employees and directors or any participant of the Group to subscribe for its share.

Movements of the share options granted by COSCO SHIPPING Ports during the year ended 31 December 2023 and 2022 are set out below:

| Date of grant    | Note          | Exercise price | Year ended 31 December 2023      |                         |                           |                           |                           | Outstanding as at 31 December 2023 |
|------------------|---------------|----------------|----------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|------------------------------------|
|                  |               |                | Outstanding as at 1 January 2023 | Granted during the year | Exercised during the year | Cancelled during the year | Forfeited during the year |                                    |
| 19 June 2018     | Note (i)(ii)  | HK\$7.27       | 30,518,454                       | -                       | -                         | -                         | (30,518,454)              | -                                  |
| 29 November 2018 | Note (i)(ii)  | HK\$8.02       | 398,404                          | -                       | -                         | -                         | (398,404)                 | -                                  |
| 29 March 2019    | Note (i)(iii) | HK\$8.48       | 225,201                          | -                       | -                         | -                         | (225,201)                 | -                                  |
| 23 May 2019      | Note (i)(iii) | HK\$7.27       | 67,673                           | -                       | -                         | -                         | (67,673)                  | -                                  |
| 17 June 2019     | Note (i)(iii) | HK\$7.57       | 425,350                          | -                       | -                         | -                         | (425,350)                 | -                                  |
|                  |               |                | 31,635,082                       | -                       | -                         | -                         | (31,635,082)              | -                                  |

| Date of grant    | Note          | Exercise price | Year ended 31 December 2022      |                         |                           |                           |                           | Outstanding as at 31 December 2022 |
|------------------|---------------|----------------|----------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|------------------------------------|
|                  |               |                | Outstanding as at 1 January 2022 | Granted during the year | Exercised during the year | Cancelled during the year | Forfeited during the year |                                    |
| 19 June 2018     | Note (i)(ii)  | HK\$7.27       | 47,502,458                       | -                       | -                         | -                         | (16,984,004)              | 30,518,454                         |
| 29 November 2018 | Note (i)(ii)  | HK\$8.02       | 604,971                          | -                       | -                         | -                         | (206,567)                 | 398,404                            |
| 29 March 2019    | Note (i)(iii) | HK\$8.48       | 449,726                          | -                       | -                         | -                         | (224,525)                 | 225,201                            |
| 23 May 2019      | Note (i)(iii) | HK\$7.27       | 135,143                          | -                       | -                         | -                         | (67,470)                  | 67,673                             |
| 17 June 2019     | Note (i)(iii) | HK\$7.57       | 849,428                          | -                       | -                         | -                         | (424,078)                 | 425,350                            |
|                  |               |                | 49,541,726                       | -                       | -                         | -                         | (17,906,644)              | 31,635,082                         |

# Notes to the Consolidated Financial Statements

## 24 Share capital and equity linked benefits (Continued)

### (c) Share options of a subsidiary (Continued)

Notes:

- (i) All vested share options were forfeited as at 31 December 2023 (2022: 30,916,858 vested and exercisable).
- (ii) The share options were granted on 19 June 2018 and 29 November 2018 under the 2018 Share Option Scheme at an exercise price of HK\$7.27 and HK\$8.02 respectively. According to the provisions of the 2018 Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. 33.3%, 33.3% and 33.4%.
- (iii) The share options were granted on 29 March 2019, 23 May 2019 and 17 June 2019 under the 2018 Share Option Scheme at an exercise price of HK\$8.48, HK\$7.27 and HK\$7.57 respectively. According to the provisions of the 2018 Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. 33.3%, 33.3% and 33.4%.
- (iv) No share options were exercised under the 2018 Share Option Scheme during the year (2022: Nil).
- (v) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

|                           | 2023                                           |                            | 2022                                           |                            |
|---------------------------|------------------------------------------------|----------------------------|------------------------------------------------|----------------------------|
|                           | Average<br>exercise price<br>per share<br>HK\$ | Number of<br>share options | Average<br>exercise price<br>per share<br>HK\$ | Number of<br>share options |
| As at 1 January           | 7.29                                           | 31,635,082                 | 7.30                                           | 49,541,726                 |
| Forfeited during the year | 7.29                                           | (31,635,082)               | 7.30                                           | (17,906,644)               |
| As at 31 December         | 7.29                                           | —                          | 7.29                                           | 31,635,082                 |

- (vi) Expense arising from share-based payment transaction

The Group reversed an expense of RMB0 for share based payment of COSCO SHIPPING Ports to its employees for the year ended 31 December 2023 (2022: expenses charged RMB11,962,206).

# Notes to the Consolidated Financial Statements

## 25 Reserves

|                                                                                                            | Capital<br>reserve<br>RMB'000 | Hedging<br>reserve<br>RMB'000 | Other<br>reserves<br>RMB'000 | Statutory<br>reserve fund<br>RMB'000 | Investment<br>revaluation<br>reserve<br>RMB'000 | Exchange<br>reserve<br>RMB'000 | Treasury<br>shares<br>RMB'000 | Retained<br>earnings<br>RMB'000 | Total<br>RMB'000 |
|------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|------------------------------|--------------------------------------|-------------------------------------------------|--------------------------------|-------------------------------|---------------------------------|------------------|
| <b>Balance at 1 January 2023, as previously reported</b>                                                   | 35,737,745                    | 1,970                         | (4,277,732)                  | 9,516,533                            | 164,615                                         | (2,375,892)                    | -                             | 145,520,672                     | 184,287,911      |
| <b>Change in accounting policy (note 2.2(b))</b>                                                           | 6,697                         | -                             | -                            | -                                    | -                                               | 1,349                          | -                             | 199,848                         | 207,894          |
| <b>Balance at 1 January 2023, as restated</b>                                                              | 35,744,442                    | 1,970                         | (4,277,732)                  | 9,516,533                            | 164,615                                         | (2,374,543)                    | -                             | 145,720,520                     | 184,495,805      |
| <b>Comprehensive income/(loss)</b>                                                                         |                               |                               |                              |                                      |                                                 |                                |                               |                                 |                  |
| Profit for the year                                                                                        | -                             | -                             | -                            | -                                    | -                                               | -                              | -                             | 23,860,258                      | 23,860,258       |
| <b>Other comprehensive income/(loss):</b>                                                                  |                               |                               |                              |                                      |                                                 |                                |                               |                                 |                  |
| Share of other comprehensive loss of joint ventures and associates, net                                    | -                             | -                             | (21,901)                     | -                                    | -                                               | (20,055)                       | -                             | -                               | (41,956)         |
| Cash low hedges, net of tax                                                                                | (5,434)                       | -                             | -                            | -                                    | -                                               | -                              | -                             | -                               | (5,434)          |
| Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax | (3,663)                       | -                             | -                            | -                                    | 15,780                                          | -                              | -                             | -                               | 12,117           |
| Remeasurements of post-employment benefit obligations                                                      | -                             | -                             | (20,401)                     | -                                    | -                                               | -                              | -                             | -                               | (20,401)         |
| Currency translation differences                                                                           | -                             | -                             | -                            | -                                    | -                                               | 1,816,878                      | -                             | -                               | 1,816,878        |
| <b>Total other comprehensive income/(loss)</b>                                                             | (9,097)                       | -                             | (42,302)                     | -                                    | 15,780                                          | 1,796,823                      | -                             | -                               | 1,761,204        |
| <b>Total comprehensive income/(loss)</b>                                                                   | (9,097)                       | -                             | (42,302)                     | -                                    | 15,780                                          | 1,796,823                      | -                             | 23,860,258                      | 25,621,462       |
| <b>Total contributions by and distributions to owners of the Company recognized directly in equity:</b>    |                               |                               |                              |                                      |                                                 |                                |                               |                                 |                  |
| Transaction with non-controlling shareholders of subsidiaries                                              | 1,651,611                     | -                             | -                            | -                                    | -                                               | -                              | -                             | -                               | 1,651,611        |
| Dividends declared to shareholders of the Company                                                          | -                             | -                             | -                            | -                                    | -                                               | -                              | -                             | (30,672,892)                    | (30,672,892)     |
| Appropriate to statutory reserves                                                                          | -                             | -                             | -                            | 902,062                              | -                                               | -                              | -                             | (902,062)                       | -                |
| Fair value of share options granted                                                                        | (12,146)                      | -                             | -                            | -                                    | -                                               | -                              | -                             | 21,922                          | 9,776            |
| Put option liability movement                                                                              | -                             | -                             | -                            | -                                    | -                                               | -                              | -                             | (32,505)                        | (32,505)         |
| Repurchase and cancellation of shares (note 24(a))                                                         | (785,901)                     | -                             | -                            | -                                    | -                                               | -                              | (374,092)                     | -                               | (1,159,993)      |
| Others                                                                                                     | 130,935                       | -                             | (2,367)                      | -                                    | -                                               | -                              | -                             | 2,367                           | 130,935          |
| <b>Total contributions by and distributions to owners of the Company</b>                                   | 984,499                       | -                             | (2,367)                      | 902,062                              | -                                               | -                              | (374,092)                     | (31,583,170)                    | (30,073,068)     |
| <b>Balance at 31 December 2023</b>                                                                         | 36,719,844                    | 1,970                         | (4,322,401)                  | 10,418,595                           | 180,395                                         | (577,720)                      | (374,092)                     | 137,997,608                     | 180,044,199      |



# Notes to the Consolidated Financial Statements

## 25 Reserves (Continued)

|                                                                                                            | Capital<br>reserve<br>RMB'000 | Hedging<br>reserve<br>RMB'000 | Other<br>reserves<br>RMB'000 | Statutory<br>reserve fund<br>RMB'000 | Investment<br>revaluation<br>reserve<br>RMB'000 | Exchange<br>reserve<br>RMB'000 | Retained<br>earnings<br>RMB'000 | Total<br>RMB'000 |
|------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|------------------------------|--------------------------------------|-------------------------------------------------|--------------------------------|---------------------------------|------------------|
| <b>Balance at 1 January 2022, as previously reported</b>                                                   | 37,345,289                    | 1,970                         | (4,220,392)                  | 2,881,792                            | 124,558                                         | (7,234,720)                    | 88,781,206                      | 117,679,703      |
| <b>Change in accounting policy</b>                                                                         | -                             | -                             | -                            | -                                    | -                                               | (574)                          | 91,561                          | 90,987           |
| <b>Balance at 1 January 2022, as restated</b>                                                              | 37,345,289                    | 1,970                         | (4,220,392)                  | 2,881,792                            | 124,558                                         | (7,235,294)                    | 88,872,767                      | 117,770,690      |
| <b>Comprehensive income/(loss)</b>                                                                         |                               |                               |                              |                                      |                                                 |                                |                                 |                  |
| Profit for the year, as restated                                                                           | -                             | -                             | -                            | -                                    | -                                               | -                              | 109,792,453                     | 109,792,453      |
| <b>Other comprehensive income/(loss):</b>                                                                  |                               |                               |                              |                                      |                                                 |                                |                                 |                  |
| Share of other comprehensive loss of joint ventures and associates, net                                    | -                             | -                             | (44,701)                     | -                                    | -                                               | (33,633)                       | -                               | (78,334)         |
| Cash low hedges, net of tax                                                                                | 19,134                        | -                             | -                            | -                                    | -                                               | -                              | -                               | 19,134           |
| Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax | (6,839)                       | -                             | -                            | -                                    | 40,057                                          | -                              | -                               | 33,218           |
| Remeasurements of post-employment benefit obligations                                                      | -                             | -                             | (12,639)                     | -                                    | -                                               | -                              | -                               | (12,639)         |
| Currency translation differences                                                                           | -                             | -                             | -                            | -                                    | -                                               | 4,894,384                      | -                               | 4,894,384        |
| <b>Total other comprehensive income/(loss), as restated</b>                                                | 12,295                        | -                             | (57,340)                     | -                                    | 40,057                                          | 4,860,751                      | -                               | 4,855,763        |
| <b>Total comprehensive income/(loss), as restated</b>                                                      | 12,295                        | -                             | (57,340)                     | -                                    | 40,057                                          | 4,860,751                      | 109,792,453                     | 114,648,216      |
| <b>Total contributions by and distributions to owners of the Company recognized directly in equity:</b>    |                               |                               |                              |                                      |                                                 |                                |                                 |                  |
| Issue of A shares in connection with the exercise of share options                                         | 219,437                       | -                             | -                            | -                                    | -                                               | -                              | -                               | 219,437          |
| Acquisition of subsidiaries under common control                                                           | (3,560,029)                   | -                             | -                            | -                                    | -                                               | -                              | -                               | (3,560,029)      |
| Transaction with non-controlling shareholders of subsidiaries                                              | 1,841,483                     | -                             | -                            | -                                    | -                                               | -                              | -                               | 1,841,483        |
| Dividends declared to shareholders of the Company                                                          | -                             | -                             | -                            | -                                    | -                                               | -                              | (46,283,357)                    | (46,283,357)     |
| Appropriate to statutory reserves                                                                          | -                             | -                             | -                            | 6,634,741                            | -                                               | -                              | (6,634,741)                     | -                |
| Fair value of share options granted                                                                        | (62,509)                      | -                             | -                            | -                                    | -                                               | -                              | -                               | (62,509)         |
| Put option liability movement                                                                              | -                             | -                             | -                            | -                                    | -                                               | -                              | (26,602)                        | (26,602)         |
| Others                                                                                                     | (51,524)                      | -                             | -                            | -                                    | -                                               | -                              | -                               | (51,524)         |
| <b>Total contributions by and distributions to owners of the Company, as restated</b>                      | (1,613,142)                   | -                             | -                            | 6,634,741                            | -                                               | -                              | (52,944,700)                    | (47,923,101)     |
| <b>Balance at 31 December 2022, as restated</b>                                                            | 35,744,442                    | 1,970                         | (4,277,732)                  | 9,516,533                            | 164,615                                         | (2,374,543)                    | 145,720,520                     | 184,495,805      |

# Notes to the Consolidated Financial Statements

## 25 Reserves (Continued)

Notes:

(a) Statutory reserve fund

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to allocate 10% of net profit of the Company, as determined in accordance with the China Accounting Standards ("CAS"), to the statutory reserve fund until such statutory reserve fund reaches 50% of the registered capital of the Company. The appropriation to the statutory reserve fund must be made before any distribution of dividends to equity holders. The statutory reserve fund can be used to offset previous year's losses, if any, and part of the statutory reserve fund can be capitalized as the Company's share capital provided that the amount of such statutory reserve fund remaining after the capitalization shall not be less than 25% of the share capital of the Company.

(b) In accordance with the articles of association of the Company, the profit available for appropriation by the Company for the purpose of dividend payments is based on the lesser of (i) the net profit determined in accordance with the CAS; and (ii) the net profit determined in accordance with HKFRSs. Profit distribution is made after the appropriation to statutory reserve fund and recovery of previous years' losses.

(c) Other reserves of the Group as at 31 December 2023 represented capital reserve and other reserves of joint ventures and associates, and remeasurements of post-employment benefit obligations.

(d) Capital reserve mainly represents the capitalization of the reserves of the acquired subsidiaries from the parent company upon the incorporation of the Company on 3 March 2005 and the share premium (net with share issuance expenses) arising upon issuance of the Company's H shares and A shares in 2005, 2007 and 2019.

# Notes to the Consolidated Financial Statements

## 26 Borrowings

|                                                                  | 2023<br>RMB'000   | 2022<br>RMB'000 |
|------------------------------------------------------------------|-------------------|-----------------|
| <b>Long term borrowings</b>                                      |                   |                 |
| Bank loans                                                       |                   |                 |
| – secured (note g)                                               | 14,517,085        | 15,618,839      |
| – unsecured (note h)                                             | 23,111,710        | 18,861,542      |
| Loans from COSCO SHIPPING Finance                                |                   |                 |
| – unsecured                                                      | 1,945,491         | 1,735,391       |
| Notes/bonds (note b)                                             | –                 | 3,088,957       |
| Loans from non-controlling shareholders of subsidiaries (note c) | 436,196           | 461,495         |
| Other loans                                                      |                   |                 |
| – unsecured                                                      | 561,770           | 559,000         |
| Interest payables of long-term borrowings                        | 287,147           | 240,635         |
| Total long-term borrowings                                       | 40,859,399        | 40,565,859      |
| Current portion of long-term borrowings                          | (8,118,638)       | (5,806,773)     |
|                                                                  | <b>32,740,761</b> | 34,759,086      |
| <b>Short term borrowings</b>                                     |                   |                 |
| Bank loans                                                       |                   |                 |
| – unsecured                                                      | 2,416,467         | 1,439,233       |
| Loans from COSCO SHIPPING Finance                                |                   |                 |
| – unsecured                                                      | –                 | 800,929         |
| Interest payables of short-term borrowings                       | 1,052             | 1,656           |
|                                                                  | <b>2,417,519</b>  | 2,241,818       |

# Notes to the Consolidated Financial Statements

## 26 Borrowings (Continued)

Notes:

(a) As at 31 December 2023, the long-term borrowings were repayable as follows:

|                                                         | 2023<br>RMB'000   | 2022<br>RMB'000 |
|---------------------------------------------------------|-------------------|-----------------|
| Bank loans                                              |                   |                 |
| – within one year                                       | 6,508,831         | 2,459,782       |
| – in the second year                                    | 6,426,459         | 8,512,967       |
| – in the third to fifth years                           | 12,955,597        | 12,785,219      |
| – after the fifth year                                  | 11,737,908        | 10,722,413      |
|                                                         | <b>37,628,795</b> | 34,480,381      |
| Loans from COSCO SHIPPING Finance                       |                   |                 |
| – within one year                                       | 430,400           | 1,400           |
| – in the second year                                    | 80,600            | 230,400         |
| – in the third to fifth years                           | 290,000           | 496,759         |
| – after the fifth year                                  | 1,144,491         | 1,006,832       |
|                                                         | <b>1,945,491</b>  | 1,735,391       |
| Notes/bonds (note b)                                    |                   |                 |
| – within one year                                       | –                 | 3,088,957       |
|                                                         | –                 | 3,088,957       |
| Loans from non-controlling shareholders of subsidiaries |                   |                 |
| – within one year                                       | 432,260           | –               |
| – in the second year                                    | –                 | 461,495         |
| – after the fifth year                                  | 3,936             | –               |
|                                                         | <b>436,196</b>    | 461,495         |
| Other loans                                             |                   |                 |
| – within one year                                       | 460,000           | 15,999          |
| – in the second year                                    | 86,770            | 476,001         |
| – in the third to fifth years                           | 15,000            | 67,000          |
|                                                         | <b>561,770</b>    | 559,000         |
| Interest payables                                       |                   |                 |
| – within one year                                       | 287,147           | 240,635         |
|                                                         | <b>40,859,399</b> | 40,565,859      |

# Notes to the Consolidated Financial Statements

## 26 Borrowings (Continued)

Notes: (Continued)

- (b) Notes issued by the Company with principal amount of RMB1,000,000,000, which bear interest at a fixed rate of 2.50% per annum, were issued by the Company to investors on 20 May 2020 at a price equal to the principal amount. The notes were repaid on 20 May 2023.

10-year notes with principal amount of US\$300,000,000 (equivalent to approximately RMB2,089,380,000) were issued by a subsidiary of COSCO SHIPPING Ports to investors on 31 January 2013 which bear interest at a fixed rate of 4.46% per annum. The notes were repaid in January 2023.

- (c) As at 31 December 2023, balance of US\$61,586,000 (equivalent to approximately RMB432,260,000) (2022: US\$65,803,000 (equivalent to approximately RMB458,290,000)) from non-controlling shareholders of a subsidiary was unsecured, bore interest at 1% (2022: 1%) above the 3 months EURIBOR, and repayable in or before December 2024.

As at 31 December 2023, balance of US\$555,720 (equivalent to approximately RMB3,936,000) (2022: US\$460,000 (equivalent to approximately RMB3,205,000)) from non-controlling shareholders of a subsidiary was unsecured, bore interest at 3% (2022: 3%) above the 6 months EURIBOR, and repayable in or after December 2028.

- (d) The exposure of the Group's long-term borrowings to interest rate changes and the contractual repricing dates at balance sheet date are as follows:

|                        | Less than<br>one year<br>RMB'000 | 2 to 5<br>years<br>RMB'000 | Over 5<br>years<br>RMB'000 | Total<br>RMB'000 |
|------------------------|----------------------------------|----------------------------|----------------------------|------------------|
| As at 31 December 2023 |                                  |                            |                            |                  |
| Total borrowings       | 8,118,638                        | 19,854,426                 | 12,886,335                 | 40,859,399       |
| As at 31 December 2022 |                                  |                            |                            |                  |
| Total borrowings       | 5,806,773                        | 23,029,841                 | 11,729,245                 | 40,565,859       |

- (e) The effective interest rates per annum as at 31 December 2023 were as follows:

|                                                   | 2023           |                |                |       |
|---------------------------------------------------|----------------|----------------|----------------|-------|
|                                                   | US dollar      | RMB            | EURO           | HKD   |
| Bank loans                                        | 3.32% to 6.70% | 3.00% to 4.86% | 1.50% to 5.70% | 6.21% |
| Loans from COSCO SHIPPING Finance                 | -              | 2.60% to 5.60% | -              | -     |
| 2022                                              |                |                |                |       |
|                                                   | US dollar      | RMB            | EURO           | HKD   |
| Bank loans                                        | 2.72% to 5.39% | 2.68% to 4.90% | 1.40% to 2.55% | 3.55% |
| Loans from COSCO SHIPPING Finance                 | -              | 3.29% to 3.92% | -              | -     |
| Notes/bonds                                       | 4.0% to 4.38%  | 2.50%          | -              | -     |
| Loan from COSCO Shipping<br>(Hong Kong) Co., Ltd. | 3.41%          | -              | -              | -     |

As at 31 December 2023, balance of RMB31,344,533,000 (2022: RMB28,267,686,000) of loans bore floating interest rates.

# Notes to the Consolidated Financial Statements

## 26 Borrowings (Continued)

Notes: (Continued)

(f) The carrying amounts of the long-term borrowings and short-term borrowings are denominated in the following currencies:

|           | <b>2023</b>       | 2022       |
|-----------|-------------------|------------|
|           | <b>RMB'000</b>    | RMB'000    |
| US dollar | <b>25,026,465</b> | 24,000,957 |
| RMB       | <b>12,439,785</b> | 13,638,262 |
| EURO      | <b>4,812,673</b>  | 4,926,167  |
| HKD       | <b>709,796</b>    | –          |
|           | <b>42,988,719</b> | 42,565,386 |

(g) The secured bank loans as at 31 December 2023 are secured, inter alia, by one or more of the following:

- (i) First legal mortgage over certain property, plant and equipment of the Group with aggregate net book value of RMB28,913,602,000 (2022: RMB24,599,297,000) (notes 7(a));
- (ii) Assignments of the charter, rental income and earnings, requisition compensation and insurance relating to certain container vessels;
- (iii) Shares of certain subsidiaries; and
- (iv) Bank balances of certain subsidiaries (note 21(a)).

(h) As at 31 December 2023, unsecured bank loans of RMB3,576,343,000 (31 December 2022: RMB3,751,114,000) are guaranteed by COSCO SHIPPING.

# Notes to the Consolidated Financial Statements

## 27 Provisions and other liabilities

|                                         | Current<br>RMB'000 | 2023<br>Non-<br>current<br>RMB'000 | Total<br>RMB'000 | Current<br>RMB'000 | 2022<br>Non-<br>current<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------|--------------------|------------------------------------|------------------|--------------------|------------------------------------|------------------|
| Provision for one-off housing subsidies | –                  | 40,078                             | 40,078           | –                  | 40,052                             | 40,052           |
| Provision for onerous contracts (note)  | –                  | 6,493,030                          | 6,493,030        | –                  | 6,231,542                          | 6,231,542        |
| Deferred income and others              | 36,999             | 472,546                            | 509,545          | 39,142             | 383,413                            | 422,555          |
| Total                                   | 36,999             | 7,005,654                          | 7,042,653        | 39,142             | 6,655,007                          | 6,694,149        |

Note:

OOIL entered into TSA in October 2019 to which OOIL committed to place, or procure the placement of an annual minimum number of vessel lifts in LBCT for 20 years. Failure to meet the committed volume for each contract year would require certain level of deficiency payment as stipulated in the TSA.

As at 31 December 2023, OOIL reassessed the expected number of vessel lifts in LBCT for each of the remaining contract years with reference to future prospects of the market and its expected load factor. The overall economic environment in the USA is still highly uncertain, and it is expected that high inflation and interest rate environment would slow down the USA economy growth and would have some negative impact to the demand/import of the USA in the near future. As at 31 December 2023, with these uncertainties over such a long-term contract period, OOIL reassessed that the projected vessel lifts in LBCT would result in a shortfall on minimum volume commitment over the remaining contract period. OOIL estimated an onerous contract provision of US\$916.7 million (equivalent to approximately RMB6,493.0 million) as at 31 December 2023 (2022: US\$894.7 million (equivalent to approximately RMB6,231.5 million)).

# Notes to the Consolidated Financial Statements

## 27 Provisions and other liabilities (Continued)

Note: (Continued)

Movements in the onerous provision are as follows:

|                                                 | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-------------------------------------------------|-----------------|-----------------|
| Balance at beginning of year                    | 6,231,542       | 4,155,332       |
| Charged to consolidated profit and loss account | 155,819         | 1,634,880       |
| Currency translation differences                | 105,669         | 441,330         |
| Balance at end of year                          | 6,493,030       | 6,231,542       |

## 28 Put option liability

A put option liability was recognized in relation to the put option granted to the non-controlling shareholder of COSCO SHIPPING Ports Chancay Peru S.A. ("CSP Chancay Terminal") to sell 40% interests in CSP Chancay Terminal to COSCO SHIPPING Ports. Such put option is exercisable any time during a 5-year period from the commercial operation date. COSCO SHIPPING Ports shall be obligated to purchase the put option shares and settle the put option price upon the final determination of the put option price by independent valuation firm. The put option price is at the lower of fair market value and price caps set for each of the 5 consecutive years after the commencement of the terminal operation. As at 31 December 2023, the carrying amount of the put option liability is US\$246.0 million (equivalent to approximately RMB1,742.4 million) (2022: US\$239.0 million (equivalent to approximately RMB1,664.8 million)).

Movements of put option liabilities are as follows:

|                                  | 2023<br>RMB'000 | 2022<br>RMB'000 |
|----------------------------------|-----------------|-----------------|
| As at 1 January                  | 1,664,811       | 1,480,838       |
| Remeasurement                    | 49,157          | 45,588          |
| Currency translation differences | 28,467          | 138,385         |
| As at 31 December                | 1,742,435       | 1,664,811       |



# Notes to the Consolidated Financial Statements

## 29 Pension and retirement liabilities

The Group operates a number of defined benefit and defined contribution pension and retirement schemes in the main countries in which the Group operates. The total charges to the consolidated income statement for the year were RMB353,263,000 (2022: RMB266,499,000).

Notes:

- (a) Retirement benefit obligations of the Company, COSCO SHIPPING Lines Limited and its subsidiaries, and COSCO SHIPPING Ports and its subsidiaries

|                                                                              | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------------------------------------------------------------------|-----------------|-----------------|
| Balance sheet obligations for:                                               |                 |                 |
| Early-retirement benefits for PRC employees                                  | 54,385          | 55,562          |
| Post-retirement benefits for PRC employees                                   | 303,463         | 293,794         |
| Total pension and retirement liabilities                                     | 357,848         | 349,356         |
| Less: Current portion included in provisions and other liabilities (note 27) | (36,999)        | (39,142)        |
| Non-current portion of pension and retirement liabilities                    | 320,849         | 310,214         |
| Expensed in income statement for:                                            |                 |                 |
| Early-retirement benefits for PRC employees                                  | 16,254          | 21,288          |
| Post-retirement benefits for PRC employees                                   | 46,874          | (68,830)        |
|                                                                              | 63,128          | (47,542)        |

The Group recognized a liability for the present value of the unfunded obligations relating to retirement benefits payable to certain normal retired or early retired employees in the consolidated balance sheet. The liability related to the benefit obligations for eligible retired employees existing at year end is calculated by independent actuaries, using the projected unit credit method. The actuarial liabilities of early retirement and post retirement as at 31 December 2023 totalled RMB357,848,000 (2022: RMB349,356,000).

# Notes to the Consolidated Financial Statements

## 29 Pension and retirement liabilities (Continued)

Notes: (Continued)

- (a) Retirement benefit obligations of the Company, COSCO SHIPPING Lines Limited and its subsidiaries, and COSCO SHIPPING Ports and its subsidiaries (Continued)

Movements of the net liabilities recognized in the consolidated balance sheets are as follows:

|                                                         | Early retirement<br>RMB'000 | 2023<br>Post retirement<br>RMB'000 | Total<br>RMB'000 | Early retirement<br>RMB'000 | 2022<br>Post retirement<br>RMB'000 | Total<br>RMB'000 |
|---------------------------------------------------------|-----------------------------|------------------------------------|------------------|-----------------------------|------------------------------------|------------------|
| As at 1 January                                         | 55,562                      | 293,794                            | 349,356          | 49,332                      | 398,087                            | 447,419          |
| Charged/(credited) to the consolidated income statement | 16,254                      | 46,874                             | 63,128           | 21,288                      | (68,830)                           | (47,542)         |
| Remeasurements of post-employment benefit obligations   | -                           | (810)                              | (810)            | -                           | 6,742                              | 6,742            |
| Benefits paid                                           | (17,680)                    | (36,486)                           | (54,166)         | (18,650)                    | (38,771)                           | (57,421)         |
| Currency translation difference                         | 249                         | 91                                 | 340              | 3,592                       | (3,434)                            | 158              |
| As at 31 December                                       | 54,385                      | 303,463                            | 357,848          | 55,562                      | 293,794                            | 349,356          |

The amounts of retirement benefit costs recognized in the consolidated income statement comprise:

|                    | Early retirement<br>RMB'000 | 2023<br>Post retirement<br>RMB'000 | Total<br>RMB'000 | Early retirement<br>RMB'000 | 2022<br>Post retirement<br>RMB'000 | Total<br>RMB'000 |
|--------------------|-----------------------------|------------------------------------|------------------|-----------------------------|------------------------------------|------------------|
| Interest cost      | 1,238                       | 46,903                             | 48,141           | 60                          | 9,829                              | 9,889            |
| Past service costs | -                           | -                                  | -                | -                           | (1,856)                            | (1,856)          |

The principal actuarial assumptions used were as follows:

|                                     | 2023             |                 | 2022             |                 |
|-------------------------------------|------------------|-----------------|------------------|-----------------|
|                                     | Early retirement | Post retirement | Early retirement | Post retirement |
| Discount rate                       | 2.25%            | 2.50%           | 2.50%            | 3.00%           |
| Retirement benefits inflation rates | 3.00%-4.50%      | 0.00%-8.00%     | 3.00%-4.50%      | 0.00%-8.00%     |

# Notes to the Consolidated Financial Statements

## 29 Pension and retirement liabilities (Continued)

Notes: (Continued)

### (b) Retirement benefit obligations of OOIL

The amounts recognized in the consolidated balance sheet are as follows:

|                          | 2023<br>RMB'000 | 2022<br>RMB'000 |
|--------------------------|-----------------|-----------------|
| Net funded scheme assets | 95,546          | 70,294          |

#### Net funded scheme assets

The defined benefit scheme is operated in the United Kingdom which was valued by Barnett Waddingham LLP. The defined benefit scheme (the "Scheme") covers less than 1% of OOIL's employees and is funded. The assets of the Scheme are held in trust funds separate from OOIL. Contributions to the Scheme are assessed in accordance with the advice of qualified actuaries in compliance with local practice and regulations. The actuarial assumptions used to calculate the projected benefit obligations of OOIL's pension schemes vary according to the economic conditions of the countries in which they are situated.

The abolishment of MPF net-off LSP has no material impact on the Group's results and financial position for the prior periods.

The net scheme assets of the Scheme recognized in the consolidated balance sheet are determined as follows:

|                                     | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-------------------------------------|-----------------|-----------------|
| Fair value of plan assets           | 1,087,407       | 982,420         |
| Present value of funded obligations | (991,861)       | (912,126)       |
| Surplus of funded plan              | 95,546          | 70,294          |

Movements in the fair value of the plan assets of the Scheme during the year are as follows:

|                                     | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-------------------------------------|-----------------|-----------------|
| Balance at beginning of year        | 982,420         | 1,435,559       |
| Currency translation differences    | 76,608          | (50,374)        |
| Interest income on plan assets      | 48,270          | 24,786          |
| Remeasurement gain/(loss) on assets | 21,457          | (390,514)       |
| Contributions from OOIL             | 30,394          | 28,109          |
| Contributions from the plan members | 670             | 666             |
| Benefits paid                       | (72,412)        | (65,812)        |
| Balance at end of year              | 1,087,407       | 982,420         |

# Notes to the Consolidated Financial Statements

## 29 Pension and retirement liabilities (Continued)

Notes: (Continued)

### (b) Retirement benefit obligations of OOIL (Continued)

Movements in the present value of obligations of the Scheme during the year are as follows:

|                                                      | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------------------------------------------|-----------------|-----------------|
| Balance at beginning of year                         | 912,126         | 1,357,469       |
| Currency translation differences                     | 70,598          | (48,465)        |
| Current service cost                                 | 5,463           | 8,282           |
| Interest expense                                     | 44,147          | 23,225          |
| Experience gain on liabilities                       | 14,690          | 28,237          |
| Gains from changes to demographic assumptions        | (16,600)        | (17,358)        |
| Losses/(gains) from changes to financial assumptions | 33,179          | (374,118)       |
| Contributions from the plan members                  | 670             | 666             |
| Benefits paid                                        | (72,412)        | (65,812)        |
| Balance at end of year                               | 991,861         | 912,126         |

The charges of the Scheme recognized in the consolidated income statement are as follows:

|                                     | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-------------------------------------|-----------------|-----------------|
| Current service cost                | 5,463           | 8,282           |
| Interest expense                    | 44,147          | 23,225          |
| Interest income on plan assets      | (48,270)        | (24,786)        |
| Net expense recognized for the year | 1,340           | 6,721           |

Charges of RMB536,000 (2022: RMB2,115,000) and RMB804,000 (2022: RMB4,606,000) respectively are included in "cost of services" and "selling, administrative and general expenses" in the consolidated income statement.

The main actuarial assumptions made for the Scheme were as follows:

|                                        | 2023   | 2022      |
|----------------------------------------|--------|-----------|
| Discount rate                          | 4.50%  | 4.80%     |
| Inflation rate                         | 3.40%  | 3.50%     |
| Expected future salary increases       | 2.60%  | 2.60%     |
| Expected future pension increases      | 2.60%  | 2.60%     |
| Actual return on plan assets (RMB'000) | 69,727 | (365,729) |

# Notes to the Consolidated Financial Statements

## 29 Pension and retirement liabilities (Continued)

Notes: (Continued)

### (b) Retirement benefit obligations of OOIL (Continued)

At 31 December 2023, if discount rate had been 0.5% higher/lower, with all other variables held constant, the present value of the funded obligations would have been RMB46,746,000 lower/RMB51,704,000 higher. At 31 December 2023, if inflation rate had been 0.2% higher/lower, with all other variables held constant, the present value of the funded obligations would have been RMB9,916,000 higher/RMB 12,041,000 lower. The sensitivities show the likely effect of a single assumption being adjusted while holding all other assumptions constant.

Plan assets of the Scheme comprise the following:

|        | 2023<br>RMB'000  | 2022<br>RMB'000 |
|--------|------------------|-----------------|
| Equity | 135,372          | 104,608         |
| Debt   | 767,991          | 767,110         |
| Others | 184,044          | 110,702         |
|        | <b>1,087,407</b> | 982,420         |

Expected normal and deficit reduction contributions to the Scheme for the year ending 31 December 2024 is RMB31,164,000.

Through its defined benefit pension plans, OOIL is exposed to a number of risks as follows:

- Investment risk. The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if deficit emerges.
- Interest rate and market risk. The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities, the value of the assets and liabilities may not move in the same way.
- Inflation risk. A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.
- Longevity and other demographic risk. If members live longer than assumed, a deficit will emerge in the Scheme.

# Notes to the Consolidated Financial Statements

## 30 Trade and other payables and contract liabilities

|                                    | 2023<br>RMB'000    | 2022<br>RMB'000 |
|------------------------------------|--------------------|-----------------|
| Trade and bills payables (note a)  |                    |                 |
| – third parties                    | 17,527,658         | 19,777,856      |
| – fellow subsidiaries              | 497,933            | 1,028,176       |
| – joint ventures                   | 170,187            | 140,026         |
| – associates                       | 84,147             | 21,809          |
| – other related companies          | 218,020            | 89,673          |
|                                    | <b>18,497,945</b>  | 21,057,540      |
| Accrued expenses                   | <b>73,004,716</b>  | 86,214,866      |
| Other payables                     |                    |                 |
| – third parties                    | 12,867,421         | 17,974,701      |
| – fellow subsidiaries              | 75,773             | 95,768          |
| – joint ventures (note c)          | 368,590            | 366,233         |
| – associates (note d)              | 30,869             | 60,308          |
| – other related companies (note e) | 518,646            | 3,079,442       |
|                                    | <b>13,861,299</b>  | 21,576,452      |
| Contract liabilities               | <b>676,487</b>     | 913,498         |
| Total                              | <b>106,040,447</b> | 129,762,356     |

Notes:

- (a) As at 31 December 2023, the aging analysis of trade and bills payables on the basis of the date of relevant invoice or demand note is as follows:

|               | 2023<br>RMB'000   | 2022<br>RMB'000 |
|---------------|-------------------|-----------------|
| within 1 year | 18,378,636        | 20,939,862      |
| 1 – 2 years   | 55,260            | 53,608          |
| 2 – 3 years   | 34,526            | 34,896          |
| Above 3 years | 29,523            | 29,174          |
|               | <b>18,497,945</b> | 21,057,540      |

Trade balances with related companies are unsecured, interest free and have similar terms of repayment as those of third party suppliers.

# Notes to the Consolidated Financial Statements

## 30 Trade and other payables and contract liabilities (Continued)

Notes: (Continued)

(b) The carrying amounts of trade and other payables (excluding contract liabilities) are denominated in the following currencies:

|                  | <b>2023</b>        | 2022        |
|------------------|--------------------|-------------|
|                  | <b>RMB'000</b>     | RMB'000     |
| RMB              | <b>79,318,272</b>  | 72,147,144  |
| US dollar        | <b>15,310,803</b>  | 46,362,571  |
| HK dollar        | <b>4,156,503</b>   | 3,355,293   |
| EURO             | <b>1,294,397</b>   | 1,281,199   |
| Other currencies | <b>5,283,985</b>   | 5,702,566   |
| <b>Total</b>     | <b>105,363,960</b> | 128,848,773 |

(c) The balance included a loan from a joint venture of US\$16,955,000 (equivalent to approximately RMB120,087,179) (2022: US\$32,329,000 (equivalent to approximately RMB225,159,000)), which are unsecured, bear interest at 2.30% (2022: 2.30%) per annum and repayable within twelve months.

(d) The balance included a loan from an associate of US\$4,239,000 (equivalent to approximately RMB30,023,565) (2022: US\$8,619,000 (equivalent to approximately RMB60,028,000)), which are unsecured, bears interest at 2.30% (2022: 2.30%) per annum and repayable within twelve months.

(e) The balance included loans from non-controlling shareholders of subsidiaries, which are unsecured, interest bearing and repayable within twelve months. Balance of US\$2,588,000 (equivalent to approximately RMB18,330,028) (2022: US\$943,000 (equivalent to approximately RMB6,568,000)) represents interest payable on loans from non-controlling shareholders of subsidiaries. Balance of US\$9,343,000 (equivalent to approximately RMB65,070,000) as at 31 December 2022 bore interest at 3.40% per annum and was fully repaid in January 2023.

The remaining balances are unsecured, interest free and have no fixed terms of repayment.

# Notes to the Consolidated Financial Statements

## 31 Expenses by nature

|                                                                      | 2023<br>RMB'000    | 2022<br>RMB'000 |
|----------------------------------------------------------------------|--------------------|-----------------|
| <b>Cost of services</b> (note a)                                     |                    |                 |
| Container shipping business                                          |                    |                 |
| – Equipment and cargo transportation costs                           | 57,531,766         | 111,771,762     |
| – Voyage costs (note b)                                              | 38,419,999         | 45,229,851      |
| – Vessel costs (note c)                                              | 31,588,261         | 38,274,198      |
|                                                                      | <b>127,540,026</b> | 195,275,811     |
| Other related business costs                                         | 12,043,199         | 16,054,945      |
| Cost of services related to container shipping business              | <b>139,583,225</b> | 211,330,756     |
| Terminal business costs                                              | 7,172,080          | 6,660,446       |
| Tax and surcharges                                                   | 1,105,128          | 2,589,346       |
| Total                                                                | <b>147,860,433</b> | 220,580,548     |
| <b>Selling, administrative and general expense</b>                   |                    |                 |
| Administrative staff costs                                           | 5,664,424          | 9,157,437       |
| Depreciation and amortization                                        | 744,834            | 716,610         |
| Expense relating to short-term lease and lease with low value assets | 51,042             | 122,250         |
| Office expense                                                       | 346,862            | 351,804         |
| Transportation and travelling expense                                | 113,490            | 58,143          |
| Auditors' remuneration                                               | 80,762             | 79,314          |
| – Audit                                                              | 59,632             | 54,069          |
| – Audit related services                                             | 11,126             | 10,961          |
| – Non-audit services                                                 | 10,004             | 14,284          |
| Telecommunication and utilities                                      | 103,104            | 120,939         |
| Repair and maintenance expense                                       | 296,278            | 251,019         |
| Others                                                               | 830,842            | 938,211         |
| Total                                                                | <b>8,231,638</b>   | 11,795,727      |

Notes:

- (a) Cost of services included depreciation and amortization expenses of RMB18,736,460,000 (2022: RMB19,662,064,000), service components which included in rentals but not as part of lease liabilities, expense related to short-term lease and lease with low value assets of RMB6,974,390,000 (2022: RMB8,258,711,000) respectively.
- (b) Voyage costs mainly comprised bunkers and port charges.
- (c) Vessel costs mainly comprised depreciation of vessels, staff costs, expense relating to short-term lease and lease with low value assets.



# Notes to the Consolidated Financial Statements

## 32 Other income and other expenses

|                                                                       | 2023<br>RMB'000  | 2022<br>RMB'000  |
|-----------------------------------------------------------------------|------------------|------------------|
| Dividend income from financial assets at FVOCI                        | 27,239           | 21,220           |
| Gain on disposal of property, plant and equipment                     | 111,188          | 417,512          |
| Gain on disposal of associates and a subsidiary                       | –                | 234,690          |
| Income from financial assets at FVPL                                  |                  |                  |
| – Fair value gain (realized and unrealized)                           | 9,185            | –                |
| – Interest income                                                     | –                | 7,907            |
| – Distribution                                                        | 1,976            | 2,344            |
| – Dividend income                                                     | 5,302            | 1,487            |
| Interest income from financial assets at amortized cost               | 20,690           | 29,245           |
| Government grants and other subsidies                                 | 3,011,927        | 1,299,931        |
| Exchange gain                                                         | 1,918,786        | 2,613,430        |
| Others                                                                | 28,700           | 35,408           |
| <b>Other income</b>                                                   | <b>5,134,993</b> | <b>4,663,174</b> |
| Loss on disposal of property, plant and equipment                     | (17,790)         | (28,089)         |
| Fair value loss on financial assets at FVPL (realized and unrealized) | (3,485)          | (56,139)         |
| Donations                                                             | (42,854)         | (41,746)         |
| Loss on deemed disposal of an associate                               | –                | (21,628)         |
| Others                                                                | (11,259)         | (163,240)        |
| <b>Other expenses</b>                                                 | <b>(75,388)</b>  | <b>(310,842)</b> |

# Notes to the Consolidated Financial Statements

## 33 Finance income and costs

|                                                                  | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------------------------------------------------------|-----------------|-----------------|
| Finance income                                                   |                 |                 |
| Interest income from:                                            |                 |                 |
| – other financial institutions                                   | 5,177,248       | 3,844,269       |
| – deposits in related parties                                    | 2,249,226       | 1,472,564       |
| – loans to a joint venture and associates                        | 42,962          | 20,425          |
| Net exchange gain                                                | 4,414           | 368,450         |
| Total finance income                                             | 7,473,850       | 5,705,708       |
| Finance costs                                                    |                 |                 |
| Interest expenses on:                                            |                 |                 |
| – loans from third parties                                       | (2,145,474)     | (1,412,444)     |
| – loans from related parties                                     | (85,962)        | (145,891)       |
| – loans from non-controlling shareholders of subsidiaries        | (20,636)        | (8,245)         |
| – lease liabilities                                              | (1,782,503)     | (1,811,366)     |
| – notes/bonds (note 26(b))                                       | (17,231)        | (453,141)       |
| Transaction costs arising from borrowings                        | (142,702)       | (159,797)       |
|                                                                  | (4,194,508)     | (3,990,884)     |
| Less: amount capitalized in construction in progress (note 7(b)) | 459,060         | 150,247         |
| Total finance costs                                              | (3,735,448)     | (3,840,637)     |
| Net finance income                                               | 3,738,402       | 1,865,071       |

# Notes to the Consolidated Financial Statements

## 34 Income tax expenses

|                                       | 2023<br>RMB'000 | 2022<br>RMB'000<br>(Restated) |
|---------------------------------------|-----------------|-------------------------------|
| Current income tax (note a)           |                 |                               |
| – PRC enterprise income tax           | 3,572,746       | 24,766,933                    |
| – Hong Kong profits tax               | 34,456          | 67,953                        |
| – Overseas taxation                   | 383,227         | 1,060,571                     |
| (Over)/under provision in prior years | (250,387)       | 9,789                         |
|                                       | 3,740,042       | 25,905,246                    |
| Deferred income tax                   | 940,970         | 9,733,322                     |
|                                       | 4,681,012       | 35,638,568                    |

Notes:

(a) Current income tax

Taxation has been provided at the appropriate rates of taxation prevailing in the countries in which the Group operates. These rates range from 2.5% to 39% (2022: 2.5% to 34.2%).

The statutory rate for PRC enterprise income tax is 25% and certain PRC companies enjoy preferential tax treatment with the reduced rates ranging from 2.5% to 20% (2022: 2.5% to 20%).

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the year.

(b) The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

|                                                                     | 2023<br>RMB'000 | 2022<br>RMB'000<br>(Restated) |
|---------------------------------------------------------------------|-----------------|-------------------------------|
| Profit before income tax                                            | 33,076,671      | 167,175,970                   |
| Less: Share of profits less losses of joint ventures and associates | (4,697,824)     | (2,312,065)                   |
|                                                                     | 28,378,847      | 164,863,905                   |
| Calculated at a tax rate of 25% (2022: 25%)                         | 7,094,712       | 41,215,977                    |
| Effect of different tax rates of domestic and overseas entities     | (988,053)       | (7,883,224)                   |
| Income not subject to income tax                                    | (4,072,438)     | (12,660,086)                  |
| Expenses not deductible for taxation purposes                       | 1,755,541       | 5,856,738                     |
| Utilization of previously unrecognized tax losses                   | (16,809)        | (93,847)                      |
| Tax losses not recognized                                           | 185,307         | 82,021                        |
| Income tax for distribution of profits                              | 911,722         | 10,222,853                    |
| Others                                                              | (188,970)       | (1,101,864)                   |
| Income tax expense                                                  | 4,681,012       | 35,638,568                    |

# Notes to the Consolidated Financial Statements

## 34 Income tax expenses (Continued)

Notes (Continued):

### (c) OECD Pillar Two model rules

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, or “GloBE”) to reform international corporate taxation. Large multinational enterprises with consolidated revenue of over EUR 750 million are subject to the rules. They are required to calculate their GloBE effective tax rate for each jurisdiction where they operate and will be liable to pay a minimum effective tax rate of 15%.

Notwithstanding that Hong Kong is in the process of seeking consultation on the implementation of the global minimum tax and domestic minimum top-up tax, which is expected to be effective from 1 January 2025, the Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group has operations, such as the United Kingdom, countries under the European Union, Australia and Canada, etc. The legislation of these jurisdiction will be effective from 1 January 2024 and as it was not effective for the year ended 31 December 2023, the Group has no related current tax exposures for the year. The Group also applies the mandatory exception from recognising and disclosing information about deferred tax assets and liabilities related to the Pillar Two income taxes, as provided in the Amendments to HKAS 12 issued in July 2023.

The Group is within the scope of the GloBE. However, international shipping income and certain qualified ancillary international shipping income are excluded from GloBE. As the Group operates worldwide and the types of international shipping income and ancillary income covered by the exclusion are subject to complicated rules and restrictions, these bring high complexities in applying the legislation and calculating the income under the rules. As such, the Group is in the process of working together with its parent company to assess its exposure to the Pillar Two legislation for when it comes into effect. The Group has applied the temporary mandatory 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.

## 35 Dividend

On 28 March 2024, the board of directors proposed a final dividend in respect of 2023 of RMB0.23 per ordinary share (tax inclusive); based on the Company’s total share capital of 15,957,586,817 shares as at the date hereof, the final cash dividends for 2023 of RMB3.670 billion shall be distributed. If there is a change in the number of Shares between the disclosure date of this announcement and the registration date of dividend distribution, the dividend per Share shall remain unchanged, with a corresponding adjustment to the total amount of distribution. Based on the above profit distribution plan, together with the interim cash dividends of around RMB8.196 billion for 2023 already distributed, the total cash dividends of around RMB11.866 billion will be distributed for 2023, accounting for approximately 50% of the net profit attributable to Shareholders of the Company for 2023.

The final dividend in respect of 2022 is RMB1.39 per ordinary share (tax inclusive), with total amount of RMB22.477 billion. The total dividend in respect of 2022 amounted to approximately RMB54,827 million, accounting for approximately 50% of the consolidated profit attributable to equity holders of the Company for 2022.

# Notes to the Consolidated Financial Statements

## 36 Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares during the year.

|                                                            | 2023                  | 2022<br>(Restated) |
|------------------------------------------------------------|-----------------------|--------------------|
| Profit attributable to equity holders of the Company (RMB) | <b>23,860,258,000</b> | 109,792,453,000    |
| Weighted average number of ordinary shares                 | <b>16,114,681,903</b> | 16,052,030,133     |
| Basic earnings per share (RMB)                             | <b>1.48</b>           | 6.84               |

### (b) Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares during the year, after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no considerations as if all outstanding dilutive share options granted by the Company had been exercised.

|                                                                                  | 2023                  | 2022<br>(Restated) |
|----------------------------------------------------------------------------------|-----------------------|--------------------|
| Profit attributable to equity holders of the Company (RMB)                       | <b>23,860,258,000</b> | 109,792,453,000    |
| Weighted average number of ordinary shares                                       | <b>16,114,681,903</b> | 16,052,030,133     |
| Adjustments for assumed issuance of shares on exercise of dilutive share options | <b>38,907,096</b>     | 113,657,971        |
|                                                                                  | <b>16,153,588,999</b> | 16,165,688,104     |
| Diluted earnings per share (RMB)                                                 | <b>1.48</b>           | 6.79               |

For the years ended 31 December 2023 and 2022, the outstanding share options granted by COSCO SHIPPING Ports did not have dilutive effect on the Company's diluted earnings per share.

# Notes to the Consolidated Financial Statements

## 37 Staff costs

An analysis of staff costs, including Directors', Supervisors' and key management's emoluments, is set out below:

|                                                                              | <b>2023</b><br><b>RMB'000</b> | 2022<br>RMB'000 |
|------------------------------------------------------------------------------|-------------------------------|-----------------|
| Wages, salaries and crew expenses (including bonus and share-based payments) | <b>8,346,426</b>              | 13,645,311      |
| Housing benefits (note a)                                                    | <b>514,369</b>                | 377,324         |
| Retirement benefits costs                                                    |                               |                 |
| – defined benefit plans                                                      | <b>30,550</b>                 | (12,449)        |
| – defined contribution plans (note b)                                        | <b>1,703,951</b>              | 1,629,978       |
| Welfare and other expenses                                                   | <b>2,006,811</b>              | 2,443,121       |
|                                                                              | <b>12,602,107</b>             | 18,083,285      |

Notes:

- (a) These include contributions to PRC government sponsored housing funds for full time employees in the PRC during the year.
- (b) The employees of the subsidiaries in the PRC participate in various retirement contribution plans organized by the relevant municipal and provincial governments in the PRC under which the Group was required to make monthly contributions to these plans at rates ranging from 8% to 20%, depending on the applicable local regulations, of the employees' basic salaries for the year.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries outside the PRC. Employees' and employers' contributions are calculated based on various percentages of employees' gross salaries or fixed sums and length of service. The assets of the schemes are held separately from those of the administered funds independently.

No forfeited contributions were available as at 31 December 2023 and 2022 to reduce future contributions.

Contributions totalling RMB717,427,000 (2022: RMB889,828,000) payable to various retirement benefit plans as at 31 December 2023 are included in pension and retirement liabilities and trade and other payables.

# Notes to the Consolidated Financial Statements

## 38 Emoluments of directors, supervisors and senior management

### (a) Directors', chief executive's and supervisors' emoluments

Details of the remuneration of each of the directors, the chief executive and the supervisors are set out below:

| Name                           | Year ended 31 December 2023 |                                       |                                     |                                              |                                                   | Total<br>RMB'000 |
|--------------------------------|-----------------------------|---------------------------------------|-------------------------------------|----------------------------------------------|---------------------------------------------------|------------------|
|                                | Fees<br>RMB'000             | Salaries and<br>allowances<br>RMB'000 | Discretionary<br>bonuses<br>RMB'000 | Benefits<br>in kind* <sup>3</sup><br>RMB'000 | Retirement<br>benefit<br>contributions<br>RMB'000 |                  |
| Wan Min                        | -                           | -                                     | -                                   | -                                            | -                                                 | -                |
| Chen Yangfan* <sup>1</sup>     | -                           | -                                     | -                                   | -                                            | -                                                 | -                |
| Huang Xiaowen* <sup>2</sup>    | -                           | -                                     | -                                   | -                                            | -                                                 | -                |
| Yang Zhijian                   | -                           | 5,133                                 | 2,003                               | 103                                          | 274                                               | 7,513            |
| Zhang Wei                      | -                           | 1,968                                 | 500                                 | 83                                           | 274                                               | 2,825            |
| Tao Weidong* <sup>1</sup>      | -                           | -                                     | -                                   | -                                            | -                                                 | -                |
| Yu De* <sup>1</sup>            | -                           | -                                     | -                                   | -                                            | -                                                 | -                |
| MA Si-hang Frederick           | 463                         | -                                     | -                                   | -                                            | -                                                 | 463              |
| Shen Dou* <sup>1</sup>         | 19                          | -                                     | -                                   | -                                            | -                                                 | 19               |
| Ms. HAI Chi Yuet* <sup>1</sup> | 56                          | -                                     | -                                   | -                                            | -                                                 | 56               |
| Wu Dawei* <sup>2</sup>         | 151                         | -                                     | -                                   | -                                            | -                                                 | 151              |
| Zhou Zhonghui* <sup>2</sup>    | 151                         | -                                     | -                                   | -                                            | -                                                 | 151              |
| TEO Siong Seng* <sup>2</sup>   | 422                         | -                                     | -                                   | -                                            | -                                                 | 422              |
| Yang Shicheng                  | -                           | -                                     | -                                   | -                                            | -                                                 | -                |
| Xu Weifeng* <sup>1</sup>       | 6                           | 55                                    | 55                                  | -                                            | 23                                                | 139              |
| Deng Huangjun* <sup>2</sup>    | -                           | -                                     | -                                   | -                                            | -                                                 | -                |
| Song Tao                       | -                           | 370                                   | 1,740                               | -                                            | 282                                               | 2,392            |
| Si Yuncong* <sup>1</sup>       | 15                          | -                                     | -                                   | -                                            | -                                                 | 15               |
| Xu Donggen* <sup>1</sup>       | 15                          | -                                     | -                                   | -                                            | -                                                 | 15               |
| Meng Yan* <sup>2</sup>         | 263                         | -                                     | -                                   | -                                            | -                                                 | 263              |
| Zhang Jianping* <sup>2</sup>   | 263                         | -                                     | -                                   | -                                            | -                                                 | 263              |
|                                | 1,824                       | 7,526                                 | 4,298                               | 186                                          | 853                                               | 14,687           |

\*1 Appointed during the year of 2023.

\*2 Resigned during the year of 2023.

\*3 Benefits in kind mainly include share-based compensation.

# Notes to the Consolidated Financial Statements

## 38 Emoluments of directors, supervisors and senior management (Continued)

### (a) Directors', chief executive's and supervisors' emoluments (Continued)

| Name                      | Year ended 31 December 2022 |                                       |                                     |                                              |                                                   |        | Total<br>RMB'000 |
|---------------------------|-----------------------------|---------------------------------------|-------------------------------------|----------------------------------------------|---------------------------------------------------|--------|------------------|
|                           | Fees<br>RMB'000             | Salaries and<br>allowances<br>RMB'000 | Discretionary<br>bonuses<br>RMB'000 | Benefits<br>in kind* <sup>3</sup><br>RMB'000 | Retirement<br>benefit<br>contributions<br>RMB'000 |        |                  |
| Wan Min                   | –                           | –                                     | –                                   | –                                            | –                                                 | –      |                  |
| Huang Xiaowen             | –                           | –                                     | –                                   | –                                            | –                                                 | –      |                  |
| Yang Zhijian              | –                           | 4,718                                 | 1,886                               | 208                                          | 247                                               | 7,059  |                  |
| Zhang Wei* <sup>1</sup>   | –                           | 772                                   | 608                                 | 168                                          | 88                                                | 1,636  |                  |
| Feng Boming* <sup>2</sup> | –                           | 1,706                                 | –                                   | –                                            | –                                                 | 1,706  |                  |
| Wu Dawei                  | 166                         | –                                     | –                                   | –                                            | –                                                 | 166    |                  |
| Zhou Zhonghui             | 163                         | –                                     | –                                   | –                                            | –                                                 | 163    |                  |
| TEO Siong Seng            | 462                         | –                                     | –                                   | –                                            | –                                                 | 462    |                  |
| MA Si-hang Frederick      | 466                         | –                                     | –                                   | –                                            | –                                                 | 466    |                  |
| Yang Shicheng             | –                           | –                                     | –                                   | –                                            | –                                                 | –      |                  |
| Deng Huangjun             | –                           | 461                                   | –                                   | –                                            | –                                                 | 461    |                  |
| Song Tao                  | –                           | 367                                   | 2,121                               | –                                            | 256                                               | 2,744  |                  |
| Meng Yan                  | 286                         | –                                     | –                                   | –                                            | –                                                 | 286    |                  |
| Zhang Jianping            | 286                         | –                                     | –                                   | –                                            | –                                                 | 286    |                  |
|                           | 1,829                       | 8,024                                 | 4,615                               | 376                                          | 591                                               | 15,435 |                  |

\*1 Appointed during the year of 2022.

\*2 Resigned during the year of 2022.

\*3 Benefits in kind mainly include share-based compensation.



# Notes to the Consolidated Financial Statements

## 38 Emoluments of directors, supervisors and senior management (Continued)

### (a) Directors', chief executive's and supervisors' emoluments (Continued)

Notes:

(i) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 December 2023 (2022: Nil).

(ii) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2023 (2022: Nil).

(iii) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2023, the Company did not pay consideration to any third parties for making available directors' services (2022: Nil).

(iv) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the year (2022: Nil).

(v) 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 ended 31 December 2023 (2022: Nil).

### (b) Five highest paid individuals

|           | Number of individuals |      |
|-----------|-----------------------|------|
|           | 2023                  | 2022 |
| Directors | 1                     | –    |
| Employees | 4                     | 5    |
|           | 5                     | 5    |

# Notes to the Consolidated Financial Statements

## 38 Emoluments of directors, supervisors and senior management (Continued)

### (b) Five highest paid individuals (Continued)

The details of emoluments paid to five highest paid individuals have included one director of the Company as disclosed in note 37(a) above (2022: zero). Details of emoluments paid to the four (2022: five) highest paid non-director individuals for the year ended 31 December 2023 are as follows:

|                                    | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------------------------|-----------------|-----------------|
| – Salaries and allowances          | 13,816          | 17,250          |
| – Discretionary bonuses            | 39,881          | 35,805          |
| – Retirement benefit contributions | 5,170           | 4,497           |
| – Share-based compensation         | 199             | 929             |
| – Others                           | 268             | 2,020           |
|                                    | <b>59,334</b>   | <b>60,501</b>   |

The emoluments of the above non-director individuals fell within the following bands:

|                                                                                                  | Number of individuals |      |
|--------------------------------------------------------------------------------------------------|-----------------------|------|
|                                                                                                  | 2023                  | 2022 |
| HK\$8,000,001 to HK\$8,500,000<br>(equivalent to approximately RMB7,200,000 to RMB7,650,000)     | –                     | 1    |
| HK\$8,500,001 to HK\$9,000,000<br>(equivalent to approximately RMB7,650,000 to RMB8,100,000)     | –                     | 1    |
| HK\$10,000,001 to HK\$10,500,000<br>(equivalent to approximately RMB9,000,000 to RMB9,460,000)   | 1                     | –    |
| HK\$11,000,001 to HK\$11,500,000<br>(equivalent to approximately RMB9,910,000 to RMB10,360,000)  | –                     | 1    |
| HK\$14,500,001 to HK\$15,000,000<br>(equivalent to approximately RMB13,060,000 to RMB13,510,000) | 1                     | 1    |
| HK\$15,000,001 to HK\$15,500,000<br>(equivalent to approximately RMB13,510,000 to RMB13,960,000) | 1                     | –    |
| HK\$24,000,001 to HK\$24,500,000<br>(equivalent to approximately RMB21,610,000 to RMB22,060,000) | –                     | 1    |
| HK\$25,000,001 to HK\$25,500,000<br>(equivalent to approximately RMB22,510,000 to RMB22,960,000) | 1                     | –    |
| Total                                                                                            | 4                     | 5    |

# Notes to the Consolidated Financial Statements

## 39 Notes to the consolidated cash flow statement

(a) Reconciliation of profit before income tax to cash generated from operations:

|                                                                                                | 2023<br>RMB'000 | 2022<br>RMB'000 |
|------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Profit before income tax                                                                       | 33,076,671      | 167,175,970     |
| Depreciation                                                                                   |                 |                 |
| – property, plant and equipment                                                                | 7,247,703       | 7,207,895       |
| – investment properties                                                                        | 74,262          | 43,445          |
| – right-of-use assets                                                                          | 11,839,284      | 12,817,443      |
| Amortization                                                                                   |                 |                 |
| – intangible assets                                                                            | 320,045         | 309,891         |
| Amortized amount of transaction costs on long-term borrowings and discount on issue of notes   | 54,568          | 59,621          |
| Dividend income from listed and unlisted investments                                           | (35,310)        | (25,051)        |
| Share of profits less losses of                                                                |                 |                 |
| – joint ventures                                                                               | (606,010)       | (650,019)       |
| – associates                                                                                   | (4,091,814)     | (1,662,046)     |
| Interest expense                                                                               | 3,592,746       | 3,680,840       |
| Interest income                                                                                | (7,490,126)     | (5,374,410)     |
| Transaction costs arising from borrowings                                                      | 88,134          | 100,176         |
| Net gain on disposal of property, plant and equipment                                          | (93,398)        | (389,423)       |
| Fair value (gain)/loss from financial assets at FVPL, net                                      | (5,700)         | 56,139          |
| (Reversal of)/provision for impairment losses on financial assets, net                         | (225,164)       | 35,720          |
| Net gain on disposal of associates, joint ventures and subsidiaries                            | –               | (234,690)       |
| Net exchange gain                                                                              | (1,923,200)     | (2,981,880)     |
| Others                                                                                         | (27,907)        | (41,567)        |
| Operating profit before working capital changes                                                | 41,794,784      | 180,128,054     |
| Decrease/(increase) in inventories                                                             | 455,682         | (1,607,792)     |
| Decrease in trade and other receivables and contract assets                                    | 3,369,442       | 1,873,996       |
| (Decrease)/increase in trade and other payables and contract liabilities                       | (16,960,541)    | 36,370,918      |
| (Decrease)/increase in provisions and other liabilities and pension and retirement liabilities | (2,844,471)     | 2,049,288       |
| Decrease/(increase) in restricted bank deposits                                                | 77,306          | (786,693)       |
| Cash generated from operations                                                                 | 25,892,202      | 218,027,771     |

# Notes to the Consolidated Financial Statements

## 39 Notes to the consolidated cash flow statement (Continued)

(b) The reconciliation of liabilities arising from financing activities is as follows:

|                                                                      | Borrowings<br>and loans from<br>non-controlling<br>shareholders of<br>subsidiaries<br>RMB'000 | Notes/bonds<br>RMB'000 | Loans from<br>investment in<br>an associate<br>and a joint<br>venture<br>RMB'000 | Lease<br>liabilities<br>RMB'000 | Total<br>RMB'000    |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------|---------------------------------|---------------------|
| Balance as at 31 December 2021                                       | 64,333,534                                                                                    | 9,274,119              | 364,996                                                                          | 51,434,673                      | 125,407,322         |
| Changes from financing cash flows                                    |                                                                                               |                        |                                                                                  |                                 |                     |
| Loans draw down                                                      | 6,787,671                                                                                     | -                      | -                                                                                | -                               | 6,787,671           |
| Loans repaid                                                         | (34,585,224)                                                                                  | (6,727,900)            | -                                                                                | -                               | (41,313,124)        |
| Loan from non-controlling shareholders of subsidiaries               | 67,785                                                                                        | -                      | -                                                                                | -                               | 67,785              |
| Repayment of loans from non-controlling shareholders of subsidiaries | (77,783)                                                                                      | -                      | -                                                                                | -                               | (77,783)            |
| Loans from an associate and a joint venture                          | -                                                                                             | -                      | 285,000                                                                          | -                               | 285,000             |
| Repayment of loans from an associate                                 | -                                                                                             | -                      | (365,001)                                                                        | -                               | (365,001)           |
| Addition of lease liabilities                                        | -                                                                                             | -                      | -                                                                                | 9,991,779                       | 9,991,779           |
| Payment of lease liabilities                                         | -                                                                                             | -                      | -                                                                                | (15,025,986)                    | (15,025,986)        |
| Interest paid                                                        | (1,625,091)                                                                                   | (269,116)              | -                                                                                | -                               | (1,894,207)         |
| Other non-cash movements (note)                                      | 479,443                                                                                       | 283,714                | -                                                                                | 510,997                         | 1,274,154           |
| Foreign exchange difference                                          | 4,410,023                                                                                     | 528,140                | 191                                                                              | 4,006,519                       | 8,944,873           |
| Balance as at 31 December 2022                                       | 39,790,358                                                                                    | 3,088,957              | 285,186                                                                          | 50,917,982                      | 94,082,483          |
| Changes from financing cash flows                                    |                                                                                               |                        |                                                                                  |                                 |                     |
| Loans draw down                                                      | <b>9,704,738</b>                                                                              | -                      | -                                                                                | -                               | <b>9,704,738</b>    |
| Loans repaid                                                         | <b>(6,939,747)</b>                                                                            | <b>(3,089,834)</b>     | -                                                                                | -                               | <b>(10,029,581)</b> |
| Loan from non-controlling shareholders of subsidiaries               | -                                                                                             | -                      | -                                                                                | -                               | -                   |
| Repayment of loans from non-controlling shareholders of subsidiaries | <b>(277,904)</b>                                                                              | -                      | -                                                                                | -                               | <b>(277,904)</b>    |
| Loans from an associate and a joint venture                          | -                                                                                             | -                      | <b>273,264</b>                                                                   | -                               | <b>273,264</b>      |
| Repayment of loans from an associate and a joint venture             | -                                                                                             | -                      | <b>(405,000)</b>                                                                 | -                               | <b>(405,000)</b>    |
| Addition of lease liabilities                                        | -                                                                                             | -                      | -                                                                                | <b>2,557,735</b>                | <b>2,557,735</b>    |
| Payment of lease liabilities                                         | -                                                                                             | -                      | -                                                                                | <b>(14,568,620)</b>             | <b>(14,568,620)</b> |
| Interest paid                                                        | <b>(2,197,080)</b>                                                                            | <b>(25,000)</b>        | -                                                                                | -                               | <b>(2,222,080)</b>  |
| Other non-cash movements (note)                                      | <b>197,122</b>                                                                                | <b>25,423</b>          | -                                                                                | <b>385,022</b>                  | <b>607,567</b>      |
| Foreign exchange difference                                          | <b>3,450,018</b>                                                                              | <b>454</b>             | <b>(3,339)</b>                                                                   | <b>1,816,447</b>                | <b>5,263,580</b>    |
| Balance as at 31 December 2023                                       | <b>43,727,505</b>                                                                             | -                      | <b>150,111</b>                                                                   | <b>41,108,566</b>               | <b>84,986,182</b>   |

Note:

Other non-cash movements include interest payable and loan arrangement fee amortisation.

# Notes to the Consolidated Financial Statements

## 40 Financial instruments by category

|                                                                   | 2023<br>RMB'000    | 2022<br>RMB'000    |
|-------------------------------------------------------------------|--------------------|--------------------|
| <b>Financial assets as per balance sheet</b>                      |                    |                    |
| Financial assets at fair value through other comprehensive income | 1,918,241          | 1,908,361          |
| Financial assets at amortized cost                                |                    |                    |
| – Loans to associates                                             | 227,932            | 664,991            |
| – Financial assets at amortized cost                              | 380,609            | 623,742            |
| – Trade and other receivables                                     | 13,213,480         | 16,469,391         |
| – Cash and cash equivalents                                       | 181,113,316        | 235,613,923        |
| – Restricted bank deposits                                        | 1,190,697          | 1,262,690          |
| Financial assets at fair value through profit or loss             | 475,662            | 464,584            |
| Derivative financial assets                                       | 19,106             | 42,304             |
| <b>Total</b>                                                      | <b>198,539,043</b> | <b>257,049,986</b> |
| <b>Financial liabilities as per balance sheet</b>                 |                    |                    |
| Financial liabilities at amortized cost                           |                    |                    |
| – Trade and other payables                                        | 32,359,244         | 42,633,992         |
| – Borrowings                                                      | 43,276,918         | 42,807,677         |
| – Lease liabilities                                               | 41,108,566         | 50,917,982         |
| – Put option liability                                            | 1,742,435          | 1,664,811          |
| <b>Total</b>                                                      | <b>118,487,163</b> | <b>138,024,462</b> |

## 41 Acquisition of subsidiaries

On 30 December 2022, China Shipping Terminal Development Co., Ltd. ("CSTD", a wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Xiamen Haitou Supply Chain Operation Co., Ltd. ("Xiamen Haitou Operation") in relation to the sale and purchase of 56% interest in COSCO SHIPPING Ports Supply Chain (Xiamen) Development Co., Ltd. ("Xiamen Haitou Supply Chain") (formerly named as Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd), at a total consideration of approximately RMB638,408,000.

The equity transfer was completed, and the consideration was transferred to Xiamen Haitou Operation by CSTD on 28 February 2023, thereafter Xiamen Haitou Supply Chain has become a subsidiary of the Group.

Details of net asset acquired are as follows:

|                                                  | RMB'000   |
|--------------------------------------------------|-----------|
| Purchase consideration                           | 638,408   |
| Fair value of net assets acquired shown as below | (516,527) |
| Goodwill                                         | 121,881   |

# Notes to the Consolidated Financial Statements

## 41 Acquisition of subsidiaries (Continued)

The major components of assets and liabilities arising from the business combination are as follows:

|                                                   | Fair value<br>RMB'000 |
|---------------------------------------------------|-----------------------|
| Property, plant and equipment                     | 638,290               |
| Other non-current assets                          | 759,727               |
| Trade and other receivables and contract assets   | 17,284                |
| Cash and cash equivalents                         | 76,513                |
| Long-term borrowings                              | (114,691)             |
| Other non-current liabilities                     | (167,306)             |
| Current portion of lease liabilities              | (3,538)               |
| Current portion of long term borrowings           | (10,425)              |
| Trade and other payables and contract liabilities | (231,708)             |
| Tax payables                                      | (2,812)               |
| Total identifiable net assets acquired            | 961,334               |
| Less: non-controlling interests                   | (444,807)             |
|                                                   | 516,527               |
| Purchase consideration settled in cash            | (638,408)             |
| Cash and cash equivalents acquired                | 76,513                |
| Net cash outflow on acquisition                   | (561,895)             |

The acquired businesses contributed revenue of US\$31,351,000 (equivalent to approximately RMB220,987,000), and net profit of US\$3,017,000 (equivalent to approximately RMB21,266,000) to the Group for the period from 1 March to 31 December 2023. If the acquisition had occurred on 1 January 2023, consolidated revenue and profit for the year ended 31 December 2023 would have been increased by US\$9,216,000 (equivalent to approximately RMB64,962,000) and decreased by US\$456,000 (equivalent to approximately RMB3,214,000) respectively

## 42 Contingent liabilities

(a) As at 31 December 2023, the Group was involved in a number of claims. The Group was unable to ascertain the likelihood and amounts of these claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the related claims amounts should not be material to the Group's consolidated financial statements for the year ended 31 December 2023.

### (b) Guarantee

A subsidiary of COSCO SHIPPING Ports provided corporate guarantee to an associate. The Directors consider that it is not probable for a claim to be made against the Group and the fair value of the guarantee contract is not significant to the Group, and has not been recognized at the balance sheet date.

# Notes to the Consolidated Financial Statements

## 43 Commitments

### (a) Capital commitments

|                                                | <b>As at<br/>31 December<br/>2023<br/>RMB'000</b> | As at<br>31 December<br>2022<br>RMB'000 |
|------------------------------------------------|---------------------------------------------------|-----------------------------------------|
| Contracted but not provided for                |                                                   |                                         |
| – Container vessels                            | <b>36,821,081</b>                                 | 43,275,007                              |
| – Terminal equipment                           | <b>4,539,921</b>                                  | 5,073,079                               |
| – Other property, plant and equipment          | <b>32,847</b>                                     | 53,936                                  |
| – Investments in terminals and other companies | <b>1,830,099</b>                                  | 2,969,317                               |
| – Intangible assets                            | <b>12,333</b>                                     | 16,547                                  |
|                                                | <b>43,236,281</b>                                 | 51,387,886                              |

Amounts of capital commitments relating to the Group's interest in the joint ventures not included in the above are as follows:

|                                 | <b>As at<br/>31 December<br/>2023<br/>RMB'000</b> | As at<br>31 December<br>2022<br>RMB'000 |
|---------------------------------|---------------------------------------------------|-----------------------------------------|
| Contracted but not provided for | <b>60,522</b>                                     | 40,355                                  |

### (b) Lease commitments – where the Group is the lessee

The future aggregate minimum lease rental expenses under non-cancellable short-term leases or low-value leases are payable in the following years:

|                           | <b>As at 31 December 2023<br/>RMB'000</b>       |                                                                                          |                  |
|---------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------|------------------|
|                           | <b>Containers<br/>and container<br/>vessels</b> | <b>Leasehold<br/>land, buildings<br/>and other<br/>property, plant<br/>and equipment</b> | <b>Total</b>     |
| – not later than one year | <b>3,080,951</b>                                | <b>114,492</b>                                                                           | <b>3,195,443</b> |
| – later than one year     | <b>5,165,582</b>                                | <b>116,364</b>                                                                           | <b>5,281,946</b> |
|                           | <b>8,246,533</b>                                | <b>230,856</b>                                                                           | <b>8,477,389</b> |

# Notes to the Consolidated Financial Statements

## 43 Commitments (Continued)

### (b) Lease commitments – where the Group is the lessee (Continued)

|                           | As at 31 December 2022                 |                                                                               |            |
|---------------------------|----------------------------------------|-------------------------------------------------------------------------------|------------|
|                           |                                        | RMB'000                                                                       |            |
|                           | Containers<br>and container<br>vessels | Leasehold<br>land, buildings<br>and other<br>property, plant<br>and equipment | Total      |
| – not later than one year | 2,934,391                              | 64,632                                                                        | 2,999,023  |
| – later than one year     | 7,043,344                              | 176,094                                                                       | 7,219,438  |
|                           | 9,977,735                              | 240,726                                                                       | 10,218,461 |

## 44 Significant related party transactions

The Company is controlled by COSCO SHIPPING, the ultimate parent company and a state-owned enterprise established in the PRC.

COSCO SHIPPING itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. 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 Group, other government-related entities and their subsidiaries, 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. The disclosure in relation to related party transactions and outstanding balances with other government-related entities and their subsidiaries are exempted. The Group's transaction with other state-controlled entities include but are not limited to sales or purchases of goods, purchases or sales of property and other assets, rendering or receiving of services, lease of assets, provision of guarantees and receiving of bank deposits and borrowings. The detailed disclosure in relation to these transactions and outstanding balances are exempted. The Directors believe that the information of related party transactions has been adequately disclosed in the consolidated financial statements.

In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the year.

|                                         | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-----------------------------------------|-----------------|-----------------|
| <b>Transactions with COSCO SHIPPING</b> |                 |                 |
| Revenues                                |                 |                 |
| Vessel service income                   | 2,468           | 1,618           |



# Notes to the Consolidated Financial Statements

## 44 Significant related party transactions (Continued)

|                                                                                                                                                    | 2023<br>RMB'000 | 2022<br>RMB'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Transactions with subsidiaries of COSCO SHIPPING Group and its related entities (including joint ventures and associates of COSCO SHIPPING)</b> |                 |                 |
| Revenues                                                                                                                                           |                 |                 |
| Container shipping income                                                                                                                          | 1,895,918       | 3,597,100       |
| Freight forwarding income                                                                                                                          | 896,085         | 2,363,986       |
| Vessel services income                                                                                                                             | 133,583         | 1,189,279       |
| Crew service income                                                                                                                                | 7,347           | 7,317           |
| Terminal handling fee and storage income                                                                                                           | 626,178         | 196,933         |
| Shipping related service income                                                                                                                    | 32,079          | 93,596          |
| Other income                                                                                                                                       | 7,955           | 169,871         |
| Expenses                                                                                                                                           |                 |                 |
| Vessel costs                                                                                                                                       |                 |                 |
| Expenses relating to short-term leases and service components included in the rentals – Vessel                                                     | 601,878         | 310,178         |
| Vessel services expenses                                                                                                                           | 2,385,629       | 1,981,015       |
| Crew expenses                                                                                                                                      | 2,585,457       | 2,603,711       |
| Voyage costs                                                                                                                                       |                 |                 |
| Bunker costs                                                                                                                                       | 19,680,156      | 28,013,892      |
| Port charges                                                                                                                                       | 4,688,362       | 4,035,767       |
| Equipment and cargo transportation costs                                                                                                           |                 |                 |
| Commission and rebates                                                                                                                             | 15,619          | 242,081         |
| Cargo and transshipment and equipment and repositioning expenses                                                                                   | 772,180         | 1,969,103       |
| Freight forwarding expenses                                                                                                                        | 732,888         | 426,760         |
| General service expenses                                                                                                                           | 325,316         | 172,894         |
| Expenses relating to short-term leases and leases with low-value assets – Building                                                                 | 10,698          | 36,625          |
| Expenses relating to short-term leases and leases with low-value assets – Container                                                                | 1,721,210       | 1,618,009       |
| Interest expense of lease liabilities                                                                                                              | 819,361         | 934,408         |
| Other expense                                                                                                                                      | 202,750         | 147,130         |
| Others                                                                                                                                             |                 |                 |
| Payment of lease liabilities                                                                                                                       | 2,240,211       | 2,411,734       |
| Concession fee                                                                                                                                     | 552,639         | 484,177         |
| Purchase of containers                                                                                                                             | 27,058          | 142,097         |
| Installment of vessel under construction                                                                                                           | 8,953,924       | 4,755,802       |

# Notes to the Consolidated Financial Statements

## 44 Significant related party transactions (Continued)

|                                                                                   | 2023<br>RMB'000 | 2022<br>RMB'000 |
|-----------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Transactions with joint ventures of the Group</b>                              |                 |                 |
| Revenues                                                                          |                 |                 |
| Management fee and service fee income                                             | 28,034          | 26,387          |
| Other income                                                                      | 52,138          | 29,377          |
| Expenses                                                                          |                 |                 |
| Port charges                                                                      | 2,860,258       | 3,005,672       |
| Expenses relating to short-term leases or leases with low-value assets – Building | 4,758           | 4,541           |
| Equipment and cargo transportation costs                                          |                 |                 |
| Commission and rebates                                                            | 1,616           | 9,369           |
| Cargo and transshipment and equipment and repositioning expenses                  | 21,341          | 24,838          |
| <b>Transactions with associates of the Group</b>                                  |                 |                 |
| Revenues                                                                          |                 |                 |
| Freight forwarding and other income                                               | 146,812         | 234,828         |
| Interest income from COSCO SHIPPING Finance                                       | 2,306,837       | 1,472,173       |
| Expenses                                                                          |                 |                 |
| Port charges                                                                      | 529,489         | 397,788         |
| COSCO SHIPPING Finance interest expense                                           | 72,877          | 51,405          |
| Other handling fee                                                                | 2,500           | 6,074           |
| <b>Transactions with other non-controlling shareholders of subsidiaries</b>       |                 |                 |
| Revenues                                                                          |                 |                 |
| Terminal handling and storage income                                              | 842,864         | 754,031         |
| Other income                                                                      | 2,914           | 3,185           |
| Expenses                                                                          |                 |                 |
| Electricity charge and supply of fuel                                             | 8,749           | 7,506           |
| Container handling and logistics services fee                                     | 418,170         | 427,423         |
| <b>Transactions with other related party</b>                                      |                 |                 |
| Revenues                                                                          |                 |                 |
| Other income                                                                      | 94,588          | 2,978           |
| Expenses                                                                          |                 |                 |
| Cargo and transshipment and equipment and repositioning expenses                  | 14,622          | 203,564         |

Note:

These transactions were conducted either (i) based on terms as governed by the master agreements and subsisting agreements entered into between the Group and COSCO SHIPPING Group or (ii) based on terms as set out in the underlying agreements, statutory rates or market prices or actual cost incurred, or as mutually agreed between the Group and the parties in concern.

As at 31 December 2023 and 2022, cash and cash equivalents deposited in COSCO SHIPPING Finance were disclosed in note 21, majority of the Group's other bank balances and bank borrowings are with state-owned banks.

# Notes to the Consolidated Financial Statements

## 45 Particulars of principal subsidiaries, joint ventures and associates

At 31 December 2023, the Group had the following principal subsidiaries, joint ventures and associates which, in the opinion of the Directors, materially affect the results and/or assets of the Group.

### (a) Subsidiaries

As at 31 December 2023, the Group had direct and indirect interests in the following principal subsidiaries:

| Name                                                             | Place of incorporation/<br>establishment and<br>operations | Principal activities                                                                | Issued/registered<br>and fully paid<br>up capital | Attributable equity interest<br>to the equity holders of<br>the Company |         |
|------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------------|---------|
|                                                                  |                                                            |                                                                                     |                                                   | 2023                                                                    | 2022    |
| <b>Capital held directly</b>                                     |                                                            |                                                                                     |                                                   |                                                                         |         |
| COSCO Shipping Lines Co., Ltd. <sup>#</sup>                      | China/Worldwide                                            | Container transportation                                                            | RMB23,664,337,165                                 | 100.00%                                                                 | 100.00% |
| China COSCO (Hong Kong) Limited <sup>#</sup>                     | Hong Kong, China                                           | Investment holding                                                                  | RMB64,100                                         | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Holdings (Hong Kong) Limited <sup>#</sup>         | Hong Kong, China                                           | Investment holding                                                                  | US\$10,000                                        | 100.00%                                                                 | 100.00% |
| Shanghai Shenhongli Enterprise Management Co., Ltd. <sup>#</sup> | China                                                      | Consulting                                                                          | RMB10,000                                         | 100.00%                                                                 | -       |
| <b>Capital held indirectly</b>                                   |                                                            |                                                                                     |                                                   |                                                                         |         |
| Shanghai PAN-ASIA Shipping Co., Ltd. (v)                         | China                                                      | Container transportation                                                            | RMB1,536,565,663                                  | 62.00%                                                                  | 62.00%  |
| Shanghai COSCO Information & Technology Co., Ltd. (v)            | China                                                      | Design and manufacture computer software, providing technology service and solution | RMB2,069,685                                      | 60.00%                                                                  | 60.00%  |
| COSCO SHIPPING Container Lines Agencies Limited                  | Hong Kong, China                                           | Shipping agency                                                                     | RMB1,063,700                                      | 100.00%                                                                 | 100.00% |
| COSCO International Freight Co., Ltd. (v)                        | China                                                      | Freight forwarding and transportation                                               | RMB377,170,094                                    | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines (Shanghai) Co., Ltd. (v)                    | China                                                      | Freight forwarding and transportation                                               | RMB1,305,683,453                                  | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines (Ningbo) Co., Ltd. (v)                      | China                                                      | Freight forwarding and transportation                                               | RMB30,000,000                                     | 100.00%                                                                 | 100.00% |
| Sanly Container Service Co., Ltd. (v)                            | China                                                      | Shipping agency                                                                     | RMB50,000,000                                     | 90.00%                                                                  | 90.00%  |
| COSCO SHIPPING Lines (Qingdao) Co., Ltd. (v)                     | China                                                      | Freight forwarding and transportation                                               | RMB84,300,000                                     | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines (Tianjin) Co., Ltd. (v)                     | China                                                      | Freight forwarding and transportation                                               | RMB62,825,653                                     | 100.00%                                                                 | 100.00% |

# Notes to the Consolidated Financial Statements

## 45 Particulars of principal subsidiaries, joint ventures and associates (Continued)

### (a) Subsidiaries (Continued)

As at 31 December 2023, the Group had direct and indirect interests in the following principal subsidiaries: (Continued)

| Name                                                                                                        | Place of incorporation/<br>establishment and<br>operations | Principal activities                                                                     | Issued/registered<br>and fully paid<br>up capital | Attributable equity interest<br>to the equity holders of<br>the Company |         |
|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------------|---------|
|                                                                                                             |                                                            |                                                                                          |                                                   | 2023                                                                    | 2022    |
| <b>Capital held indirectly (Continued)</b>                                                                  |                                                            |                                                                                          |                                                   |                                                                         |         |
| COSCO SHIPPING Lines (Wuhan) Co., Ltd. (v)                                                                  | China                                                      | Freight forwarding and transportation                                                    | RMB44,681,134                                     | 51.00%                                                                  | 51.00%  |
| COSCO Wuhan Logistics Co., Ltd. (v)                                                                         | China                                                      | Logistics                                                                                | RMB109,400,000                                    | 49.00%                                                                  | 49.00%  |
| COSCO SHIPPING Lines (Dalian) Co., Ltd. (v)                                                                 | China                                                      | Freight forwarding and transportation                                                    | RMB60,000,000                                     | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines (Xiamen) Co., Ltd. (v)                                                                 | China                                                      | Freight forwarding and transportation                                                    | RMB52,000,000                                     | 100.00%                                                                 | 100.00% |
| Shanghai Haizhilian Real Estate Co., Ltd.<br>(formerly known as Container Shipping<br>Agency Co., Ltd.) (v) | China                                                      | Freight forwarding and transportation                                                    | RMB804,717,009                                    | 100.00%                                                                 | 100.00% |
| COSCO Shanghai Container Shipping Agency<br>Co., Ltd. (v)                                                   | China                                                      | Shipping agency                                                                          | RMB10,000,000                                     | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines South-China Co., Ltd.<br>(v)                                                           | China                                                      | Freight forwarding and transportation                                                    | RMB50,000,000                                     | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines (Hainan) Co., Ltd. (v)                                                                 | China                                                      | Freight forwarding and transportation                                                    | RMB8,500,000                                      | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines (Korea) Co., Ltd.                                                                      | South Korea                                                | Freight forwarding and shipping agency                                                   | RMB2,333,293                                      | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING (North America) Inc.                                                                         | United States of<br>America                                | Shipping agency                                                                          | RMB23,965,890                                     | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines (EUROPE) GmbH                                                                          | German/Europe                                              | Shipping agency                                                                          | RMB16,548,150                                     | 100.00%                                                                 | 100.00% |
| COSCO (Hong Kong) Shipping Co., Ltd.                                                                        | Hong Kong, China                                           | Freight forwarding and shipping agency                                                   | RMB1,066,100                                      | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING (Oceania) Pty Ltd.                                                                           | Australia                                                  | Shipping agency, freight forwarding<br>and other international sea transport<br>services | RMB384,830                                        | 100.00%                                                                 | 100.00% |
| Coheung Marine Shipping Company Limited                                                                     | Hong Kong, China                                           | Container transportation                                                                 | RMB24,627,018                                     | 100.00%                                                                 | 100.00% |
| COSCO (CAYMAN) Mercury Co., Ltd.                                                                            | Cayman Islands/<br>Hong Kong, China                        | Vessel chartering                                                                        | US\$413,825                                       | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines (Japan)                                                                                | Japan                                                      | Marine services                                                                          | RMB3,224,240                                      | 100.00%                                                                 | 100.00% |

# Notes to the Consolidated Financial Statements

## 45 Particulars of principal subsidiaries, joint ventures and associates (Continued)

### (a) Subsidiaries (Continued)

As at 31 December 2023, the Group had direct and indirect interests in the following principal subsidiaries: (Continued)

| Name                                                         | Place of incorporation/<br>establishment and<br>operations | Principal activities                                                           | Issued/registered<br>and fully paid<br>up capital | Attributable equity interest<br>to the equity holders of<br>the Company |         |
|--------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------------|---------|
|                                                              |                                                            |                                                                                |                                                   | 2023                                                                    | 2022    |
| <b>Capital held indirectly (Continued)</b>                   |                                                            |                                                                                |                                                   |                                                                         |         |
| New Golden Sea Shipping Pte. Co., Ltd.                       | Singapore                                                  | Freight forwarding and shipping agency                                         | RMB119,182,788                                    | 100.00%                                                                 | 100.00% |
| Shanghai COSCO SHIPPING Lines Global Service Centre Ltd. (v) | China                                                      | Document services                                                              | RMB1,000,000                                      | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines (Brasil) S.A.                           | Brazil                                                     | Freight forwarding and shipping agency                                         | RMB2,208,692                                      | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING LINES (PANAMA) INC.                           | Panama                                                     | Freight forwarding and shipping agency                                         | RMB83,174                                         | 100.00%                                                                 | 100.00% |
| Shanghai Ocean Shipping Co., Ltd. (v)                        | China                                                      | Vessel management and manning service                                          | RMB482,843,450                                    | 100.00%                                                                 | 100.00% |
| China Shipping Container Lines Hainan Co., Ltd. (v)          | China                                                      | Freight forwarding and shipping agency                                         | RMB10,000,000                                     | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines (South Africa) Co., Ltd.                | South Africa                                               | Cargo and liner agency                                                         | RMB226                                            | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING Lines Western Asia                            | United Arab Emirates                                       | Cargo and liner agency                                                         | RMB5,667,006                                      | 100.00%                                                                 | 100.00% |
| COSCO SHIPPING (CENTRAL AMERICA) INC.                        | Panama                                                     | Cargo and liner agency                                                         | US\$10,000                                        | 100.00%                                                                 | 100.00% |
| Tangshan COSCO SHIPPING Lines Logistics Co., Ltd. (v)        | China                                                      | Logistics                                                                      | RMB170,000,000                                    | 51.00%                                                                  | 51.00%  |
| Shanghai Tianhongli Asset Management Limited (v)             | China                                                      | Asset Management                                                               | RMB230,000,000                                    | 100.00%                                                                 | 100.00% |
| Xinsanli Smart Container Service Co., Ltd. (v)               | China                                                      | Technical services, container maintenance, container yard warehousing services | RMB50,000,000                                     | 100.00%                                                                 | -       |
| COSCO SHIPPING Ports Limited                                 | Bermuda                                                    | Investment holding                                                             | HK\$400,000,000                                   | 59.01%                                                                  | 58.36%  |
| COSCO Investment Limited                                     | British Virgin Islands/<br>Hong Kong, China                | Investment holding                                                             | 1 ordinary share of US\$1                         | 100.00%                                                                 | 100.00% |
| COSCO Asset Management Limited                               | Hong Kong, China                                           | Vessel management                                                              | 10,000 shares of US\$1 each                       | 100.00%                                                                 | 100.00% |

# Notes to the Consolidated Financial Statements

## 45 Particulars of principal subsidiaries, joint ventures and associates (Continued)

### (a) Subsidiaries (Continued)

As at 31 December 2023, the Group had direct and indirect interests in the following principal subsidiaries: (Continued)

| Name                                                              | Place of incorporation/<br>establishment and<br>operations | Principal activities    | Issued/registered<br>and fully paid<br>up capital | Attributable equity interest<br>to the equity holders of<br>the Company |         |
|-------------------------------------------------------------------|------------------------------------------------------------|-------------------------|---------------------------------------------------|-------------------------------------------------------------------------|---------|
|                                                                   |                                                            |                         |                                                   | 2023                                                                    | 2022    |
| <b>Capital held indirectly (Continued)</b>                        |                                                            |                         |                                                   |                                                                         |         |
| Orient Overseas (International) Limited                           | Bermuda                                                    | Investment holding      | US\$66,037,300                                    | 71.07%                                                                  | 71.07%  |
| Faulkner Global Holdings Limited                                  | British Virgin Islands/<br>Hong Kong, China                | Investment holding      | US\$10,000                                        | 100.00%                                                                 | 100.00% |
| Supply Riches Limited                                             | Hong Kong, China                                           | Investment holding      | US\$10,000                                        | 100.00%                                                                 | -       |
| Supply Wealth Limited                                             | Hong Kong, China                                           | Investment holding      | US\$10,000                                        | 100.00%                                                                 | -       |
| Supply Fortune Limited                                            | Hong Kong, China                                           | Investment holding      | US\$10,000                                        | 100.00%                                                                 | -       |
| Supply Abundance Limited                                          | Hong Kong, China                                           | Investment holding      | US\$10,000                                        | 100.00%                                                                 | -       |
| Supply Treasure Limited                                           | Hong Kong, China                                           | Investment holding      | US\$10,000                                        | 100.00%                                                                 | -       |
| Supply Valuables Limited                                          | Hong Kong, China                                           | Investment holding      | US\$10,000                                        | 100.00%                                                                 | -       |
| Supply Glory Limited                                              | Hong Kong, China                                           | Investment holding      | US\$10,000                                        | 100.00%                                                                 | -       |
| Supply Prosperity Limited                                         | Hong Kong, China                                           | Investment holding      | US\$10,000                                        | 100.00%                                                                 | -       |
| Supply Lucky Limited                                              | Hong Kong, China                                           | Investment holding      | US\$10,000                                        | 100.00%                                                                 | -       |
| Shanghai Haiji Changlian Supply Chain<br>Management Co., Ltd. (v) | China                                                      | Supply chain management | RMB4,000,000                                      | 80.00%                                                                  | -       |

# Notes to the Consolidated Financial Statements

## 45 Particulars of principal subsidiaries, joint ventures and associates (Continued)

### (b) Joint ventures

As at 31 December 2023, the Company had indirect interests in the following principal joint ventures:

| Name                                                                                                                       | Place of incorporation/<br>establishment and<br>operations | Principal activities                    | Issued/registered<br>and fully paid<br>up capital                                                                                                               | Attributable equity interest<br>to the equity holders of<br>the Company |        |
|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------|
|                                                                                                                            |                                                            |                                         |                                                                                                                                                                 | 2023                                                                    | 2022   |
| Asia Container Terminals Holdings Limited                                                                                  | Cayman Islands                                             | Investment holding                      | HK\$1 divided into<br>1,000 ordinary shares                                                                                                                     | 20.00%                                                                  | 20.00% |
| CONTE RAIL, S.A.                                                                                                           | Spain                                                      | Operation of rail terminals             | 45,000 ordinary shares<br>Euro34,3 each                                                                                                                         | 25.50%                                                                  | 25.50% |
| COSCO-HIT Terminal (Hong Kong) Limited                                                                                     | Hong Kong, China                                           | Operation of container terminals        | HK\$20 divided into<br>2 "A" ordinary shares,<br>HK\$20 divided into<br>2 "B" ordinary shares,<br>and HK\$40 divided into<br>4 non-voting 5%<br>deferred shares | 50.00%                                                                  | 50.00% |
| COSCO-HPHT ACT Limited                                                                                                     | British Virgin Islands                                     | Investment holding                      | 1,000 ordinary shares<br>of US \$1 each                                                                                                                         | 50.00%                                                                  | 50.00% |
| COSCO-PSA Terminal Private Limited                                                                                         | Singapore                                                  | Operation of container terminals        | SGD286,213,000                                                                                                                                                  | 49.00%                                                                  | 49.00% |
| Dalian Dagang Container Terminal Co., Ltd.<br>(formerly known as Dalian Dagang China<br>Shipping Container Co., Ltd.) (iv) | China                                                      | Operation of container terminals        | RMB10,000,000                                                                                                                                                   | 35.00%                                                                  | 35.00% |
| Euro-Asia Oceangate S.a.r.l                                                                                                | Luxembourg                                                 | Investment holding                      | US\$40,000                                                                                                                                                      | 40.00%                                                                  | 40.00% |
| Lianyungang Port Railway International Container<br>Multimodal Transport Co., Ltd. (v)                                     | China                                                      | Logistics                               | RMB3,400,000                                                                                                                                                    | 30.00%                                                                  | 30.00% |
| Nansha Stevedoring Corporation Limited of Port<br>of Guangzhou (v)                                                         | China                                                      | Operation of container terminals        | RMB1,260,000,000                                                                                                                                                | 40.00%                                                                  | 40.00% |
| Ningbo Yuan Dong Terminals Limited (iv)                                                                                    | China                                                      | Operation of container terminals        | RMB2,500,000,000                                                                                                                                                | 40.00%                                                                  | 40.00% |
| Piraeus Consolidation and Distribution Center<br>S.A.                                                                      | Greece                                                     | Storage, consolidation and distribution | EURO1,000,000                                                                                                                                                   | 50.00%                                                                  | 50.00% |
| Qingdao Port Dongjiakou Ore Terminals Co.,<br>Ltd. (iv)                                                                    | China                                                      | Operation of iron ore terminal          | RMB2,000,000,000                                                                                                                                                | 25.00%                                                                  | 25.00% |

# Notes to the Consolidated Financial Statements

## 45 Particulars of principal subsidiaries, joint ventures and associates (Continued)

### (b) Joint ventures (Continued)

As at 31 December 2023, the Company had indirect interests in the following principal joint ventures: (Continued)

| Name                                                                                                               | Place of incorporation/<br>establishment and<br>operations | Principal activities             | Issued/registered<br>and fully paid<br>up capital | Attributable equity interest<br>to the equity holders of<br>the Company |        |
|--------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------|---------------------------------------------------|-------------------------------------------------------------------------|--------|
|                                                                                                                    |                                                            |                                  |                                                   | 2023                                                                    | 2022   |
| Shanghai Pudong International Container Terminal Co., Ltd (iv)                                                     | China                                                      | Operation of container terminals | RMB1,900,000,000                                  | 30.00%                                                                  | 30.00% |
| Chengdu Yuanhai Land Port Supply Chain Co., Ltd. (v)                                                               | China                                                      | Logistics                        | RMB40,000,000                                     | 49.00%                                                                  | 49.00% |
| Yingkou Container Port Co., Ltd. (iv)                                                                              | China                                                      | Operation of container terminals | RMB8,000,000                                      | 50.00%                                                                  | 50.00% |
| Yingkou New Century Container Terminal Co., Ltd. (v)                                                               | China                                                      | Operation of container terminals | RMB40,000,000                                     | 40.00%                                                                  | 40.00% |
| OOCL (U.A.E.) L.L.C.                                                                                               | Duabi                                                      | Liner agency                     | 300 ordinary shares<br>AED300,000                 | 49.00%                                                                  | 49.00% |
| Sinovl Company Limited (formerly known as Tan Cang-COSCO – OOCL Logistics Company Limited) (iii)                   | Vietnam                                                    | Container depot                  | Legal capital<br>US\$1,000,000                    | 30.00%                                                                  | 30.00% |
| Qingdao Orient International Container Storage & Transportation Co. Ltd. (iv)                                      | China                                                      | Container depot                  | Registered capital<br>RMB69,900,000               | 55.00%                                                                  | 55.00% |
| Yingkou Wanying Logistics Co., Ltd. (formerly known as Yingkou COSCO Marine Container Service Co. Ltd.) (iii), (v) | China                                                      | Logistics                        | RMB1,000,000                                      | 51.00%                                                                  | 51.00% |
| Dalian Wanjie International Logistics Co., Ltd. (v)                                                                | China                                                      | Logistics                        | RMB74,000,000                                     | 50.00%                                                                  | 50.00% |
| Qingdao Shenzhouxing International Freight Forwarding Co. Ltd. (v)                                                 | China                                                      | Liner agency                     | RMB5,000,000                                      | 50.00%                                                                  | 50.00% |
| Xiamen Yuanda International Freight Forwarding Co., Ltd. (iii), (v)                                                | China                                                      | Liner agency                     | RMB5,000,000                                      | 51.00%                                                                  | 51.00% |



# Notes to the Consolidated Financial Statements

## 45 Particulars of principal subsidiaries, joint ventures and associates (Continued)

### (c) Associates

As at 31 December 2023, the Company had indirect equity interests in the following principal associates:

| Name                                                                  | Place of incorporation/<br>establishment and<br>operations | Principal activities                                  | Issued/registered<br>and fully paid<br>up capital                         | Attributable equity interest<br>to the equity holders of<br>the Company |        |
|-----------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------|--------|
|                                                                       |                                                            |                                                       |                                                                           | 2023                                                                    | 2022   |
| Antwerp Gateway NV                                                    | Belgium                                                    | Operation of container terminals                      | EURO17,900,000                                                            | 20.00%                                                                  | 20.00% |
| APM Terminals Vado Holdings B.V.                                      | Netherlands                                                | Investment holding                                    | 10 ordinary shares of<br>EURO100 each                                     | 40.00%                                                                  | 40.00% |
| Beibu Gulf Port Co., Ltd. (iv)                                        | China                                                      | Operation of terminals                                | RMB1,772,226,582                                                          | 9.82%                                                                   | 9.82%  |
| COSCO Shipping Terminals (USA) LLC                                    | USA                                                        | Investment holding                                    | US\$200,000                                                               | 40.00%                                                                  | 40.00% |
| Dalian Automobile Terminal Co., Ltd. (iv)                             | China                                                      | Construction and operation of<br>automobile terminals | RMB400,000,000                                                            | 24.00%                                                                  | 24.00% |
| Dalian Container Terminal Co., Ltd. (iv)                              | China                                                      | Operation of container terminals                      | RMB3,480,000,000                                                          | 19.00%                                                                  | 19.00% |
| Damietta International Port Company S.A.E                             | Egypt                                                      | Operation of container terminals                      | 20,000,000 ordinary<br>Shares of US\$10 each                              | 20.00%                                                                  | 20.00% |
| Dawning View Limited (formerly known as<br>Dawning Company Limited)   | British Virgin Islands                                     | Investment holding                                    | 200 "A" shares of<br>US\$1 each and 800<br>"B" shares of US \$1 each      | 20.00%                                                                  | 20.00% |
| Euromax Terminal Rotterdam B.V.                                       | Netherlands                                                | Operation of container terminals                      | 65,000 "A" shares of<br>Euro1 each and 35,000<br>"B" shares of Euro1 each | 35.00%                                                                  | 35.00% |
| Fangchenggang Chisha Wharf Co., Ltd. (iv)                             | China                                                      | Operation of container terminals                      | RMB610,000,000                                                            | 20.00%                                                                  | 20.00% |
| Global Shipping Business Network Limited                              | Hong Kong, China                                           | Business Network Services                             | US\$8,000,000                                                             | 12.50%                                                                  | 12.50% |
| Guangxi Beibu Gulf International Container<br>Terminal Co., Ltd. (iv) | China                                                      | Operation of container terminals                      | RMB2,371,600,000                                                          | 26.00%                                                                  | 26.00% |
| China Railway United International Container<br>Guangxi Co. Ltd. (iv) | China                                                      | Logistics                                             | RMB68,000,000                                                             | 14.92%                                                                  | 14.92% |
| Kao Ming Container Terminal Corp.                                     | China Taiwan                                               | Operation of container terminals                      | TWD6,800,000,000                                                          | 20.00%                                                                  | 20.00% |
| Qingdao Port International Co., Ltd. (iv)                             | China                                                      | Operation of container terminals                      | RMB6,036,724,000                                                          | 19.79%                                                                  | 19.79% |
| Qinhuangdao Port New Harbour Container<br>Terminal Co., Ltd. (v)      | China                                                      | Operation of container terminals                      | RMB400,000,000                                                            | 30.00%                                                                  | 30.00% |

# Notes to the Consolidated Financial Statements

## 45 Particulars of principal subsidiaries, joint ventures and associates (Continued)

### (c) Associates (Continued)

As at 31 December 2023, the Company had indirect equity interests in the following principal associates: (Continued)

| Name                                                                      | Place of incorporation/<br>establishment and<br>operations | Principal activities                     | Issued/registered<br>and fully paid<br>up capital                 | Attributable equity interest<br>to the equity holders of<br>the Company |        |
|---------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------|--------|
|                                                                           |                                                            |                                          |                                                                   | 2023                                                                    | 2022   |
| Red Sea Gateway Terminal Company Limited                                  | Kingdom of Saudi Arabia                                    | Operation of container terminals         | SAR555,207,000                                                    | 20.00%                                                                  | 20.00% |
| Servicios Intermodales Bilbaoport, S.L.                                   | Spain                                                      | Container storage and transportation     | 860,323 ordinary shares of EURO0.57 each                          | 5.53%                                                                   | 5.53%  |
| Shanghai Mingdong Container Terminals Limited (iv)                        | China                                                      | Operation of container terminals         | RMB4,000,000,000                                                  | 20.00%                                                                  | 20.00% |
| Success Enterprises Limited (formerly known as Sigma Enterprises Limited) | British Virgin Islands                                     | Investment holding                       | 2,005 "A" shares of US\$1 each and 8,424 "B" shares of US\$1 each | 16.49%                                                                  | 16.49% |
| Suez Canal Container Terminal S.A.E.                                      | Egypt                                                      | Operation of container terminals         | 1,856,250 ordinary shares of US\$100 each                         | 20.00%                                                                  | 20.00% |
| Taicang International Container Terminal Co., Ltd. (iv)                   | China                                                      | Operation of container terminals         | RMB450,800,000                                                    | 39.04%                                                                  | 39.04% |
| Tianjin Shenggang Container Technology Development Service Co., Ltd. (v)  | China                                                      | Operation of container terminals         | RMB3,000,000                                                      | 33.00%                                                                  | 33.00% |
| Watruss Limited                                                           | British Virgin Islands                                     | Investment holding                       | 32 "A" shares of US\$1 each and 593 "B" shares of US\$1 each      | 5.12%                                                                   | 5.12%  |
| Eshipping Global Supply Chain Management (Shenzhen) Co., Ltd. (iv)        | China                                                      | Supply chain management                  | Registered capital RMB40,000,000                                  | 34.65%                                                                  | 34.65% |
| COSCO Shipping Finance Co., Ltd. (v)                                      | China                                                      | Financial services                       | Registered capital RMB19,500,000,000                              | 22.97%                                                                  | 22.97% |
| Shanghai International Port (Group) Co., Ltd. (iv)                        | China                                                      | Investment holding                       | Registered capital RMB23,278,679,750                              | 15.55%                                                                  | 15.55% |
| COSCO SHIPPING Logistics Supply Chain Co., Ltd. (v)                       | China                                                      | Liner agency                             | Registered capital RMB1,637,978,269                               | 7.00%                                                                   | 7.00%  |
| COFCO Fortune Co., Ltd.                                                   | China                                                      | Wholesale of grains, beans, and potatoes | Registered capital RMB3,095,461,561                               | 5.81%                                                                   | -      |

# Notes to the Consolidated Financial Statements

## 45 Particulars of principal subsidiaries, joint ventures and associates (Continued)

### (c) Associates (Continued)

As at 31 December 2023, the Company had indirect equity interests in the following principal associates: (Continued)

Notes:

- # Subsidiaries held directly by the Group.
- (i) The English names of certain subsidiaries, joint ventures and associates referred to in the consolidated financial statements represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.
- (ii) Although the Group held less than 50% or 20% effective equity interests in some subsidiaries and associates as disclosed above, respectively, the Group owns indirectly, through its non-wholly owned subsidiaries, more than 50% of the voting power of those subsidiaries and more than or equal to 20% of the voting power of those associates.
- (iii) Although the Group's equity interests in some joint ventures as disclosed above are more than 50%, the Group does not have unilateral control over these joint ventures.
- (iv) This entity is registered as a sino-foreign joint venture company under PRC law.
- (v) This entity is registered as a wholly domestic owned enterprise under PRC law.
- (vi) Except a subsidiary of COSCO SHIPPING Ports, none of the subsidiaries had issued any debt securities at the end of the reporting period (Note 26(b)).

# Notes to the Consolidated Financial Statements

## 46 Balance sheet and reserve movement of the Company

Balance sheet of the Company

|                                                                   | Note | As at 31 December |             |
|-------------------------------------------------------------------|------|-------------------|-------------|
|                                                                   |      | 2023              | 2022        |
|                                                                   |      | RMB'000           | RMB'000     |
| <b>ASSETS</b>                                                     |      |                   |             |
| <b>Non-current assets</b>                                         |      |                   |             |
| Property, plant and equipment                                     |      | 125               | 275         |
| Intangible assets                                                 |      | –                 | 5           |
| Investments in associates                                         |      | 30,781,658        | 23,190,675  |
| Financial assets at fair value through other comprehensive income |      | 764,052           | 768,934     |
| Deferred income tax assets                                        |      | 3,694             | 2,474       |
| Investments in subsidiaries                                       |      | 38,351,313        | 38,346,245  |
| Loans to a subsidiary                                             |      | 3,200             | –           |
| <b>Total non-current assets</b>                                   |      | <b>69,904,042</b> | 62,308,608  |
| <b>Current assets</b>                                             |      |                   |             |
| Trade and other receivables and contract assets                   |      | 13,997,148        | 27,438,708  |
| Restricted bank deposits                                          |      | –                 | 1,329       |
| Cash and cash equivalents                                         |      | 1,119,496         | 20,317,587  |
| <b>Total current assets</b>                                       |      | <b>15,116,644</b> | 47,757,624  |
| <b>Total assets</b>                                               |      | <b>85,020,686</b> | 110,066,232 |
| <b>EQUITY</b>                                                     |      |                   |             |
| Share capital                                                     |      | 16,071,058        | 16,094,862  |
| Reserves                                                          | (a)  | 68,540,072        | 91,205,209  |
| <b>Total equity</b>                                               |      | <b>84,611,130</b> | 107,300,071 |
| <b>LIABILITIES</b>                                                |      |                   |             |
| <b>Total Non-current liabilities</b>                              |      |                   |             |
| –                                                                 |      |                   |             |
| <b>Current liabilities</b>                                        |      |                   |             |
| Trade and other payables and contract liabilities                 |      | 226,936           | 187,203     |
| Current portion of long-term borrowings                           |      | –                 | 1,015,199   |
| Tax payables                                                      |      | 182,620           | 1,563,759   |
| <b>Total current liabilities</b>                                  |      | <b>409,556</b>    | 2,766,161   |
| <b>Total liabilities</b>                                          |      | <b>409,556</b>    | 2,766,161   |
| <b>Total equity and liabilities</b>                               |      | <b>85,020,686</b> | 110,066,232 |

# Notes to the Consolidated Financial Statements

## 46 Balance sheet and reserve movement of the Company (Continued)

Balance sheet of the Company (Continued)

Note (a)

Reserve movement of the Company

|                                                                                                            | Capital<br>reserve<br>RMB'000 | Statutory<br>reserve fund<br>RMB'000 | Other reserve<br>RMB'000 | Treasury<br>share<br>RMB'000 | Retained<br>earnings<br>RMB'000 | Total<br>RMB'000  |
|------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------|-------------------|
| As at 1 January 2022                                                                                       | 41,586,694                    | 3,999,677                            | (3,342,792)              | -                            | 28,754,228                      | 70,997,807        |
| Fair value of share options granted                                                                        | (6,839)                       | -                                    | -                        | -                            | -                               | (6,839)           |
| Issue of A shares in connection with the exercise of share options                                         | 148,014                       | -                                    | -                        | -                            | -                               | 148,014           |
| Appropriate to statutory reserves                                                                          | -                             | 6,634,741                            | -                        | -                            | (6,634,741)                     | -                 |
| Profit for the year                                                                                        | -                             | -                                    | -                        | -                            | 66,347,408                      | 66,347,408        |
| Dividend                                                                                                   | -                             | -                                    | -                        | -                            | (46,281,181)                    | (46,281,181)      |
| As at 31 December 2022                                                                                     | 41,727,869                    | 10,634,418                           | (3,342,792)              | -                            | 42,185,714                      | 91,205,209        |
| As at 1 January 2023                                                                                       | <b>41,727,869</b>             | <b>10,634,418</b>                    | <b>(3,342,792)</b>       | <b>-</b>                     | <b>42,185,714</b>               | <b>91,205,209</b> |
| Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax | (3,661)                       | -                                    | -                        | -                            | -                               | (3,661)           |
| Share of other comprehensive income of associates, net                                                     | 1,330                         | -                                    | -                        | -                            | -                               | 1,330             |
| Fair value of share options granted                                                                        | 5,270                         | -                                    | -                        | -                            | -                               | 5,270             |
| Repurchase and cancellation of shares                                                                      | (785,901)                     | -                                    | -                        | (374,092)                    | -                               | (1,159,993)       |
| Appropriate to statutory reserves                                                                          | -                             | 902,062                              | -                        | -                            | (902,062)                       | -                 |
| Profit for the year                                                                                        | -                             | -                                    | -                        | -                            | 9,020,615                       | 9,020,615         |
| Dividend                                                                                                   | -                             | -                                    | -                        | -                            | (30,672,892)                    | (30,672,892)      |
| Share of reserve of an associate                                                                           | 144,194                       | -                                    | -                        | -                            | -                               | 144,194           |
| As at 31 December 2023                                                                                     | <b>41,089,101</b>             | <b>11,536,480</b>                    | <b>(3,342,792)</b>       | <b>(374,092)</b>             | <b>19,631,375</b>               | <b>68,540,072</b> |

# Five Year Financial Summary

|                                                    | <b>2023</b><br><b>RMB'000</b> | 2022<br>RMB'000<br>(Restated) | 2021<br>RMB'000<br>(Restated) | 2020<br>RMB'000 | 2019<br>RMB'000 |
|----------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------|-----------------|
| Revenues                                           | <b>175,447,747</b>            | 391,058,497                   | 333,693,943                   | 171,258,834     | 150,540,591     |
| Profit before tax                                  | <b>33,076,671</b>             | 167,175,970                   | 128,006,540                   | 13,947,709      | 4,059,415       |
| Income tax expenses                                | <b>(4,681,012)</b>            | (35,638,568)                  | (24,101,179)                  | (760,215)       | (978,567)       |
| Profit for the year                                | <b>28,395,659</b>             | 131,537,402                   | 103,905,361                   | 13,187,494      | 3,080,848       |
| Profit from discontinued operation<br>for the year | -                             | -                             | -                             | -               | 7,113,469       |
| Profit for the year                                | <b>28,395,659</b>             | 131,537,402                   | 103,905,361                   | 13,187,494      | 10,194,317      |
| Profit attributable to:                            |                               |                               |                               |                 |                 |
| – Equity holders of the Company                    | <b>23,860,258</b>             | 109,792,453                   | 89,348,948                    | 9,927,098       | 6,690,106       |
| – Non-controlling interests                        | <b>4,535,401</b>              | 21,744,949                    | 14,556,413                    | 3,260,396       | 3,504,211       |
| Total assets                                       | <b>462,429,381</b>            | 511,930,077                   | 414,275,122                   | 271,926,074     | 262,224,030     |
| Total liabilities                                  | <b>(219,209,909)</b>          | (258,136,983)                 | (234,815,076)                 | (193,229,017)   | (193,098,793)   |
| Total equity                                       | <b>243,219,472</b>            | 253,793,094                   | 179,460,046                   | 78,697,057      | 69,125,237      |

Notes:

- (a) The financial figures for the year 2022 and 2023 were extracted from the Consolidated Financial Statements.
- (b) The financial figures for the year 2019 to 2021 were extracted from the 2022 annual report, which have also been reclassified to conform with the current year's presentation format. No retrospective adjustments for the common control combinations during the year were made on the financial figures for the year 2019 to 2020.



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