中遠海運發展股份有限公司

COSCO SHIPPING Development Co.,Ltd.

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

Stock Code: 2866

2023
ANNUAL REPORT

SHIPPING INDUSTRY AND FINANCE OPERATOR

Company Profile

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

The container manufacturing business of the Company involves the research, development, production and sales of international standard dry cargo containers, reefer containers, special containers and house containers. The Company had a designed annual capacity of more than 1,400,000 TEU, ranking the second in the world. The Company focuses on scientific and technological innovation as well as green and low-carbon, promotes the construction of intelligent factories, strengthens the "container +" customization capability, and continuously enhances its core competitiveness of the trinity of "standard containers + reefer containers + special containers".

The container leasing business of the Company involves container leasing and trading of various kinds, with services in more than 170 major ports around the world. The Company managed more than 3,800,000 TEU of containers, ranking among the top in the world, and has the unique "leasing and shipping" and "leasing and manufacturing" synergistic ability and influence in the container field.

The shipping leasing business of the Company mainly involves the operating lease or finance lease of various vessels, such as container vessels and dry bulk cargo vessels, and its vessel assets size ranks among the top in the industry. The Company is committed to enhancing the full life cycle service capacity of ordering, leasing, management and disposal of shipping assets, grasping the opportunity of green and low-carbon transformation of the fleet, and helping to upgrade the fleet of the shipping industry.

The Company focuses on the principal business of shipping and logistics for its investment management business to empower the lightweight transformation and growth of its shipping and logistics businesses by financing for production. At the same time, the Company is committed to the construction of venture capital platforms, accelerating the layout of strategic emerging industries, and strengthening the incubation capacity of digital intelligence and low-carbon shipping.

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

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Corporate Information

DIRECTORS

EXECUTIVE DIRECTOR

Mr. Zhang Mingwen

NON-EXECUTIVE DIRECTORS

Mr. Huang Jian
Mr. Liang Yanfeng
Mr. Ip Sing Chi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lu Jianzhong
Ms. Zhang Weihua
Mr. Shao Ruiqing
Mr. Chan Kwok Leung

SUPERVISORS

Mr. Ye Hongjun *(Chairman)*
Ms. Zhu Mei
Mr. Zhao Xiaobo

EXECUTIVE COMMITTEE

Mr. Zhang Mingwen

INVESTMENT STRATEGY COMMITTEE

Mr. Zhang Mingwen
Mr. Huang Jian
Mr. Liang Yanfeng
Mr. Ip Sing Chi
Mr. Shao Ruiqing
Mr. Chan Kwok Leung

RISK CONTROL COMMITTEE

Ms. Zhang Weihua *(Chairman)*
Mr. Lu Jianzhong
Mr. Chan Kwok Leung

AUDIT COMMITTEE

Mr. Lu Jianzhong *(Chairman)*
Mr. Chan Kwok Leung
Mr. Huang Jian

REMUNERATION COMMITTEE

Mr. Shao Ruiqing *(Chairman)*
Ms. Zhang Weihua
Mr. Chan Kwok Leung

NOMINATION COMMITTEE

Mr. Chan Kwok Leung *(Chairman)*
Mr. Shao Ruiqing

CHIEF ACCOUNTANT

Mr. Lin Feng

BOARD SECRETARY

Mr. Cai Lei

COMPANY SECRETARY

Mr. Cai Lei

AUTHORISED REPRESENTATIVES

Mr. Zhang Mingwen
Mr. Cai Lei

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The PRC

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The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited

DOMESTIC AUDITOR

ShineWing Certified Public Accountants LLP

LEGAL ADVISERS

Paul Hastings (As to Hong Kong law)
Grandall Law Firm (As to PRC law)

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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Hong Kong

PRINCIPAL BANKERS

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

TELEPHONE NUMBER

86 (21) 6596 6105

FAX NUMBER

86 (21) 6596 6498

COMPANY WEBSITE

http://development.coscoshipping.com

H SHARE LISTING PLACE

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

LISTING DATE

16 June 2004

NUMBER OF H SHARES IN ISSUE

3,676,000,000 H Shares

BOARD LOT (H SHARES)

1,000 Shares

HONG KONG STOCK EXCHANGE STOCK CODE

02866

A SHARE LISTING PLACE

Shanghai Stock Exchange

LISTING DATE

12 December 2007

NUMBER OF A SHARES IN ISSUE

9,899,938,612 A Shares

BOARD LOT (A SHARES)

100 Shares

SHANGHAI STOCK EXCHANGE STOCK CODE

601866

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

Financial Highlights

COMPARISON OF 2023 AND 2022 KEY FINANCIAL FIGURES BY CHART FORM

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

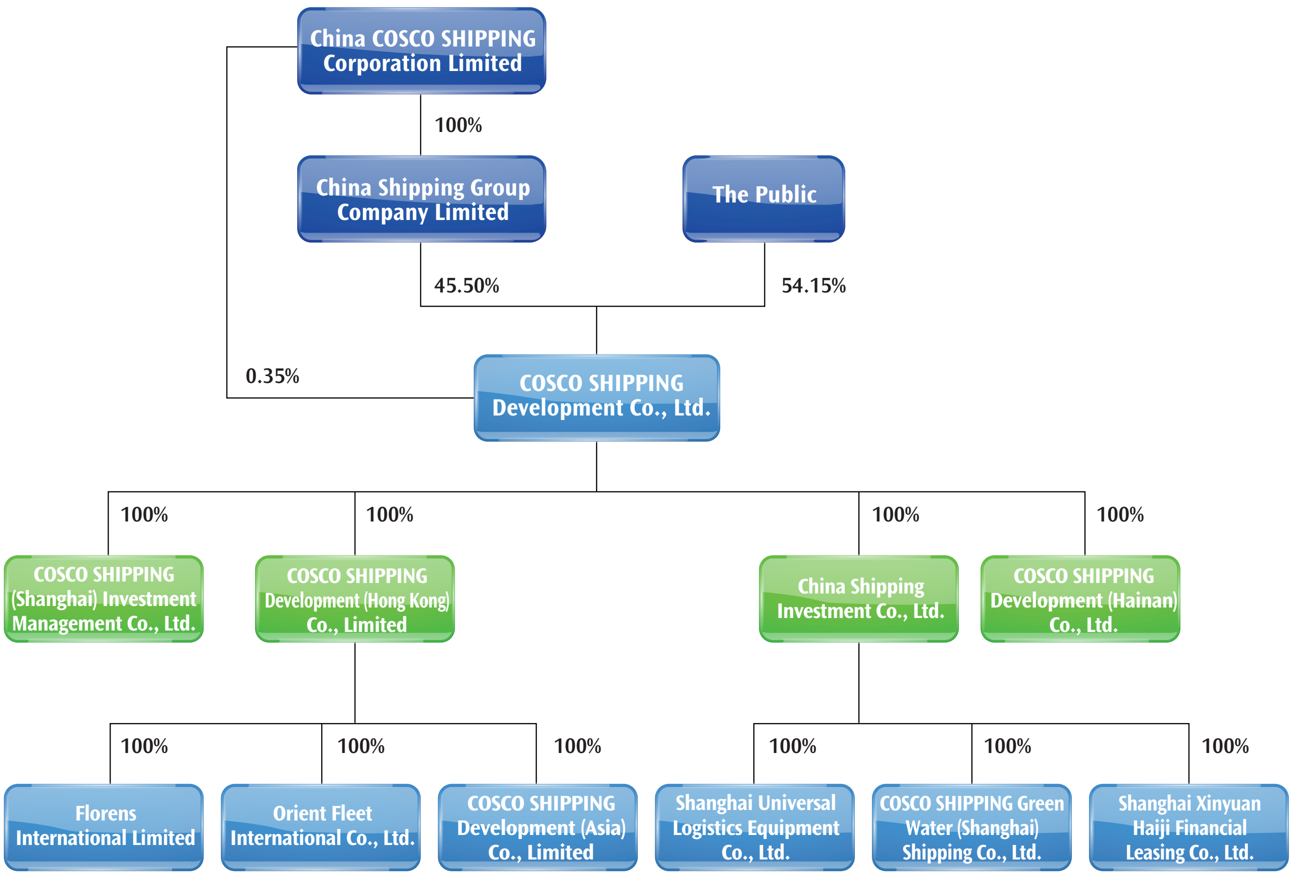
	2023	2022	Change
	RMB'000	RMB'000	%
		(Restated)	
Revenue	**15,533,247**	25,419,063	(39)
Operating profit	**3,706,105**	5,700,967	(35)
Profit before income tax from continuing operations	**1,345,266**	4,798,516	(72)
Profit for the year from a discontinued operation	**30,077**	24,893	21
Profit for the year attributable to owners of parent	**1,407,555**	3,923,829	(64)
Basic earnings for the year per share	**RMB0.1040**	RMB0.2902	(64)
Gross profit margin (continuing operations)	**28%**	25%	Increased by 3 percentage points
Profit margin before income tax (continuing operations)	**9%**	19%	Decreased by 10 percentage points
Net gearing ratio[1]	**263%**	266%	Decreased by 3 percentage points

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

Consolidated Statement of Financial Position
(Under HKFRS)

	2023	2022	Change
	RMB'000	RMB'000	%
		(Restated)	
Total assets	**125,930,990**	128,090,631	(2)
Non-current assets	**103,309,374**	103,256,637	–
Current assets	**22,621,616**	24,833,994	(9)
Total liabilities	**96,647,312**	99,198,004	(3)
Current liabilities	**38,211,188**	42,019,557	(9)
Net current liabilities	**(15,589,572)**	(17,185,563)	(9)
Net assets	**29,283,678**	28,892,627	1

The following chart shows the simplified corporate and shareholding structure of the Company and its principal subsidiaries as at 31 December 2023:



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

DISCUSSION AND ANALYSIS OF THE BOARD ON THE OPERATION OF THE GROUP DURING THE REPORTING PERIOD

In 2023, affected by multiple factors such as sluggish global trade, geopolitical tensions and the continually tightened monetary policies in major economies, there was a weak growth momentum of the world economy, and the shipping market showed a cyclical fluctuation. At the same time, the shipping industry accelerated the process of low carbonization and digital transformation, injecting new opportunities into the market full of uncertainty. Facing the severe and complicated market environment, the Company focused on its main responsibilities and principal businesses, leveraged the synergy between industry and finance, accelerated the leadership of scientific and technological innovation, and took a solid step towards high-quality development goals.

In 2023, the Company achieved operating revenue of RMB15.533 billion, a decrease of 38.9% compared with 2022. Profit attributable to owners of the Company was RMB1.408 billion, a decrease of 64.1% compared with 2022. Basic earnings per share amounted to RMB0.1040.

The Board proposed the payment of a final dividend of RMB0.032 per share.

REVIEW OF OPERATIONS

In 2023, the Company endeavored to strengthen its capability of scientific and technological innovation and digital intelligent empowerment, accelerate green and low-carbon transformation, enhance its ability to improve quality and efficiency, and adhere to the bottom line of risk prevention, with a view to achieving stable operation and improving quality while maintaining stability.

I. DEEPENING INDUSTRY COLLABORATION, STABILIZING INTEGRATION OF INDUSTRY AND FINANCE

In respect of the container manufacturing business: The Company continued to leverage its strengths in container leasing and manufacturing synergy, grasped the evolution of emerging market needs, and expanded the breadth and depth of the container manufacturing business by developing new technologies, expanding new products and offering new services. The Company further expanded the application scenarios of containers, developed and manufactured a variety of containers such as automobile frame folding containers, new energy storage containers and agricultural planting containers to meet customer needs, and formed anti-cyclical products, production capacity and benefits, highlighting the market value of special container products. In 2023, revenue from the Company's special containers manufacturing business increased by 535% year-on-year, and received orders for nearly 1,000 energy storage containers from leading new energy customers.

In respect of the container leasing business: The Company made efforts to strengthen proactive and forward-looking market layout, enriched business structure, and achieved remarkable results in expanding its business of reefer containers and special containers. The Company continued to explore business model innovation, promoted the innovative application of Renminbi internationalization in the industry, and successfully launched the world's first 5,600TEU offshore Renminbi container leasing business. Through the continuously improved digital industry ecosystem, the Company promoted the application of digital synergy to enhance customer experience and stimulate more opportunities of mutual benefit and win-win cooperation, creating value for customers while continuously injecting endogenous momentum for the Company's business development.

In respect of the shipping leasing business: Focused on the synergy of industrial chains, the Company strengthened the integration of industry and finance, continued to improve its "one-stop" service capability, and actively contributed new ideas and solutions on industry and finance synergy for customers optimizing and adjusting fleet structures. At the same time, the Company steadily pushed forward the demonstration project of Yangtze River Electric Container Vessels, and two 700TEU electric container vessels were successfully named, ready to start a new green and low-carbon voyage.

In respect of the investment management business: The Company focused on the principal business of shipping logistics, continued to optimize investment portfolio, solidly boosted business optimization, promoted the development of new shipping technologies, new industries and green shipping through the integration of industry and finance and facilitated the upgrading of industrial structures.

II. FOCUSING ON DIGITAL AND INTELLIGENT TRANSFORMATION, STIMULATING INNOVATION MOMENTUM

The Company continued to facilitate "digitalized, networked and intelligent" transformation, promoted scientific and technological innovation, increased investment in research and development, and kept making progress in achieving digital and intelligent achievement. **In terms of digital transformation,** the Company created an integrated digital supply chain service ecosystem for container manufacturing, leasing and usage to effectively empower the industrial chains. The iFlorens digital operation platform built by the Company's subsidiary Florens International Limited won the second prize in the first "Professional Competition on Innovation in Digital Scenarios of SOEs" hosted by the State-owned Assets Supervision and Administration Commission for its digital disposal scenario of decommissioned containers. **In terms of intelligent manufacturing,** the Company accelerated the construction of a container management cloud platform to promote the transformation and upgrading of traditional manufacturing industries. The "process digital design" scenario of the Company's DFIC Qidong was awarded the Excellent Intelligent Manufacturing Scenario in 2023 by the Ministry of Industry and Information Technology; DFIC Jinzhou was awarded the Intelligent Plant of Liaoning Province in 2023; Shanghai Universal Logistics Technology Co., Ltd. was recognized as a high-tech enterprise. In 2023, the Company continued to increase investment in research and development, with a total investment in research and development amounted to over RMB215 million for the year, a total of 192 patent applications submitted, and a total of 122 authorized patents obtained.

III. EMBRACING GREEN AND LOW CARBON, DRIVING SUSTAINABLE DEVELOPMENT

The Company further clarified the strategic plan of "green production, green business, green assets and green finance", and promoted green and low-carbon transformation and development in all aspects. The Company's 700TEU pure battery-powered container vessel project won the title of "Top Ten National Key Projects of Central SOEs". The Company took the lead in establishing the China Electric Vessel Innovation Alliance to carry out scientific research such as iterative upgrading of marine containerized batteries and construction of charging and exchanging stations. Shanghai Universal Logistics Technology Co., Ltd., a subsidiary of the Company, continued to improve its production technology, and DFIC Qingdao and DFIC Lianyungang were awarded the title of "National Green Factory" in 2023 by the Ministry of Industry and Information

Technology following DFIC Ningbo and DFIC Jinzhou. In addition, the Company actively explored diversified financing channels and focused on integrating and using green financial tools to tap the value of green and low-carbon transformation.

IV. STRENGTHENING CORPORATE GOVERNANCE, FOCUSING ON VALUE REALIZATION

With value creation as the orientation, the Company strengthened corporate governance and standardized operation, striving to continuously improve the quality of listed company. The Company was awarded A-class rating for information disclosure for 2022-2023 by Shanghai Stock Exchange, and won the 25th Golden Bull Award for Listed Companies-Golden Information Disclosure Award in the "2023 Forum on High-quality Development of China's Listed Companies" hosted by Xinhua News Agency and China Securities Journal. The Company is committed to safeguarding the interests of investors, and has been reasonably rewarding its investors through active and stable dividend plans for five consecutive years, and was successfully selected as a constituent of the first batch of "CSI Guoxin Central SOEs Shareholder Return Index" and "CSI Guoxin Hong Kong Stock Connect Central SOEs Dividend Index". The Board proposed to pay a dividend of RMB0.032 per share for the year 2023 to share the fruits of development with investors.

V. STRENGTHENING RISK PREVENTION AND CONTROL, UPHOLDING SAFETY DEFENSE LINE

The Company continued to strengthen the rule of law as well as risk prevention and control, reinforce the principles of professional and market-oriented operation, consolidate the foundation of comprehensive risk management, optimize the annual risk limit and monitoring indicator system, improve the risk prevention and control mechanism, and enhance the management system of industry and finance businesses. In 2023, the Company achieved good results in the rule of law construction, and the risk prevention and control was precise and effective. In addition, the Company actively practiced the concept of safety development, fully implemented the main and supervisory responsibility for safety production, and promoted the effective implementation of various measures for safety production and ecological and environmental protection, resulting in a stable and orderly safety situation throughout the year.

VI. PRACTICING ESG GOVERNANCE, ADHERING TO SOCIAL RESPONSIBILITY

The Company has steadily improved its ESG governance and disclosure level, and has won numerous honors and recognitions for its continuous efforts in the ESG field. In 2023, the Company was successfully listed in the first issue of Sustainability Yearbook 2023 (China Edition) published by S&P Global and honored as the "Industry's Most Improved Company"; received the "Golden Bee 2023 Outstanding CSR Report – Evergreen Award"; selected as one of the "Top 100 Best ESG Practices of Wind China Listed Company in 2023"; and won the "Outstanding Contribution Award for Green and Low Carbon of Listed Companies" in the 17th Listed Companies Value Evaluation in China. In addition, the Company actively participated in targeted assistance practice and carried out charity and public welfare activities, and fulfilled its social responsibility with a humanistic heart.

OUTLOOK

In 2024, the global economy will continue to face challenges due to the interplay of multiple factors. The world economy is expected to remain on a medium-to-low growth track, inflation in major economies such as Europe and the United States will tend to ease, and China's economic growth will be full of resilience. While undergoing test by the complicated economic and political situation, the global shipping industry is also moving forward firmly on the road of promoting green, low-carbon, digital and intelligent transformation of the industry, and will continue to create new market opportunities.

By taking container equipment manufacturing and shipping logistics asset operations as its core, the Company will further give full play to the function of "industry", enhance the role of "finance", and consolidate the quality of "investment", face up to new situation, embrace new challenges, develop new advantages, lead the digital and intelligent innovation and transformation, adhere to the green and low-carbon path and drive high-quality development.

I. DEEPING THE INTEGRATION OF INDUSTRY AND FINANCE, FURTHER ENHANCING VALUE CREATION CAPABILITY

In the segment of container manufacturing business, the Company will accelerate industrial transformation and upgrading, keep up with the trend of container intelligence, speed up the transformation and promotion of digital factory construction results, deepen lean management, and optimize cost control. At the same time, the Company will create differentiated competitive advantages, further expand new scenarios for shipping equipment, and enhance professional service capabilities in the field of special containers.

In the segment of container leasing business, the Company will further leverage the unique advantages of leasing and manufacturing synergy, continue to improve the global network layout, take the key customer strategy as the lead, continue to optimize product structure, improve service capabilities, and at the same time, explore and open up new business paths to improve overall asset efficiency and anti-cyclical capabilities.

In the segment of shipping leasing business, the Company will actively seize the opportunity to optimize and develop the fleet structure in the shipping market, deeply tap the market potential, enhance the service capability of the whole life cycle of shipping assets covering ordering, leasing, management and disposal, improve the operation level of shipping assets, and strive to realize the transformation into a value-based industry and finance investor and innovative industry and finance service provider.

In the segment of investment management business, the Company will continue to maintain acumen to the economy and the industry, strengthen asset operation, and smooth out the shipping business cycle with steady returns; closely follow the two major tracks of digital intelligence and green and low carbon, accelerate the layout of strategic emerging industries, and enhance the incubation ability of digital intelligence and shipping low carbonization.

II. STRENGTHENING SCIENTIFIC AND TECHNOLOGICAL INNOVATION, RE-DRIVING ENDOGENOUS DEVELOPMENT MOMENTUM

The Company will focus on the two major tracks of digital intelligence and green and low carbon, and facilitate new development trend with scientific and technological innovation. **In respect of the container manufacturing business**, the Company will take the construction of digital factories as an opportunity to increase the exploration of new technology application scenarios and improve the intelligence level of the entire manufacturing process of containers. The Company will make more effort in the research and development of special containers to accurately meet the needs of customers; continue to improve the supporting capacity of "container +" customized products, apply emerging technologies and innovative asset operation models and strengthen industry cooperation to jointly drive the development of the emerging industries such as special equipment, cold chain, energy storage and new materials. **In respect of the container leasing business**, the Company will continue to promote the construction of the iFlorens digital operation platform, upgrade and transform the data interaction method with global depots, and improve the effectiveness of industrial chain synergy; strengthen the full-cycle management of assets through the construction of digital vitality, and enhance customer experience with value creation.

III. FOCUSING ON GREEN AND LOW CARBON, CONTINUING TO PURSUE SUSTAINABLE DEVELOPMENT

The Company will make every effort to push forward the project of two 700TEU electric container vessels in the Yangtze River mainline, continue to promote the construction of marine charging and exchanging network, the development of marine containerized power supply and energy storage containers, actively participate in and promote the formulation of relevant specifications and standards, expand market application, and serve the construction of the Yangtze River Economic Belt and Shanghai International Shipping Center. We will explore a green and low-carbon path for the entire life cycle of containers, strengthen carbon emission management in the container production process, push forward the formulation of low-carbon container product standards, construct ESG governance results and promote the enhancement of investment value to demonstrate the social responsibility of Central SOEs.

IV. STRENGTHENING MARKET VALUE MANAGEMENT, FURTHER ADVANCING VALUE TRANSMISSION AND REALIZATION

The Company will further promote the improvement of the quality of listed company, actively safeguard the performance of capital market, and strive to match the Company's market value with its intrinsic value. We will continue to standardize corporate governance, enhance the endogenous power of the enterprise while optimizing and improving the communication and transmission mechanism with the market, and further enhance market recognition based on the needs of investors. We always adhere to the concept of respecting the market and investors, actively safeguard the rights and interests of investors, and endeavor to reasonably reward investors with solid and steady value creation, working together to create a new situation of value realization.

In addition, the Company will further explore management innovation and establish a new mechanism for the actions of deepening and upgrading reforms; strengthen the construction of a team of cadres and talents to consolidate new sources of high-quality development; intensify risk prevention, consolidate new support for stable enterprise development, and strive to promote high-quality development to achieve new results.

With a new journey and a new chapter, COSCO SHIPPING development will direct the course of high-quality development, seize market opportunities with digital wisdom, "carbonize" the future of shipping with green footprint, create excellent quality with innovation, and explore a far-reaching future with the momentum of stability. We will go further only by working together and start a new journey of gaining momentum.

DEVELOPMENT STRATEGY

1. STRATEGIC POSITION

With container equipment manufacturing and shipping logistics asset operation as the core, "industry, finance and investment" as the focus, the Company will implement industry and finance integration, facilitate industry development with finance, and develop into a world-class industry-finance operator in the shipping industry with COSCO SHIPPING Development characteristics.

2. DEVELOPMENT GOALS

With a focus on the mainline of the shipping and logistics industries, the Company will develop container manufacturing, container leasing and shipping leasing business as the core businesses underpinned by investment, and in accordance with the guiding principles of "seeking progress while maintaining stability, promoting stability with progress, and building the new before discarding the old", the Company will deeply collaborate with the upstream and downstream industries of the supply chain of shipping, integrate the flow of information, capital and goods and empower its shipping logistics ecosystem. With market-oriented approaches, professional strengths and an international vision, the Company aspires to achieve high-quality development and grow into a world-class industry-finance operator in the shipping industry with COSCO SHIPPING Development characteristics.

3. DEVELOPMENT PLANS

(1) Container manufacturing business

In respect of container manufacturing business, the Company will focus on scientific and technological innovation as well as green and low-carbon transformation, actively promote the transformation of intelligent plants as well as the transformation and upgrading of production and manufacturing to fully meet the demand for containers of the principal shipping business. Focusing on shipping scenarios and product portfolios, the Company will improve its scientific and technological research and development capabilities, make research and innovation in green, digital and special containers and supporting storage and transportation equipment for vessel carbon reduction, enhance "container +" customization capability, and deepen the synergy of container leasing and manufacturing. The Company will further optimize the management mechanism around marketing, customer service, cost control, quality management, etc., improve production capacity utilization efficiency and profitability, and enhance its core competitiveness of the trinity of "standard containers + reefer containers + special containers".

(2) Container leasing business

The container leasing business, as an integral part of the container industry chain, mainly involves container leasing and trading of various kinds. The Company will, on the basis of the current container leasing business, continue to optimize product mix and strengthen the development on special container and reefer container business; optimize the service network layout, grasp customer needs in a timely manner, improve customer services in an all-round way, and further develop new international and domestic customers; control the pace for efficient placement, optimize lease pricing and lease structure, and strengthen value management in the whole life cycle of containers; improve the coordination between "leasing and manufacturing" and between "leasing and shipping", and promote the dual model of lease and sale, so as to enhance the anti-cyclical ability as well as core competitiveness and long-term value creation ability.

(3) *Shipping leasing business*

The shipping leasing business focuses on the operating lease or finance lease of various vessels, such as container vessels and dry bulk cargo vessels. The Company will, based on its existing business, give full play to the advantages of the Group's principal shipping business, seize service opportunities in the whole life cycle of shipping assets covering ordering, leasing, management and disposal, so as to contribute to the upgrading of the shipping industry's fleet; cooperate friendly with financial institutions to actively seize the opportunities for green and low-carbon transformation of fleets of the Group's internal and external customers, accelerate green and low carbon research and development in terms of assets, financing, etc., explore segmented green products with advantages, and make proper use of preferential green financing policies to improve the green asset allocation and operation with characteristics of shipping logistics.

(4) *Investment management business*

For the investment management business, the Company will give equal weight to strategic value and financial returns, adhere to the principal business of shipping logistics, promote industry development with finance, continuously optimize investment portfolios, strengthen asset operation, and smooth out the shipping business cycle with stable returns; explore new models for the operation of shipping assets such as logistics and port facilities, empower the asset-light transformation and growth of the principal businesses, and work together to create a "connector" for shipping industry chain synergy; closely follow the two paths of digital intelligence as well as green and low carbon, build a venture capital platform, accelerate the layout of strategic emerging industries, and strengthen the incubation capabilities of digital intelligence and low-carbon shipping.

MAJOR RISKS AND COUNTERMEASURES

1. GEOPOLITICAL RISK

Geopolitical risk refers to the risk arising from geopolitical factors such as supply chain and technological decoupling between major countries, political policies, military conflicts, economic and trade protectionism, energy security, and inter-regional faith and ideological cleavages. This risk may exacerbate the instability of suppliers and customers, raise the Company's production and operating costs, push up some of the risks of investment and business expansion in sensitive regions, and give rise to the risk of international sanctions. The Company has strengthened the monitoring of information on changes in laws and policies in sensitive regions, enhanced the monitoring and assessment of customers/suppliers, and dynamically evaluated the stability of their business co-operation; appropriately enlarged the capital budget and foreign exchange reserve position to cope with liquidity risk and exchange risk arising from geopolitical risks; the Company has strictly implemented the requirements for sanctions risk management and control, embedded the risk identification and assessment into the business process, and increased the frequency of sanctions risk identification and assessment.

2. MACROECONOMIC RISKS

At present, the world is undergoing changes at an accelerated pace, with increased fluctuation sources and risk triggers, the United States and other western countries have been facing multiple challenges in cutting fiscal deficits, achieving a soft landing, and low consumer investment intentions, ongoing international geopolitical and military conflicts and further escalation and intensification, governments of major economies and emerging countries in the world will gradually enter into reelection in 2024 the re-arrangement of the global trade and industrial chains, the internal recovery of the economy moving forward in the midst of twists and turns, and more and greater predictable and unpredictable risks and challenges. As the Company is a shipping industry-finance operating platform that focuses on container manufacturing, container leasing and shipping leasing business and relies on shipping industry experience, with an extensive business network at home and abroad, it has broad exposure to macroeconomic environment both domestically and globally. To tackle the macroeconomic fluctuations, the Company has built and kept improving its risk monitoring and management system to carry out analyses of the economic situation and strategic seminars at the right time, formulate each segment's own annual operating plan, and implement a reasonable strategic layout and thus guarantee operation and asset security.

3. CREDIT RISK

Credit risk refers to the risk of the Company suffering unexpected losses arising from failure or delay of a counterparty to perform its contractual obligations or from any unfavorable change of a counterparty's credit standing. The Company's credit risk is mainly from operating lease, financial leasing, container production and sales and investment in fixed – income financial products. The Company has established and implemented a sound credit risk management system, including setting annual credit risk limits based on the Company's risk appetite, dynamically monitoring the implementation of credit risk limits and giving early warnings as needed, and establishing and implementing a series of credit management systems.

4. MARKET RISK

Market risk refers to the risk of the Company's unexpected losses arising from unfavourable movements in interest rates, exchange rates, prices of equity or fixed-income product, etc. While building up and improving its market risk management mechanism, the Company has formulated market risk management policy, qualitative and quantitative monitoring standards, actively adjusted the structure of assets and liabilities, increased the natural hedging of risk exposure to effectively control the exchange rate risk.

5. CAPITAL LIQUIDITY RISK

Capital liquidity risk refers to the risk of the Company's failure to obtain sufficient funds in a timely manner or failure to do so at reasonable cost in order to repay debt upon maturity or fulfill other payment obligations. Depending on factors such as the Company's strategies, business structure, risk situation and market environment, and taking full account of the impact of other risks on liquidity and its overall risk appetite, the Company will determine its liquidity risk appetite and risk tolerance, and gradually build up a liquidity risk management system. The Company will take measures such as regular assessment, monitoring and establishment of firewalls and stress test to effectively prevent liquidity risk.

6. STRATEGY RISK

Strategy risk refers to the risk that the actual results of the selection and implementation of the strategy may deviate from the expected goal of the strategy due to uncertainties in the internal and external environment of the Company. The Company has set up and continually improved its working procedures for strategy risk management to identify, analyze and monitor strategy risk. The Company makes strategic planning after taking into full consideration of factors such as market environment, its risk appetite and capital position, and regularly reviews the strategic planning to strengthen its implementation.

7. COMPANY-WIDE CONCENTRATION RISK

Concentration risk refers to the risk that the individual risks or risk portfolios of the Company's business units are concentrated within the Company, which may directly or indirectly lead to heightened business concentration or convergence of the Company's single types or its counterparties, so that the Company is in a weaker position in the bargaining process with its top customers, which increases the risk of fluctuations in the company's revenues and profits. The Company will set its company-wide concentration risk limits based on factors such as its overall risk appetite and tolerance, size of capital, assets and liabilities, transaction types (e.g. investment asset classes etc.), counterparty characteristics, trading risk rating (e.g. credit rating etc.), and perform concentration risk limit management.

FINANCIAL REVIEW OF THE GROUP

The Company and its subsidiaries (the "**Group**") recorded revenue of RMB15,533,247,000 during the Period, representing a decrease of 38.9% as compared with revenue of RMB25,419,063,000 (restated) for the same period of last year; profit before income tax from continuing operations amounted to RMB1,345,266,000, representing a decrease of 72.0% as compared with profit of RMB4,798,516,000 (restated) for the same period of last year; profit attributable to owners of the Company for the year amounted to RMB1,407,555,000, representing a decrease of 64.1% as compared with the profit (restated) of RMB3,923,829,000 for the same period of last year.

Analysis of segment results is as follows:

Unit: RMB'000

Segment	Revenue 2023	Revenue 2022 (Restated)	Revenue Change (%)	Cost 2023	Cost 2022 (Restated)	Cost Change (%)
Container manufacturing business	**10,465,213**	20,541,844	(49.1)	**9,862,882**	17,918,069	(45.0)
Container leasing business	**4,959,210**	5,436,727	(8.8)	**2,842,447**	3,051,398	(6.8)
Shipping leasing business	**2,473,073**	2,408,963	2.7	**884,392**	828,442	6.8
Investment management business	**10,509**	122,646	(91.4)	**1,909**	24,773	(92.3)
Offset amount	**(2,374,758)**	(3,091,117)	(23.2)	**(2,358,537)**	(2,875,710)	(18.0)
Total	**15,533,247**	25,419,063	(38.9)	**11,233,093**	18,946,972	(40.7)

1. ANALYSIS OF CONTAINER MANUFACTURING BUSINESS

1) Operating Revenue

For the year ended 31 December 2023, the Group's container manufacturing business realized operating revenue of RMB10,465,213,000, representing a year-on-year decrease of 49.1% as compared with the revenue of RMB20,541,844,000 for the same period of last year, mainly due to the decline in market demand for new containers under the impact of the downturn in the container transportation market. During the Period, the aggregate container sales was 590,600 TEU, representing a year-on-year decrease of 38.4% as compared with 958,900 TEU for the same period of last year.

2) Operating Costs

Operating costs of the container manufacturing business mainly consist of raw material costs, transportation costs, employee compensation and depreciation expenses. The operating costs amounted to RMB9,862,882,000 for the year ended 31 December 2023, representing a year-on-year decrease of 45.0% as compared with the costs of RMB17,918,069,000 for the same period of last year. Such decrease was mainly due to the decrease in production costs such as materials and labor costs as the sales volume of containers decreased.

2. ANALYSIS OF CONTAINER LEASING BUSINESS

1) Operating Revenue

The Group recorded revenue from the container leasing, management and sales business of RMB4,959,210,000, representing a decrease of 8.8% as compared with the revenue of RMB5,436,727,000 for the same period of last year, which was mainly due to the decrease in the sales of the Company's container business as a result of the decline in market demand.

2) Operating Costs

Operating costs of the container leasing business mainly include the depreciation and maintenance costs of containers, net carrying value of sale of containers returned upon expiry and interest costs of finance lease business. The operating costs for the year ended 31 December 2023 amounted to RMB2,842,447,000, representing a year-on-year decrease of 6.8% as compared with the costs of RMB3,051,398,000 for the same period of last year, which was mainly due to the decrease in the sales of the Company's container business.

3. ANALYSIS OF SHIPPING LEASING BUSINESS

1) Operating Revenue

The Group recorded revenue from the ship leasing business of RMB2,473,073,000, representing an increase of 2.7% as compared with the revenue of RMB2,408,963,000 for the same period of last year, which was mainly due to the year-on-year increase in the size of the fleet under operating leases. As at 31 December 2023, the volume and amount of the Group's shipping operating lease assets increased by 7.1% and 10.4% year-on-year respectively.

2) Operating Costs

Operating costs of the shipping leasing business amounted to RMB884,392,000, representing a year-on-year increase of 6.8% as compared with the costs of RMB828,442,000 for the same period of last year, which was mainly due to the year-on-year increase in the size of the fleet under operating leases.

3) Details of the Group's finance leasing business

The Group entered into finance lease arrangements with leased assets for certain vessels, machinery, equipment and facilities used in shipping, transportation and logistics industries, etc. The terms of finance leases entered into mainly range from one to ten years. The interest rate of finance leases mainly ranges from 3.46% to 14.55%. Finance lease receivables of the Group are secured over the assets leased. As of 31 December 2022 and 31 December 2023, the total present value of minimum finance lease receivables of the Group amounted to RMB35,444,820,000 and RMB32,729,294,000, respectively.

As of 31 December 2022 and 31 December 2023, the balance of finance lease transactions for the largest single client of the Group accounted for approximately 12.18% and 12.00% of the total assets of the Group, respectively, while the balance of finance lease transactions for the largest single group client accounted for approximately 19.19% and 18.81% of the total assets of the Group, respectively.

The following table sets forth the degree of concentration of single client and single group client of the Group as at 31 December 2023:

Concentration indicator	**Balance of finance lease transactions as of 31 December 2023 (RMB)**	**Balance of finance lease transactions as a percentage of the total assets of the Group**
Degree of concentration of single client financing	15,112,356,000	12.00%
Degree of concentration of single group client financing	23,688,251,000	18.81%

The following table sets forth details of the balance of finance lease transactions of the top ten single clients of the Group as of 31 December 2023:

Name of the client	**Business segment**	**Balance of finance lease transactions (RMB)**	**Percentage of finance lease related assets**
Client A	Ship leasing	15,112,356,000	46.17%
Client B	Ship leasing	4,811,214,000	14.70%
Client C	Container leasing	3,723,655,000	11.38%
Client D	Ship leasing	3,684,152,000	11.26%
Client E	Ship leasing	726,983,000	2.22%
Client F	Ship leasing	479,395,000	1.46%
Client G	Ship leasing	379,022,000	1.16%
Client H	Ship leasing	163,003,000	0.50%
Client I	Ship leasing	161,198,000	0.49%
Client J	Ship leasing	157,169,000	0.48%
Total	–	**29,398,147,000**	**89.82%**

Note:

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

The following table sets forth the industrial distribution of net amount of finance lease receivables of the Group as at 31 December 2023:

Business segment	**Balance of finance lease transactions at 31 December 2023 (in RMB 100 millions)**	**Percentage of finance lease related assets**
Ship leasing	280.59	85.73%
Transportation and logistics	5.89	1.80%
Container leasing	40.82	12.47%
Total	**327.30**	**100%**

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

(1) the shipping leasing division (航運租賃事業部) of the Company has implemented an asset management policy to proactively manage potential risks in connection with the Group's leased assets;

(2) the asset management department (資產管理部門) of the Company's shipping leasing division conducts regular inspections of the leased assets to identify any potential risks in the lessees' operations and to ensure that the leased assets are in satisfactory condition. Onsite inspections shall be carried out immediately in the event of emergency (including but not limited to serious accidents, seizure of the leased assets by authorities, or bankruptcy of the lessees);

(3) in the event of non-payment of rent, the asset management department will attempt to collect the unpaid amount and any interests thereof from the lessee by making telephone or written demand, or carry out onsite collection from the lessees, depending on the number of day(s) such payment is overdue and the circumstances of the lessees;

(4) depending on factors such as the value of the leased assets, business operations and creditworthiness of the lessees and how the Group monitors the assets, the asset management department categorizes the leased assets into five classes and takes appropriate monitoring/collection actions according to the classes assigned to specific assets from time to time; and

(5) for leased assets the rental payment of which is overdue for more than 30 days, the shipping leasing division may further attempt to collect from the lessees, bring legal or arbitral proceedings against the lessees, or apply for seizure of property or specific performance from the court, depending on the circumstances

4. ANALYSIS OF INVESTMENT MANAGEMENT BUSINESS

1) *Operating Revenue*

For the year ended 31 December 2023, the investment management business realized revenue of RMB10,509,000, representing a year-on-year decrease of 91.4% as compared with the revenue of RMB122,646,000 (restated) for the same period of last year, primarily due to the decrease in the factoring business.

2) *Operating Costs*

For the year ended 31 December 2023, the operating costs were RMB1,909,000, representing a decrease of 92.3% as compared with the costs of RMB24,773,000 (restated) for the same period of last year, mainly due to the decrease in the factoring business.

GROSS PROFIT

Due to the above reasons, the Group recorded gross profit of RMB4,300,154,000 for the year ended 31 December 2023 (gross profit for the same period of last year: RMB6,472,091,000 (restated)).

SIGNIFICANT INVESTMENT IN EQUITY

As at 31 December 2023, the carrying value of the Company's external equity investments accounted for using the equity method amounted to RMB25,801,416,000, representing an increase of RMB1,299,760,000 or 5.3% as compared with that as at the beginning of the Period, which was mainly attributable to the recognition of the increased investment income from associates for the Period.

As at 31 December 2023, the carrying value of the Company's financial assets at fair value through profit or loss amounted to RMB2,961,994,000, representing a decrease of RMB530,146,000 or 15.2% as compared with that as at the beginning of the Period, which was mainly due to the disposal of certain shares during the Period.

For the year ended 31 December 2023, the Company realised investment income of RMB1,576,039,000, representing a decrease of 3.0% as compared with RMB1,624,999,000 for the same period of last year, which was mainly attributable to the decrease in investment income from associates.

For the year ended 31 December 2023, the Company realised gain or loss on changes in fair value of RMB67,517,000, representing an increase of RMB1,064,375,000 as compared with RMB-996,858,000 for the corresponding period of last year, which was mainly attributable to the year-on-year increase in the fair value of the financial assets held during the Period.

Management Discussion and Analysis

1. Shareholdings in Other Listed Companies

Stock code	Company name	Investment cost (RMB)	Shareholding at the beginning of the Period (%)	Shareholding at the end of the Period (%)	Book Value at the end of the Period (RMB)	Gain during the Period (RMB)	Changes in other reserve during the Period (RMB)	Gain from the disposal (RMB)	Dividends received during the Period (RMB)	Accounting ledger	Sources of the shareholding
09668	China Bohai Bank Co., Ltd.	5,749,379,000	11.12	11.12	10,471,550,000	459,398,000	35,672,000	–	–	Investment in associates	Purchase
601818/06818	China Everbright Bank Co., Ltd.	3,398,255,000	1.34	1.23	5,438,467,000	456,981,000	(176,130,000)	–	137,560,000	Investment in associates	Purchase
000039/02039	China International Marine Containers (Group) Co., Ltd.	747,363,000	1.53	1.53	633,191,000	50,072,000	–	–	14,893,000	Financial assets at fair value through profit or loss	Purchase
600643	Shanghai AJ Group Co., Ltd.	–	0.22	–	–	1,096,000	–	566,000	318,000	Financial assets at fair value through profit or loss	Purchase
600390	Minmetals Capital Co., Ltd.	547,727,000	3.17	1.44	303,058,000	47,045,000	–	57,011,000	6,217,000	Financial assets at fair value through profit or loss	Purchase
600179	Antong Holdings Co., Ltd.	48,302,000	0.27	0.27	28,456,000	-8,946,000	–	–	–	Financial assets at fair value through profit or loss	Purchase
Total		**10,491,026,000**	/	/	**16,874,722,000**	**1,005,646,000**	**(140,458,000)**	**57,577,000**	**158,988,000**		

2. Shareholdings in Financial Enterprises

Name of investee	Investment amount (RMB)	Shareholding at the beginning of the Period (%)	Shareholding at the end of the Period (%)	Book Value at the end of the Period (RMB)	Gain during the Period (RMB)	Changes in other reserve during the Period (RMB)	Gain from the disposal (RMB)	Dividends received during the Period (RMB)	Accounting ledger	Source of the shareholding
Bank of Kunlun Co., Ltd.	1,077,153,000	3.74	3.74	1,547,301,000	94,816,000	11,319,000	–	41,922,000	Investment in associates	Purchase
CIB Fund Management Co., Ltd.	100,000,000	10.00	10.00	468,541,000	40,092,000	–	–	5,000,000	Investment in associates	Purchase
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	135,265,000	25.00	25.00	62,177,000	29,185,000	–	–	–	Investment in joint ventures	Purchase
COSCO SHIPPING Finance Company Limited	2,914,166,000	13.38	13.38	3,258,463,000	162,464,000	(584,000)	–	–	Investment in associates	Purchase
Powchan Financial Group Co., LTD.	3,575,320,000	40.81	40.81	4,013,607,000	327,644,000	–	–	181,973,000	Investment in associates	Purchase
Total	**7,801,904,000**	/	/	**9,350,089,000**	**654,201,000**	**10,735,000**	**–**	**228,895,000**		

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

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

The capital market was volatile in 2023. The Company expects that the investment portfolio of the Group (including the above major investments) will be subject to, among other things, the movement of interest rates, market factors and general economic condition. Moreover, the market value of individual shares will be affected by relevant companies' financial results, development plan as well as the prospects of the industry where they operate. To mitigate relevant risks, the Group will take appropriate measures in due course and adjust its investment strategies in response to the changes in market conditions.

INCOME TAX

According to the Corporate Income Tax ("**CIT**") Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the years ended 31 December 2023 and 2022.

Hong Kong profits tax was provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits of the Group's subsidiaries operating in Hong Kong during the year.

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

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

For the year ended 31 December 2023, the Group's selling, administrative and general expenses were RMB1,275,507,000, representing an increase of 4.7% as compared with the expenses for the same period of last year.

OTHER GAINS, NET

For the year ended 31 December 2023, other gains of the Group were RMB442,338,000, representing an increase of RMB97,569,000 as compared with other gains of RMB344,769,000 (restated) for the same period of last year, which was mainly due to the year-on-year increase in the fair value of financial assets held during the Period.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT FOR THE YEAR

For the year ended 31 December 2023, the profit attributable to owners of the parent of the Company for the year was RMB1,407,555,000, representing a decrease of 64.1% as compared with the profit (restated) of RMB3,923,829,000 for the same period of last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

ANALYSIS OF LIQUIDITY AND BORROWINGS

The Group's principal sources of liquidity are cash flow from operating business and short-term bank borrowings. The Group's cash is mainly used for expenses of operating cost, repayment of borrowings, procurement of containers and support of the Group's financial leasing business. During the Period, the Group's net operating cash inflow was RMB5,314,360,000. As at 31 December 2023, the Group's cash and cash equivalents were RMB13,023,556,000.

As at 31 December 2023, the Group's total bank and other borrowings amounted to RMB81,851,051,000, with RMB32,221,992,000 repayable within one year, RMB17,410,062,000 repayable within the second year, RMB26,540,123,000 repayable within the third to fifth year and RMB5,678,874,000 repayable after five years. The Group's long-term bank and other borrowings were mainly used for carrying out finance leasing business, acquisition of vessel, purchase of containers and acquisition of equity interests. As at 31 December 2023, the Group's long-term bank and other loans were secured by certain containers and vessels with an aggregate value of RMB20,065,989,000 and pledged by finance lease receivables with an aggregate value of RMB8,286,209,000.

As at 31 December 2023, the Group held corporate bonds payable totalling RMB8,000,000,000 and the proceeds raised from the bonds were used for the repayment of debts as they matured.

The Group's RMB-denominated borrowings at fixed interest rates amounted to RMB5,850,000,000. USD-denominated borrowings at fixed interest rates amounted to USD1,226,638,000 (equivalent to approximately RMB8,687,909,000), RMB-denominated borrowings at floating interest rates amounted to RMB15,332,500,000, and USD-denominated borrowings at floating interest rates amounted to USD7,339,100,000 (equivalent to approximately RMB51,980,642,000). The Group's borrowings are settled in RMB or USD while its cash and cash equivalents are primarily denominated in RMB and USD.

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

NET CURRENT LIABILITIES

As at 31 December 2023, the Group's net current liabilities amounted to RMB15,589,572,000. Current assets mainly included inventories of RMB2,197,550,000; trade and notes receivables of RMB1,778,295,000; prepayments and other receivables of RMB1,862,121,000; financial assets at fair value through profit or loss of RMB661,647,000; the current portion of finance lease receivables of RMB2,870,565,000; cash and cash equivalents of RMB13,023,417,000; factoring receivables of RMB16,805,000; derivative financial instruments of RMB30,998,000; restricted bank deposits of RMB3,150,000; assets held for sale of RMB177,068,000. Current liabilities mainly included trade and notes payables of RMB2,603,395,000; other payables and accruals of RMB2,878,261,000; contract liabilities of RMB63,047,000; tax payable of RMB189,441,000; the current portion of bank and other borrowings of RMB32,221,992,000; the current portion of lease liabilities of RMB106,660,000; and liabilities associated with assets classified as held for sale of RMB148,392,000.

CASH FLOWS

For the year ended 31 December 2023, the Group's net cash inflow generated from operating activities was RMB5,314,360,000, denominated principally in RMB and USD, representing a decrease of RMB5,898,431,000 as compared with the net cash inflow generated from operating activities of RMB11,212,791,000 for the corresponding period of 2022. The cash inflow generated from financing activities of the Group for the Period was mainly derived from bank and other borrowings and such funds were used mainly for short-term operation and the purchase and construction of vessels and containers. The balance of cash and cash equivalents as at 31 December 2023 decreased by RMB2,417,004,000 as compared with that at the beginning of the Period, mainly due to optimisation of the capital structure and reduction in the scale of liabilities.

The following table provides the information regarding the Group's cash flow for the years ended 31 December 2023 and 31 December 2022:

Unit: RMB

	2023	2022
Net cash generated from operating activities	**5,314,360,000**	11,212,791,000
Net cash generated from/(used in) investing activities	**962,726,000**	(300,660,000)
Net cash used in financing activities	**(8,927,755,000)**	(14,492,259,000)
Impact of changes in exchange rate on cash	**233,665,000**	1,149,541,000
Net decrease in cash and cash equivalents	**(2,417,004,000)**	(2,430,587,000)

NET CASH GENERATED FROM OPERATING ACTIVITIES

For the year ended 31 December 2023, the net cash inflow generated from operating activities was RMB5,314,360,000, representing a decrease of RMB5,898,431,000 as compared with the net cash inflow generated from operating activities of RMB11,212,791,000 for the same period of last year. The decrease was mainly due to the decrease in gross profit caused by fluctuations in market demand in the container leasing and manufacturing segment, and the impact of the pace of cash receipts and disbursements in container manufacturing. However, the Company's overall business activities still continued to be healthy.

NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES

For the year ended 31 December 2023, the net cash inflow generated from investing activities was RMB962,726,000, representing an increase of net cash inflow of RMB1,263,386,000 as compared with the net cash outflow used in investing activities of RMB300,660,000 for the same period of last year. The increase was mainly due to the slow down of the investment in vessels and container leasing business according to market conditions.

NET CASH USED IN FINANCING ACTIVITIES

For the year ended 31 December 2023, the net cash outflow used in financing activities was RMB8,927,755,000, representing a decrease of RMB5,564,504,000 as compared with the net cash outflow used in financing activities of RMB14,492,259,000 for the same period of last year, the main reason is that the Group continued to promote "reducing leverage and liabilities", fully optimized the Company's capital structure, reduced the scale of liabilities, strictly controlled the costs of funding and rewarded shareholders with dividends. For the year ended 31 December 2023, the Group's new bank and other borrowings amounted to RMB45,202,709,000, and repayment of bank and other borrowings amounted to RMB48,852,249,000.

USE OF PROCEEDS AND FUTURE PLANS

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

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

As of 31 December 2023, the use of the proceeds is as follows:

Unit: RMB

Item		Amount of proceeds
Net proceeds		1,460,904,954.84
Accumulated proceeds used as at the beginning of the Period	Amount of projects financed by the proceeds	1,121,951,717.00
	Replacement of the pre-invested internal funds with the proceeds	230,811,074.74
	Bank charges	618.57
	Interest income	1,182,840.68
Balance in the special account for proceeds as of 31 December 2022		109,324,385.21
Amount used in the year	Amount of projects financed by the proceeds	88,933,148.84
	Bank charge	4,450.46
	Interest income	194,417.48
Accumulated proceeds used as at the end of the Period	Amount of projects financed by the proceeds	1,441,695,940.58
	Bank charge	5,069.03
	Interest income	1,377,258.16
Balance in the special account for proceeds as of 31 December 2023		20,581,203.39

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

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

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

As of 31 December 2023, the details of placement of the proceeds were as follows:

Unit: RMB

Serial No.	Company Name	Deposit Bank	Bank Account	Account Balance
1	COSCO SHIPPING Development Co., Ltd.	China Development Bank, Shanghai Branch	31001560021137250000	90.70
2	Dong Fang International Container (Qidong) Co., Ltd. (寰宇東方國際集裝箱(啟東)有限公司)	Business Department, Bank of China Shanghai Branch	454682512528	–
3	Dong Fang International Container (Qingdao) Co., Ltd. (寰宇東方國際集裝箱(青島)有限公司)	Business Department, Bank of China Shanghai Branch	439082519935	17,636.66
4	Dong Fang International Container (Ningbo) Co., Ltd. (寰宇東方國際集裝箱(寧波)有限公司)	Business Department, Bank of China Shanghai Branch	440382523907	19,031,622.00
5	Shanghai Universal Logistics Technology Co., Ltd. (上海寰宇物流科技有限公司)	Business Department, Bank of China Shanghai Branch	439082531816	1,531,854.03
Total				**20,581,203.39**

As of 31 December 2023, the actual utilisation of the proceeds was as follows:

Unit: RMB'0,000

Item	Total committed investment of proceeds	Investment committed as of the end of the Period	Investment accumulated as of the end of the Period	Difference between the investment accumulated and the investment committed as of the end of the Period	Date of project reaching the scheduled usable status
Production lines technology transformation project	19,400.00	19,400.00	19,422.10	22.10	May 2023
Container production lines technology transformation project	20,000.00	20,000.00	20,031.81	31.81	July 2023
Logistics equipment transformation project	9,200.00	9,200.00	7,327.60	(1,872.40)[1]	May 2024
Information system upgrade and setup project	8,800.00	8,800.00	8,667.35	(132.65)[1]	May 2023
Replenishment of the working capital of the Company	89,000.00	88,690.50	88,720.73	30.23	N/A
Total	**146,400.00**	**146,090.50**	**144,169.59**	**(1,920.91)**	–

Note:

1. The remaining amount of such proceeds will continue to be used for the logistics equipment transformation project and the information system upgrade and setup project respectively in accordance with the previously disclosed use of proceeds, which are expected to be fully utilized by May 2024.

As at 31 December 2023, the use and intended use of proceeds from the Issuance are in line with the use of proceeds as previously disclosed. For the details of intended use of proceeds from the Issuance, please refer to the circular of the Company dated 24 May 2021 and the relevant overseas regulatory announcements.

TRADE AND NOTES RECEIVABLES

As at 31 December 2023, the Group's net amount of trade and notes receivables was RMB1,778,295,000, representing an increase of RMB1,222,150,000 as compared with the same period last year, of which notes receivables decreased by RMB8,015,000, and trade receivables increased by RMB1,230,165,000, which was mainly due to the increase in the outstanding receivables for containers leasing under the impact of collection credit period.

GEARING RATIO ANALYSIS

As of 31 December 2023, the Company's net gearing ratio (i.e. net debts over shareholders' equity) was 263.3%, which was lower than that of 266.3% last year. The decrease in net gearing ratio was mainly due to the reduction in the scale of liabilities during the Period.

FOREIGN EXCHANGE RISK ANALYSIS

Revenues and costs of the Group's container manufacturing, container leasing and shipping leasing operations are settled or denominated in USD. As a result, the impact on the net operating revenue due to RMB exchange rate fluctuation can be offset by each other to a certain extent. For the Period, the Group recorded an exchange gain of RMB286,058,000, which was mainly due to fluctuations of the USD exchange rate during the Period; the increase in exchange difference which was charged to equity attributable to shareholders of the parent company amounted to RMB206,170,000. The Group will continue to closely monitor the exchange rate fluctuation of RMB and major international settlement currencies in the future to minimise the impact of exchange rate fluctuation and thus reduce exchange rate risks. During the year, the Group timely considered using derivative financial instruments to hedge foreign exchange risks. As of 31 December 2023, the fair value of the Group's outstanding forward exchange settlement contracts included in derivative financial instruments amounted to RMB30,998,000.

CAPITAL EXPENDITURES

For the year ended 31 December 2023, the Group's expenditures on the acquisition of containers, machinery and equipment, machinery and equipment under construction and other expenditures amounted to RMB3,725,065,000, expenditures on the acquisition of finance lease assets amounted to RMB2,022,518,000.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had RMB23,200,000 in capital commitment to fixed assets, RMB65,938,000 in equity investment commitment and RMB151,216,000 in outstanding leased equipment amount, which had been contracted but not provided for.

PLEDGE

As at 31 December 2023, certain container vessels and containers with net carrying value of approximately RMB20,065,989,000 (31 December 2022: RMB18,611,895,000), finance lease receivables of RMB8,286,209,000 (31 December 2022: RMB12,969,610,000) and restricted deposits of RMB2,953,000 (31 December 2022: RMB5,340,000) of the Group were pledged for the grant of bank borrowings and issuance of corporate bonds.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Reference is made to the announcement of the Company dated 10 November 2023 in relation to an equity transfer agreement (the "**Equity Transfer Agreement**") between COSCO SHIPPING Development (Hong Kong) Co., Ltd. ("**COSCO SHIPPING Development (Hong Kong)**") and COSCO SHIPPING International (Hong Kong) Co., Ltd. ("**COSCO SHIPPING International (Hong Kong)**") in relation to the disposal of 100% equity interest in Helen Insurance Brokers Limited ("**Helen Insurance**") by COSCO SHIPPING Development (Hong Kong) to COSCO SHIPPING International (Hong Kong).

The relevant parties entered into the Equity Transfer Agreement on 10 November 2023, pursuant to which COSCO SHIPPING Development (Hong Kong) conditionally agreed to sell and COSCO SHIPPING International (Hong Kong) conditionally agreed to purchase 100% of the equity interests of Helen Insurance at the total consideration of HK$270,980,600.

Upon completion of the transaction under the Equity Transfer Agreement, Helen Insurance will cease to be a subsidiary of the Company and the financial results of Helen Insurance will no longer be consolidated into the consolidated financial statements of the Company.

Please refer to the announcement of the Company dated 10 November 2023 for further details. The transaction under the Equity Transfer Agreement was completed on 15 January 2024.

SUBSEQUENT EVENTS

On 28 March 2024, the Board proposed the payment of a final dividend of RMB0.032 per share (inclusive of applicable tax) for the year ended 31 December 2023, totaling approximately RMB433,511,000 calculated based on 13,547,214,320 shares, being the total number of issued shares of the Company of 13,575,938,612 as at 28 March 2024 deducting 28,724,292 A shares repurchased by the Company, which is subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company.

CONTINGENT LIABILITIES

As at 31 December 2023, there were no significant contingent liabilities for the Group.

EMPLOYEES, TRAINING AND BENEFITS

As at 31 December 2023, the Group had 11,261 employees, and the total staff costs for the Period (including staff remuneration, welfare cost and social insurance fees etc.) amounted to approximately RMB2,117,313,000 (including outsourced labour costs).

Remuneration management, as one of the most effective incentives and a form of enterprise value distribution, is carried out on the basis of total budget control, value creation, internal fairness, market competition and sustainable development. Based on the principle of "contractualized management, differential compensation", the senior management of the Company has introduced and implemented the professional manager system and strengthened the incentive and restraint mechanism based on performance management. The Company's comprehensive remuneration system applicable to the employees mainly consists of two aspects: (1) salaries, including position/title salary, performance salary, special incentives and allowances; and (2) benefits, including mandatory social insurance, provident housing fund as stipulated by the state and its own corporate welfares.

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

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

During the year ended 31 December 2023, in accordance with the Regulations Governing Share Incentives for Listed Companies and the Listing Rules, and after being reviewed and approved at the Fifth Meeting of the Seventh Session of the Board and the Fourth Meeting of the Seventh Session of the Supervisory Board of the Company, the conditions for the exercise of the Second Exercise Period of the

Initial Grant of Options and the First Exercise Period of the Reserved Grant of Options under the Share Option Incentive Plan of A Shares of the Company were fulfilled, and approval was given to the eligible Incentive Participants to carry out the exercise of the share options and the exercise price was RMB2.193 per share. A total of 106 incentive targets of the Company exercised a total of 19,803,610 share options. Please refer to the announcement of the Company dated 12 June 2023 for further details.

DIVIDEND

The Board proposed to distribute a final dividend of RMB0.032 per share (inclusive of applicable taxes) for the year ended 31 December 2023 (2022: RMB0.087 per share), subject to the approval of shareholders of the Company at the forthcoming annual general meeting. The final dividend will be denominated and declared in RMB, payable to the holders of A shares and H shares of the Company in RMB and Hong Kong dollars, respectively within two months after the approval at the annual general meeting (other than those who are holders of H shares of the Company through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the final dividend will be paid to them in RMB)

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

EXECUTIVE DIRECTOR

MR. ZHANG MINGWEN (張銘文), AGED 45

is currently an executive Director, the general manager and deputy secretary of the Party Committee of the Company, and a non-executive director of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600999); and the Hong Kong Stock Exchange (stock code: 6099)). He has more than 20 years of experience in shipping industry and extensive experience in areas including finance and capital management, shipping finance and capital operation. Mr. Zhang successively served as the deputy section chief, vice director of the capital centre of the planning and finance department, the assistant to the general manager of the planning and finance department, and the assistant to the general manager of the financial capital department of China Shipping (Group) Company, the deputy chief financial officer (副總會計師) and the chief financial officer (總會計師) of China Shipping Container Lines Co., Ltd., the chief financial officer (總會計師) of COSCO SHIPPING Development Co., Ltd.*, the chief financial officer (總會計師) of COSCO SHIPPING Holdings Co., Ltd., the chief financial officer of Orient Overseas (International) Limited, and a director, the chief financial officer and a member of the executive committee of Orient Overseas Container Line Ltd.. Mr. Zhang graduated from the Faculty of Finance of Shanghai University of Finance and Economics majoring in investment economics and from the Antai College of Economics & Management of Shanghai Jiao Tong University majoring in business administration, and obtained a bachelor' s degree in economics and a master' s degree in business administration. Mr. Zhang is a Chartered Financial Analyst (CFA) and a senior accountant.

NON-EXECUTIVE DIRECTORS

MR. HUANG JIAN (黃堅), AGED 54

is currently a non-executive Director. Mr. Huang has been serving as the general manager of the capital operation department of China COSCO Shipping Corporation Ltd. since September 2016. He previously held positions at the financial department and administrative department of a number of companies, and has financial-related management experience. His experience includes: serving as a director of COSCO SHIPPING Investment Holdings Co., Limited from August 2016, a director of COSCO SHIPPING Captive Insurance Co., Ltd. from August 2017; a director of Lanhai Medical Investment Co., Ltd. (a company listed on the National Equities Exchange and Quotations (stock code: 400155)) from May 2017; a non-executive director of COSCO SHIPPING Development Co., Ltd.* (a company listed on the Shanghai Stock Exchange (stock code: 601866); and the Hong Kong Stock Exchange (stock code: 2866)) since June 2016; a non-executive director of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600999); and the Hong Kong Stock Exchange (stock code: 6099)) from August 2012; a director of Shanghai Rural Commercial Bank Co., Ltd. from June 2018 to December 2022; a director of COSCO Shipping Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange (stock code: 002401)) from December 2017 to March 2019; the deputy general manager (in charge of work) of the capital operations department of China COSCO Shipping Corporation Ltd. from February to August 2016; the deputy general manager of the finance department of COSCO Group from February 2012 to February 2016; the chief financial officer and general manager of the finance department of COSCO Americas from November 2006 to February 2012; the vice president and the general manager of the finance department of COSCO Logistics (Americas) Inc. (formerly known as Intermodal Bridge Services Inc.) from September 2004 to November 2006; a staff member of COSCO Group with his last position being the chief of capital office of the finance department from July 1996 to September 2004; and a staff member of the finance department of Shenzhen Ocean Shipping Co., Ltd. from July 1993 to July 1996. Mr. Huang obtained a bachelor's degree in economics with a major in auditing from the Capital University of Economics and Business (formerly known as Beijing Institute of Finance and Trade) and a master's degree in business administration from Beijing University of Technology respectively in July 1992 and March 2002. Mr. Huang was qualified as an accountant and senior accountant by the Ministry of Finance in May 1997 and December 2015, respectively.

MR. LIANG YANFENG (梁岩峰), AGED 58

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

MR. IP SING CHI (葉承智), AGED 70

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. LU JIANZHONG (陸建忠), AGED 69

is currently an independent non-executive Director of the Company. Mr. Lu graduated from the department of accounting of Shanghai University of Finance and Economics with a bachelor’s degree in economics in January 1983. He started his career in the field of finance in the same year. Mr. Lu was a lecturer and an Associate Professor of Finance and Accounting at the Shanghai Maritime University from September 1986 to August 1997; a certified accountant and a partner of the audit department of PricewaterhouseCoopers Zhong Tian LLP from September 1997 to June 2012; a partner of Shanghai De’an Certified Public Accountants LLP, the marketing director of Daxin Certified Public Accountants LLP, and a partner of Zhongxinghua Certified Public Accountants LLP from July 2012 to September 2016; and a certified accountant of Da Hua Certified Public Accountants LLP from October 2016 to December 2021. He has been a certified accountant of Zhongxinghua Certified Public Accountants LLP since January 2022. Currently, Mr. Lu concurrently serves as a supervisor of Hangzhou Hikvision Digital Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange (stock code: 002415)); an independent director of Bomike Marine Engineering Company Limited (a company listed on the Shanghai Stock Exchange (stock code: 603727)); an independent director of Shanghai Xinnanyang Only Education & Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600661)); an independent non-executive director of Bank of Tianjin Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: HK1578)); and an independent director of Shanghai Weike Precision Moulding Co., Ltd. (a company proposed to be listed on the ChiNext of the Shenzhen Stock Exchange). Mr. Lu is an enterprise mentor for the Master of Professional Accounting (MPAcc)/the Master of Auditing programs (Maud) of Antai College of Economics and Management of Shanghai Jiao Tong University; an external expert of the Asset Securitization Task Group under the Economic Research Center of the State Council; and a member of Jiusan Society in the PRC.

MS. ZHANG WEIHUA (張衛華), AGED 62

is currently an independent non-executive Director. Ms. Zhang graduated from the Faculty of Business of University of Southern Queensland in Australia with a master's degree in business. She served as the compliance director of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600999) and concurrently as the chairperson of the board of supervisors of China Merchants Fund Management Co., Ltd. Ms. Zhang successively held a number of positions, including the chief auditor, assistant to the president, and general manager of the audit department of China Merchants Securities Co., Ltd.; and the assistant to the general manager of the securities business division of the head office of China Merchants Bank.

MR. SHAO RUIQING (邵瑞慶), AGED 66

is currently an independent non-executive Director of the Company. Mr. Shao currently serves as an accounting professor (level-2 professor) in Shanghai Lixin University of Accounting and Finance, and a doctoral tutor in Shanghai Maritime University, and concurrently as an independent director of Shanghai International Port (Group) Co., Ltd. (stock code: SH600018), an independent director of China Everbright Bank Company Limited (stock code: SH601818/HK6818), an independent director of China Enterprise Co., Ltd. (stock code: SH600675), and an independent director of Arcplus Group Plc (stock code: SH600629). He has been a professor in Shanghai Lixin University of Accounting and Finance since June 2016. He served as a professor in Shanghai Lixin University of Accounting from February 2015 to May 2016, a vice president and professor of Shanghai Lixin University of Accounting from February 2004 to January 2015, the dean, a professor and doctoral tutor of School of Economics and Management of Shanghai Maritime University from January 2002 to January 2014, the vice dean and a professor of School of Management of Shanghai Maritime University from October 1999 to December 2001, the head, an assistant professor and a professor of the Finance and Accounting Department of Shanghai Maritime University from May 1994 to September 1999, and a teaching assistant, a lecturer and an assistant professor of the Management Department and the Economics Department of Shanghai Maritime University from August 1982 to April 1994. Mr. Shao has been engaged in professional teaching and scientific research on accounting since 1982. He graduated from the Accounting Department of Shanghai Maritime University as an undergraduate (with a bachelor's degree in economics), the Accounting Department of Shanghai University of Finance and Economics as a master (with a master's degree in management) and the Technological Economics and Management Department of Tongji University as a doctor (with a doctoral degree in management). Mr. Shao has been appointed as a member of the Accounting & Finance Expert Advisory Committee by the Ministry of Transport, and concurrently serves as the vice president of the China Communications Accounting Society, an executive director of the Accounting Society of China, the vice president and chairman of the Academic Committee of Shanghai Accounting Association, and an executive director of the Auditing Society of Shanghai. Mr. Shao serves as a deputy to the 13th Shanghai Municipal People's Congress and is entitled to a special government allowance provided by the State Council.

MR. CHAN KWOK LEUNG (陳國樑), AGED 66

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

MEMBERS OF SUPERVISORY COMMITTEE

MR. YE HONGJUN (葉紅軍), AGED 61

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

MS. ZHU MEI (朱媚)，AGED 55

is currently a Supervisor of the Company. Ms. Zhu previously worked in the office of the general manager of Shanghai Shipping (Group) Company, the transport department of China Shipping (Group) Company, the Oil Tanker Company of China Shipping Development Co., Ltd., and the office of the board of directors/ the office of the general manager of China Shipping (Group) Company. During her tenure as the General Party Branch Secretary and the vice principal of the Party School of China Shipping (Group) Company, and the deputy dean of the Group Management Cadre College, she temporarily served as a member of the Municipal Party Committee, a member of the Standing Committee and the deputy mayor of the Municipal Government of Lincang City of Yunnan Province. Currently, she serves as a director of COSCO SHIPPING (Shanghai) Co., Ltd. and COSCO SHIPPING Seafarer Management Co., Ltd. Ms. Zhu graduated from Shanghai Maritime University with a master's degree, and obtained a Master of Business Administration degree from Fudan University. She is a senior economist.

MR. ZHAO XIAOBO (趙小波), AGED 38

is currently an employee supervisor of the Company and the chief accountant of Orient International Containers (Jinzhou). He had previously served as a supervisor, senior supervisor, assistant manager and deputy manager of the financial management department of China Shipping Investment Co., Ltd. and/or Shanghai Universal Logistics Equipment Co., Ltd. as well as the chief accountant of Orient International Containers (Guangzhou). Mr. Zhao Xiaobo graduated from the University of Shanghai for Science and Technology majoring in national economics, and obtained a master's postgraduate degree. He holds the titles of senior accountant and certified public accountant (CPA).

COMPANY SECRETARY

MR. CAI LEI (蔡磊), AGED 44

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

SENIOR MANAGEMENT

MR. MING DONG (明東), AGED 53

is currently deputy general manager and a member of the Party committee of the Company, Mr. Ming began his career in 1994 and successively worked in COSCO Finance Company Limited and at the asset operation centre, president affairs department, capital operation department and securities affairs division of China Ocean Shipping (Group) Company and the Company. He served as the general manager of the investor relations division of COSCO SHIPPING Holdings Co., Ltd. from July 2005 to December 2008, and the general manager of the securities affairs division of COSCO SHIPPING from January 2009 to February 2016. He has been the deputy general manager and a member of the Party Committee of COSCO Shipping Development Co., Ltd. since March 2016, Mr. Ming Dong graduated from Central University of Finance and Economics majoring in international finance and investment economics, and obtained a master's degree in economics. He is a senior economist.

MR. LIN FENG (林鋒), AGED 48

is currently Chief accountant and a member of the Party committee of the Company. Mr. Lin served as a financial officer of the branch office of Shanghai Haixing Freight Co., Ltd., and the deputy chief financial officer and the chief financial officer of the finance department in Shanghai of China Shipping Bulk Carrier Co., Ltd. from July 1997 to December 2007. He served as the deputy director and the director of the planning section and the budget management office of China Shipping (Group) Company (currently known as "China Shipping Group Company Limited") from January 2008 to January 2014. From January 2014 to August 2018, Mr. Lin served as the chief accountant and the deputy general manager of COSCO SHIPPING Investment Holdings Co., Limited (formerly known as "China Shipping (Hong Kong) Holdings Co., Limited"). Mr. Lin has served as a director of COSCO SHIPPING Finance Group Co., Ltd. since May 2019. He was chairman of the supervisory committee of China International Marine Containers (Group) Co., Ltd. from June 2019 to March 2021. Mr. Lin graduated from Shanghai School of Agriculture (currently known as "Shanghai Jiao Tong University School of Agriculture and Biology") with a bachelor's degree in economics, majoring in currency banking. He holds the title of accountant.

MS. DU HAIYING (杜海英), AGED 48

is currently deputy general manager and a member of the Party committee of the Company. Ms. Du started working in 1998 and served as the director of the development department of China Shipping (Hainan) Haisheng Shipping Co., Ltd. from March 2009 to September 2015, and the vice principal of the Party School of the China Shipping (Group) Company. She has concurrently served as the deputy dean of the Management Cadre College of China Shipping (Group) Company from September 2013. From September 2015 to December 2019, she served as the deputy general manager and a member of CCP Committee of China Shipping Investment Co., Ltd., an assistant to the general manager of COSCO Shipping Development Co., Ltd. and the deputy general manager of China Shipping Investment Co., Ltd. and an assistant to the general manager and the general manager of the financial business department of COSCO SHIPPING Development Co., Ltd. and the deputy general manager of China Shipping Investment Co., Ltd. Since January 2020, she serves as the deputy general manager of COSCO SHIPPING Development Co., Ltd. Ms. Du graduated from the Antai College of Economics and Management, Shanghai Jiao Tong University, majoring in business administration with a master of business administration. She holds the title of economist.

MR. YU ZHEN (俞震), AGED 46

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

The Board submits its annual report together with the audited consolidated financial statements for the year ended 31 December 2023 (the "**Year**").

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

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

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

RESULTS

The operation results of the Group for the Year are set out in the consolidated statement of profit or loss on page 109 of this Annual Report.

BUSINESS REVIEW

Business review of the Group for the year ended 31 December 2023, an analysis of the Group's performance for the Year using key financial metrics, recent development, a discussion on the future business development of the Group, subsequent events after the period and a description of the potential major risks and uncertainties facing the Group are set out in "Management Discussion and Analysis" on pages 6 to 30 of this Annual Report. The Company's environmental policy and performance, its compliance with relevant laws and regulations that have significant effects on the Group and the relationship between the Group and its employees, customers and suppliers are set out in "Report of the Board of Directors" and "Corporate Governance Report" on pages 38 to 100 of this Annual Report.

DIVIDENDS

	31 December 2023 RMB'000	31 December 2022 RMB'000
Proposed final dividend – RMB0.032 per ordinary share (2022: RMB0.087 per ordinary share)	**433,511**	1,178,608

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

The Board proposed the payment of a final dividend of RMB0.032 (2022: RMB0.087) per share for the year ended 31 December 2023 (inclusive of applicable tax), totalling RMB433,510,858.24 calculated based on 13,547,214,320 shares, being the number of issued shares of the Company of 13,575,938,612 as at 28 March 2024 deducting 28,724,292 A shares repurchased by the Company, for the year ended 31 December 2023. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting. These proposed dividends have not been recognised as a liability in the consolidated financial statements for the year ended 31 December 2023, but will be reflected as an appropriation of retained profits for the year ended 31 December 2024.

RESERVES

Movement of the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on pages 114 to 115 of this Annual Report, Note 41 and Note 51 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES

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

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

As at 31 December 2023, the retained earnings of the Company, calculated based on the above principles, amounted to approximately RMB1.816 billion, which was prepared in accordance with the PRC accounting standards and regulations.

PRE-EMPTIVE RIGHTS

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 244 of this Annual Report.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

EMOLUMENTS OF DIRECTORS,SUPERVISORS AND SENIOR MANAGEMENT

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

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

Details of the remuneration of the Directors, chief executive and the five highest paid individuals of the Group are set out in Notes 10 and 11 of the consolidated financial statements. There were no arrangements under which a Director or chief executive had waived or agreed to waive any remuneration for the year ended 31 December 2023.

DIRECTORS AND SUPERVISORS

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

DIRECTORS

EXECUTIVE DIRECTOR

Mr. Zhang Mingwen

NON-EXECUTIVE DIRECTORS

Mr. Huang Jian
Mr. Liang Yanfeng
Mr. Ip Sing Chi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lu Jianzhong
Ms. Zhang Weihua
Mr. Shao Ruiqing
Mr. Chan Kwok Leung

SUPERVISORS

Mr. Ye Hongjun *(Chairman)*
Ms. Zhu Mei
Mr. Zhao Xiaobo

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

Notes:

1. In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules, Mr. Cai Hongping retired as an independent non-executive Director and members of the relevant special committees under the Board on 27 February 2023. On the same day, Mr. Chan Kwok Leung took over the positions of independent non-executive Director and members of the relevant special committees under the Board.

2. On 20 November 2023, Mr. Liu Chong tendered his written resignation as the Chairman and an executive Director.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

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

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

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

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

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

PERMITTED INDEMNITY PROVISION

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors, Supervisors and senior management are set out on pages 31 to 37 of this Annual Report. As at 31 December 2023, Mr. Ye Hongjun and Mr. Huang Jian were respectively the chief legal adviser and department general manager of China COSCO SHIPPING. As at 31 December 2023, China COSCO SHIPPING and China Shipping had interests or short positions in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**").

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

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

INTERESTS OR SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests or short positions of the Directors, Supervisors or chief executive(s) of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) of the Company was taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

INTERESTS IN THE SHARES OF THE COMPANY

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

Notes:

1. "L" means long position in the shares.

2. The spouse of Mr. Chan Kwok Leung is the beneficial owner of 60,000 H shares. Mr. Chan Kwok Leung is deemed to be interested in the 60,000 H shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 December 2023, none of the Directors, Supervisors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) of the Company was taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at 31 December 2023, to the knowledge of the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the shareholders who were entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director, Supervisor or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange were as follows:

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

Notes:

1. "L" means long position in the shares.

2. Such 1,447,917,519 A shares represent the same block of shares.

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

Save as disclosed above, as at 31 December 2023, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interest or short position in any shares or underlying shares of the Company which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which was required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the date of this Report, there are no changes in Directors, Supervisors or Senior Management that are required to be disclosed by the Company pursuant to Rule 13.51B(1) of the Listing Rules.

A SHARE OPTION INCENTIVE SCHEME

1. PURPOSE OF THE A SHARE OPTION INCENTIVE SCHEME

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

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

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

On 30 March 2020 (the "**Date of Grant for the First Batch of the Share Options**"), an aggregate of 78,220,771 share options were granted to 124 participants, which comprises nine Directors and senior management of the Company and 115 core management and business personnel of the Group. The exercise price was RMB2.52 per A Share, which shall be adjusted upon the occurrence of ex-right or ex-dividend events before the exercise of the share options ("**First Batch of the Share Option Granted**"). The closing price of A shares on the trading day immediately before 30 March 2020 was RMB2.00 per A Share. For details, please refer to the Company's announcement dated 30 March 2020.

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

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

On 22 May 2023, the Company convened the fifth meeting of the seventh session of the Board and the fourth meeting of the seventh session of the Supervisory Committee and at each of which the "Resolution on the Exercise of Options under the Share Option Incentive Scheme of the Company and Related Matters" was considered and passed to (i) approve the cancellation of a total of 7,867,835 lapsed share options, including those which had been granted but not yet exercised due to the retirement and termination of employment of the participants, as well as those which had been granted but not yet exercised upon expiration of the first exercise period of the First Batch of the Share Options Granted. After such adjustment, the number of participants for the First Batch of the Share Options Granted of the Company changed from 110 to 100, and the number of the First Batch of the Share Options Granted changed from 48,273,382 to 40,871,202, and the number of participants for the Reserved Share Options Granted changed from 19 to 18, and the number of the Reserved Share Options Granted changed from 8,847,445 to 8,381,790; (ii) approve the fulfillment of the exercise conditions for the second exercise period of the First Batch of the Share Options Granted under the A Share Option Incentive Scheme, and approve the exercise of share options by a total of 100 eligible participants to exercise an aggregate of 20,435,601 share options (the "**Exercise of the First Batch of the Share Option Granted in the Second Exercise Period**"); (iii) approve the fulfillment of the exercise conditions for the first exercise period of the Reserved Share Options under the A Share Option Incentive Scheme, and approve the exercise of share options by a total of 18 eligible participants to exercise an aggregate of 2,793,924 share options (the "**Exercise of Reserved Share Options Granted in the First Exercise Period**"); (iv) pursuant to the Share Option Incentive Scheme of COSCO SHIPPING Development Co., Ltd. (Revised Draft), the Company should make corresponding adjustments to the exercise price in the event of dividend distribution, the Company was approved to adjust the exercise price under the A Share Option Incentive Scheme by adjusting the exercise price under the A Share Option Incentive Scheme from RMB2.419 per share to RMB2.193 per share. The actual number of exercised shares upon Exercise of the First Batch of the Share Option Granted in the Second Exercise Period was 17,164,904 shares; the actual number of exercised shares upon Exercise of Reserved Share Options Granted in the First Exercise Period was 2,638,706 shares. On 9 June 2023, the Company completed the transfer and registration procedures for the second exercise period for the First Batch of the Share Options Granted and the first exercise period for the Reserved Share Options. On 15 June 2023, the shares issued in connection with the exercise of the Reserved Share Options Granted were listed and circulated. For details, please refer to the Company's overseas regulatory announcements dated 22 May 2023 and 12 June 2023.

As at 31 December 2023, the Company had 29,449,382 share options outstanding under the A Share Option Incentive Scheme. Pursuant to the terms of the A Share Option Incentive Scheme, the exercise in full of the outstanding share options would result in the transfer of a total of 23,706,298 A shares held as treasury shares or repurchased from the secondary market to the share option grantees, and the transfer of 5,743,084 A shares of the Company directionally issued to the share option grantees. The 29,449,382 A shares which would be transferred to the share option grantees upon the full exercise of the outstanding share options represented approximately 0.30% of the total issued A shares of the Company and approximately 0.22% of the total issued shares of the Company as at 31 December 2023.

Details of the participants and granting for the year ended 31 December 2023 (the "**Reporting Period**") were as follows:

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

Name of Participant	Position	Granted and outstanding as at 1 January 2023 (1)(2)	Granted during the Year	Exercised during the Year (3)(4)	Cancelled during the Year (5)	Lapsed during the Year	Granted and outstanding as at 31 December 2023 (1)(3)	Percentage of total issued A share capital of the Company (%)	Percentage of total issued share capital of the Company (%)	Date of grant
Liu Chong[8]	Former Chairman (resigned)	1,490,100	–	–	496,700	–	993,400	0.0100%	0.0073%	Note (6)
Xu Hui[9]	Former Director (retired)	993,400	–	–	993,400	–	–	–	–	Note (6)
Total	–	2,483,500	–	–	1,490,100	–	993,400	0.0100%	0.0073%	

B. Share options granted to all Participants

Category of participant	Number of Participant	Granted and outstanding as at 1 January 2023 (1)(2)	Granted during the Year	Exercised during the Year (3)(4)	Cancelled during the Year (5)	Lapsed during the Year	Granted and outstanding as at 31 December 2023 (1)(3)	Percentage of total issued A share capital of the Company (%)	Percentage of total issued share capital of the Company (%)	Date of grant
Directors and chief executives of the Company	1(8)	1,490,100	–	–	496,700	–	993,400	0.0100%	0.0073%	Note (6)
	1(9)	993,400	–	–	993,400	–	–	–	–	Note (6)
Senior management of the Company(10)	7	6,008,068	–	421,433	1,703,133	–	3,883,502	0.0392%	0.0286%	Note (6)
Other key business personnel and management personnel of the Company	101	39,781,814	–	16,743,471	4,208,947	–	18,829,396	0.1902%	0.1387%	Note (6)
	19	8,847,445	–	2,638,706	465,655	–	5,743,084	0.0580%	0.0423%	Note (7)
Total	129	57,120,827	–	19,803,610	7,867,835	–	29,449,382	0.2975%	0.2169%	

C. Share options granted to the five highest paid individuals during the Year

Category of participant	Granted and outstanding as at 1 January 2023 (1)(2)	Granted during the Year	Exercised during the Year (3)(4)	Cancelled during the Year (5)	Lapsed during the Year	Granted and outstanding as at 31 December 2023 (1)(3)	Percentage of total issued A share capital of the Company (%)	Percentage of total issued share capital of the Company (%)	Date of grant
Five highest paid individuals during the Year (in total)	4,861,567	–	–	1,339,566	–	3,522,001	0.0356%	0.0259%	Note(6)

For details of the remuneration of the five highest paid individuals during the Year, see Note 11 to the consolidated financial statements.

Notes:

(1) The validity period, vesting period, exercisable date and exercise period of the share options were set out below.

(2) The exercise price was RMB2.419 per share.

(3) On 22 May 2023, relevant resolutions were considered and approved at the Company's fifth meeting of the seventh session of the Board and the fourth meeting of the seventh session of the Supervisory Committee, the exercise price under the A Share Option Incentive Scheme had been adjusted from RMB2.419 per share to RMB2.193 per share. The second exercise period for the First Batch of the Share Options Granted and the first exercise period of the Reserved Share Options Granted under the A Share Option Incentive Scheme had met the exercise conditions, and the exercise of share options by eligible incentive recipients was approved. The actual number of shares in respect of the share options to be exercised in the second exercise period for the First Batch of the Share Options Granted was 17,164,904 shares; the actual number of shares in respect of the share options to be exercised in the first exercise period for the Reserved Share Options Granted was 2,638,706 shares, with the exercise price of RMB2.193 per share. On 9 June 2023, the Company completed the transfer and registration procedures for the second exercise period for the First Batch of the Share Options Granted and the first exercise period for the Reserved Share Options Granted. On 15 June 2023, the shares issued in connection with the exercise of the Reserved Share Options Granted were listed and circulated.

(4) The weighted average closing price of the relevant shares immediately before the share options exercise date was RMB2.54 per share.

(5) On 22 May 2023, there was a total of 7,867,835 lapsed share options, including those which had been granted but not yet exercised due to the retirement or termination of employment of the participants, as well as those which had been granted but not yet exercised upon expiration of the first exercise period of the First Batch of the Share Options Granted. After such adjustment, the number of participants for the First Batch of the Share Options Granted changed from 110 to 100, and the number of the First Batch of the Share Options Granted changed from 48,273,382 to 40,871,202, and the number of participants for the Reserved Share Options Granted changed from 19 to 18, and the number of the Reserved Share Options granted changed from 8,847,445 to 8,381,790.

(6) Such A share options were granted on 30 March 2020 (i.e., the Date of Grant for the First Batch of the Share Options).

(7) Such A share options were granted on 6 May 2021 (i.e., the Date of Grant for Reserved Share Options).

(8) With effect from 20 November 2023, Mr. Liu Chong resigned as the Chairman and executive Director of the Company.

(9) Mr. Xu Hui retired as the executive Director and deputy general manager of the Company on 16 June 2022.

(10) Such senior management include the Company's chief accountant, deputy general managers, secretary of the disciplinary committee, safety director and secretary of the Board.

During the Reporting Period, the number of share options may be granted by the Company under the A Share Option Incentive Scheme but not yet granted was 1,406,292, and the underlying A shares subject to these share options were cancelled on 1 February 2023, for details, please refer to the Company's overseas regulatory announcement dated 30 March 2020, the overseas regulatory announcement dated 31 January 2023, and the next day disclosure return dated 1 February 2023. The Company issued directionally 2,638,706 A shares under the A Share Option Incentive Scheme during the Period.

At the beginning of the Reporting Period, the Company may issue or transfer 57,120,827 A shares in respect of the A Share Option Incentive Scheme, representing approximately 0.58% of the weighted average number of issued A shares in the Company's A share capital for the Reporting Period. At the end of the Reporting Period, 17,164,904 A shares were transferred pursuant to the exercise of share options, 2,638,706 A shares were issued directionally pursuant to the exercise of share options, 7,867,835 share options were cancelled and 29,449,382 share options were granted but not yet exercised at the end of the Reporting Period, representing 0.17%, 0.03%, 0.08% and 0.30% of the weighted average number of A shares of the Company in issue during the Reporting Period, respectively.

During the Reporting Period, there were no participants with share options granted and to be granted in excess of the individual limit of 1%, or related entity participants or service providers with share options granted or to be granted during the year in excess of 0.1% of the relevant class of shares of the Company in issue.

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

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

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

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

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

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

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

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

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

(i) the average trading price of A shares on the last trading day immediately before the announcement date of the Share Option Incentive Scheme (i.e., approximately RMB2.52 per A share);

(ii) the average trading price of A shares in the 20 trading days immediately before the announcement date of the Share Option Incentive Scheme (i.e., approximately RMB2.50 per A share); and

(iii) par value of A share (i.e., RMB1.00 per A share).

Pursuant to the Share Option Incentive Scheme of the Company, from the date of grant of the share options and prior to the exercise of the share options, in the event of any dividend payment and other ex-rights and ex-dividend matters of the Company, the corresponding exercise price shall be adjusted accordingly with reference to the relevant provisions of A Share Option Incentive Scheme. The adjustment method is as follows: $P = P0 - V$ where: P0 represents the exercise price before adjustment; V represents the dividend per share; and P represents the exercise price after adjustment. On 29 April 2022, since the Company has implemented the 2019 and 2020 profit distribution plan, the exercise price under the Share Option Incentive Scheme has been adjusted from RMB2.52 per share to RMB2.419 per share. On 22 May 2023, as a result of the implementation of the 2021 profit distribution plan of the Company, the exercise price under the A Share Option Incentive Scheme was adjusted from RMB2.419 per share to RMB2.193 per share in accordance with the aforesaid rules.

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

Further details of the A Share Option Incentive Scheme were set out in note 39 to the consolidated financial statements of this report.

DIRECTORS AND EMPLOYEES OF THE SUBSTANTIAL SHAREHOLDERS

Certain Directors and Supervisors of the Company are the directors or employees of China COSCO SHIPPING and/or China Shipping (details of which are set out on pages 31 to 37 of this Annual Report), and China COSCO SHIPPING and China Shipping have interests in the shares and underlying shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information that is within the knowledge of the Company and also known to the Directors, as at the date of this Annual Report, there was sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, the Group sold in aggregate 42.80% of its goods and services to its five largest customers during the Year, including 14.38% to its largest customer.

During the Year, the Group purchased in aggregate 30.31% of its goods and services from its five largest suppliers, including 8.54% to its largest supplier.

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

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

EQUITY-LINKED AGREEMENT

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

CHARITABLE DONATIONS

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

RELATIONSHIP WITH KEY STAKEHOLDERS

RELATIONSHIP WITH EMPLOYEES

COSCO SHIPPING Development strictly adheres to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other laws and regulations, and at the same time, it continuously improves its internal employee management system, improves its employee management system, optimizes management in employee recruitment, training, promotion, remuneration and welfare benefits, to effectively safeguard the basic rights and interests of every employee.

Safety is the lifeline for corporate development. The Company always puts production safety as the top priority, strictly abides by the Law on Work Safety of the People's Republic of China, the Fire Protection Law of the People's Republic of China, and the Law on Prevention and Control of Occupational Diseases, and other governing laws and regulations, and resolutely adheres to the bottom line of safe development to ensure the Company's high-quality development with high-level safety. During the Reporting Period, the Company's management has carried out on-site inspections on its key production safety units in accordance with the 2023 COSCO SHIPPING Development Safety Production Inspection Plan to ensure that the main responsibilities of the enterprise, the responsibilities of party and government leaders at all levels and the safety responsibilities of all employees were fully implemented, so as to strengthen the Company's safety management.

As of the end of the Reporting Period, the headquarter and six container factories of Shanghai Universal have all obtained ISO 45001 occupational health and safety management system certification from China Classification Society. Meanwhile, Shanghai Universal has continued to monitor and regularly audit safety performance. In 2023, the Company has hired PricewaterhouseCoopers Business Consulting (Shanghai) Co., Limited to conduct internal control self-evaluation on Shanghai Universal and its six container factories, covering the implementation of safety, environmental protection and occupational health-related systems, so as to promote safety performance management improvements. After review, no safety and health issues were found during the Reporting Period.

The Company has always adhered to the concept of safe development, and continued to establish a strong awareness of safety red lines to strengthen safety management. Shanghai Universal's six container factories have always been a top priority in safety production management. Shanghai Universal has formulated a year-round safety inspection plan and actively carried out on-site safety inspections. Shanghai Universal has successively conducted multiple inspections on each of its container factories and put forward rectification suggestions, and actively followed up and urged timely rectifications to effectively eliminate hidden risks.

Outsourced employees are the mainstay in container manufacturing. Shanghai Universal has implemented the labor outsourcing safety production management policies, issued special reminders on safety management points, and actively implemented the four-same management (same system, same standards, same requirements and same treatment) for contractors and external construction parties, to whom we apply the same occupational health and safety management system and guarantees for regular employees, further improving the safety management on contractors and external construction units. Besides, we organize annual health examinations for outsourced employees and keep their health records to protect them from occupational diseases. When the CCS certifies the factory's occupational health and safety system every year, it reviews the health and safety management on the factory's outsourced workers to ensure effective implementation of mandatory measures.

COSCO SHIPPING Development has been improving its recruitment and human resources management system, enhancing employee quality training, optimizing employee compensation mechanism and career development path, empowering employee professional growth, creating a fair and diversified career development platform for employees to grow together.

COSCO SHIPPING Development promotes a balance between life and work for its employees, organizes rich cultural and sports activities, actively carries out employee care and sympathy for employees in need, and creates a happy and harmonious working environment for employees.

RELATIONSHIP WITH CUSTOMERS

COSCO SHIPPING Development fully implements the value of "Promising integrity to customers and satisfying customer experience", establishes a sound customer complaint response mechanism, makes every effort to protect customer privacy and information security, and continuously improves customer service experience. The Company has formulated policies and measures concerning customer privacy and trade secrets, including the Administrative Measures for Information Disclosure and the Administrative Measures for the Protection of Trade Secrets. We also sign confidentiality agreements and add confidentiality clauses in lease contracts to protect trade secrets, customers' privacy, and information security. Shanghai Universal has formulated the Administrative Measures for Handling Customer Complaints and established the corresponding processes and policies. The department for complaint handling is decided based on the type of problems. The complaint handling process is classified into different levels according to the actual impact of the complaint. We propose solutions in reference to customers' requirements, and try our best to recover their losses and improve customer satisfaction.

During the Reporting Period, the Company had always insisted on protecting the rights and interests of its customers. The number of complaints received in relation to its products and services was 0, and the number of substantiated complaints received in relation to infringement of customer privacy was 0. Shanghai Universal carried out a satisfaction survey for 59 DFICHK (寰宇東方香港) customers, which included five aspects such as "execution of production scheduling according to the contract", "product quality", "delivery of boxes and cabinets", "timely customer complaint handling rate", "communication and customer service". The average score of overall satisfaction was 99.89.

RELATIONSHIP WITH SUPPLIERS

Our Procurement and Supplier Management Committee coordinates procurement and supplier management. We have formulated the Supplier Management Measures which comprehensively and systematically regulate the supplier review, admission, regular audits and dynamic assessment mechanisms of the Headquarter and subsidiaries, enhancing our supply chain management. At the same time, we promote CSR management along the supply chain, and supervise the environmental and safety performance of suppliers and subcontractors, playing our guiding role in the value chain to contribute to the creation of a responsible shipping industry chain.

Suppliers who join the Company's supplier database must follow the prescribed procedures and sign the "Supplier Social Code Compliance Self-audit Questionnaire" to meet the requirements of health, safety, environment and so on. For example, during the reporting period, 100% of COSCO SHIPPING Development's timber suppliers were FSC certified.

The Company conducts the regular evaluation of suppliers. The Company's headquarters and subsidiaries formulate corresponding assessment standards and methods based on the situation of different types of suppliers. The usage assessment includes but not limited to the supplier's basic qualifications, cost competitiveness, fulfillment performance, product quality, service quality, work efficiency, business innovation, safety and environmental protection, as well as existing problems and suggestions. Each procurement unit is responsible for completing the annual dynamic rating of suppliers in the previous transaction year's supplier database before the first quarter of each year. In addition, the Company has established a supplier evaluation team, whose members include relevant procurement experts, purchasing personnel and personnel from user units. The evaluation team makes grading recommendations based on the evaluation report.

The Company incorporates supplier environmental and social performance into the supplier evaluation mechanism. Based on the annual evaluation results on suppliers, we grade suppliers into five levels of A, B, C, D and E, and applied different management measures. We also carry out dynamic quantitative assessments, upgrade or downgrade the suppliers and establish a blacklisting system according to the assessment results, to achieve timely and targeted supplier management.

Suppliers in the supplier database must follow the prescribed procedures and sign the Supplier Self-Examination Questionnaire on Social Norm Compliance. Only those who meet health, safety and environmental requirements can be included in the Company's supplier database. The questionnaire covers suppliers' policies and plans concerning health and safety, environment, child labor, forced labor, remuneration and working hours, anti-discrimination, employee rights and supply chain, which helps suppliers find the path and direction of CSR management and practice. At the same time, we reward those with a high rating.

ENVIRONMENTAL POLICY AND PERFORMANCE

Adhering to the development concepts of green, low-carbon and intelligent shipping industry, COSCO SHIPPING Development takes green and low-carbon development as an important means to enhance the core competitiveness of the enterprise, and makes every effort to push forward the work in the four aspects of "green production, green business, green assets and green financing", and actively promotes the green transformation with the partners upstream and downstream of the industry chain, and endeavours to contribute COSCO SHIPPING Development's power to the global climate governance.

OPTIMIZATION OF ENVIRONMENT MANAGEMENT SYSTEM

COSCO Shipping Development strictly complies with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), the Atmospheric Pollution Prevention Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and other laws and regulations to carry out its container manufacturing business. Guided by the latest national environmental management policies and the requirements of ecological civilisation construction, the Company has formulated special internal environmental protection regulations in the light of its own actual situation and continued to revise them. In 2023, the Company further improved its environmental management system by revising its systems, such as the Regulations on Wastewater Discharge, Rules on Hazardous Waste Management, Regulations on Exhaust Emission Management, etc. In addition, focusing on important environmental impact factors, we have formulated annual environmental management targets and plans to promote year-on-year improvement in environmental management performance.

PROMOTING CLIMATE GOVERNANCE

With reference to the disclosure framework proposed by the Task Force on Climate-related Financial Disclosures (TCFD), COSCO SHIPPING Development has built a climate change management framework in four dimensions, namely governance, strategy, risk management and indicators and targets, to strengthen the risk management of climate change, and at the same time, pay attention to the opportunities for green, low-carbon and intelligent transformation and upgrading of the logistics industry, so as to empower the green development of the shipping and logistics industry.

PROACTIVELY EXPLORING GREEN CONTAINER MANUFACTURING

The environmental impact of COSCO Shipping Development mainly comes from its container manufacturing business, which is the focus of the Company's environmental management work. The Company has continuously strengthened its environmental management and adhered to the environmental protection principles of "protection first, prevention-oriented, integrated governance, public participation and accountability for damage". It has continued to improve the organisational structure and management mechanism of its environmental management and endeavoured to reduce the negative impact of its activities on the environment. Shanghai Universal takes digitalisation, intelligence, green and low-carbonisation as the main direction, intensifies technological transformation, continuously optimises production layout, and creates a green and environmentally friendly ecology. The Company engages an external party to evaluate the effectiveness of the internal control of Shanghai Universal 's headquarters and its six container factories in Jinzhou, Qingdao, Lianyungang, Qidong, Ningbo and Guangzhou every year. During the Reporting Period, there was no environmental violation incident.

As of the end of the Reporting Period, Shanghai Universal and its six container factories in Jinzhou, Qingdao, Lianyungang, Qidong, Ningbo and Guangzhou have all been certified by GB/T 24001-2016/ISO 14001:2015 environmental management system. In addition, six container factories in Jinzhou, Qingdao, Lianyungang, Qidong, Ningbo and Guangzhou were certified by ISO 50001:2018 energy management system. China Classification Society Certification Company was engaged to review the operation of management system every year, and will conduct a certificate-renewal review including a comprehensive environmental impact assessment every three years.

STARTING A GREEN VOYAGE

Focusing on new energy, new materials, advanced manufacturing, ship lifecycle management and port intelligence upgrading, COSCO Shipping Development focuses on the low-carbon, green and intelligent transformation and upgrading opportunities of the logistics industry, and gives full play to the synergies between industry and finance in order to study the transformation and upgrading of the industrial structure, actively lay out the green shipping field and help the green transformation of China's water transport. The Company has formulated different pricing strategies for its vessel leasing business, and its policy on the value of green and low-carbon vessels strongly supports the progress of the project.

COSCO SHIPPING Development actively implemented the major strategic deployment of "Carbon Peak and Carbon Neutrality", and gave full play to the role of industry-financing synergy to promote the launch of the project on the 700TEU of electric container vessels along Yangtze River main waterway to help the green transformation of Yangtze River shipping. 700TEU of electric container vessel project provides and develops a new type of green production and financing business model in the form of vessel leasing for the vessel electric industry, and positively contributes to the green and low-carbon transformation of the related industries and provides matching financial support for the relevant enterprises in the electric vessel industry chain, and explores and forms a benign cooperation of "assisting the industry with financing and integration of industry and finance". The vessel is designed, developed and built by China with its own intellectual property rights, and is a world class vessel in terms of the number of containers loaded, deadweight tonnage and battery capacity of electric container vessels. The project will serve as a model for the green and low-carbon transformation of the Yangtze River shipping industry and provide a solution to the dilemma of ecological protection and economic development in the Yangtze River Economic Zone.

SOCIAL RESPONSIBILITIES

The Company has prepared the 2023 Sustainability Report of COSCO SHIPPING Development Co., Ltd. in accordance with the requirements of the Guidelines on Environmental, Social and Governance Reporting in Appendix C2 to the Hong Kong Listing Rules. For details, please see the Company's website at http://development.coscoshipping.com and the HKExnews's website at www.hkexnews.hk. During the Reporting Period, the Company complied with the "Comply or Explain" provisions set out in the Guidelines on Environmental, Social and Governance Reporting.

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

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

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

CONNECTED TRANSACTIONS

During the year ended 31 December 2023, the Company entered into the following connected transactions:

THE DISPOSAL OF EQUITY INTERESTS IN HELEN INSURANCE

Unless the context otherwise requires, the terms in the following contents will be as defined in the Company's announcement dated 10 November 2023.

- Date, parties and details of the transaction:

  On 10 November 2023, COSCO SHIPPING Development (Hong Kong) and COSCO SHIPPING International (Hong Kong) entered into the Equity Transfer Agreement, pursuant to which COSCO SHIPPING Development (Hong Kong) conditionally agreed to dispose of 100% equity interest in Helen Insurance to COSCO SHIPPING International (Hong Kong) at an aggregate consideration of HK$270,980,600. On 15 January 2024, the settlement of the aforesaid equity interest was completed.

  Upon completion of the Disposal, Helen Insurance will cease to be a subsidiary of the Company and the financial results of Helen Insurance will no longer be consolidated into the consolidated financial statements of the Company.

- Connected relationship of the parties to the transaction:

  China COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.85% of the total issued share capital of the Company. Accordingly, China COSCO SHIPPING is a controlling shareholder of the Company and therefore a connected person of the Company. COSCO SHIPPING International (Hong Kong) is a non-wholly owned subsidiary of COSCO SHIPPING. Therefore, COSCO SHIPPING International (Hong Kong) is an associate of COSCO SHIPPING and therefore a connected person of the Company. In addition, COSCO SHIPPING Development (Hong Kong) is a wholly-owned subsidiary of the Company. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

- Total consideration and terms:

  As confirmed and agreed by both parties, the consideration for the Disposal is HK$270,980,600.

  COSCO SHIPPING International (Hong Kong) shall pay the consideration for the Disposal in Hong Kong dollars in a lump sum to the account of COSCO SHIPPING Development (Hong Kong) on the Closing Date.

  The consideration for the Disposal was determined after arm's length negotiations between the parties with reference to, among others: (i) the value of the entire equity interests of Helen Insurance as at 31 March 2023 prepared by an independent valuer using market approach; and (ii) the amount of dividends declared by Helen Insurance after 31 March 2023 (HK$28,650,000).

- The purpose of the transaction and the nature of the interests of the connected parties in the transaction:

  Taking into account the Company's business direction and development strategy, the Disposal is conducive to further focusing on the Company's strategic development direction, optimizing asset allocation and business layout and promoting the high-quality development of the Company.

  Taking into account the above, the Board (including the independent non-executive Directors) considers that the terms of the Equity Transfer Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

For further details of the above transaction, please refer to the announcement of the Company dated 10 November 2023.

CONTINUING CONNECTED TRANSACTIONS

As of 31 December 2023, the Company had the following non-exempt continuing connected transactions and partially exempt continuing connected transactions, and relevant annual caps which were announced and subsequently revised and approved at the Company's general meeting. The actual annual figures as of 31 December 2023 in relation to those continuing connected transactions are also set out below. Unless otherwise defined, terms used in the following table shall have the same meanings as defined in the Company's announcements dated 16 September 2022 and 30 November 2022.

No.	Continuing connected transactions	Signing date of the transaction	Term	Parties and connected relationship	Nature of transaction	Pricing terms[4]	Transaction amount Year ended 31 December 2023 RMB'000	Annual cap Year ended 31 December 2023 RMB'000
A	Revenue from China COSCO SHIPPING							
1	Services provided by the Group under the Master Operating Lease Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING[1]	Operating lease services	Market prices	**2,274,739**	**6,000,000**
2	Service provided by the Group under the Master Finance Lease Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING[1]	Finance lease services	Market prices	**2,532**	**450,000**
3	Products and services provided by the Group under the Master Containers Services Purchase Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING[1]	Purchase of container and ancillary services	Market prices	**144,843**	**6,000,000**
4	Services provided by the Group under the Master Insurance Brokerage Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING[1]	Insurance brokerage services	Market prices	**25,608**	**40,000**
B	Revenue from COSCO SHIPPING Investment							
5	New management services provided by COSCO SHIPPING Development under the New Management Services Agreement	16 September 2022	1 September 2022 to 31 August 2025	The Company, China COSCO SHIPPING[1] and COSCO SHIPPING Investment	Management services	(i) Basic management fee[5] plus floating income fee[3]	**1,981**	**80,000**
C	Expenditure to China COSCO SHIPPING							
6	Services provided to the Group under the Master Vessel Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING[1]	Vessel and ancillary services	Market prices	**359,542**	**850,000**

No.	Continuing connected transactions	Signing date of the transaction	Term	Parties and connected relationship	Nature of transaction	Pricing terms[4]	Transaction amount Year ended 31 December 2023 RMB'000	Annual cap Year ended 31 December 2023 RMB'000
7	Products and services provided to the Group under the Master Containers Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING[1]	Purchase of Container and other ancillary services	Market prices	**374,905**	**1,250,000**
8	Lease of properties to the Group under the Master Tenancy Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING[1]	Property leasing and other ancillary services	Market prices	**236,688**	**350,000**
9	Services provided to the Group under the Master General Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING[1]	General services	Market prices	**120,867**	**300,000**
D	Financial Transactions with COSCO SHIPPING Finance							
10	The maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group at COSCO SHIPPING Finance under the Master COSCO SHIPPING Finance Financial Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and COSCO SHIPPING Finance[2]	Deposit services	The interest rate for the deposit services shall be no less than (a) the benchmark interest rate prescribed by the PBOC for the same type of deposits; and (b) the interest rate offered in the ordinary course of business by a major independent commercial bank in the PRC in the place where the services are provided or in its vicinity for such type of deposits.	**13,481,808**	**18,000,000**

Notes:

1 China COSCO SHIPPING, its subsidiaries and/or its associates are indirect controlling shareholders (as defined in the Listing Rules) of the Company, which are connected persons of the Company.

2 Such companies are associates (as defined in the Listing Rules) of China COSCO SHIPPING, which are connected persons of the Company.

3 Floating income fee: During the management service period, if the return on equity of the Target Equities exceeds the predetermined ratio, an additional floating income will be charged at a proportion of the excess income; If the return on equity of the Target Equities does not reach the predetermined ratio, the basic management service fee will be deducted at a proportion of the shortfall, whereas the maximum cap of the deduction amount is the basic management service fee for the whole year.

4 For details of the specific pricing terms and pricing policy, please refer to the announcements dated 16 September 2022 and 30 November 2022 and the circular dated 1 December 2022 of the Company. The pricing and transaction terms of continuing connected transactions actually conducted by the Company are in accordance with the relevant pricing policy.

5 The Basic management service fee is RMB20,000,000 per year.

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

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

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

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

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

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

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

For further details regarding the above connected transactions and continuing connected transactions, please refer to Note 47 to the consolidated financial statements. The Company confirmed that it has disclosed the connected transactions and continuing connected transactions pursuant to the definitions of "connected transaction" and "continuing connected transaction" (as the case may be) of Chapter 14A of the Listing Rules and pursuant to the disclosure requirements of Chapter 14A of the Listing Rules.

For further information about the Group's significant transactions with related parties, please refer to Note 47 to the consolidated financial statements. The Company confirms that the significant transactions with related parties fall within the definitions under Chapter 14A of the Listing Rules in relation to "connected transaction" and "continuing connected transaction" as set out in Chapter 14A (as the case may be) and met the disclosure requirements under Chapter 14A under the Listing Rules.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

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

(1) Master Operating Lease Services Agreement, pursuant to which the Group agreed to provide to China COSCO SHIPPING, and China COSCO SHIPPING agreed to purchase from the Group, the operating lease services;

(2) Master Finance Lease Services Agreement, pursuant to which the Group agreed to provide to China COSCO SHIPPING, and China COSCO SHIPPING agreed to purchase from the Group, the finance lease services;

(3) Master Vessel Services Agreement, pursuant to which China COSCO SHIPPING agreed to provide to the Group, and the Group agreed to purchase from China COSCO SHIPPING, the vessel and other ancillary services;

(4) Containers Services Procurement Agreement, pursuant to which the Group and China COSCO SHIPPING agreed to mutually provide/purchase container and other ancillary services;

(5) Master Insurance Brokerage Services Agreement, pursuant to which the Group agreed to provide to China COSCO SHIPPING, and China COSCO SHIPPING agreed to purchase from the Group, the insurance brokerage services;

(6) Master General Services Agreement, pursuant to which China COSCO SHIPPING agreed to provide to the Group, and the Group agreed to purchase from China COSCO SHIPPING, the general services;

(7) Master Tenancy Agreement, pursuant to which the COSCO SHIPPING Group agreed to provide to the Group, and the Group agreed to purchase from the COSCO SHIPPING Group, the property leasing services and other ancillary services; and

(8) Trademark License Agreement, pursuant to which the COSCO SHIPPING Group agreed to grant a non-exclusive license to the Group with the right to use certain trademarks owned by China COSCO SHIPPING.

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

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

INTERNAL CONTROL PROCEDURES

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

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

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

(i) the Company has prepared and implemented the Methods for Management of Connected Transactions which sets out, among other things, the relevant requirements for and identification of connected transactions, the responsibilities of relevant departments in the conduct and management of connected transactions, reporting procedures and ongoing monitoring, with a view to ensuring compliance of the Group with applicable laws and regulations (including the Listing Rules) in relation to connected transactions;

(ii) before entering into any implementation agreements pursuant to the continuing connected transaction framework agreements, the relevant executives of the relevant departments of the Company will review contemporaneous prices and other relevant terms offered by at least two independent third parties operating at the same or nearby area before the commencement of the relevant transaction, and ensure that the terms offered by the relevant connected persons are fair and reasonable and comparable to those offered by independent third parties. In case where the offers made by independent third parties are more favourable to the Company, the Company would take up those offers of the independent third parties;

(iii) following the entering into of the implementation agreements pursuant to the continuing connected transaction framework agreements, the Company will regularly examine the pricing of the transactions under the continuing connected transaction framework agreements to ensure that they are conducted in accordance with the pricing terms thereof, including reviewing the transaction records of the Company for the purchase or provision of similar goods or services to or from independent third parties, as the case may be;

(iv) the Company will regularly convene meetings to discuss any issues in the transactions under the continuing connected transaction framework agreements and recommendations for improvement;

(v) the Company will regularly summarise the transaction amounts incurred under the respective continuing connected transaction framework agreements and submit periodic reports which sets out, among other things, the historical transaction amounts, the estimated future transaction amounts and the applicable annual caps, to the management of the Company. If the aforementioned transaction amount incurred reach 80% of the respective applicable annual cap, immediate reporting will be made to the management of the Company. In doing so, the management and the relevant departments of the Company can be informed of the status of the continuing connected transactions in a timely manner such that the transactions can be conducted within the applicable annual caps;

(vi) if it is anticipated that the existing annual caps may be exceeded in the event that the Company continues to conduct the continuing connected transactions, the relevant business departments shall report to the management of the Company at least two months in advance, the Company will then take all appropriate steps in advance to revise the relevant annual caps in accordance with the relevant requirements of the Listing Rules and if necessary, the Company will refrain from further conducting the relevant continuing connected transactions until the revised annual caps are approved; and

(vii) the supervision department of the Company will periodically review and inspect the process of the relevant continuing connected transactions.

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

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

The independent non-executive Directors, Mr. Lu Jianzhong, Ms. Zhang Weihua, Mr. Shao Ruiqing have and Mr. Chan Kwok Leung reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether the above continuing connected transactions are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as the case may be) independent third parties; and

(3) in accordance with the relevant agreement terms of the above continuing connected transactions and these transaction terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

1. the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

2. the transactions were not conducted, in all material respects, in accordance with the pricing policies of the Company;

3. the transactions were not conducted, in all material respects, in accordance with the relevant agreements governing such transactions; and

4. the continuing connected transactions have exceeded the relevant maximum aggregate annual cap amount disclosed in the previous announcements of the Company in respect of each of the disclosed continuing connected transactions.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

PENSION SCHEME

Details of the Group's pension scheme for the year ended 31 December 2023 are set out in Note 2.4 to the consolidated financial statements.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2023, the Group had not placed any designated deposits with any financial institution in the PRC, nor had it failed to collect any time deposits upon maturity during the Year.

TAX RELIEF AND EXEMPTION

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 71 to 100.

AUDIT COMMITTEE

The audit committee of the Company is comprised of two independent non-executive Directors, namely Mr. Lu Jianzhong and Mr. Chan Kwok Leung, and one non-executive Director, namely Mr. Huang Jian. The Group's final results for the year ended 31 December 2023 and interim results as of 30 June 2023 have been reviewed by the audit committee.

AUDITOR

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

2021: Ernst & Young
2022 and 2023：SHINEWING (HK) CPA Limited

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

Ernst & Young retired as the international auditor of the Company upon expiration of its term of office at the conclusion of the AGM held on 30 June 2022. Ernst & Young had been the international auditor of the Company for 10 years and the Board considered the rotation of its international auditor after an appropriate period of time as a good corporate governance practice.

Upon the recommendation of the audit committee of the Company, the appointment of SHINEWING (HK) CPA Limited as the new international auditor of the Company upon the retirement of Ernst & Young was considered and approved at the 25th meeting of the audit committee of the sixth session of the Board and the 55th meeting of the sixth session of the Board.

Zhang Mingwen
Executive Director (Acting Chairman)

Shanghai, the People's Republic of China
28 March 2024

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

Save as disclosed in this Corporate Governance Report, the Board confirms that the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules during the year ended 31 December 2023.

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

A. BOARD OF DIRECTORS

1. COMPOSITION OF THE SEVENTH SESSION OF THE BOARD

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

DIRECTORS
Executive Director[(2)]
Mr. Zhang Mingwen

Non-executive Directors
Mr. Huang Jian
Mr. Liang Yanfeng
Mr. Ip Sing Chi

Independent non-executive Directors
Mr. Lu Jianzhong
Ms. Zhang Weihua
Mr. Shao Ruiqing
Mr. Chan Kwok Leung[(1)]

Notes:

1. In accordance with the requirements for the term of office of independent Directors under the Listing Rules, Mr. Cai Hongping retired as an independent non-executive Director and positions of the relevant committees under the Board on 27 February 2023. On the same day, Mr. Chan Kwok Leung took over the positions of independent non-executive Director and positions of the relevant committees under the Board.

2. On 20 November 2023, Mr. Liu Chong tendered his written resignation to the Board to resign as the Chairman, an executive Director and all positions of the committees of the Board.

The list of current Directors (including names, duties and brief biographies) is shown on the Company's website: http://development.coscoshipping.com. Except for the period from 21 November 2023 to 31 December 2023, during which Mr. Zhang Mingwen, an executive Director and the general manager of the Company, performed the duties of the Chairman, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members, especially among the Chairman and the General Manager.

In 2023, the Board had at least three independent non-executive Directors (and representing at least one-third of the Board members) in accordance with the requirement of the Listing Rules, of whom one had appropriate professional qualifications or accounting or related financial management expertise. Each independent non-executive Director has re-confirmed his/her independence to the Company in accordance with the requirement of the Listing Rules. Based on their confirmation, the Company considers that they are independent.

2. RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

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

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

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

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

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

3. CORPORATE GOVERNANCE FUNCTION

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

(1) to formulate and review the Group's policies and practices on corporate governance;

(2) to review and monitor the training and continuing professional development of the Directors and senior management;

(3) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(4) to formulate, review and monitor the code of conduct of Directors and employees; and

(5) to review the Group's compliance with the Corporate Governance Code and disclosures in the Corporate Governance Report.

In 2023, the Board performed its corporate governance duties through the Board Diversity Policy, reviewing and monitoring the training and continuing professional development of the Directors and senior management and compliance with relevant laws and regulations, and other practices. It also puts great effort into improving the Group's corporate governance practices.

4. CHAIRMAN AND GENERAL MANAGER

During 2023, Mr. Liu Chong tendered the written resignation to the Board on 20 November 2023 and formally resigned from the positions as the Chairman, an executive Director of the Company and relevant positions of the committees of the Board. Mr. Zhang Mingwen, an executive Director, performed the duties of Chairman. As required by the Articles of Association, the Chairman and the General Manager perform their duties separately. The Chairman of the Board exercises the duties to preside over the general meetings, convene and preside over the meetings of the Board and supervise and inspect the implementation of the resolutions of the Board, to sign the securities certificates issued by the Company, to listen to the work report on the rule of law construction of the Company and such other authorities as may be delegated by the Board. The Chairman takes primary responsibility for the Company and ensures that sound corporate governance practices and procedures are in place. The Chairman of the Board also attends the annual general meeting and invites the chairman of the Audit Committee, the Remuneration Committee, the Nomination Committee and other committees of the Company to attend. The General Manager is responsible for organizing the implementation of the decisions, resolutions, approaches, policies and development plans of the Board and the Supervisory Committee, and reporting to the Board; organizing the implementation of the Company's annual business plans, budgets and investment plans; coordinating the Company's internal and external relations; formulating the Company's internal management department establishment plans; devising the Company's basic management systems; drawing up the Company's basic rules and regulations; submitting annual work reports and other reports to the Board; employing or dismissing management personnel whose employment or dismissal is not subject to the approval of the Board and determining their assessment and remuneration; proposing the convening of extraordinary meetings of the Board; and other duties as authorized by the Articles of Association and the Board. At the same time, the General Manager is also responsible for implementing the daily operations management of the Company; convening daily performance analysis meetings of the Company; coordinating the daily operations management of subsidiaries; drafting annual development plans, operational policies and annual business plans of the Company; drafting the basic management systems of the Company; drafting specific rules and regulations of the Company; coordinating the operation of each department of the Company; reviewing and approving all budgeted expenses and costs of the Company; drawing up the salaries, benefits, rewards and punishments of the Company's employees and determining their engagement and dismissal; business development and staff training of the Company; and other duties as authorized by the Articles of Association and the Board.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Currently, all major decisions of the Company are made in consultation with members of the Board (including the independent non-executive Directors) as well as senior management. There are adequate balances of power and safeguards in place for the Board to ensure the appropriate balance of power in the Company.

5. TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

(1) Newly appointed Directors

Each newly appointed Director will receive a set of training materials which cover the legal responsibilities of Directors, specific legal responsibilities, rules governing the dealings in securities of a listed company, disclosure of sensitive share price information, disclosable transactions, connected transactions, other continuing responsibilities, Corporate Governance Code and disclosure of interests under the SFO to ensure each newly appointed Director fully understands his/her duties under the Listing Rules and other regulatory requirements. In 2023, all newly appointed Directors attended such training.

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

According to the Company's records, in order to comply with the continuing professional development requirement under the Corporate Governance Code, the Directors received the following trainings in 2023:

Director	Reading written materials regarding updates on the Board practices and development, corporate governance and regulations	Attending related risk management, strategy, business and industry specific briefings, seminars or training
Executive Director		
Zhang Mingwen	✓	✓
Non-executive Directors		
Huang Jian	✓	✓
Liang Yanfeng	✓	✓
Ip Sing Chi	✓	✓
Independent non-executive Directors		
Shao Ruiqing	✓	✓
Lu Jianzhong	✓	✓
Zhang Weihua	✓	✓
Chan Kwok Leung(1)	✓	✓
Resigned Directors		
Liu Chong(2)	✓	✓
Cai Hongping(1)	✓	✓

Notes:

1. Due to the time limit on the term of office of independent non-executive Directors under the Listing Rules, on 27 February 2023, Mr. Cai Hongping retired as independent non-executive Director. On the same day, Mr. Chan Kwok Leung was appointed as the independent non-executive Director upon approval at the first extraordinary general meeting of the Company for 2023.

2. On 20 November 2023, Mr. Liu Chong tendered the written resignation to the Board and formally resigned from the positions as the Chairman, an executive Director and positions of the committees of the Board.

(3) The Company provides latest information about the production and operation of the Company for the Directors through monthly operation reports, physical Board meetings and replies to the questions raised by the Directors, so that the Directors can perform their duties.

6. BOARD MEETINGS

The Board meets at least four times a year, and Directors entitled to attend regular meetings shall attend in person or actively participate by means of electronic communication. In addition, the Chairman had meetings with the independent non-executive Directors, without the presence of the other Directors, to consider issues. During 2023, the Chairman held 2 meetings with the independent non-executive Directors, without the presence of the other directors. The Securities and Public Relations Department of the Company would provide an official agenda of items to be considered and determined by the Board before any Board meeting. Notice would be given 10 business days before each regular Board meeting. Directors may include related matters in the agenda for discussion at the Board meeting. The Company Secretary assists the Chairman of the Company in preparing an agenda for each Board meeting and ensures it is prepared in accordance with applicable statutory requirements and regulations in relation to the meeting. The ultimate agenda and Board papers would be sent to all Directors at least 3 days before the Board meeting. Any Director with a conflicting interest in any resolution to be considered by the Board should abstain from voting on such resolution, and independent non-executive Directors who do not have a material interest in the transaction themselves and their close associates should attend the relevant board meetings.

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

The Board held 10 Board meetings during 2023. Attendance record of each Director is set out as follows:

Attendance of Directors at Board Meetings and General Meetings

Name of Director	Board meetings to attend this year	Meetings attended in person	Meetings attended through proxy	Meetings attended by way of telecommunication	Attendance rate %	Unable to attend in person for two consecutive Board meetings	Annual general meeting attended	Extraordinary general meetings attended
	Attendance at Board Meetings						Attendance at general meetings[1]	
Executive Director								
Zhang Mingwen[2]	10	10	0	6	100	No	1/1	1/1
Non-executive Directors								
Huang Jian	10	10	0	6	100	No	1/1	1/1
Liang Yanfeng	10	9	1	6	100	No	1/1	1/1
Ip Sing Chi	10	10	0	6	100	No	1/1	1/1
Independent non-executive Directors								
Shao Ruiqing	10	10	0	6	100	No	1/1	1/1
Lu Jianzhong	10	10	0	6	100	No	1/1	1/1
Zhang Weihua	10	10	0	6	100	No	1/1	1/1
Chan Kwok Leung[3]	8	8	0	4	100	No	1/1	1/1
Resigned Directors								
Liu Chong[3]	10	10	0	6	100	No	1/1	1/1
Cai Hongping[2]	2	2	0	2	100	No	1/1	0/0

Notes:

(1) The number of meetings represents the actual number of meetings attended by the Director/number of general meetings Directors are entitled to attend.

(2) Due to the length of tenure limit on the term of office of independent non-executive Directors under the Listing Rules, on 27 February 2023, Mr. Cai Hongping retired as independent non-executive Director and positions of the committees of the Board. On the same day, Mr. Chan Kwok Leung was appointed as the independent non-executive Director upon approval at the first extraordinary general meeting of the Company for 2023.

(3) On 20 November 2023, Mr. Liu Chong tendered the written resignation to the Board and formally resigned from the positions as the Chairman, an executive Director and relevant positions on the committees of the Board.

7. SUPPLY OF AND ACCESS TO INFORMATION

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

8. APPOINTMENT AND RESIGNATION OF DIRECTORS

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

The Board held one meeting in 2023 to review the appointment and resignation of the Directors and make recommendations thereon, and the attendance rate of the Directors was 100%. Attendance record of each Director is set out as follows:

Executive Directors

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

Non-executive Directors

Director	Number of meetings attended	Attendance rate
Huang Jian	1	100%
Liang Yanfeng	1	100%
Ip Sing Chi	1	100%

Independent non-executive Directors

Director	Number of meetings attended	Attendance rate
Lu Jianzhong	1	100%
Zhang Weihua	1	100%
Shao Ruiqing	1	100%
Chan Kwok Leung	N/A	N/A

Resigned Directors

	Number of meetings attended	Attendance rate
Liu Chong	1	100%
Cai Hongping	1	100%

9. BOARD COMMITTEES

(1) Audit Committee

The seventh session of the Audit Committee of the Board currently consists of Mr. Lu Jianzhong and Mr. Chan Kwok Leung, who are independent non-executive Directors, and Mr. Huang Jian, who is a non-executive Director. Mr. Lu Jianzhong is the Chairman of the Audit Committee.

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

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

(i) Four regular meetings were held as follows:

1. The first meeting of the seventh session of the Audit Committee of the Board was convened through Tencent Meeting on 29 March 2023, at which the following proposals were considered and passed by a unanimous vote:

   (1) Proposal Regarding the Company's Internal Audit for 2022-2023;

   (2) Proposal Regarding the Company's Financial Report for 2022;

(3) Proposal Regarding the Engagement of the Company's Auditors of A Share and H Share Financial Reports and Internal Control for 2023;

(4) Proposal Regarding the Report on the Discharge of Duties by the Audit Committee of the Board in 2022.

2. The second meeting of the seventh session of the Audit Committee of the Board was convened through voting by written correspondence on 27 April 2023, at which the Proposal Regarding the Company's Report for the First Quarter of 2023 was considered and passed by a unanimous vote.

3. The third meeting of the seventh session of the Audit Committee of the Board was convened with physical presence on 29 August 2023, at which the Proposal Regarding the Company's Financial Report for the First Half of 2023 was considered and passed by a unanimous vote.

4. The fourth meeting of the seventh session of the Audit Committee of the Board was convened through written correspondence on 27 October 2023, at which the Proposal Regarding the Company's Report for the Third Quarter of 2023 was considered and passed by a unanimous vote.

(ii) Three extraordinary meetings were held as follows:

1. The thirtieth meeting of the sixth session of the Audit Committee of the Board was convened via a combination of physical presence and video conferences on 13 January 2023, at which the Report Regarding SHINEWING's A Share and H Share and Internal Control Integrated Audit Plan of 2022 was heard and agreed.

2. The fifth meeting of the seventh session of the Audit Committee of the Board was convened through written correspondence on 9 November 2023, at which the Proposal Regarding the Disposal of 100% of equity interests in Helen Insurance Brokers Limited was considered and passed

3. The sixth meeting of the seventh session of the Audit Committee of the Board was convened via a combination of physical presence and video conferences on 28 November 2023, at which the Report Regarding SHINEWING's A Share and H Share Internal Control and Audit Plan of 2023 was heard and approved.

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

Director	Number of Meetings attended/number of meetings held	Attendance rate
The seventh session of the Audit Committee of the Board		
Lu Jianzhong *(independent non-executive Director)* *(chairman)*	7/7	100%
Huang Jian *(non-executive Director)*	7/7	100%
Chan Kwok Leung *(independent non-executive Director)*[(1)]	6/6	100%
Cai Hongping *(independent non-executive Director)* *(former committee member)* [(1)]	1/1	100%

Note:

1. Due to the length of tenure limit on the term of office of independent non-executive directors under the Listing Rules, on 27 February 2023, Mr. Cai Hongping retired as an independent non-executive Director and positions of the committees of the Board. On the same day, Mr. Chan Kwok Leung took over the position of an independent non-executive Director and positions of the relevant committees under the Board.

(2) *Remuneration Committee*

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

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

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

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

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

Three meetings of the Remuneration Committee of the Board were held in 2023, with an average attendance rate of 100%. The Proposal Regarding Total Amount of Remuneration of COSCO SHIPPING Development Co., Ltd. for 2022 was considered at the twelfth meeting of the sixth session of the Remuneration Committee of the Board; The Proposal Regarding the Annual Remuneration of the Directors and Supervisors of the Company for 2023 was considered at the first meeting of the seventh session of the Remuneration Committee of the Board; The Proposal on Exercise of the Share Option Incentive Scheme and Relevant Matters of the Company was considered at the second meeting of the seventh session of the Remuneration Committee of the Board.

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

Director	Number of meeting attended/number of meetings held	Attendance rate
The seventh session of the Remuneration Committee of the Board		
Cai Hongping *(independent non-executive Director) (former chairman)*[1]	1/1	100% during the tenure of office
Shao Ruiqing *(independent non-executive Director) (chairman)*	3/3	100% during the tenure of office
Zhang Weihua *(independent non-executive Director)*	3/3	100% during the tenure of office
Chan Kwok Leung *(independent non-executive Director)*[1]	2/2	100% during the tenure of office

Note:

1. Due to the length of tenure limit on the term of office of independent non-executive Directors under the Listing Rules, on 27 February 2023, Mr. Cai Hongping retired as independent non-executive Director and positions of the committees of the Board. On the same day, Mr. Chan Kwok Leung took over the positions of independent non-executive Director and positions of the relevant committees under the Board.

(3) Investment Strategy Committee

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

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

During the reporting period, the Investment Strategy Committee of the Board convened two meetings with the average attendance rate of 100%. On 29 March 2023, the Proposal Regarding the 2022 Environmental, Social and Governance (ESG) Report of the Company was considered and passed at the first meeting of the seventh session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval. On 13 April 2023, the Proposal Regarding the 2023 Investment and Disposal Plan of the Company was considered and passed at the second meeting of the seventh session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval.

Director	Number of meeting attended/number of meeting held	Attendance rate
The seventh session of the Investment Strategy Committee of the Board		
Ip Sing Chi *(non-executive Director)*	2/2	100%
Shao Ruiqing *(independent non-executive Director)*	2/2	100%
Huang Jian *(non-executive Director)*	2/2	100%
Liang Yanfeng *(non-executive Director)*	2/2	100%
Zhang Mingwen *(executive Director)*	2/2	100%
Chan Kwok Leung *(independent non-executive Director)*	2/2	100%
Liu Chong *(executive Director) (former Chairman)*(1)	2/2	100%

Notes:

1. On 20 November 2023, Mr. Liu Chong tendered his written resignation to the Board to resign from all positions of Chairman, executive Director and chairman of the Investment Strategy Committee.

(4) *Nomination Committee*

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

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

On 28 August 2013, the Board passed the Board Diversity Policy. The Nomination Committee has formulated the Board Diversity Policy, which is set out in the Working Rules for the Nomination Committee of the Board of the Company. The main contents include: when determining the composition of the Board, the Company will consider the Board diversity in terms of, among other things, gender, age, cultural and educational background, professional experience, skills, knowledge and term of service. The taking into account of these factors in determining the Board diversity contributes to the enhanced management standard of the Company, and results in a more comprehensive and balanced Board composition and decision-making process. All appointments of the Directors are based on meritocracy, and candidates will be considered against objective criteria, taking into account the benefits of board diversity. The final selection of candidates will be determined based on their merits and contribution to the Board. The composition of the Board is basically in line with the diversity (including gender diversity) principle, details of which are set out under the section headed "Composition of the Seventh Session of the Board" in the "Corporate Governance Report". The biographies of Directors set out on pages 31 to 37 also set out the diverse skills, professional knowledge, experience and qualifications of the Directors. Currently, the Board has not set any measurable objectives for implementing the Board Diversity Policy (including gender diversity).

The Board of Directors of the Company currently has one female director out of eight directors and is committed to maintaining gender diversity when identifying suitable candidates. In order to maintain gender diversity, similar considerations will be taken into in the recruitment and selection process of key management and other personnel for our business. As of 31 December 2023, the senior management of the Company (who were appointed by the Board) consisted of 4 male employees and 1 female employee, respectively.

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

During the reporting period, the Nomination Committee of the Board convened two meetings with the average attendance rate of 100%. The Proposal Regarding the General Election of the Board was considered at the eighth meeting of the sixth session of the Nomination Committee of the Board; The Proposal Regarding the Engagement of Company Secretary of H Share was considered at the first meeting of the seventh session of the Nomination Committee of the Board.

All proposals mentioned above were agreed to be submitted to the Board for further review. Attendance record of each member of the Nomination Committee is set out as follows:

Director	**Number of meetings attended/number of meetings held**	**Attendance rate**
The seventh session of the Nomination Committee of the Board		
Chan Kwok Leung *(independent non-executive Director) (chairman)*[1]	1/1	100%
Shao Ruiqing *(independent non-executive Director) (former chairman)*	2/2	100%
Cai Hongping *(independent non-executive Director) (former committee member)*	1/1	100%
Liu Chong *(executive Director) (former committee member)*[2]	2/2	100%

Note:

1. Mr. Cai Hongping retired as an independent non-executive Director and member of the relevant special committees under the Board on 27 February 2023 upon expiry of his term of office. On the same day, Mr. Chan Kwok Leung took over the positions of independent non-executive Director and member of the relevant special committee under the Board, which was considered and approved at the 2023 first extraordinary general meeting of the Company.

2. On 20 November 2023, Mr. Liu Chong tendered his written resignation to the Board to resign from all positions of Chairman, executive Director and chairman of the Investment Strategy Committee.

(5) *Risk Control Committee*

The seventh session of the Risk Control Committee of the Board currently consists of Ms. Zhang Weihua, Mr. Lu Jianzhong and Mr. Chan Kwok Leung, who are independent non-executive Directors. Ms. Zhang Weihua is the Chairman of the Risk Control Committee.

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

During the reporting period, the Risk Control Committee convened three meetings with the average attendance rate of 100%.

No.	Date of meeting	Name of meeting	Voting method	Proposal	
1.	29 March 2023	The first meeting of the seventh session of the Risk Control Committee of the Board	Physical presence	1.	To review the proposal regarding the 2022 internal control system report of the Company
				2.	To review the proposal regarding the 2022 evaluation report on internal control of the Company
				3.	Proposal Regarding the Risk Continuity Assessment Report of COSCO SHIPPING Finance Company Limited
2.	29 August 2023	The second meeting of the seventh session of the Risk Control Committee of the Board	Physical presence	1.	Proposal Regarding the Risk Continuity Assessment Report of COSCO SHIPPING Finance Company Limited

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

Director	**Number of meetings attended/number of meetings held**	**Attendance rate**
The seventh session of the Risk Control Committee of the Board		
Zhang Weihua *(independent non-executive Director) (chairman)*	2/2	100%
Lu Jianzhong *(independent non-executive Director)*	2/2	100%
Chan Kwok Leung *(independent non-executive Director)*	2/2	100%
Cai Hongping *(independent non-executive Director) (former committee member)* [(1)]	–	–

Note:

1. Mr. Cai Hongping retired as an independent non-executive Director and positions of the relevant committees under the Board on 27 February 2023 upon expiry of his term of office. On the same day, Mr. Chan Kwok Leung was appointed as an independent non-executive Director and positions of the relevant committees under the Board, which was considered and approved at the 2023 first extraordinary general meeting of the Company.

(6) Executive Committee

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

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

During the reporting period, the Executive Committee convened five meetings with the average attendance rate of 100%.

Director	Number of meetings attended/number of meetings held	Attendance rate
The seventh session of the Executive Committee of the Board		
Zhang Mingwen *(executive Director)*	5/5	100% during the tenure of office
Liu Chong *(executive Director) (former chairman)* [(1)]	5/5	100%

Notes:

1. On 20 November 2023, Mr. Liu Chong tendered his written resignation to the Board to resign from all positions of Chairman, executive Director and chairman of the Executive Committee.

10. SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules as the standards for securities transactions by Directors, Supervisors and relevant employees. The Company confirms, having made specific enquiries with all Directors and Supervisors, that during the year ended 31 December 2023, its Directors and Supervisors have complied with the requirements relating to securities transactions by Directors and Supervisors as set out in the Model Code. The Company is not aware of any non-compliance with these guidelines by relevant employees.

11. ANNUAL REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

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

For the year ended 31 December 2023, the remuneration of key management personnel is divided into the following grades:

Basic annual salary grade	No. of people
HKD1,000,000 and below (approximately RMB906,000 and below)	6
HKD1,000,001 to HKD1,500,000 (approximately RMB906,001 to RMB1,359,000)	2
HKD1,500,001 to HKD2,000,000 (approximately RMB1,359,001 to RMB1,812,000)	5
HKD2,000,001 to HKD2,500,000 (approximately RMB1,812,001 to RMB2,266,000)	1

Details of the annual remuneration of Directors for the year ended 31 December 2023 are set out in notes 10 and 11 to the consolidated financial statements.

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

Non-executive Director	Term
Huang Jian	The sixth session of the Board: from 20 August 2019 to 27 February 2023 The seventh session of the Board: from 27 February 2023 to the end of term of the seventh session of the Board
Liang Yanfeng	The sixth session of the Board: from 20 August 2019 to 27 February 2023 The seventh session of the Board: from 27 February 2023 to the end of term of the seventh session of the Board
Ip Sing Chi	The sixth session of the Board: from 29 October 2020 to 27 February 2023 The seventh session of the Board: from 27 February 2023 to the end of term of the seventh session of the Board

B. ACCOUNTABILITY AND AUDITING

1. EXTERNAL AUDITORS

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

The Company has paid ShineWing Certified Public Accountants LLP RMB4,960,000 as remuneration for its foreign auditing service and related service provided for the year 2023, RMB5,280,000 as remuneration for its domestic auditing service and related service provided for the year 2023, and RMB920,000 as remuneration for its internal control and auditing service provided for the year 2023.

2. ACKNOWLEDGEMENT OF THE DIRECTORS AND AUDITORS

All Directors have confirmed their responsibility for preparing the annual accounts for the year ended 31 December 2023. SHINEWING (HK) CPA Limited, the auditor of the Company, has confirmed its reporting responsibilities as set out in the auditor's report in the financial statements for the year ended 31 December 2023.

C. INTERNAL CONTROL AND RISK CONTROL

PROCESS OF IDENTIFYING, ASSESSING AND MANAGING SIGNIFICANT RISKS

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

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

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

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

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

PROCEDURES FOR MONITORING ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE RISKS

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

REVIEW OF THE INTERNAL CONTROL AND RISK CONTROL SYSTEMS

The Board is responsible for reviewing the effectiveness of the Group's internal control and risk control systems. The internal control and risk control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against any material misstatement or loss. The Board has assessed and reviewed the effectiveness of the internal control system through discussion with the Risk Control Committee, the Audit Committee, the senior management, the internal audit team, the legal compliance and risk management department and external auditors and based on the reports from the internal audit team. The internal audit team and legal compliance and risk management department review all key controls in accordance with their audit plans on a regular basis, including financial, operational and compliance controls as well as risk management functions. They also report the findings to the Board and provide recommendations for improving the internal control of the Company. During 2023, there were two aforementioned reports. The Risk Control Committee of the Board has considered the recommendations given by the external auditors at the meetings of the Risk Control Committee of the Board.

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

For the year ended 31 December 2023, the Board has reviewed the effectiveness of the Group's internal control and risk control systems with reference to the evaluation by the Audit Committee of the Board, the Risk Control Committee, the senior management and the internal audit team. The Board is of the opinion that the internal control and risk control systems of the Group for financial reporting and non-financial reporting (including operational and compliance controls) are effective and adequate.

WHISTLEBLOWING POLICY AND SYSTEM

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

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

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

The Company has established an anti-corruption management mechanism coordinated by the leadership, with the Supervision and Audit Department as the lead department, and it has incorporated "major disciplinary matters" as an operational risk monitoring indicator into the overall risk monitoring indicator system of the Company, and conducted daily monitoring of the risk of corruption in the Company's operation with occasional risk checks. In 2023, we continued to promote the implementation of integrity responsibilities, carried out integrity inspections and special governance, and carried out systematic management of integrity issues to promote sound operation of the Company.

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

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

D. SHAREHOLDER RIGHTS

1. PROCEDURES FOR EXTRAORDINARY GENERAL MEETINGS CONVENED BY SHAREHOLDERS

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

(1) Shareholders individually or collectively holding more than 10% of the Company's shares shall be entitled to propose to the Board the convening of an extraordinary general meeting, provided that such proposal shall be made in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving such proposal. The aforementioned number of shares held is calculated based on the number shares held by the shareholder on the date of submission of the written proposal.

(2) In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such proposal, shareholders individually or collectively holding more than 10% of the Company's shares shall be entitled to propose to the Supervisory Committee the convening of the extraordinary general meeting, provided that such proposal shall be made in writing.

(3) Failure of the Supervisory Committee to issue the notice of the general meeting within the specified period shall be deemed failure of the Supervisory Committee to convene and preside over a general meeting, and shareholders individually or collectively holding more than 10% of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on a unilateral basis. The procedures for convening the meeting should be similar to those for convening a general meeting by the Board as far as possible. The venue of the meeting should also be at the location of the Company.

(4) Where the shareholder(s) decide(s) to convene the general meeting by himself/herself/themselves, he/she/they shall send out a written notice to the Board, and shall report to the dispatched office of the CSRC and the stock exchange at the place where the Company is located. The convening shareholder(s) shall submit relevant evidence to the dispatched office of the CSRC and the stock exchange at the place where the Company is located upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.

(5) The Board and the Secretary to the Board shall cooperate with respect to matters relating to a general meeting convened by the shareholder(s) at his/her/their own discretion. The Board shall provide the register of members as of the share registration date.

(6) Necessary expenses on a general meeting convened by shareholders at their own discretion shall be borne by the Company and deducted from the monies payable by the Company to the defaulting Directors.

2. PROCEDURES FOR PROPOSING MOTIONS AT GENERAL MEETINGS

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

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

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

(1) The list of candidates for Directors shall be submitted as a resolution to be resolved at general meetings. Candidates for Directors other than independent Directors shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 3% of the total number of shares with voting rights of the Company, and shall be elected at a general meeting of the Company. Candidates for independent Directors shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 1% of the total number of shares with voting rights of the Company, and shall be elected at a general meeting of the Company.

(2) A written notice of the intent of candidates nominated for Directors and the candidates' clear indication of their acceptance of nomination shall be delivered to the Company after the date of delivery of the notice of the general meeting at which a Director is to be elected and at least seven days before the date of such meeting, and the notice period shall not be shorter than seven days.

(3) Resolutions in respect of the election for Directors shall be resolved by cumulative voting at the general meeting.

(4) The Company shall announce the general meeting voting results in a timely manner. Appointed Directors shall enter into appointment contracts with the Company.

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

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

5/F, 5299 Binjiang Dadao, Shanghai, the PRC

Postal code: 200127

Email: ir@coscoshipping.com

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

E. COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

In order to standardize and enhance the transparency of cash dividends distribution of the Company, pursuant to the Articles of Association, the profit distribution policy of the Company is as follows:

1. The Company may distribute the dividends in the following forms:

   (1) cash; and

   (2) shares.

2. The basic principles of the profit distribution policy of the Company are as follows:

   (1) the Company shall take full account of return to investors and distribute dividend to its shareholders each year in proportion to the distributable profit realized in the year concerned (being the lower of the amounts as stated in the financial statements and the consolidated financial statements of the parent company);

   (2) the Company shall place an emphasis in creating reasonable return to its shareholders, maintain the continuity and stability of its profit distribution policy, and operate its businesses for the long-term interest of the Company, the entire interest of all its shareholders and the sustainable development of the Company; the Company's profit distribution shall neither exceed the amount of accumulated distributable profit nor undermine its ongoing operation; and

   (3) the Company shall give priority to dividend distribution in cash.

3. The profit distribution policy of the Company is specified as follows:

   (1) Profit distribution

   The Company may distribute dividends in cash, in shares, in a combination of both cash and shares or otherwise as permitted by laws and regulations. The Company shall give priority to dividend distribution in cash. Subject to the adherence of the profit distribution principles and pre-conditions, the Company shall in principle distribute profit each year. The Board may propose interim profit distribution with reference to the Company's profitability and capital requirements.

   (2) Specific conditions and proportions of cash dividend

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

   i. If the Company makes profit and the distributable profit realized in the year concerned (i.e. profits after tax after the Company covers the losses and withdraws the reserve) are positive (according to the financial statements of the parent company) with adequate liquidity, the Company may distribute dividend in cash provided that it shall not undermine the subsequent ongoing operation of the Company.

ii. External auditors had issued a standard unqualified audit report for the financial statements of the Company for the year concerned.

iii. The capital needs for the Company's normal operation are satisfied and there is no such event as significant cash expenditure, excluding projects funded by raised proceeds.

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

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

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

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

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

ii Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 40% of the profit distribution; and

iii Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 20% of the profit distribution. In the case that it is difficult to distinguish the Company's development stage but the Company has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions.

(3) Specific conditions of distributing dividends

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

The profit distribution plan for the Year is as follows:

Provided that ensuring the ordinary operation and long-term development of the Company while giving consideration to the immediate and long-term interests of shareholders, the Company is proposed to resolve a profit distribution plan for the Company for 2023: a cash dividend of RMB0.32 (inclusive of tax) for every 10 shares be distributed to all shareholders and remaining undistributed profits be carried forward to the next year, on the basis of the total share capital registered on the record date of the entitlement distribution less the balance of repurchased shares in the repurchased account then.

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

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During 2023, the Company did not make any amendment to the Article of Association.

G. COMPANY SECRETARY

Mr. Cai Lei is the company secretary of the Company and one of the Company's main contact persons with the Hong Kong Stock Exchange. Pursuant to Rule 3.29 of the Listing Rules, during the year ended 31 December 2023, Mr. Cai Lei attended more than 15 hours of relevant professional training.

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

I. WORKING STATUS OF THE SUPERVISORY COMMITTEE

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

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

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
Twenty-fifth meeting of the sixth session of the Supervisory Committee	2 February 2023	Written correspondence	All	1. Proposal Regarding the Company's Re-election of the Supervisory Committee
First meeting of the seventh session of the Supervisory Committee	27 February 2023	Written correspondence	All	1. Proposal Regarding the Company's Election of the Chairman of the Seventh Session of the Supervisory Committee
Second meeting of the seventh session of the Supervisory Committee	30 March 2023	Physical presence	All	1. Proposal Regarding the Company's Report of the Supervisory Committee 2. Proposal Regarding the Company's Financial Report for 2022 3. Proposal Regarding the Company's Profit Distribution for 2022 4. Proposal Regarding the Full Text, Highlights and the Results Announcement of the Company's 2022 Annual Report 5. Proposal Regarding the Special Report on the Deposit and Use of Proceeds in 2022 6. Proposal Regarding the Company's Internal Control Assessment Report for 2022

Report of the Supervisory Committee

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
Third meeting of the seventh session of the Supervisory Committee	28 April 2023	Physical presence	All	1. Proposal Regarding the Company's Report for the First Quarter of 2023
Fourth meeting of the seventh session of the Supervisory Committee	19 May 2023	Written correspondence	All	1. Proposal Regarding the Company's Exercise of Options under the Share Option Incentive Scheme of the Company and Related Matters
Fifth meeting of the seventh session of the Supervisory Committee	30 August 2023	Physical presence	All	1. Proposal Regarding the Company's Financial Report for the First Half of 2023
				2. Proposal Regarding the Company's Interim Report of 2023 and the Interim Results Announcement
				3. Proposal Regarding the Special Report on the Deposit and Use of Proceeds in First Half of 2023
Sixth meeting of the seventh session of the Supervisory Committee	30 October 2023	Physical presence	All	1. Proposal Regarding the Company's Third Quarterly Report of 2023

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE

1. OPERATION IN COMPLIANCE WITH LAWS

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

2. REVIEW OF FINANCIAL POSITION

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

3. ACTUAL USE OF THE PROCEEDS

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

4. ACQUISITION AND DISPOSALS OF ASSETS AND RELATED PARTY TRANSACTIONS

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

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

Supervisory Committee
COSCO SHIPPING Development Co., Ltd.
28 March 2024

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF COSCO SHIPPING DEVELOPMENT CO., LTD.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of COSCO SHIPPING Development Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 109 to 243, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

REVENUE RECOGNITION

Refer to note 5 and the accounting policies on pages 155 to 157.

The key audit matter

The Group's revenue is mainly generated from operating leasing and finance leasing of vessels and containers, and container manufacturing. Revenue from operating leasing and finance leasing of vessels and containers, container manufacturing and investment management amounted to RMB7,432,283,000, RMB8,090,455,000 and RMB10,509,000, representing 47.8%, 52.1% and 0.1% respectively of total revenue of the Group.

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

How the matter was addressed in our audit

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

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

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

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

We also performed analytical procedures and detailed tests to review the completeness, accuracy, cut-off of revenue accounting and the adequacy of disclosure.

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

Refer to notes 23 and the accounting policies on pages 142 to 147.

The key audit matter	How the matter was addressed in our audit
The carrying amount of finance lease receivables as at 31 December 2023 was RMB31,361,942,000 which was material to the consolidated financial statements. Impairment was provided for ECLs on finance lease receivables. The Group measures ECLs on finance lease receivables by assessing if any significant increase in credit risk since its initial recognition as well as applying estimation on the key inputs. Since the estimation for ECLs involves significant management judgements, estimates and assumptions, including industry index, macroeconomic indicators, customers' credit risks and historic payment records, etc., the estimation of ECLs for finance lease receivables is considered as a key audit matter.	Our procedures to assess the ECLs included: (i) evaluating the design and test the operating effectiveness of internal controls over the Group's processes of credit assessment; (ii) reviewing the credit grading of the selected samples and assessing management's judgements applied when determining the significant increase in credit risk; (iii) evaluating management's assumptions and estimates used in the calculation, mainly including probability of default and loss given default, by checking them against internal historical credit loss experience and external information; and (iv) recalculating the ECL provision of finance lease receivables. We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

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

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 Mr. Chan Wing Kit.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224
Hong Kong
28 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Continuing operations:			
Revenue	5	15,533,247	25,419,063
Cost of sales		(11,233,093)	(18,946,972)
Gross profit		4,300,154	6,472,091
Other income	6	371,516	282,606
Other gains, net	7	442,338	344,769
Selling, administrative and general expenses		(1,275,507)	(1,217,981)
Expected credit losses, net		(132,396)	(180,518)
Finance costs	9	(3,936,878)	(2,527,450)
Share of profits of associates		1,543,383	1,715,874
Share of profits/(losses) of joint ventures	20	32,656	(90,875)
Profit before tax	8	1,345,266	4,798,516
Income tax credit/(expenses)	12	32,212	(899,580)
Profit for the year from continuing operations		1,377,478	3,898,936
Discontinued operation			
Profit for the year from a discontinued operation	14	30,077	24,893
Profit for the year		1,407,555	3,923,829
Profit attributable to owners of the Company:			
– From continuing operations		1,377,478	3,898,936
– From a discontinued operation		30,077	24,893
Profit for the year attributable to owners of the Company		1,407,555	3,923,829
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)	15		
Basic			
– For profit for the year		0.1040	0.2902
– For profit from continuing operations		0.1018	0.2884
Diluted			
– For profit for the year		0.1039	0.2902
– For profit from continuing operations		0.1017	0.2884

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023 **RMB'000**	2022 RMB'000 (Restated)
Profit for the year	**1,407,555**	3,923,829
Other comprehensive income/(expense)		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Associates:		
Share of other comprehensive income/(expense)	**69,043**	(296,847)
Reclassification to profit or loss	**–**	(6,615)
	69,043	(303,462)
Share of other comprehensive expense of joint ventures	**(221)**	–
Cash flow hedges		
Effective portion of changes in fair value of hedging instruments arising during the year	**20,184**	48,392
Reclassification adjustments for gains included in the consolidated statement of profit or loss	**870**	1,319
	21,054	49,711
Exchange differences on translation of foreign operations	**206,170**	453,533
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**296,046**	199,782
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	**14,238**	198,950
Share of other comprehensive income of joint ventures	**677**	–
Net other comprehensive income that may not be reclassified to profit or loss in subsequent periods	**14,915**	198,950
Other comprehensive income for the year, net of tax	**310,961**	398,732
Total comprehensive income for the year	**1,718,516**	4,322,561
Attributable to:		
Owners of the Company	**1,718,516**	4,322,561

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	31/12/2023 RMB'000	31/12/2022 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	16	45,256,774	43,162,536
Investment properties	17	104,661	103,529
Right-of-use assets	18	768,387	613,206
Intangible assets	19	118,247	116,877
Investments in joint ventures	20	133,235	93,813
Investments in associates	21	25,668,181	24,407,843
Financial assets at fair value through profit or loss	22	2,300,347	2,852,534
Finance lease receivables	23	28,491,377	31,111,935
Factoring receivables	24	–	16,180
Derivative financial instruments	25	35,609	45,553
Deferred tax assets	26	261,900	116,142
Other long-term prepayments		170,656	616,489
Total non-current assets		103,309,374	103,256,637
Current assets			
Inventories	27	2,197,550	4,049,879
Trade and notes receivables	28	1,778,295	556,145
Prepayments and other receivables	29	1,862,121	527,972
Financial assets at fair value through profit or loss	22	661,647	639,606
Finance lease receivables	23	2,870,565	3,170,009
Factoring receivables	24	16,805	329,380
Derivative financial instruments	25	30,998	–
Restricted and pledged deposits	30	3,150	120,443
Cash and cash equivalents	31	13,023,417	15,440,560
		22,444,548	24,833,994
Assets classified as held for sale	14	177,068	–
Total current assets		22,621,616	24,833,994

Consolidated Statement of Financial Position (continued)

As at 31 December 2023

	Notes	31/12/2023 RMB'000	31/12/2022 RMB'000 (Restated)
Current liabilities			
Trade and notes payables	32	2,603,395	2,479,634
Other payables and accruals	33	2,878,261	2,968,317
Contract liabilities	34	63,047	304,062
Bank and other borrowings	35	32,221,992	35,925,365
Lease liabilities	37	106,660	39,089
Tax payable		189,441	303,090
		38,062,796	42,019,557
Liabilities associated with assets classified as held for sale	14	148,392	–
Total current liabilities		38,211,188	42,019,557
Net current liabilities		(15,589,572)	(17,185,563)
Total assets less current liabilities		87,719,802	86,071,074
Non-current liabilities			
Bank and other borrowings	35	49,629,059	48,519,715
Corporate bonds	36	8,000,000	8,000,000
Lease liabilities	37	169,325	36,369
Deferred tax liabilities	26	17,521	6,001
Government grants	38	83,379	63,710
Other long-term payables		536,840	552,652
Total non-current liabilities		58,436,124	57,178,447
Net assets		29,283,678	28,892,627

Consolidated Statement of Financial Position (continued)

As at 31 December 2023

	Notes	31/12/2023 RMB'000	31/12/2022 RMB'000 (Restated)
Equity			
Share capital	*39*	**13,575,939**	13,586,477
Treasury shares	*39*	**(84,206)**	(173,155)
Other reserves	*41*	**15,791,945**	15,479,305
Total equity		**29,283,678**	28,892,627

The consolidated financial statements on pages 109 to 243 were approved and authorised for issue by the board of directors on 28 March 2024 and are signed on its behalf by:

Zhang Mingwen

Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Share capital RMB'000 *(note 39)*	Share premium (Note a) RMB'000	Treasury shares RMB'000	Share option reserve (Note a) RMB'000 *(note 40)*	Other capital reserves (Note a) RMB'000	Share of other comprehensive income arising the equity method (Note a) RMB'000	Hedging reserve (Note a) RMB'000	Exchange fluctuation reserve (Note a) RMB'000	Special reserves (Note a) RMB'000	Surplus reserve (Note a) (Note b) RMB'000	Retained profits (Note a) RMB'000	Total equity RMB'000
At 1 January 2023 (as originally stated)		13,586,477	20,050,063	(173,155)	17,425	(21,578,719)	(302,525)	43,552	(2,145,173)	-	2,173,089	17,223,273	28,894,307
Effect of change in accounting policies	*2.2*	-	-	-	-	-	-	-	-	-	-	(1,680)	(1,680)
At 1 January 2023 (as restated)		13,586,477	20,050,063	(173,155)	17,425	(21,578,719)	(302,525)	43,552	(2,145,173)	-	2,173,089	17,221,593	28,892,627
Profit for the year		-	-	-	-	-	-	-	-	-	-	1,407,555	1,407,555
Other comprehensive income for the year:													
Share of other comprehensive income of associates		-	-	-	-	-	83,281	-	-	-	-	-	83,281
Share of other comprehensive income of joint ventures		-	-	-	-	-	456	-	-	-	-	-	456
Effective portion of changes in fair value of hedging instruments, net of tax		-	-	-	-	-	-	21,054	-	-	-	-	21,054
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	206,170	-	-	-	206,170
Total comprehensive income for the year		-	-	-	-	-	83,737	21,054	206,170	-	-	1,407,555	1,718,516
Exercise of share options	*40*	2,639	(1,258)	50,319	(8,270)	-	-	-	-	-	-	-	43,430
Cancellation of treasury shares	*39*	(13,177)	(25,453)	38,630	-	-	-	-	-	-	-	-	-
Equity-settled share option arrangements	*40*	-	-	-	3,327	-	-	-	-	-	-	-	3,327
Share of other capital reserves using the equity method		-	-	-	-	3,495	-	-	-	-	-	-	3,495
Dilution effect using the equity method		-	-	-	-	(211,618)	-	-	-	-	-	-	(211,618)
Dividends paid	*13*	-	-	-	-	-	-	-	-	-	-	(1,178,608)	(1,178,608)
Transfer from retained profits		-	-	-	-	-	-	-	-	36,810	49,543	(73,844)	12,509
Utilisation of reserve fund		-	-	-	-	-	-	-	-	(36,810)	-	36,810	-
At 31 December 2023		13,575,939	20,023,352	(84,206)	12,482	(21,786,842)	(218,788)	64,606	(1,939,003)	-	2,222,632	17,413,506	29,283,678

	Notes	Share capital RMB'000 (note 39)	Share premium (Note a) RMB'000	Treasury shares RMB'000	Other equity instruments RMB'000 (note 42)	Share option reserve (Note a) RMB'000 (note 40)	Other capital reserves (Note a) RMB'000	Share of other comprehensive income arising the equity method (Note a) RMB'000	Hedging reserve (Note a) RMB'000	Exchange fluctuation reserve (Note a) RMB'000	Special reserves (Note a) RMB'000	Surplus reserve (Note a) (Note b) RMB'000	Retained profits (Note a) RMB'000	Total equity RMB'000
At 1 January 2022 (as originally stated)		13,586,477	20,054,374	(233,428)	5,000,000	12,778	(21,447,846)	(198,013)	(6,159)	(2,598,706)	-	1,951,184	16,568,236	32,688,897
Effect of change in accounting policies	2.2	-	-	-	-	-	-	-	-	-	-	-	(2,379)	(2,379)
At 1 January 2022 (as restated)		13,586,477	20,054,374	(233,428)	5,000,000	12,778	(21,447,846)	(198,013)	(6,159)	(2,598,706)	-	1,951,184	16,565,857	32,686,518
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	3,923,829	3,923,829
Other comprehensive income/(expense) for the year:														
Share of other comprehensive expense of associates		-	-	-	-	-	-	(104,512)	-	-	-	-	-	(104,512)
Effective portion of changes in fair value of hedging instruments, net of tax		-	-	-	-	-	-	-	49,711	-	-	-	-	49,711
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	453,533	-	-	-	453,533
Total comprehensive (expense)/income for the year		-	-	-	-	-	-	(104,512)	49,711	453,533	-	-	3,923,829	4,322,561
Exercise of share options	40	-	(4,311)	60,273	-	(6,225)	-	-	-	-	-	-	-	49,737
Equity-settled share option arrangements	40	-	-	-	-	10,872	-	-	-	-	-	-	-	10,872
Repayment of other equity instruments	42	-	-	-	(5,000,000)	-	-	-	-	-	-	-	-	(5,000,000)
Share of other capital reserves using the equity method		-	-	-	-	-	(57,807)	-	-	-	-	-	-	(57,807)
Share of other capital reserves using the equity method reclassified to profit or loss upon disposal		-	-	-	-	-	(73,066)	-	-	-	-	-	-	(73,066)
Share of other comprehensive income using equity method		-	-	-	-	-	-	-	-	-	-	-	11,007	11,007
Dividends paid		-	-	-	-	-	-	-	-	-	-	-	(3,057,195)	(3,057,195)
Transfer from retained profits		-	-	-	-	-	-	-	-	-	53,529	221,905	(275,434)	-
Utilisation of reserve fund		-	-	-	-	-	-	-	-	-	(53,529)	-	53,529	-
At 31 December 2022 (as restated)		13,586,477	20,050,063	(173,155)	-	17,425	(21,578,719)	(302,525)	43,552	(2,145,173)	-	2,173,089	17,221,593	28,892,627

Notes:

(a) These accounts comprise the consolidated other reserves of RMB15,791,945,000 (2022: RMB15,479,305,000(restated)) in the consolidated statement of financial position.

(b) In accordance with the PRC regulations and the articles of association of the companies of the Group, before distributing the net profit of each year, companies of the Group registered in the PRC are required to set aside 10% of their statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of this reserve reaches 50% of each PRC entity's share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**5,674,704**	12,455,914
Income tax paid		**(360,344)**	(1,243,123)
Net cash flows generated from operating activities	*44(b)*	**5,314,360**	11,212,791
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates		**376,846**	473,496
Dividends received from joint venture		**184**	–
Dividends received from financial assets at fair value through profit or loss		**23,806**	64,918
Purchase of property, plant and equipment		**(3,677,975)**	(6,831,495)
Proceeds from disposal of property, plant and equipment		**92,474**	640,851
Purchase of intangible assets		**(47,090)**	(46,130)
Purchase of investments in associates	*21*	**(300,000)**	(1,806,840)
Proceeds from partial disposal of investment in an associate	*21*	**–**	1,430,586
Cash withdrawal from investment in an associate	*21*	**87,750**	7,500
Purchase of investments in joint venture	*20*	**(3,000)**	–
Purchase of financial assets at fair value through profit or loss		**(380)**	(122,316)
Proceeds from disposal of financial assets at fair value through profit or loss		**655,863**	2,063,285
Disposal of a subsidiary	*43*	**–**	37,676
Decrease in finance lease receivables		**3,395,874**	2,618,025
Decrease in factoring receivables		**414,568**	1,248,886
(Increase)/decrease in restricted and pledged deposits		**(867)**	227
Decrease in other long-term payables		**(55,281)**	(79,329)
Decrease in other cash movement related to investing activities		**(46)**	–
NET CASH FLOWS GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**962,726**	(300,660)

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of other equity instruments		–	(5,000,000)
New bank and other borrowings		45,202,709	51,756,670
Repayment of bank and other borrowings		(48,852,249)	(54,912,204)
New corporate bonds		–	10,000,000
Repayment of corporate bonds		–	(10,500,000)
Payment of principal portion of lease liabilities		(56,822)	(52,279)
Interest paid		(4,089,287)	(2,603,069)
Dividends paid to owners of the parent		(1,178,608)	(3,057,195)
Dividends paid to holders of the other equity instruments		–	(226,360)
Proceeds from exercise of share options		43,430	49,737
Decrease in restricted and pledged deposits		3,072	52,441
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(8,927,755)	(14,492,259)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,650,669)	(3,580,128)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		15,440,560	17,871,147
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		233,665	1,149,541
		13,023,556	15,440,560
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Representing bank balances and cash as stated in the consolidated statement of financial position	31	13,023,417	15,440,560
Representing bank balances and cash attributable to assets held for sale	14	139	–
		13,023,556	15,440,560

1. CORPORATE AND GROUP INFORMATION

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

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

(a) Manufacture and sale of containers;

(b) Operating leasing and financial leasing; and

(c) Investment management.

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

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2023 and 2022 are as follows:

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

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

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

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet LNG02 Limited	Marshall Islands ("**Marshall**")	US$1	–	100%	Finance leasing
Oriental Fleet LNG03 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet HLCV01 Limited	BVI	US$1	–	100%	Finance leasing
Oriental Fleet HLCV02 Limited	BVI	US$1	–	100%	Finance leasing
Oriental Fleet HLCV03 Limited	BVI	US$1	–	100%	Finance leasing
Oriental Fleet HLCV04 Limited	BVI	US$1	–	100%	Finance leasing
Oriental Fleet HLCV05 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet HLCV06 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Bulk01 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Bulk02 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Bulk03 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Bulk04 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Bulk05 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Bulk06 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Bulk07 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Bulk08 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Bulk09 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Bulk10 Limited	Liberia	US$1	–	100%	Finance leasing

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet Bulk11 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Bulk12 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Bulk18 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Bulk19 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Bulk20 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Bulk21 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Bulk22 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Bulk23 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Chemical01 Limited	BVI	US$1	–	100%	Finance leasing
Oriental Fleet Cruise01 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker03 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker04 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker05 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker06 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker07 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker08 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker09 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker10 Limited	Marshall	US$1	–	100%	Finance leasing

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Oriental Fleet Tanker11 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker12 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker13 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker14 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Tanker15 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Tanker16 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Tanker17 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker18 Limited	Marshall	US$1	–	100%	Finance leasing
Oriental Fleet Tanker19 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Tanker22 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker23 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker24 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker25 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker26 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet GC01 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet GC02 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet GC03 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet GC04 Limited	Liberia	US$1	–	100%	Finance leasing

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Oriental Fleet Container01 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Container02 Limited	Liberia	US$1	–	100%	Finance leasing
Oriental Fleet Container08 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Container09 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Container10 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Container11 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Container12 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Pulp01 Limited	Hong Kong	US$1	–	100%	Vessel chartering
Oriental Fleet Tanker27 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker28 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet RORO 01 Limited	Hong Kong	US$1	–	100%	Finance leasing
Bulk Fleet Flourish Company Limited	Hong Kong	US$1	–	100%	Vessel chartering
Bulk Fleet Prosperity Company Limited	Hong Kong	US$1	–	100%	Vessel chartering
Florens Container Industry Limited	BVI	US$435,000,001	–	100%	Container leasing
Florens Asset Management (Singapore) PTE. Limited	Singapore	SGD$10,000	–	100%	Provision of container management services
Dong Fang International Asset Management Limited	Hong Kong	HK$3	–	100%	Provision of management service
Dong Fang International Container Limited	BVI	US$50,000	–	100%	Investment holding

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Florens International Limited	BVI	US$1,833,966,965	–	100%	Investment holding
Florens (China) Company Limited	PRC	US$12,800,000	–	100%	Container leasing
Florens Maritime Limited	Bermuda	US$12,000	–	100%	Container leasing
Florens Container Corporation S.A.	Panama	US$578,726,783.2	–	100%	Container leasing
Florens Asset Management Company Limited	Hong Kong	HK$100	–	100%	Provision of container management services
Florens Asset Management (Deutschland) GmbH	Deutschland	EUR25,564.6	–	100%	Provision of container management services
Florens Asset Management (Italy) S.R.L.	Italy	EUR10,400	–	100%	Provision of container management services
Florens Asset Management (USA), Ltd.	United States	US$1	–	100%	Provision of container management services
Florens Container, Inc. (2002)	United States	US$1	–	100%	Sales of containers
Fairbreeze Shipping Company Limited	Hong Kong	HK$500,000	–	100%	Property investment
Long Honour Investments Limited (Note a)	BVI	US$1	–	– (2022:100%)	Investment holding
COSCO Container Industry Co., Ltd. (Note b)	BVI	US$1	–	– (2022:100%)	Investment holding
Helen Insurance Brokers Limited	Hong Kong	HK$3,000,000	–	100%	Provision of insurance brokerage services
Yuanhai Changxing Co., Ltd. (Note c)	Hong Kong	US$1	–	– (2022:100%)	Investment holding

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Shipping Investment Co., Ltd. ("**CS Investment**")	PRC	RMB21,383,000,000	100%	–	Investment holding
China COSCO SHIPPING Development (Tianjin) Leasing Company Limited	PRC	RMB1,000,000,000	–	100%	Finance leasing
Haihui Commercial Factoring (Tianjin) Co., Ltd.	PRC	RMB397,939,194	–	100%	Commercial factoring
Shanghai Universal Logistics Equipment Co., Ltd.	PRC	RMB4,020,000,000	–	100%	Investment holding
Dong Fang International Container (Lianyungang) Co., Ltd.	PRC	US$44,133,900	–	100%	Container manufacturing
Dong Fang International Container (Jinzhou) Co., Ltd.	PRC	US$20,000,000	–	100%	Container manufacturing
Dong Fang International Container (Guangzhou) Co., Ltd.	PRC	US$21,417,780	–	100%	Container manufacturing
Dong Fang International Container (Hong Kong) Co., Ltd.	Hong Kong	US$10,000	–	100%	Trading
Suzhou Yuanhai Doukui Investment LLP	PRC	RMB600,000,000	–	100%	Investment holding
Suzhou Yuanhai Tianji Investment LLP	PRC	RMB256,200,000	–	100%	Investment holding
COSCO SHIPPING (Shanghai) Investment Management Co., Ltd.	PRC	RMB3,021,033,540.37	100%	–	Investment holding
Tianjin COSCO SHIPPING Guanghua Investment Management Limited	PRC	RMB200,000,000	100%	–	Investment holding
DONG FANG International Container (Qidong) Co., Ltd.	PRC	RMB1,409,599,098	–	100%	Container manufacturing

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
DONG FANG International Container (Qingdao) Co., Ltd.	PRC	RMB864,398,500	–	100%	Container manufacturing
DONG FANG International Port (Qidong) Co., Ltd.	PRC	RMB154,000,000	–	100%	Provision of management service
DONG FANG International Container (Ningbo) Co., Ltd.	PRC	RMB161,633,400	–	100%	Container manufacturing
Shanghai Universal Logistics Technology Co., Ltd.	PRC	RMB34,266,200	–	100%	Provision of container management services
Shanghai Xinyuanhaiji Finance Leasing Co., Ltd.	PRC	RMB3,400,000,000	–	100%	Finance leasing
Hainan COSCO Shipping Development Co., Ltd.	PRC	RMB1,000,000,000	100%	–	Vessel chartering
Oriental Fleet Tanker 29 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker 30 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker 31 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker 32 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker 33 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker 34 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker 35 Limited	Hong Kong	US$1	–	100%	Finance leasing
Oriental Fleet Tanker 36 Limited	Hong Kong	US$1	–	100%	Finance leasing

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Huanyu Haicheng Supply Chain Management Co., Ltd. (Note d)	PRC	RMB300,000,000	–	100% (2022: -)	Trading
Shanghai COSCO Green Water Shipping Co., Ltd. (Note d)	PRC	RMB120,000,000	–	100% (2022: -)	Vessel chartering
Oriental Fleet SHIPPING 01 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 02 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 03 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 04 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 05 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 06 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 07 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 08 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 09 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet SHIPPING 10 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 11 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 12 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing
Oriental Fleet SHIPPING 13 Limited (Note d)	Hong Kong	US$1	–	100% (2022: -)	Finance leasing

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

Notes:

(a) The subsidiary was deregistrated on 27 April 2023.

(b) The subsidiary was deregistrated on 24 March 2023.

(c) The subsidiary was deregistrated on 14 September 2023.

(d) The subsidiaries were established during the year ended 31 December 2023.

2.1 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the going concern basis notwithstanding that the Group had net current liabilities of RMB15,589,572,000 as at 31 December 2023. The directors of the Company are of opinion that based on the available unutilised banking facilities and unutilised quota for the issuance of corporate bonds as at 31 December 2023, the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION (continued)

BASIS OF CONSOLIDATION (continued)

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

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

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform-Pillar Two model Rules*

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

IMPACT ON APPLICATION OF AMENDMENTS TO HKAS 1 AND HKFRS PRACTICE STATEMENT 2 – DISCLOSURE OF ACCOUNTING POLICIES

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions, but has affected the disclosures of accounting policies as set out in note 2.4.

IMPACT ON APPLICATION OF AMENDMENTS TO HKAS 8 – DEFINITION OF ACCOUNTING ESTIMATES

The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

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

IMPACT ON APPLICATION OF AMENDMENTS TO HKAS 12 – DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The Group previously applied HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption. Upon application of the amendments, the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022. The Group also, as at 1 January 2022, has recognised a separate deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities. The Group recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at the beginning of the earliest period presented. This change in accounting policy did not have any impact on the cash flows for the years ended 31 December 2022 and 2023.

The application of such amendments to HKAS 12 has had the impact on the Group's financial position and performance as follows:

(i) the related deferred tax liabilities as at 1 January 2022 have increased by RMB2,379,000 from originally stated at RMB39,177,000 to RMB41,556,000;

(ii) the related profit for the year ended 31 December 2022 has increased by RMB699,000 from originally stated at RMB3,923,130,000 to RMB3,923,829,000;

(iii) the related deferred tax liabilities as at 1 January 2023 have increased by RMB1,680,000 from originally stated at RMB4,321,000 to RMB6,001,000;

(iv) the opening retained earnings as at 1 January 2022 and 1 January 2023 have been decreased by RMB2,379,000 and RMB1,680,000 respectively.

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

IMPACT ON APPLICATION OF AMENDMENTS TO HKAS 12 – INTERNATIONAL TAX REFORM – PILLAR TWO MODEL RULES

The HKICPA made amendments to HKAS 12 Income taxes in May 2023 that (a) provide a temporary exception from accounting for deferred taxes arising from legislation enacted to implement the OECD's Pillar Two model rules, and (b) introduce additional disclosure requirements. The Group is within the scope of the OECD Pillar Two model rules as Pillar Two legislation has been enacted in the jurisdictions where the Group operates, and has come into effect from 1 January 2024. The Group applied the exception from accounting for deferred taxes arising from legislation enacted and is in the process of assessing the full impact.

2.3 AMENDMENTS TO HKFRSS ISSUED BUT NOT YET EFFECTIVE

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

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*[1]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024.

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

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

The directors of the Company do not anticipate that the application of the amendments to HKFRSs would have a significant impact on the Group's results and financial position.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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

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

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

FAIR VALUE MEASUREMENT

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

FAIR VALUE MEASUREMENT (continued)

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

RELATED PARTIES

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

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENT PROPERTIES

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

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

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

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

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

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

Computer software

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

Patent

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

LEASES

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

Group as a lessee

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

Right-of-use assets

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

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

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

Lease liabilities

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

LEASES (continued)

Group as a lessee (continued)

Lease liabilities (continued)

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

Short-term leases and leases of low-value assets

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

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

Group as a lessor

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

LEASES (continued)

Group as a lessor (continued)

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

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

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Initial recognition and measurement (continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Amortised cost and effective interest method

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Subsequent measurement (continued)

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

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

Interest income is recognised in profit or loss.

Financial assets at fair value through profit or loss

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Impairment of financial assets (continued)

General approach (continued)

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Impairment of financial assets (continued)

General approach (continued)

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

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

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

Simplified approach

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

FINANCIAL LIABILITIES

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

FINANCIAL LIABILITIES (continued)

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

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

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

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Initial recognition and subsequent measurement

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

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

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

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

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

- hedges of a net investment in a foreign operation.

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

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

- There is "an economic relationship" between the hedged item and the hedging instrument.

- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (continued)

Initial recognition and subsequent measurement (continued)

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

Cash flow hedges

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

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

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

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

TREASURY SHARES

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVENTORIES

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

CASH AND CASH EQUIVALENTS

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

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

PROVISIONS

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

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

INCOME TAX

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INCOME TAX (continued)

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INCOME TAX (continued)

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

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

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

GOVERNMENT GRANTS

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

NON-CURRENT ASSETS HELD FOR SALE

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

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

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

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

REVENUE RECOGNITION

Revenue from contracts with customers

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

REVENUE RECOGNITION (continued)

Revenue from contracts with customers (continued)

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

Sales of containers

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

REVENUE RECOGNITION (continued)

Revenue from contracts with customers (continued)

Sales of shipping related spare parts

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

Rendering of services

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

Revenue from other sources

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

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

Other income

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

CONTRACT ASSETS

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

CONTRACT LIABILITIES

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

CONTRACT COSTS

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

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

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

SHARE-BASED PAYMENTS

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

SHARE-BASED PAYMENTS (continued)

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

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

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

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

OTHER EMPLOYEE BENEFITS

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

BORROWING COSTS

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

DIVIDENDS

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

FOREIGN CURRENCIES

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

FOREIGN CURRENCIES (continued)

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

JUDGEMENTS

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

Classification between finance leases and operating leases

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

JUDGEMENTS (continued)

Classification between finance leases and operating leases (continued)

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

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

Determination of significant increases in credit risk

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY

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

Estimation of ECLs

The Group uses the PD approach under the general approach and a provision matrix under the simplified approach, respectively, in the calculation of ECLs. The Group estimates the PD, LGD and provision rate, respectively, by reference to the internal historical credit loss experience and external information. As at 31 December 2023, the carrying amounts of trade and notes receivables, finance lease receivables and factoring receivables of the Group are RMB1,778,295,000, RMB31,361,942,000 and RMB16,805,000 (2022:RMB556,145,000, RMB34,281,944,000 and RMB345,560,000) respectively, net of allowance for ECLs on trade and notes receivables, finance lease receivables and factoring receivables of RMB78,307,000, RMB1,367,353,000 and RMB7,142,000 (2022: RMB54,523,000, RMB1,162,876,000 and RMB99,480,000) respectively.

Fair value of unlisted equity investments

The Group assesses certain of its unlisted equity investments using the market approach with reference to a price multiple of comparable public companies (peers). The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity. As at 31 December 2023, the carrying amounts of unlisted equity investments were RMB1,996,721,000 (2022: RMB2,126,994,000). Further details are contained in note 22.

Deferred tax assets

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY (continued)

Impairment of non-financial assets

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

As at 31 December 2023, the carrying amounts of property, plant and equipment, right-of-use assets and investment properties of the Group are RMB45,256,774,000, RMB768,387,000 and RMB104,661,000 (2022: RMB43,162,536,000, RMB613,206,000 and RMB103,529,000) respectively. Impairment loss of RMB310,191,000 (2022: RMB251,641,000) in respect of property, plant and equipment has been recognised while no impairment losses in respect of right-of-use assets and investment properties have been recognised (2022: Nil) in profit or loss during the year.

Useful lives and residual values of property, plant and equipment

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

Impairment on inventories

Management reviews an ageing analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The directors of the Company estimate the net realisable value for such raw materials and finished goods based primarily on the latest invoice prices and current market conditions. As at 31 December 2023, the carrying amount of inventories was RMB2,197,550,000 (2022: RMB4,049,879,000), net of impairment provision of RMB43,223,000 (2022: RMB356,899,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY (continued)

Impairment on interests in associates

Management reviews investments in associates for impairment based on both quantitative and qualitative criteria. Such analysis typically includes various estimates and assumptions, the financial health, cash flow projections and future prospects of the associate. As at 31 December 2023, the carrying amount of interests in associates was RMB25,668,181,000 (2022: RMB24,407,843,000). No impairment losses were recognised during the year ended 31 December 2023 (2022: Nil).

4. OPERATING SEGMENT INFORMATION

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

(a) The container manufacturing business segment, which manufactures and sells containers;

(b) The shipping leasing and container leasing business segment, which renders vessel chartering, container leasing and finance lease business; and

(c) The investment management business segment, which focuses on equity or debt investments.

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

A segment regarding the insurance brokerage services, included in investment management segment in prior year, was discontinued in the current year. The segment information reported on the next pages does not include any amounts for this discontinued operation, which is described in more details in note 14.

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

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

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

4. OPERATING SEGMENT INFORMATION (continued)

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

4. OPERATING SEGMENT INFORMATION (continued)

	For the year ended 31 December 2022			
Continuing operations	Shipping and industry-related leasing RMB'000	Container manufacturing RMB'000	Investment management RMB'000 (Restated)	Total RMB'000 (Restated)
Segment revenue				
Sales of containers	–	17,450,727	–	17,450,727
Fee and commission income	–	–	11,381	11,381
Total revenue from contract with external customers	–	17,450,727	11,381	17,462,108
Other revenue from external customers	7,845,690	–	111,265	7,956,955
Total segment revenue from external customers	7,845,690	17,450,727	122,646	25,419,063
Intersegment revenue from contracts with customers	–	3,091,117	–	3,091,117
Total segment revenue	7,845,690	20,541,844	122,646	28,510,180
Segment results	2,151,102	2,453,099	439,365	5,043,566
Elimination of intersegment results				(11,162)
Unallocated selling, administrative and general expenses				(197,905)
Unallocated finance costs				(35,983)
Profit before tax from continuing operations				4,798,516
Supplementary segment information:				
Depreciation and amortisation	(2,005,549)	(287,791)	(27,134)	(2,320,474)
Provision for impairment of finance lease receivables	(152,245)	–	–	(152,245)
Provision for impairment of factoring receivables	–	–	(64,639)	(64,639)
Provision for write-down of inventories to net realisable value	–	(353,426)	–	(353,426)
Reversal of impairment of trade receivables	835	30,126	326	31,287
Reversal of/(provision for) impairment of other receivables	5,269	(298)	108	5,079
Share of losses of joint ventures	–	–	(90,875)	(90,875)
Share of profits of associates	–	–	1,715,874	1,715,874
Capital expenditure*	6,719,985	1,006,501	13,865	7,740,351

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

4. OPERATING SEGMENT INFORMATION (continued)

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

	For the year ended 31 December 2022			
	Shipping and industry-related leasing RMB'000	Container manufacturing RMB'000 (Restated)	Investment management RMB'000	Total RMB'000 (Restated)
Segment assets	77,172,709	14,996,083	39,485,109	131,653,901
Elimination of intersegment assets				(3,563,270)
Total assets				128,090,631
Segment liabilities	53,159,066	9,120,297	25,854,099	88,133,462
Unallocated liabilities				12,302,054
Elimination of intersegment liabilities				(1,237,512)
Total liabilities				99,198,004
Supplementary segment information:				
Investments in joint ventures	–	–	93,813	93,813
Investments in associates	–	–	24,407,843	24,407,843

4. OPERATING SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION

(a) *Revenue from external customers*

Continuing operations	2023 RMB'000	2022 RMB'000 (Restated)
United States	1,125,998	6,566,159
Asia (excluding Hong Kong, China and Mainland China)	2,858,884	5,711,526
Hong Kong, China	4,851,803	6,406,683
Mainland China	2,987,913	2,311,856
Europe	3,487,563	3,973,810
Others	221,086	449,029
Total revenue	15,533,247	25,419,063

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

(b) *Non-current assets*

	2023 RMB'000	2022 RMB'000
Hong Kong, China	41,264,993	39,841,273
Mainland China	30,955,148	29,273,020
Total non-current assets	72,220,141	69,114,293

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

4. OPERATING SEGMENT INFORMATION (continued)

INFORMATION ABOUT MAJOR CUSTOMERS

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

	2023	2022
	RMB'000	RMB'000
Customer A[1]	**2,255,431**	3,426,071
Customer B[1]	**2,140,684**	2,733,524

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

5. REVENUE

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

	2023	2022
	RMB'000	RMB'000
		(Restated)
Revenue from contracts with customers:		
Sales of containers	**8,090,455**	17,450,727
Fee and commission income	**–**	11,381
Subtotal	**8,090,455**	17,462,108
Other revenue:		
Shipping leasing	**2,473,073**	2,408,963
Container leasing	**4,959,210**	5,436,727
Investment management	**10,509**	111,265
Subtotal	**7,442,792**	7,956,955
Total revenue	**15,533,247**	25,419,063

5. REVENUE (continued)

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

	2023 RMB'000	2022 RMB'000 (Restated)
Geographical markets		
Hong Kong, China	1,957,310	3,273,701
Mainland China	1,439,769	990,016
Asia (excluding Hong Kong, China and Mainland China)	1,697,746	4,580,511
United States	936,817	5,844,074
Europe	2,034,296	2,593,048
Others	24,517	180,758
Total revenue from contract with customers	8,090,455	17,462,108

	2023 RMB'000	2022 RMB'000 (Restated)
Timing of revenue recognition		
Goods transferred at a point in time	8,090,455	17,450,727
Services transferred over time	–	11,381
Total revenue from contract with customers	8,090,455	17,462,108

6. OTHER INCOME

Continuing operations	*Notes*	**2023 RMB'000**	2022 RMB'000 (Restated)
Interest income		**132,778**	139,627
Government grants related to assets	*38*	**9,715**	3,993
Government grants	*(i)*	**199,443**	110,335
Sales of scrap materials		**11,436**	24,227
Others		**18,144**	4,424
Total other income		**371,516**	282,606

(i) The government grants are the income received from local government authorities for development scheme and salaries subsidies which were immediately recognised as other income for the year. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

7. OTHER GAINS, NET

Continuing operations	*Note*	**2023 RMB'000**	2022 RMB'000 (Restated)
Gain on disposal of property, plant and equipment		**23,496**	58,931
Gain on disposal of investments in associates		**–**	54,019
Gain on derecognition of financial assets measured at amortised cost		**12,926**	–
Gain on disposal of financial assets at fair value through profit or loss		**57,545**	2,084
Dividend income from financial assets at fair value through profit or loss		**23,812**	64,930
Changes in fair value of financial assets at fair value through profit or loss		**67,517**	(996,858)
Government grants not related to the ordinary course of business		**–**	2,665
Donation expenditures for public interest		**(25,058)**	(30,449)
Net foreign exchange gains		**286,058**	1,150,363
Gain on disposal of a subsidiary	*43*	**–**	37,796
Others		**(3,958)**	1,288
Total other gains, net		**442,338**	344,769

8. PROFIT BEFORE TAX

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

Continuing operations	*Notes*	**2023 RMB'000**	2022 RMB'000 (Restated)
Cost of goods sold		**6,349,924**	13,479,608
Cost of service provided		**839,810**	887,158
Depreciation of property, plant and equipment	*14,16*	**2,411,397**	2,236,840
Depreciation of investment properties	*17*	**622**	593
Depreciation of right-of-use assets	*14,18*	**94,770**	67,512
Amortisation of intangible assets	*14,19*	**25,385**	15,529
Auditor's remuneration		**9,660**	9,374
Employee benefit expense:			
Wages and salaries		**2,016,158**	2,438,900
Equity-settled share option expense		**3,255**	10,761
Pension scheme contributions (defined contribution scheme) (note)		**85,303**	78,014
		2,104,716	2,527,675
Short-term leases		**25,409**	5,225
Foreign exchange gains, net		**(286,058)**	(1,149,531)
Impairment of property, plant and equipment	*16*	**310,191**	251,641
Impairment of finance lease receivables		**199,498**	152,245
(Reversal of)/provision for impairment of factoring receivables		**(92,338)**	64,639
Provision for write-down of inventories to net realisable value		**33,638**	353,426
Provision for/(reversal of) impairment of trade receivables		**26,026**	(31,287)
Reversal of impairment of other receivables		**(790)**	(5,079)
Research and development expenses		**86,947**	94,177
Costs of construction in progress recognised as an expense		**23,371**	4,132

Note:

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

9. FINANCE COSTS

An analysis of finance costs is as follows:

Continuing operations	2023 RMB'000	2022 RMB'000
Interest on debts and borrowings	3,887,623	2,473,826
Interest on lease liabilities	6,679	3,712
Others	42,576	49,912
Total	3,936,878	2,527,450

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

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

	2023 RMB'000	2022 RMB'000
Fees	1,052	1,050
Other emoluments:		
Salaries,allowances and benefits in kind	3,261	3,777
Equity-settled share option expense	13	226
Pension scheme contributions	812	771
Subtotal	4,086	4,774
Total fees and other emoluments	5,138	5,824

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

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

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2023					
Executive directors:					
Mr. Zhang Mingwen	–	1,296	–	282	1,578
Mr. Liu Chong (resigned on 20 November 2023)	–	1,233	13	260	1,506
Subtotal	–	2,529	13	542	3,084
Non-executive directors:					
Mr. Ip Sing Chi	300	–	–	–	300
Mr. Huang Jian	–	–	–	–	–
Mr. Liang Yanfeng	–	–	–	–	–
Independent non-executive directors:					
Mr. Chen Guoliang	228	–	–	–	228
Mr. Lu Jianzhong	150	–	–	–	150
Ms. Zhang Weihua	150	–	–	–	150
Mr. Shao Ruiqing	150	–	–	–	150
Mr. Cai Hongping	74	–	–	–	74
Subtotal	752	–	–	–	752
Supervisors					
Mr. Ye Hongjun	–	–	–	–	–
Ms. Zhu Mei	–	–	–	–	–
Mr. Zhao Xiaobo	–	732	–	270	1,002
Total	1,052	3,261	13	812	5,138

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

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2022					
Executive directors:					
Mr. Liu Chong	–	1,293	113	259	1,665
Mr. Xu Hui (resigned on 16 June 2022)	–	642	113	120	875
Mr. Zhang Mingwen (appointed on 30 June 2022)	–	648	–	136	784
Mr. Wang Daxiong (resigned on 16 June 2022)	–	–	–	–	–
Subtotal	–	2,583	226	515	3,324
Non-executive directors:					
Mr. Ip Sing Chi	300	–	–	–	300
Mr. Huang Jian	–	–	–	–	–
Mr. Liang Yanfeng	–	–	–	–	–
Independent non-executive directors:					
Mr. Cai Hongping	300	–	–	–	300
Mr. Lu Jianzhong	150	–	–	–	150
Ms. Zhang Weihua	150	–	–	–	150
Mr. Shao Ruiqing	150	–	–	–	150
Subtotal	750	–	–	–	750
Supervisors					
Mr. Ye Hongjun	–	–	–	–	–
Ms. Zhu Mei	–	–	–	–	–
Mr. Zhao Xiaobo	–	1,194	–	256	1,450
Total	1,050	3,777	226	771	5,824

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

There was no arrangement under which a director, a supervisor or the key management personnel waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to any of the directors, supervisors or key management personnel as an inducement to join or upon joining the Group or as compensation for loss of office (2022: Nil).

None of the directors, supervisors or key management personnel received or will receive any termination benefits during the year ended 31 December 2023 (2022: Nil).

No payment was made to the third parties for making available directors', supervisors' or key management personnel's services during the year ended 31 December 2023 (2022: Nil).

No loans, quasi-loans and other dealings were made available in favour of directors, supervisors or key management personnel bodies corporate controlled by and entities connected with directors, supervisors or key management personnel subsisted at the end of the year or at any time during the year (2022: Nil).

Other than those disclosed in Note 47, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director, a supervisor or key management personnel of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2023 (2022: Nil).

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2022: one director) and one supervisor (2022: one supervisor), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining three (2022: three) highest paid employees who are neither a director, a supervisor nor key management personnel of the Company are as follows:

	2023 **RMB'000**	2022 RMB'000
Salaries, allowances and benefits in kind	**4,108**	3,462
Equity-settled share option expense	**116**	287
Pension scheme contributions	**863**	751
Total	**5,087**	4,500

11. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2023	2022
HK$1,500,001 to HK$2,000,000 (equivalent to RMB1,359,001 to RMB1,812,000)	**3**	3

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2022: Nil).

12. INCOME TAX (CREDIT)/EXPENSES

According to the Corporate Income Tax ("**CIT**") Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the years ended 31 December 2023 and 2022.

Hong Kong profits tax was provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits of the Group's subsidiaries operating in Hong Kong during the year.

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

	2023	2022
	RMB'000	RMB'000
Continuing operations		(Restated)
Current income tax:		
Mainland China	**88,926**	910,061
Hong Kong, China	**8,454**	4,263
Elsewhere	**4,394**	64,955
Subtotal	**101,774**	979,279
Deferred income tax	**(133,986)**	(79,699)
Total	**(32,212)**	899,580

12. INCOME TAX (CREDIT)/EXPENSES (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the country or jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2023 **RMB'000**	2022 RMB'000 (Restated)
Profit before tax from continuing operations	**1,345,266**	4,798,516
Tax at the statutory tax rate	**336,533**	1,199,698
Effect of different tax rates for specific provinces or enacted by local authority	**(15,872)**	(78,538)
Effect of withholding tax	**2,019**	8,606
(Over)/under-provision in respect of prior year	**(6,718)**	437
Profits attributable to associates and joint ventures	**(388,232)**	(400,800)
Income not subject to tax	**(1,425,541)**	(1,397,360)
Expenses not deductible for tax	**1,487,872**	1,062,000
Tax losses not recognised	**135,948**	591,271
Temporary differences not recognised	**(158,221)**	(85,734)
Income tax (credit)/expenses related to continuing operations	**(32,212)**	899,580

13. DIVIDENDS

	2023 **RMB'000**	2022 RMB'000
Proposed final dividend – RMB0.032 (2022: RMB0.087) per ordinary share	**433,511**	1,178,608

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

The board of directors proposed the payment of a final dividend of RMB0.032 (2022: RMB0.087) per share (inclusive of applicable tax), totalling RMB433,510,858.24 (2022: RMB1,178,607,645.84) calculated based on 13,547,214,320 shares, being the number of issued shares of the Company of 13,575,938,612 as at 28 March 2024 deducting 28,724,292 A shares repurchased by the Company, for the year ended 31 December 2023.The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company. These proposed dividends have not been recognised as a liability in the consolidated financial statements for the year ended 31 December 2023, but will be reflected as an appropriation of retained profits for the year ending 31 December 2024.

14. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION

On 10 November 2023, the Group entered into a transfer equity agreement with a fellow subsidiary, which the Group agreed to dispose of 100% equity interests of a subsidiary of the Group, Helen Insurance Brokers Limited ("**Helen Insurance**") at a cash consideration of HKD270,981,000, equivalent to approximately RMB245,915,000. Helen Insurance principally conducts insurance brokerage services in Hong Kong. The disposal of Helen Insurance is completed on 15 January 2024. The assets and liabilities attributable to the Helen Insurance, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The results of the insurance brokerage service operation for the years were as below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to represent the insurance brokerage service operation as a discontinued operation.

	2023 **RMB'000**	2022 RMB'000
Revenue	**49,635**	45,611
Cost of sales	**(93)**	(93)
Gross profit	**49,542**	45,518
Other income	**2,262**	354
Other gains/(losses), net	**373**	(416)
Selling, administrative and general expenses	**(16,396)**	(15,757)
Finance costs	**(112)**	(177)
Profit before tax	**35,669**	29,522
Income tax expenses	**(5,592)**	(4,629)
Profit for the year	**30,077**	24,893

14. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION (continued)

Profit for the year from discontinued operation includes the following:

	2023 RMB'000	2022 RMB'000
Cost of service provided	93	93
Depreciation of property, plant and equipment	77	55
Depreciation of right-of-use assets	1,649	1,574
Amortisation of intangible assets	228	18
Employee benefit expense:		
Wages and salaries	17,127	14,998
Equity-settled share option expense	72	111
Pension scheme contributions (defined contribution scheme)	661	609
	17,860	15,718
Short-term leases	26	49
Foreign exchange losses/(gains), net	373	(416)

During the year, the insurance brokerage service operation contributed RMB25,425,000 (2022: RMB23,295,000) to the Group's net operating cash flows, cash inflows of RMB2,262,000 (2022: cash outflows of RMB856,000) in respect of investing activities and cash outflows of RMB27,507,000 (2022: cash outflows of RMB22,398,000) in respect of financing activities.

14. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION (continued)

The major classes of assets and liabilities of the insurance brokerage service operation as at 31 December 2023, which have been presented separately in the consolidated statement of financial position, are as follows:

	RMB'000
Property, plant and equipment	131
Right-of-use assets	1,521
Intangible assets	898
Trade and notes receivables	11,485
Prepayments and other receivables	9,028
Pledged deposits	153,866
Cash and cash equivalents	139
Total assets classified as held for sale	177,068
Trade and note payables	83,089
Other payables and accruals	12,401
Contract liabilities	50,352
Lease liabilities	1,588
Tax payable	934
Deferred tax liabilities	28
Total liabilities associated with assets classified as held for sale	148,392

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

FOR CONTINUING AND DISCONTINUED OPERATIONS

Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company are based on the following data:

	2023 RMB'000	2022 RMB'000 (Restated)
Earnings		
Profit for the year attributable to the owners of the Company:		
– From continuing operations	1,377,478	3,898,936
– From a discontinued operation	30,077	24,893
Earnings for the purpose of basic and diluted earnings per share	1,407,555	3,923,829

	Number of shares 2023 '000	2022 '000
Shares		
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	13,538,588	13,520,651
Effect of dilutive potential ordinary shares:		
Share options	2,719	1,494
Weighted average number of ordinary shares for the purpose of diluted earnings per share	13,541,307	13,522,145

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

FROM CONTINUING OPERATIONS

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2023	2022
	RMB'000	RMB'000
		(Restated)
Profit for the year attributed to the owners of the Company	**1,407,555**	3,923,829
Less:		
Profit for the year from a discontinued operation	**(30,077)**	(24,893)
Profit for the year from continuing operations and earnings for the purpose of basic and diluted earnings per share from continuing operations	**1,377,478**	3,898,936

The denominators used for basic and diluted earnings per share are detailed above.

FROM DISCONTINUED OPERATION

Basic earnings per share from the discontinued operation is RMB0.0022 per share (2022: RMB0.0018 per share) and diluted earnings per share from the discontinued operation is RMB0.0022 per share (2022: RMB0.0018 per share), based on the profit for the year from the discontinued operation of RMB30,077,000 (2022: RMB24,893,000) and the denominators detailed above for both basic and diluted earnings per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Vessels RMB'000	Containers RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023							
Cost	8,531,875	43,609,433	1,861,509	3,036,557	1,404	400,149	57,440,927
Accumulated depreciation and impairment	(548,590)	(11,666,895)	(669,089)	(1,393,817)	–	–	(14,278,391)
Net carrying amount	7,983,285	31,942,538	1,192,420	1,642,740	1,404	400,149	43,162,536
At 1 January 2023, net of accumulated depreciation and impairment	7,983,285	31,942,538	1,192,420	1,642,740	1,404	400,149	43,162,536
Additions	–	5,146,568	9,165	73,611	22,103	997,290	6,248,737
Disposals	–	(1,428,862)	(2,353)	(11,570)	–	–	(1,442,785)
Depreciation provided during the year	(312,013)	(1,805,710)	(60,798)	(231,596)	(1,357)	–	(2,411,474)
Impairment recognised during the year	–	(310,191)	–	–	–	–	(310,191)
Transfer from construction in progress	484,638	–	187,921	460,706	–	(1,133,265)	–
Transfer to inventories	–	(727,495)	–	–	–	–	(727,495)
Transfer to intangible assets	–	–	–	–	–	(12,230)	(12,230)
Reclassified as asset held for sale	–	–	–	(131)	–	–	(131)
Recognised as an expense	–	–	–	–	–	(23,371)	(23,371)
Exchange realignment	125,807	637,783	–	9,584	4	–	773,178
At 31 December 2023, net of accumulated depreciation and impairment	8,281,717	33,454,631	1,326,355	1,943,344	22,154	228,573	45,256,774
At 31 December 2023:							
Cost	9,152,958	46,645,658	2,055,470	3,497,336	22,154	228,573	61,602,149
Accumulated depreciation and impairment	(871,241)	(13,191,027)	(729,115)	(1,553,992)	–	–	(16,345,375)
Net carrying amount	8,281,717	33,454,631	1,326,355	1,943,344	22,154	228,573	45,256,774

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Vessels RMB'000	Containers RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2022:							
Cost	6,596,947	38,303,378	1,643,973	2,789,660	87,024	347,498	49,768,480
Accumulated depreciation and impairment	(262,067)	(9,195,024)	(426,936)	(1,369,052)	(83,199)	–	(11,336,278)
Net carrying amount	6,334,880	29,108,354	1,217,037	1,420,608	3,825	347,498	38,432,202
At 1 January 2022, net of accumulated depreciation and impairment	6,334,880	29,108,354	1,217,037	1,420,608	3,825	347,498	38,432,202
Additions	13,717	5,537,089	17,092	91,658	32	1,832,982	7,492,570
Disposals	(13,717)	(3,094,528)	(1,910)	(2,931)	(291)	–	(3,113,377)
Disposal of a subsidiary (note 43)	–	–	–	(20)	–	–	(20)
Depreciation provided during the year	(253,427)	(1,725,181)	(55,804)	(200,276)	(2,207)	–	(2,236,895)
Impairment recognised during the year	–	(236,828)	–	(14,813)	–	–	(251,641)
Transfer from construction in progress	1,291,037	90,190	15,945	347,444	–	(1,744,616)	–
Transfer to inventories	–	(466,547)	–	–	–	–	(466,547)
Transfer to intangible assets	–	–	–	–	–	(36,267)	(36,267)
Recognised as an expense	–	–	–	–	–	(4,132)	(4,132)
Exchange realignment	610,795	2,729,989	60	1,070	45	4,684	3,346,643
At 31 December 2022, net of accumulated depreciation and impairment	7,983,285	31,942,538	1,192,420	1,642,740	1,404	400,149	43,162,536
At 31 December 2022:							
Cost	8,531,875	43,609,433	1,861,509	3,036,557	1,404	400,149	57,440,927
Accumulated depreciation and impairment	(548,590)	(11,666,895)	(669,089)	(1,393,817)	–	–	(14,278,391)
Net carrying amount	7,983,285	31,942,538	1,192,420	1,642,740	1,404	400,149	43,162,536

16. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2023, certain of the Group's vessels and containers with a net carrying amount of RMB20,065,989,000 (2022: RMB18,611,895,000) were pledged to secure general banking facilities granted to the Group (note 35).

During the year ended 31 December 2023, indicators of impairment for certain containers, and machinery, motor vehicles and office equipment were identified. Therefore, the Group estimated the recoverable amount based on value in use. The discount rate used in measuring value in use was 5.9% (2022: 4%). As a result, impairment losses of RMB310,191,000 (2022: RMB236,828,000) and Nil (2022: RMB14,813,000) have been recognised in profit or loss to reduce the carrying amounts of certain containers and machinery, motor vehicles and office equipment to their recoverable amounts, respectively.

The following table illustrates the movements of the assets held under operating leases:

	Vessels RMB'000	Containers RMB'000	Total RMB'000
At 1 January 2023:			
Cost	8,531,875	43,608,852	52,140,727
Accumulated depreciation and impairment	(548,590)	(11,666,515)	(12,215,105)
Net carrying amount	7,983,285	31,942,337	39,925,622
At 1 January 2023, net of accumulated depreciation and impairment	7,983,285	31,942,337	39,925,622
Additions	–	5,146,569	5,146,569
Disposals	–	(2,156,357)	(2,156,357)
Depreciation provided during the year	(312,013)	(1,805,680)	(2,117,693)
Impairment recognised during the year	–	(310,191)	(310,191)
Transfers from construction in progress	484,638	–	484,638
Exchange realignment	125,807	637,783	763,590
At 31 December 2023, net of accumulated depreciation and impairment	8,281,717	33,454,461	41,736,178
At 31 December 2023:			
Cost	9,152,958	46,645,077	55,798,035
Accumulated depreciation and impairment	(871,241)	(13,190,616)	(14,061,857)
Net carrying amount	8,281,717	33,454,461	41,736,178

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The following table illustrates the movements of the assets held under operating leases: (continued)

	Vessels RMB'000	Containers RMB'000	Total RMB'000
At 1 January 2022:			
Cost	6,596,947	37,495,248	44,092,195
Accumulated depreciation and impairment	(262,067)	(9,241,413)	(9,503,480)
Net carrying amount	6,334,880	28,253,835	34,588,715
At 1 January 2022, net of accumulated depreciation and impairment	6,334,880	28,253,835	34,588,715
Additions	13,717	5,536,692	5,550,409
Disposals	(13,717)	(2,706,025)	(2,719,742)
Depreciation provided during the year	(253,427)	(1,725,516)	(1,978,943)
Impairment recognised during the year	–	(236,828)	(236,828)
Transfers from construction in progress	1,291,037	90,190	1,381,227
Exchange realignment	610,795	2,729,989	3,340,784
At 31 December 2022, net of accumulated depreciation and impairment	7,983,285	31,942,337	39,925,622
At 31 December 2022:			
Cost	8,531,875	43,608,852	52,140,727
Accumulated depreciation and impairment	(548,590)	(11,666,515)	(12,215,105)
Net carrying amount	7,983,285	31,942,337	39,925,622

17. INVESTMENT PROPERTIES

	2023 RMB'000	2022 RMB'000
At 1 January:		
Cost	**160,236**	146,687
Accumulated depreciation and impairment	**(56,707)**	(51,349)
Net carrying amount	**103,529**	95,338
At 1 January, net of accumulated depreciation and impairment	**103,529**	95,338
Depreciation	**(622)**	(593)
Exchange realignment	**1,754**	8,784
At 31 December, net of accumulated depreciation and impairment	**104,661**	103,529
At 31 December:		
Cost	**162,953**	160,236
Accumulated depreciation and impairment	**(58,292)**	(56,707)
Net carrying amount	**104,661**	103,529

The Group's investment properties consist of 19 (2022: 19) office properties in Hong Kong.

The investment properties are leased under operating leases, further summary details of which are included in note 45.

17. INVESTMENT PROPERTIES (continued)

FAIR VALUE HIERARCHY

The investment properties were valued based on a valuation performed by an independent professionally qualified valuer at RMB304,045,000 (2022: RMB304,579,000). The fair value of the investment properties is estimated by an independent professional property valuer. The valuations are derived using direct comparison method. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted.

The following tables illustrate the fair value measurement hierarchy of the Group's investment properties:

31 December 2023

	Fair value measurement categorised into
	Level 2
	RMB'000
Office units	**304,045**

31 December 2022

	Fair value measurement categorised into
	Level 2
	RMB'000
Office units	304,579

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022: Nil).

18. RIGHT-OF-USE ASSETS

	Prepaid land lease payments RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Total RMB'000
At 1 January 2023:				
Cost	667,799	204,412	762	872,973
Accumulated depreciation	(132,895)	(126,441)	(431)	(259,767)
Net carrying amount	534,904	77,971	331	613,206
At 1 January 2023, net of accumulated depreciation	534,904	77,971	331	613,206
Additions	–	252,433	–	252,433
Depreciation	(14,358)	(81,996)	(65)	(96,419)
Reclassified as held for sale	–	(1,521)	–	(1,521)
Exchange realignment	–	688	–	688
At 31 December 2023, net of accumulated depreciation	520,546	247,575	266	768,387
At 31 December 2023:				
Cost	667,799	343,584	448	1,011,831
Accumulated depreciation	(147,253)	(96,009)	(182)	(243,444)
Net carrying amount	520,546	247,575	266	768,387

18. RIGHT-OF-USE ASSETS (continued)

	Prepaid land lease payments RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Total RMB'000
At 1 January 2022:				
Cost	523,725	305,878	1,467	831,070
Accumulated depreciation	(111,901)	(187,870)	(833)	(300,604)
Net carrying amount	411,824	118,008	634	530,466
At 1 January 2022, net of accumulated depreciation	411,824	118,008	634	530,466
Additions	137,438	23,652	–	161,090
Termination of leases	–	(12,656)	–	(12,656)
Depreciation	(14,358)	(54,425)	(303)	(69,086)
Exchange realignment	–	3,392	–	3,392
At 31 December 2022, net of accumulated depreciation	534,904	77,971	331	613,206
At 31 December 2022:				
Cost	667,799	204,412	762	872,973
Accumulated depreciation	(132,895)	(126,441)	(431)	(259,767)
Net carrying amount	534,904	77,971	331	613,206

19. INTANGIBLE ASSETS

	Computer software RMB'000	Patent RMB'000	Total RMB'000
At 1 January 2023:			
Cost	307,659	–	307,659
Accumulated amortisation	(190,782)	–	(190,782)
Net carrying amount	116,877	–	116,877
At 1 January 2023, net of accumulated amortisation	116,877	–	116,877
Additions	43,703	2,358	46,061
Disposals	(18,763)	–	(18,763)
Amortisation	(25,515)	(98)	(25,613)
Reclassified as held for sale	(898)	–	(898)
Exchange realignment	583	–	583
At 31 December 2023, net of accumulated amortisation	115,987	2,260	118,247
At 31 December 2023:			
Cost	332,898	2,358	335,256
Accumulated amortisation	(216,911)	(98)	(217,009)
Net carrying amount	115,987	2,260	118,247

19. INTANGIBLE ASSETS (continued)

	Computer software RMB'000
At 1 January 2022:	
Cost	369,810
Accumulated amortisation	(188,247)
Net carrying amount	181,563
At 1 January 2022, net of accumulated amortisation	181,563
Additions	86,691
Disposals	(137,612)
Amortisation	(15,547)
Exchange realignment	1,782
At 31 December 2022, net of accumulated amortisation	116,877
At 31 December 2022:	
Cost	307,659
Accumulated amortisation	(190,782)
Net carrying amount	116,877

20. INVESTMENTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Share of net assets	**133,235**	93,813

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of profit/(loss)	**32,656**	(90,875)
Share of other comprehensive income	**456**	–
Share of total comprehensive income/(expense)	**33,112**	(90,875)

	2023 RMB'000	2022 RMB'000
Aggregate carrying amount of investments	**133,235**	93,813

21. INVESTMENTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Share of net assets	**25,515,553**	24,255,215
Goodwill on acquisition	**214,393**	214,393
Impairment	**(61,765)**	(61,765)
Total	**25,668,181**	24,407,843

21. INVESTMENTS IN ASSOCIATES (continued)

As of 31 December 2023 and 2022, particulars of the material associates are as follows:

Name	Particulars of issued shares held	Place of registration	Percentage of ownership	Principal activities
China Bohai Bank Co., Ltd. ("**CBB**")	Ordinary shares RMB1 each	PRC	11.12%	Banking
China Everbright Bank Co., Ltd. ("**CEB**")	Ordinary shares RMB1 each	PRC	1.23% (2022:1.34%)	Banking
Bank of Kunlun Co., Ltd. ("**BOK**")	Ordinary shares RMB1 each	PRC	3.74%	Banking
COSCO Shipping Finance	Registered capital RMB1 each	PRC	13.38%	Banking
Powchan Financial Group Co., Ltd. ("**Powchan Financial**")	Registered capital RMB1 each	PRC	40.81%	Leasing

As at 31 December 2023, the Group has less than 20% of equity interests in CBB, CEB, BOK and COSCO Shipping Finance, (2022: CBB, CEB, BOK and COSCO Shipping Finance), and with the Group's holding seats in the boards of these companies and participation in the financial and operating activities of these companies, the Group could exercise significant influence over these companies. Accordingly, these companies are accounted for as associates of the Group.

21. INVESTMENTS IN ASSOCIATES (continued)

The following tables illustrate the summarised financial information in respect of each of the Group's material associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	CBB		CEB		BOK		COSCO SHIPPING Finance		Powchan Financial	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Current assets	**318,027,267**	271,874,383	**1,052,004,000**	945,040,000	**234,146,171**	123,822,435	**137,189,003**	157,752,669	**38,083,392**	32,061,880
Non-current assets	**1,414,706,569**	1,387,585,519	**5,720,792,000**	5,355,470,000	**196,274,050**	263,499,848	**67,341,891**	78,940,503	**26,385,804**	31,611,830
Total liabilities	**(1,618,331,135)**	(1,549,508,868)	**(6,218,011,000)**	(5,790,497,000)	**(391,545,521)**	(350,161,953)	**(180,504,196)**	(213,875,975)	**(54,634,454)**	(54,195,914)
Net assets	**114,402,701**	109,951,034	**554,785,000**	510,013,000	**38,874,700**	37,160,330	**24,026,698**	22,817,197	**9,834,742**	9,477,796
Other equity instruments – perpetual debts	**(19,961,604)**	(19,961,604)	**(39,993,000)**	(39,993,000)	**–**	–	**–**	–	**–**	–
Other equity instruments – preference shares	**–**	–	**(64,906,000)**	(69,069,000)	**–**	–	**–**	–	**–**	–
Non-controlling interests	**–**	–	**(2,394,000)**	(2,130,000)	**(107,865)**	(110,410)	**–**	–	**–**	–
Net assets attributable to the owners of the Company	**94,441,097**	89,989,430	**447,492,000**	398,821,000	**38,766,835**	37,049,920	**24,026,698**	22,817,197	**9,834,742**	9,477,796
Proportion of the ownership	**11.12%**	11.12%	**1.23%**	1.34%	**3.74%**	3.74%	**13.38%**	13.38%	**40.81%**	40.81%
Share of net assets	**10,471,550**	9,976,479	**5,438,467**	5,295,176	**1,449,880**	1,385,667	**3,215,734**	3,053,854	**4,013,607**	3,867,936
Goodwill on acquisition	**–**	–	**–**	–	**159,186**	159,186	**42,729**	42,729	**–**	–
Impairment	**–**	–	**–**	–	**(61,765)**	(61,765)	**–**	–	**–**	–
Carrying amounts of the investments	**10,471,550**	9,976,479	**5,438,467**	5,295,176	**1,547,301**	1,483,088	**3,258,463**	3,096,583	**4,013,607**	3,867,936

21. INVESTMENTS IN ASSOCIATES (continued)

The following tables illustrate the summarised financial information in respect of each of the Group's material associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements: (continued)

	CBB		CEB		BOK		COSCO SHIPPING Finance		Powchan Financial	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**65,482,560**	65,208,318	**278,967,000**	272,305,000	**16,084,810**	14,462,280	**5,349,811**	3,587,358	**3,880,412**	4,059,565
Attributable to the owners of the Company:										
Profit for the year	**5,080,903**	6,107,475	**41,076,000**	45,040,000	**2,531,649**	2,764,708	**1,213,680**	526,887	**802,246**	850,185
Other comprehensive (expense)/ income for the year	**320,764**	(225,224)	**2,836,000**	(3,740,000)	**302,634**	(37,747)	**(4,364)**	(212)	**–**	–
Total comprehensive income for the year	**5,401,667**	5,882,251	**43,912,000**	41,300,000	**2,834,283**	2,726,961	**1,209,316**	526,675	**802,246**	850,185
Dividends received from associates during the year	**–**	171,852	**137,560**	145,524	**41,922**	38,076	**–**	–	**181,973**	111,514

21. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Aggregate carrying amount of investments	**938,793**	688,581

	2023 RMB'000	2022 RMB'000
Share of profit/(loss)	**42,080**	(88,362)
Share of other comprehensive income/(expense)	**1,387**	(855)
Share of total comprehensive income/(expense)	**43,467**	(89,217)

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Listed equity investments (a)	**965,273**	1,365,146
Unlisted equity investments (b)	**1,996,721**	2,126,994
	2,961,994	3,492,140
Current portion	**(661,647)**	(639,606)
Non-current portion	**2,300,347**	2,852,534

(a) The listed equity securities represent stocks listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange.

(b) The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. The Group did not have significant influence on these invested entities.

23. FINANCE LEASE RECEIVABLES

The total future lease payment receivables under finance leases and their present values were as follows:

	2023 RMB'000	2022 RMB'000
Within one year	4,471,638	4,810,836
After one year but within two years	3,948,264	4,789,493
After two years but within three years	4,007,010	3,967,018
After three years but within four years	3,119,063	4,098,006
After four years but within five years	3,465,021	3,026,105
After five years	23,275,438	25,490,921
Total minimum finance lease receivables	42,286,434	46,182,379
Unearned finance income	(9,557,139)	(10,737,559)
Total present value of minimum finance lease receivables	32,729,295	35,444,820
Impairment	(1,367,353)	(1,162,876)
	31,361,942	34,281,944
Current portion	(2,870,565)	(3,170,009)
Non-current portion	28,491,377	31,111,935

	2023 RMB'000	2022 RMB'000
Within one year	3,013,858	3,206,471
After one year but within two years	2,651,354	3,369,812
After two years but within three years	2,882,133	2,711,726
After three years but within four years	2,105,902	3,011,449
After four years but within five years	2,585,740	2,087,461
After five years	19,490,308	21,057,901
Total present value of minimum finance lease receivables	32,729,295	35,444,820

At 31 December 2023, certain of the Group's finance lease receivables with a net carrying amount of RMB8,286,209,000 (2022: RMB12,969,610,000) were pledged to secure general banking facilities granted to the Group (note 35).

Further qualitative and quantitative information regarding credit risk and ECLs of finance lease receivables is disclosed in note 50.

24. FACTORING RECEIVABLES

	2023 RMB'000	2022 RMB'000
Factoring receivables	23,947	445,040
Impairment	(7,142)	(99,480)
Net carrying amount	16,805	345,560
Current portion	(16,805)	(329,380)
Non-current portion	–	16,180

Further qualitative and quantitative information regarding credit risk and ECLs of factoring receivables is disclosed in note 50.

25. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent interest rate swap agreements and foreign exchange forward contracts designated as hedging instruments as follows:

ASSETS

	2023 RMB'000	2022 RMB'000
Interest rate swaps	35,609	45,553
Foreign exchange forward contracts	30,998	–
	66,607	45,553
Current portion	(30,998)	–
Non-current portion	35,609	45,553

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

ASSETS (continued)

Cash flow hedge – Interest rate risk

At 31 December 2023, the Group had interest rate swap agreements in place with a total notional amount of US$56,805,000 (2022: US$66,665,000) whereby they receive interest at variable rates equal to the 3-month Secured Overnight Financing Rate ("**SOFR**") (2022: interest at variable rates equal to the 3-month London Interbank Offered Rate) on the notional amounts and pay interest at fixed rates of 1.21% to 2.93% (2022: 1.21% to 2.93%). The swaps are used to hedge the exposure to changes in the cash flows of its secured loans with variable rates.

Cash flow hedge – Foreign currency risk

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in US dollars ('USD') and forecast purchases in RMB. At 31 December 2023, the Group had foreign exchange forward contracts in place with a notional amount of USD200,000,000 (2022: Nil) whereby the Group receives a fixed exchange rate (expressed as the amount of RMB per one USD) of 7.18950 to 7.23650 (2022: Nil). The foreign exchange forward contracts are used to hedge the exposure to changes in the cash flows of its trade receivables with floating exchange rates.

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

ASSETS (continued)

Cash flow hedge – Interest rate risk and foreign currency risk

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward and swap contracts match the terms of the expected highly probable forecast transactions and the secured bank loan (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the foreign exchange forward and swap contracts are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

The Group holds the following hedging instruments:

	Less than 1 year RMB'000	**1 to 2 years RMB'000**	**2 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
As at 31 December 2023					
Interest rate swaps	**69,837**	**138,960**	**193,534**	**–**	**402,331**
Foreign exchange forward contracts	**1,444,025**	**–**	**–**	**–**	**1,444,025**

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2022					
Interest rate swaps	68,672	68,672	136,643	190,308	464,295

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

ASSETS (continued)

Cash flow hedge – Interest rate risk and foreign currency risk (continued)

The movements of cash flow hedge reserve are as follows:

	Interest rate swaps RMB'000	Foreign exchange forward contracts RMB'000	Total RMB'000
As at 1 January 2022	(6,159)	–	(6,159)
Hedging gain recognised in other comprehensive income	48,392	–	48,392
Reclassification adjustments for gains included in the consolidated statement of profit or loss	1,319	–	1,319
As at 31 December 2022 and 1 January 2023	43,552	–	43,552
Hedging (loss)/gain recognised in other comprehensive income	(10,666)	30,850	20,184
Reclassification adjustments for gains included in the consolidated statement of profit or loss	722	148	870
As at 31 December 2023	**33,608**	**30,998**	**64,606**

There is no hedge ineffectiveness recognised in profit or loss. Consequently, the change in fair value used for measuring ineffectiveness of the hedging instruments for the year ended 31 December 2023 is the same with that of the hedged items, equalling the amount of the hedging gain or loss recognised in other comprehensive income above.

26. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

DEFERRED TAX ASSETS

	Impairment RMB'000	Changes in fair value of financial assets at fair value RMB'000	Lease liabilities RMB'000	Depreciation RMB'000	Accruals RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	27,175	4,986	–	831	83,150	483,839	599,981
Effect of adoption of amendments to HKAS 12	–	–	6,088	–	–	–	6,088
At 1 January 2023 (restated)	27,175	4,986	6,088	831	83,150	483,839	606,069
Credited/(charged) to profit or loss	142,177	(4,986)	49,003	498	5,760	(40,535)	151,917
Exchange realignment	16	–	19	16	78	–	129
Gross deferred tax assets at 31 December 2023	169,368	–	55,110	1,345	88,988	443,304	758,115

	Impairment RMB'000	Changes in fair value of financial assets at fair value RMB'000	Lease liabilities RMB'000	Depreciation RMB'000	Accruals RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2022	25,389	11,404	–	601	3,760	194,555	235,709
Effect of adoption of amendments to HKAS 12	–	–	18,345	–	–	–	18,345
At 1 January 2022 (restated)	25,389	11,404	18,345	601	3,760	194,555	254,054
Credited/(charged) to profit or loss	1,641	(6,418)	(12,257)	159	79,045	289,284	351,454
Exchange realignment	145	–	–	71	345	–	561
Gross deferred tax assets at 31 December 2022 (restated)	27,175	4,986	6,088	831	83,150	483,839	606,069

26. DEFERRED TAX (continued)

The movements in deferred tax liabilities and assets during the year are as follows: (continued)

DEFERRED TAX LIABILITIES

	Withholding tax RMB'000	Changes in fair value of financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2023	484,583	–	–	3,577	488,160
Effect of adoption of amendments to HKAS 12	–	–	7,768	–	7,768
At 1 January 2023 (restated)	484,583	–	7,768	3,577	495,928
(Credited)/charged to profit or loss	(47,102)	13,164	48,075	3,581	17,718
Exchange realignment	–	–	19	71	90
Gross deferred tax liabilities at 31 December 2023	437,481	13,164	55,862	7,229	513,736

	Withholding tax RMB'000	Right-of-use assets RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2022	231,285	–	2,447	233,732
Effect of adoption of amendments to HKAS 12	–	20,724	–	20,724
At 1 January 2022 (restated)	231,285	20,724	2,447	254,456
Charged/(credited) to profit or loss	283,976	(12,956)	920	271,940
Transfer to tax payable	(32,052)	–	–	(32,052)
Exchange realignment	1,374	–	210	1,584
Gross deferred tax liabilities at 31 December 2022 (restated)	484,583	7,768	3,577	495,928

26. DEFERRED TAX (continued)

DEFERRED TAX LIABILITIES (continued)

Certain of the Group's overseas subsidiaries are therefore liable for withholding taxes on dividends distributed by certain associates established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

For presentation purpose, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023	2022
	RMB'000	RMB'000
		(Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	**261,900**	116,142
Net deferred tax liabilities recognised in the consolidated statement of financial position	**17,521**	6,001

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis. As at 31 December 2023, deferred tax assets and deferred tax liabilities amounted to RMB496,215,000 (2022: RMB489,927,000 (restated)) were offset.

Deferred tax assets have not been recognised in respect of the following items:

	2023	2022
	RMB'000	RMB'000
Tax losses	**4,262,997**	4,035,341
Deductible temporary differences	**2,283,793**	2,907,577
Total	**6,546,790**	6,942,918

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences arising in Mainland China and Hong Kong, China as it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unused tax losses of RM6,034,915,000 (2022: RMB5,970,695,000) available for offset against future profits. Included in unused tax losses are losses of RMB3,775,744,000 (2022: RMB5,099,193,000) that will be expired within next five years. The remaining tax losses of RMB2,232,462,000 (2022: RMB871,502,000) may be carried forward indefinitely.

27. INVENTORIES

	2023 RMB'000	2022 RMB'000
Raw materials	1,175,821	1,921,667
Finished goods	1,064,952	2,485,111
Provision for write-down of inventories	(43,223)	(356,899)
Total	2,197,550	4,049,879

28. TRADE AND NOTES RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	1,850,332	596,383
Notes receivable	6,270	14,285
Impairment	(78,307)	(54,523)
Net carrying amount	1,778,295	556,145

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, which are internationally dispersed.

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023 RMB'000	2022 RMB'000
Within 3 months	1,769,504	532,896
3 to 6 months	5,818	11,621
6 to 12 months	2,268	11,340
Over 1 year	705	288
Total	1,778,295	556,145

Further qualitative and quantitative information regarding credit risk and ECLs of trade receivables is disclosed in note 50.

29. PREPAYMENTS AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Prepayments	**1,331,784**	124,264
Other receivables	**113,811**	180,936
Prepaid value-added tax	**420,955**	227,968
Impairment	**(4,429)**	(5,196)
Total	**1,862,121**	527,972

30. RESTRICTED AND PLEDGED DEPOSITS

	2023 RMB'000	2022 RMB'000
Pledged deposits for bank and other borrowings	**306**	24
Pledged deposits for corporate bonds	**2,647**	5,316
Restricted insurance premium received	**–**	115,091
Other restricted and pledged deposits	**197**	12
	3,150	120,443
Current	**(3,150)**	(120,443)
Non-current	**–**	–

31. CASH AND CASH EQUIVALENTS

	2023 RMB'000	2022 RMB'000
Cash and bank balances	**13,023,417**	15,440,560

At the end of the reporting period, the cash and bank balances of the Group are denominated in RMB and foreign currencies as follows:

	2023 RMB'000	2022 RMB'000
RMB	**8,290,948**	8,983,726
United States Dollar ("**USD**")	**4,570,028**	6,323,157
European Dollar ("**EURO**")	**14,007**	13,883
Hong Kong Dollar ("**HKD**")	**101,031**	80,983
British Pound ("**GBP**")	**47,289**	38,654
Singapore Dollar ("**SGD**")	**114**	157
Total	**13,023,417**	15,440,560

31. CASH AND CASH EQUIVALENTS (continued)

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and restricted and pledged deposits are deposited with creditworthy banks with no recent history of default.

32. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at end of the reporting period, based on the invoice date, is as follows:

	2023	2022
	RMB'000	RMB'000
Within 3 months	**2,515,129**	2,418,433
3 to 6 months	**33,388**	43,554
6 to 12 months	**5,110**	6,212
Over 1 year	**49,768**	11,435
Total	**2,603,395**	2,479,634

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

33. OTHER PAYABLES AND ACCRUALS

	2023	2022
	RMB'000	RMB'000
Receipt in advance	**418,206**	510,902
Payables for purchase of property, plant and equipment	**56,941**	–
Other payables	**1,620,994**	1,768,970
Indirect tax payables	**85,283**	67,802
Interest payables	**696,837**	620,643
Total	**2,878,261**	2,968,317

Other payables are non-interest-bearing and have an average term of three months.

34. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Sales of containers	63,047	246,736
Insurance business	–	57,326
Total	63,047	304,062

Contract liabilities of RMB63,047,000 as at 31 December 2023 (2022: RMB304,062,000) are short-term advances from customers. During the year ended 31 December 2023, contract liabilities of RMB304,062,000 (2022: RMB1,313,492,000) at the beginning of the year were recognised as revenue.

35. BANK AND OTHER BORROWINGS

	2023		
	Effective interest rate (%)	Maturity	Total RMB'000
Current			
Bank loans – secured	1.83-7.01	2024	3,041,351
Bank loans – unsecured	2.20-6.61	2024	24,273,433
Borrowings from related parties – unsecured	2.20-6.25	2024	4,907,208
Subtotal			32,221,992
Non-current			
Bank loans – secured	1.83-7.01	2025-2032	18,191,081
Bank loans – unsecured	2.30-6.61	2025-2036	27,736,416
Borrowings from related parties – unsecured	2.40-6.25	2025-2026	3,701,562
Subtotal			49,629,059
Total			81,851,051

35. BANK AND OTHER BORROWINGS (continued)

	2022		
	Effective interest rate (%)	Maturity	Total RMB'000
Current			
Bank loans – secured	1.83-6.66	2023	3,681,349
Bank loans – unsecured	1.46-6.14	2023	29,240,320
Borrowings from related parties – unsecured	2.30-5.74	2023	3,003,696
Subtotal			35,925,365
Non-current			
Bank loans – secured	1.83-6.46	2024 – 2031	18,031,636
Bank loans – unsecured	2.15-6.14	2024 – 2036	24,598,360
Borrowings from related parties – unsecured	2.50-5.74	2024 – 2025	5,889,719
Subtotal			48,519,715
Total			84,445,080

Maturity profile of bank and other borrowings is as follows:

	2023 RMB'000	2022 RMB'000
Within one year or on demand	**32,221,992**	35,925,365
In the second year	**17,410,062**	19,056,186
In the third to fifth year, inclusive	**26,540,123**	21,828,523
Beyond five years	**5,678,874**	7,635,006
Total	**81,851,051**	84,445,080

Except for bank loans of RMB60,668,551,000 (2022: RMB63,287,926,000) which are denominated in USD, all borrowings are dominated in RMB.

The Group's secured bank loans disclosed above are secured by restricted and pledged deposits (note 30), certain property, plant and equipment (note 16) and finance lease receivables (note 23).

As at 31 December 2023, bank loans of RMB14,537,909,000 (2022: RMB22,195,785,000) and RMB67,313,142,000 (2022: RMB62,249,295,000) carried fixed interest rates and variable interest rates respectively.

36. CORPORATE BONDS

	2023 RMB'000	2022 RMB'000
Bond payables	**8,000,000**	8,000,000
Current portion	**–**	–
Non-current portion (Note)	**8,000,000**	8,000,000

Note:

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 10,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,000,000,000 on 5 November 2020. The bond has a life of ten years from the date of issuance and bears interest at a rate of 4.46% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 13,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,300,000,000 on 25 March 2021. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.99% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 20,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB2,000,000,000 on 8 July 2021. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.76% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 7,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB700,000,000 on 14 October 2021. The bond has a life of ten years from the date of issuance and bears interest at a rate of 4.30% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 15,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,500,000,000 on 7 March 2022. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.50% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 15,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,500,000,000 on 18 May 2022. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.38% per annum with repayment on maturity.

36. CORPORATE BONDS (continued)

The effective interest rates of corporate bonds are as follows:

	2023		
	Effective interest rate (%)	**Maturity**	**Total RMB'000**
Non-current			
Corporate bond	**3.38-4.46**	**2026-2031**	**8,000,000**
Total			**8,000,000**

	2022		
	Effective interest rate (%)	Maturity	Total RMB'000
Non-current			
Corporate bond	3.38-4.46	2026-2031	8,000,000
Total			8,000,000

Maturity profile of corporate bonds is as follows:

	2023 RMB'000	2022 RMB'000
Within one year or on demand	**–**	–
In the second year	**–**	–
In the third to fifth year, inclusive	**6,300,000**	6,300,000
Beyond five years	**1,700,000**	1,700,000
Total	**8,000,000**	8,000,000

37. LEASE LIABILITIES

	2023 RMB'000	2022 RMB'000
At beginning of year	75,458	113,692
New leases	252,433	23,652
Payments	(59,423)	(55,995)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(13,900)
Accretion of interest during the year	6,679	3,889
Exchange realignment	838	4,120
At end of year	275,985	75,458
Current portion	(106,660)	(39,089)
Non-current portion	169,325	36,369

Maturity profile of lease liabilities is as follows:

	2023 RMB'000	2022 RMB'000
Within one year	112,771	40,965
In the second year	64,796	30,597
In the third to fifth year,inclusive	111,232	6,634
Total undiscounted lease liabilities	288,799	78,196
Unearned finance expense	(12,814)	(2,738)
Total present value of lease liabilities	275,985	75,458
Current portion	(106,660)	(39,089)
Non-current portion	169,325	36,369

38. GOVERNMENT GRANTS

	2023	2022
	RMB'000	RMB'000
At beginning of year	**63,710**	22,113
Addition	**29,384**	45,590
Released to profit or loss	**(9,715)**	(3,993)
At end of year	**83,379**	63,710

Government grants were provided by local government for the purposes of providing support for the production cycle development and research activities and deferred to recognise as income over the useful lives of the relevant assets. There are no unfulfilled conditions and other contingencies attached to the government grants.

39. SHARE CAPITAL AND TREASURY SHARES

	2023	2022
	RMB'000	RMB'000
Balances at 31 December 2023 and 2022		
H shares	**3,676,000**	3,676,000
A shares	**9,899,939**	9,910,477
Total	**13,575,939**	13,586,477

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders should be PRC investors, designated investors or foreign investors, H shares and A shares rank pari passu in all respects with each other.

39. SHARE CAPITAL AND TREASURY SHARES (continued)

A summary of movements in the Company's share capital and treasury shares is as follows:

	Number of shares in issue '000	Share capital RMB'000	Treasury shares RMB'000
At 1 January 2022	13,586,477	13,586,477	(233,428)
Exercise of share options (note a)	–	–	60,273
At 31 December 2022 and 1 January 2023	13,586,477	13,586,477	(173,155)
Cancellation of treasury shares (note b)	(13,177)	(13,177)	38,630
Exercise of share options (note c)	2,639	2,639	50,319
At 31 December 2023	**13,575,939**	**13,575,939**	**(84,206)**

(a) During the year ended 31 December 2022, the exercise of share options has resulted in a decrease in reserve of treasury shares by RMB60,273,000.

(b) The group announced on 31 January 2023 to cancel 13,177,000 shares resulted in a decrease in reserve of treasury shares by RMB38,630,000, after the cancellation, the total share capital of the Company changed from 13,586,477,000 shares to 13,573,300,000 shares.

(c) Shares are issued upon exercise of share options under share option scheme on 9 June 2023. Share options were exercised to subscribe for 19,804,000 shares of the Company. There were two batches of share options being exercised at a consideration of RMB43,430,000. The first batch of stock options granted on 30 March 2020 was exercised to subscribe for 17,165,000 shares of the Company, resulted in a decrease in reserve of treasury shares by RMB50,319,000. The second batch of stock options granted on 6 May 2021 was exercised to subscribe for 2,639,000 shares of the Company in which RMB2,639,000 was credited to share capital. Further details are disclosed in note 40.

40. SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under the Scheme, share options were granted on 30 March 2020 and on 6 May 2021 respectively. Eligible participants of the Scheme include directors and senior management of the Company and core management and business personnel of the Group. On 30 March 2020, 11,142,500 and 67,078,211 share options were granted to the Company's directors and senior management and the Group's other employees, respectively. On 6 May 2021, 8,847,445 options were granted to other employees. Unless otherwise cancelled or amended, share options under each grant have a validity period of ten years commencing from the date of grant.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or to senior management of the Company, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of two years and ends on a date which is not later than seven years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the average trading price of the A Shares on the last trading day immediately preceding the date of announcement of the Scheme; (ii) the average trading price of the A Shares for the twenty trading days immediately preceding the date of the announcement of the Scheme; and (iii) the par value of the A Shares.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

40. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

	2023 Weighted average exercise price RMB per share	**2023** Number of options '000	2022 Weighted average exercise price RMB per share	2022 Number of options '000
At 1 January	**2.419**	**57,121**	2.52	87,068
Forfeited during the year	**2.193**	**(7,868)**	2.419	(9,387)
Exercised during the year	**2.193**	**(19,804)**	2.419	(20,560)
At 31 December	**2.193**	**29,449**	2.419	57,121

The exercise prices and exercise periods of the share options outstanding under the Scheme as at the end of the reporting period are as follows:

2023 Number of options '000	2022 Number of options '000	**Exercise price* RMB per share**	**Exercise period**
–	2,384	2.193**	1 April 2022 to 30 March 2023
3,270	22,945	2.193**	1 April 2023 to 30 March 2024
20,436	22,945	2.193**	1 April 2024 to 30 March 2027
155	2,949	2.193**	7 May 2023 to 6 May 2024
2,794	2,949	2.193**	7 May 2024 to 6 May 2025
2,794	2,949	2.193**	7 May 2025 to 6 May 2028
29,449	57,121		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** A board resolution was passed on 22 May 2023, the exercise price was adjusted from RMB2.419 to RMB2.193 per share as a result of implementation of 2019 and 2020 profit distribution plans of the Company, pursuant to the share option incentive scheme.

The Group recognised a share option expense of RMB3,327,000 (2022: RMB10,872,000) during the year ended 31 December 2023.

40. SHARE OPTION SCHEME (continued)

The share option holders exercised the first batch of stock options granted on 30 March 2020 at an exercise price of RMB2.193. A total of 17,165,000 options were exercised, and the total proceeds from exercise of share options for the current year was RMB37,643,000. The exercise of share options has resulted in decreases in reserves of treasury shares, share premium and share option reserve of RMB50,319,000 (2022: RMB60,273,000), RMB4,460,000 (2022: RMB4,311,000) and RMB8,216,000 (2022: RMB6,225,000) respectively.

The share option holders exercised the second batch of stock options granted on 6 May 2021 at an exercise price of RMB2.193. A total of 2,639,000 options were exercised, and the total proceeds from exercise of share options for the current year was RMB5,787,000. The exercise of share options has resulted in increases in share capital and reserve of share premium of RMB2,639,000 (2022: Nil) and RMB3,202,000(2022: Nil) respectively and a decrease in reserve of share option reserve of RMB54,000 (2022: Nil).

In respect of the share options exercised during the year ended 31 December 2023, the weighted average share price at the dates of exercise is RMB2.54 (2022: RMB3.14).

41. OTHER RESERVES

	2023 **RMB'000**	2022 RMB'000 (Restated)
Special reserves	**–**	–
Other reserves	**471,624**	661,858
Retained profits	**17,413,506**	17,221,593
Other comprehensive losses	**(2,093,185)**	(2,404,146)
Total	**15,791,945**	15,479,305

SPECIAL RESERVES

According to "Circular on Printing and Distributing the Administrative Measures for the Withdrawal and Use of Expenses for Safety Production of Enterprises" issued by the Ministry of Finance and the Ministry of Emergency Management on 21 November 2022, the Group started to accrue the Expenses for Safety Production from 21 November 2022 according to the revenue from the Company and its subsidiaries in the PRC and the standard rate stated in the Circular to improve the production safety.

42. OTHER EQUITY INSTRUMENTS

During the year ended 31 December 2019, the Company issued perpetual debt (the "**2019 renewable corporate bonds**") of RMB5,000,000,000 with no fixed maturity date in four batches. In addition, the payment of interest can be indefinitely deferred at the Company's option. During the year ended 31 December 2022, the Company had repaid the 2019 renewable corporate bonds.

Therefore, the 2019 renewable corporate bonds were classified as equity instruments as they did not include any contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that were potentially unfavourable to the issuer.

43. DISPOSAL OF A SUBSIDIARY

On 9 November 2022, the Company transferred its 100% equity interests in Shanghai Haining Insurance Broker Co., Ltd ("**Shanghai Haining Insurance**") to China National Offshore Oil Corporation for a cash consideration of RMB55,677,000. The disposal was completed on 9 November 2022, on which date control of Shanghai Haining Insurance passed to the acquirer. The details in relation to the disposal of Shanghai Haining Insurance are as follows:

	Date of disposal RMB'000
Property, plant and equipment	**20**
Prepayments and other receivables	**159**
Cash and cash equivalents	**18,001**
Total assets	**18,180**
Other payables and accruals	**10**
Tax payable	**289**
Total liabilities	**299**
Net assets disposed of	**17,881**
Gain on disposal of a subsidiary (Note 7)	**37,796**
Total consideration	**55,677**
Satisfied by:	
Cash	**55,677**

43. DISPOSAL OF A SUBSIDIARY (continued)

An analysis of the net cash inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	Date of disposal RMB'000
Cash and cash equivalents disposed of	**(18,001)**
Cash received	**55,677**
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**37,676**

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB252,433,000 (2022: RMB23,652,000).

During the year ended 31 December 2023, at commencement of finance leasing agreement, the Group had non-cash additions to finance lease receivables of RMB1,368,249,000 (2022: RMB2,520,172,000) which is the same amount of property, plant and equipment transferred, in which the Group acts as the lessor.

During the year ended 31 December 2023, the Group had non-cash additions to inventories by transfer from property, plant and equipment of RMB727,496,000 (2022: RMB466,547,000).

During the year ended 31 December 2023, the Group had non-cash additions to intangible assets by transfer from inventories of nil (2022: RMB17,256,000).

During the year ended 31 December 2023, the Group had non-cash transfer of construction in progress in property, plant and equipment of RMB12,230,000 (2022: RMB36,267,000) to intangible assets and recognised construction in progress under property, plant and equipment of RMB23,371,000 (2022: RMB4,132,000) as an expense.

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) A RECONCILIATION OF THE PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS IS AS FOLLOWS:

	Notes	**2023 RMB'000**	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		**1,345,266**	4,798,516
Profit before tax from a discontinued operation		**35,669**	29,522
Adjustments for:			
Finance costs		**3,936,878**	2,477,715
Interest expenses included in cost of sales		**228,664**	288,492
Share of (profits)/losses of joint ventures		**(32,656)**	90,875
Share of profits of associates		**(1,543,383)**	(1,715,874)
Gain on disposal of property,plant and equipment	*7*	**(23,496)**	(58,931)
Gain on derecognition of financial assets measured at amortised cost	*7*	**(12,926)**	–
Gain on disposal of financial assets at fair value through profit or loss	*7*	**(57,545)**	(2,084)
Gain on disposal of a subsidiary	*7*	**–**	(37,796)
Gain on disposal of investments in associates	*7*	**–**	(54,019)
Dividend income from financial assets at fair value through profit or loss	*7*	**(23,812)**	(64,930)
Government grants related to asset items	*6*	**(9,715)**	(3,993)
Changes in fair value of financial assets at fair value through profit or loss	*7*	**(67,517)**	996,858
Depreciation of property,plant and equipment	*16*	**2,411,474**	2,236,895
Depreciation of investment properties	*17*	**622**	593
Depreciation of right-of-use assets	*18*	**96,419**	69,086
Amortisation of intangible assets	*19*	**25,613**	15,547
Impairment of property,plant and equipment	*16*	**310,191**	251,641
Impairment of finance lease receivables		**199,498**	152,245
(Reversal of impairment)/impairment of factoring receivables		**(92,338)**	64,639
Provision for write-down of inventories to net realisable value		**33,638**	353,426
Provision for/(reversal of) impairment of trade receivables		**26,026**	(31,287)
Reversal of impairment of other receivables		**(790)**	(5,079)
Equity settled share option expense	*40*	**3,327**	10,872
Foreign exchange differences,net		**(233,666)**	(1,149,541)
		6,555,441	8,713,388
Decrease in inventories		**1,877,940**	2,947,749
(Increase)/decrease in trade and notes receivables		**(1,248,176)**	847,448
(Increase)/decrease in prepayments and other receivables		**(1,067,967)**	990,670
Increase in restricted and pledged deposits		**(36,872)**	(24,699)
Increase/(decrease) in trade and notes payables		**123,761**	(2,566,607)
(Decrease)/increase in other payables and accruals		**(317,792)**	2,512,257
Decrease in contract liabilities		**(241,015)**	(1,009,882)
Increase in government grants		**29,384**	45,590
Cash generated from operations		**5,674,704**	12,455,914
Income tax paid		**(360,344)**	(1,243,123)
Net cash flows generated from operating activities		**5,314,360**	11,212,791

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank and other borrowings RMB'000	Corporate bonds RMB'000	Lease liabilities RMB'000
At 1 January 2022:	82,229,268	8,500,000	113,692
Changes from financing cash flows	(3,155,534)	(500,000)	(55,995)
New leases	–	–	23,652
Interest expense	–	–	3,889
Lease modification	–	–	(13,900)
Foreign exchange movement	5,371,346	–	4,120
At 31 December 2022 and 1 January 2023:	84,445,080	8,000,000	75,458
Changes from financing cash flows	(3,649,540)	–	(59,423)
New leases	–	–	252,433
Interest expense	–	–	6,679
Foreign exchange movement	1,055,511	–	838
At 31 December 2023	**81,851,051**	**8,000,000**	**275,985**

(d) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	**25,435**	5,274
Within financing activities	**59,423**	55,995
Total	**84,858**	61,269

45. OPERATING LEASE ARRANGEMENTS

AS LESSOR

The Group leases its certain vessels, containers and buildings under operating lease arrangements. The details of revenue from vessel chartering and container leasing are included in note 5. Rental income from investment properties was RMB6,564,000 (2022: RMB6,134,000).

(a) Operating lease commitments

At 31 December 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023	2022
	RMB'000	RMB'000
Within one year	**4,779,947**	4,468,997
After one year but within two years	**4,410,114**	4,129,496
After two years but within three years	**3,721,819**	3,785,287
After three years but within four years	**2,987,576**	3,123,110
After four years but within five years	**2,312,681**	2,456,801
After five years	**6,154,912**	7,696,284
Total	**24,367,049**	25,659,975

AS LESSEE

The Group has various lease contracts for prepaid land lease payments, buildings and machinery, motor vehicles and office equipment used in its operation. Details of lease terms of these lease contracts are included in note 2.4. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets and lease liabilities

Detailed information regarding right-of-use assets and lease liabilities has been set out in notes 18 and 37, respectively.

45. OPERATING LEASE ARRANGEMENTS (continued)

AS LESSEE (continued)

(b) *The amounts recognised in profit or loss in relation to lessee accounting are as follows:*

	2023	2022
	RMB'000	RMB'000
Interest on lease liabilities	**6,679**	3,889
Depreciation charge of right-of-use assets	**96,419**	69,086
Expense relating to short-term leases	**25,435**	5,274

(c) *Non-cash additions to right-of-use assets and lease liabilities are disclosed in note 44(a).*

46. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

CAPITAL COMMITMENTS

	2023	2022
	RMB'000	RMB'000
Property, plant and equipment	**23,200**	471,600
Finance lease payments	**151,216**	–
Interests in an associate and joint ventures	**65,938**	64,972
Total	**240,354**	536,572

47. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

	2023	2022
	RMB'000	RMB'000
Interest income from:		
An associate	**94,660**	120,191
Fellow subsidiaries	**3,148**	2,385
Interest expenses to:		
Fellow subsidiaries	**417**	–
An associate	**328,753**	318,503
Sales of containers to:		
Fellow subsidiaries*	**143,580**	603,734
Sales of other goods to:		
Fellow subsidiaries	**–**	95
Purchase of goods from:		
Fellow subsidiaries*	**232,773**	323,039
Purchase of property, plant and equipment from:		
Fellow subsidiaries*	**435,057**	1,160,550
Rendering of services to fellow subsidiaries*:		
Vessel chartering and container leasing	**2,274,739**	2,960,797
Management fee income	**1,981**	18,868
Others	**32,686**	44,269
Receiving of services from:		
Fellow subsidiaries*	**676,233**	876,621

The related party transactions above were made according to the published prices or interest rates and conditions similar to those offered to the respective major customers.

* Certain related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

47. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) COMMITMENTS WITH RELATED PARTIES

The table below summarises the commitments with fellow subsidiaries:

As lessor

	2023	2022
	RMB'000	RMB'000
Within one year	**2,602,011**	2,308,514
After one year but within two years	**2,421,562**	2,126,813
After two years but within three years	**2,046,829**	1,987,932
After three years but within four years	**1,705,931**	1,645,512
After four years but within five years	**1,259,135**	1,357,901
After five years	**4,009,447**	4,667,864
Total	**14,044,915**	14,094,536

(c) OUTSTANDING BALANCES WITH RELATED PARTIES

		2023	2022
	Notes	**RMB'000**	RMB'000
Amounts due from:	*(i)*		
Fellow subsidiaries		**161,067**	111,352
Amounts due to:	*(ii)*		
Fellow subsidiaries		**253,175**	325,218
An associate		**–**	25,065
Loans from:			
An associate	*(iii)*	**8,608,769**	8,893,415
Lease liabilities due to:			
Fellow subsidiaries		**–**	24,456

47. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) OUTSTANDING BALANCES WITH RELATED PARTIES (continued)

Notes:

(i) Included in the amounts due from related parties of RMB144,538,000 (2022: RMB99,910,000) are trade in nature. These amounts due from related parties are aged within 3 months as at the end of the reporting period, based on the invoice date.

(ii) Included in the amounts due to related parties of RMB229,304,000 (2022: RMB143,539,000) are trade in nature. These amounts due to related parties are aged within 3 months as at the end of the reporting period, based on the invoice date.

(iii) Details of the Group's loans from an associate as at the end of the reporting period are included in note 35.

Save as disclosed above, the outstanding balances with related parties were unsecured, non-interest-bearing and had no fixed repayment terms.

(d) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2023	2022
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**9,412**	8,571
Equity-settled share option expense	**195**	579
Pension scheme contributions	**2,227**	1,890
Total	**11,834**	11,040

The Group itself is part of a larger group of companies under the State-owned Assets Supervision and Administration Commission of the State Council, which is controlled by the PRC government and the Group operates in an economic environment currently pre-dominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts businesses with entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government in the ordinary course of business, including majority of its bank deposits and the corresponding interest income, certain bank borrowings and the corresponding finance costs, and significant purchases and sales of goods and other related products.

48. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

FINANCIAL ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	RMB'000
Derivative financial instruments	**66,607**	45,553
Financial assets at fair value through profit or loss	**2,961,994**	3,492,140

FINANCIAL ASSETS – AT AMORTISED COST

	2023	2022
	RMB'000	RMB'000
Finance lease receivables	**31,361,942**	34,281,944
Factoring receivables	**16,805**	345,560
Trade and notes receivables	**1,778,295**	556,145
Financial assets included in other receivables	**109,382**	175,740
Restricted and pledged deposits	**3,150**	120,443
Cash and cash equivalents	**13,023,417**	15,440,560
Total	**46,292,991**	50,920,392

FINANCIAL LIABILITIES – AT AMORTISED COST

	2023	2022
	RMB'000	RMB'000
Trade and notes payables	**2,603,395**	2,479,634
Financial liabilities included in other payables and accruals	**2,374,772**	2,389,613
Bank and other borrowings	**81,851,051**	84,445,080
Corporate bonds	**8,000,000**	8,000,000
Other long-term payables	**536,840**	552,652
Total	**95,366,058**	97,866,979

49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those measured at fair value or with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank and other borrowings	**49,629,059**	48,519,715	**49,609,396**	47,331,888
Corporate bonds	**8,000,000**	8,000,000	**8,415,727**	7,991,682
Other long-term payables	**536,840**	552,652	**479,042**	452,574
Total	**58,165,899**	57,072,367	**58,504,165**	55,776,144

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, trade and notes receivables, financial assets included in other receivables, the current portion of finance lease receivables and the current portion of factoring receivables, trade payables, financial liabilities included in other payables and accruals, the current portion of bank and other borrowings and the current portion of corporate bonds approximate to their carrying amounts largely due to the short term maturities of these instruments.

The non-current portion of finance lease receivables and the non-current portion of factoring receivables of the Group approximate to their fair values because their carrying amounts are present value and internal rates of return are close to rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair value of the non-current portion of bank and other borrowings, corporate bonds and other long term payables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial assets measured at fair value

31 December 2023

	Fair value measurement categorised into		
	Level 1 RMB'000	Level 2 RMB'000	Total RMB'000
Derivative financial instruments	–	66,607	66,607
Financial assets at fair value through profit or loss	965,273	1,996,721	2,961,994

31 December 2022

	Fair value measurement categorised into		
	Level 1 RMB'000	Level 2 RMB'000	Total RMB'000
Derivative financial instruments	–	45,553	45,553
Financial assets at fair value through profit or loss	1,365,146	2,126,994	3,492,140

For all the financial assets with fair value measurement categorised into Level 2, the Group estimates their fair values using the market approach. For investments in private funds, the fair values are calculated in accordance with net asset value prepared by the fund manager. For the other investments, if there is a recent deal regarding these investments, the fair values are estimated based on the deal price. If there is no such deal to be referenced, the directors of the Company will determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple for each comparable company identified. These valuation techniques maximise the use observable market data where it is available and rely as little as possible on entity-specific estimate. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including foreign exchange forward contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of foreign exchange forward contracts and interest rate swaps are the same as their fair values.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank and other borrowings, corporate bonds and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, and trade and notes payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps and foreign exchange forward contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

INTEREST RATE RISK

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts and using interest rate swap contracts.

As at 31 December 2023, if interest rates had been 100 basis points higher/lower with all other variables held constant, profit before tax from continuing operations for the year would have been RMB673,000,000 lower/higher (2022: RMB622,493,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate bank borrowings without considering the impact of using interest rate swap contracts.

FOREIGN CURRENCY RISK

The Group has transactional currency exposures. These exposures arise from sales or purchases by its significant subsidiary operating in Mainland China in US$ other than the subsidiary's functional currency, which is RMB. During the year, 52.60% (2022: 79.22%) of the Group's sales were denominated in currencies other than the functional currency of the subsidiary making the sale, whilst all of costs of sales were denominated in the subsidiary's functional currency.

The Group has currency exposures mainly from a finance lease receivable held by its subsidiary operating in Mainland China. As at 31 December 2023, the finance lease receivable with a carrying amount of RMB8,112,743,000 (2022: RMB8,604,116,000) was dominated in United States dollars, other than the subsidiary's functional currency which is RMB.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of the Group's profit before tax:

	Increase/(decrease) in US$ rate	Increase/(decrease) in profit before tax RMB'000
Year ended 31 December 2023		
If RMB weakens against US$	**5%**	**405,637**
If RMB strengthens against US$	**(5%)**	**(405,637)**
Year ended 31 December 2022		
If RMB weakens against US$	5%	430,206
If RMB strengthens against US$	(5%)	(430,206)

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK

The Group is exposed to credit risk primarily from finance lease receivables, factoring receivables and trade receivables in its operation. The credit risk of cash and cash equivalents and restricted and pledged deposits is not significant.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all counterparties are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis.

(a) Maximum credit risk exposure

The credit risk of the Group's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments without taking account of any collateral held or other credit enhancements.

(b) Impairment assessment

The detailed accounting policy and significant accounting judgements and estimates for impairment in relation to credit risk are set out in notes 2.4 and 3, respectively.

The movements in the provision for impairment of finance lease receivables, factoring receivables and trade receivables, which account for the primary credit risk of the Group, are as follows:

	Finance lease receivables				Factoring receivables				Trade receivables
	2023				2023				2023
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	RMB'000
At 1 January 2023	730,389	20,641	411,846	1,162,876	4,064	648	94,768	99,480	54,523
Impairment losses (reversed)/ recognised	(28,702)	–	228,200	199,498	(4,064)	(648)	(87,626)	(92,338)	26,026
Transfer to Stage 3	(234)	(20,641)	20,875	–	–	–	–	–	–
Amount written off as uncollectable	–	–	(12,970)	(12,970)	–	–	–	–	(3,213)
Exchange realignment	12,667	–	5,282	17,949	–	–	–	–	971
At 31 December 2023	714,120	–	653,233	1,367,353	–	–	7,142	7,142	78,307

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(b) Impairment assessment (continued)

	Finance lease receivables				Factoring receivables				Trade receivables
	2022				2022				2022
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	RMB'000
At 1 January 2022	67,376	312	858,633	926,321	27,163	–	7,021	34,184	73,404
Impairment losses (reversed)/ recognised	(18,834)	20,016	151,063	152,245	(20,940)	478	85,101	64,639	(31,287)
Transfer to Stage 1	–	–	–	–	58	(58)	–	–	–
Transfer to Stage 2	(625)	625	–	–	(228)	228	–	–	–
Transfer to Stage 3	(462)	(142,275)	142,737	–	(125)	–	125	–	–
Exchange realignment	682,934	141,963	(740,587)	84,310	(1,864)	–	2,521	657	12,406
At 31 December 2022	730,389	20,641	411,846	1,162,876	4,064	648	94,768	99,480	54,523

(c) Credit quality

The Group manages the credit quality by credit risk rating grades, classified in descending credit quality order as neither past due nor impaired, not past due and collectively impaired, past due but not impaired, past due and collectively impaired, and past due and individually impaired.

Finance lease receivables, factoring receivables and trade receivables, at gross amounts, which account for the primary credit risk of the Group, are classified as follows:

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(c) Credit quality (continued)

Finance lease receivables and factoring receivables

	Finance lease receivables				Factoring receivables			
	2023				2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Not past due and collectively impaired	31,873,536	–	–	31,873,536	–	–	–	–
Past due and individually impaired	–	–	855,759	855,759	–	–	23,947	23,947
Total	31,873,536	–	855,759	32,729,295	–	–	23,947	23,947

	Finance lease receivables				Factoring receivables			
	2022				2022			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Not past due and collectively impaired	34,497,916	214,404	–	34,712,320	330,540	2,276	–	332,816
Past due and collectively impaired	–	–	–	–	–	6,189	–	6,189
Past due and individually impaired	–	–	732,500	732,500	–	–	106,035	106,035
Total	34,497,916	214,404	732,500	35,444,820	330,540	8,465	106,035	445,040

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(c) Credit quality (continued)

Trade receivables

	2023					2022				
	Ageing based on the invoice date					Ageing based on the invoice date				
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Not past due and collectively impaired	1,826,103	784	–	–	1,826,887	558,642	–	–	–	558,642
Past due and individually impaired	3,381	3,749	5,056	11,259	23,445	6,571	5,495	–	25,675	37,741
Total	1,829,484	4,533	5,056	11,259	1,850,332	565,213	5,495	–	25,675	596,383

(d) Concentration

Concentrations of credit risk are managed by counterparty, by geographical region and by industry sector. The Group evaluates the concentration as low as its counterparties are located in several jurisdictions including Hong Kong, China, United States and Europe and operate in largely independent market.

LIQUIDITY RISK

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, bank and other borrowings, corporate bonds, other long-term payables and lease liabilities.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

LIQUIDITY RISK (continued)

The table below summarises the maturity profile of the Group's financial liabilities and lease liabilities at the end of the reporting period based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period.

31 December 2023

	Repayable on demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and notes payables	2,603,395	–	–	–	2,603,395	2,603,395
Financial liabilities included in other payables and accruals	2,374,772	–	–	–	2,374,772	2,374,772
Bank and other borrowings	34,465,406	19,529,533	29,447,436	6,140,957	89,583,332	81,851,051
Corporate bonds	–	–	6,952,852	2,247,636	9,200,488	8,000,000
Other long-term payables	–	335,137	54,248	147,455	536,840	536,840
Total	39,443,573	19,864,670	36,454,536	8,536,048	104,298,827	95,366,058
Lease liabilities	112,771	64,796	111,232	–	288,799	275,985

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

LIQUIDITY RISK (continued)

31 December 2022

	Repayable on demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and notes payables	2,479,634	–	–	–	2,479,634	2,479,634
Financial liabilities included in other payables and accruals	2,389,613	–	–	–	2,389,613	2,389,613
Bank and other borrowings	37,141,558	20,869,855	24,826,662	9,074,872	91,912,947	84,445,080
Corporate bonds	–	–	7,174,179	2,314,834	9,489,013	8,000,000
Other long-term payables	–	273,691	123,144	155,817	552,652	552,652
Total	42,010,805	21,143,546	32,123,985	11,545,523	106,823,859	97,866,979
Lease liabilities	40,965	30,597	6,634	–	78,196	75,458

EQUITY PRICE RISK

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss as at 31 December 2023, which are valued at quoted market prices.

As at 31 December 2023, if fair values of the equity investments had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been RMB96,527,000 higher/lower(2022:RMB136,515,000 higher/lower) and equity would have been RMB72,395,000 higher/lower (2022: RMB102,386,000 higher/lower).

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt includes bank and other borrowings, corporate bonds and lease liabilities, less restricted and pledged deposits and cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

	2023	2022
	RMB'000	RMB'000
		(Restated)
Bank and other borrowings	**81,851,051**	84,445,080
Corporate bonds	**8,000,000**	8,000,000
Lease liabilities	**275,985**	75,458
Restricted and pledged deposits	**(3,150)**	(120,443)
Cash and cash equivalents	**(13,023,417)**	(15,440,560)
Net debt	**77,100,469**	76,959,535
Total equity	**29,283,678**	28,892,627
Gearing ratio	**263%**	266%

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 **RMB'000**	2022 RMB'000 (Restated)
NON-CURRENT ASSETS		
Property,plant and equipment	**3,531**	3,191
Right-of-use assets	**129,986**	6,794
Intangible assets	**9,367**	13,917
Investments in associates	**7,289,158**	7,013,779
Investments in subsidiaries	**44,733,720**	44,834,416
Financial assets at fair value through profit or loss	**976,091**	1,287,175
Finance lease receivables	**–**	606,348
Other long-term prepayments	**7,377,580**	8,211,263
Total non-current assets	**60,519,433**	61,976,883
CURRENT ASSETS		
Inventories	**103**	48
Trade and notes receivables	**216,698**	216,411
Prepayments and other receivables	**5,423,440**	4,854,800
Financial assets at fair value through profit or loss	**633,191**	533,665
Finance lease receivables	**–**	62,349
Restricted and pledged deposits	**441**	3,589
Cash and cash equivalents	**2,121,691**	2,272,695
Total current assets	**8,395,564**	7,943,557
Total assets	**68,914,997**	69,920,440

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2023 RMB'000	2022 RMB'000 (Restated)
Current liabilities		
Trade payables	43,992	41,927
Other payables and accruals	3,686,812	3,720,326
Bank and other borrowings	8,399,500	4,080,500
Lease liabilities	56,669	3,634
Total current liabilities	12,186,973	7,846,387
Net current (liabilities)/assets	(3,791,409)	97,170
Total assets less current liabilities	56,728,024	62,074,053
Non-current liabilities		
Bank and other borrowings	8,783,000	13,588,500
Corporate bonds	8,000,000	8,000,000
Lease liabilities	97,669	–
Deferred tax liabilities	–	790
Other long-term payables	13,119	13,521
Total non-current liabilities	16,893,788	21,602,811
Net assets	39,834,236	40,471,242
Equity		
Share capital	13,575,939	13,586,477
Treasury shares	(84,206)	(173,155)
Other reserves (note)	24,925,361	24,907,472
Other equity instrument (note)	–	–
Retained profits (note)	1,417,142	2,150,448
Total equity	39,834,236	40,471,242

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves and retained profits is as follows:

	Other reserves RMB'000	Other equity instrument RMB'000	Retained profits RMB'000
At 1 January 2022 (audited)	24,760,338	5,000,000	4,338,025
Effect of change in accounting policies	–	–	(1,340)
At 1 January 2022 (as restated)	24,760,338	5,000,000	4,336,685
Profit for the year	–	–	1,096,304
Other comprehensive loss	–	–	(3,441)
Exercise of share options	(10,536)	–	–
Equity-settled share option arrangements	10,872	–	–
Repayment of other equity instruments	–	(5,000,000)	–
Share of other capital reserves using the equity method	(66,822)	–	–
Share of other capital reserves using the equity method reclassified to profit or loss upon disposal	(8,285)	–	–
Dividends paid	–	–	(3,057,195)
Transfer from retained profits	221,905	–	(221,905)
At 31 December 2022	24,907,472	–	2,150,448
At 1 January 2023 (audited)	**24,907,472**	**–**	**2,151,238**
Effect of change in accounting policies	**–**	**–**	**(790)**
At 1 January 2023 (as restated)	**24,907,472**	**–**	**2,150,448**
Profit for the year		**–**	**495,429**
Other comprehensive loss		**–**	**(584)**
Exercise of share options	**(9,528)**	**–**	**–**
Cancellation of treasury shares	**(25,453)**	**–**	**–**
Equity-settled share option arrangements	**3,327**	**–**	**–**
Dividends paid	**–**	**–**	**(1,178,608)**
Transfer from retained profits	**49,543**	**–**	**(49,543)**
At 31 December 2023	**24,925,361**	**–**	**1,417,142**

52. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

Five Year Financial Summary

RESULTS

	Year ended 31 December				
	2023 **RMB'000**	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)	2019 RMB'000 (Restated)
CONTINUING OPERATIONS					
REVENUE	**15,533,247**	25,419,063	34,875,532	12,823,347	7,642,010
Costs of sales	**(11,233,093)**	(18,946,972)	(24,944,838)	(10,323,911)	(6,503,965)
Gross profit	**4,300,154**	6,472,091	9,930,694	2,499,436	1,138,045
Other income	**371,516**	282,606	257,302	257,341	289,552
Other gains, net	**442,338**	344,769	313,545	106,289	940,221
Selling, administrative and general expenses	**(1,275,507)**	(1,217,981)	(1,429,650)	(1,433,478)	(1,132,928)
Expected credit losses, net	**(132,396)**	(180,518)	(668,466)	–	–
Finance costs	**(3,936,878)**	(2,527,450)	(1,770,873)	(2,220,842)	(3,545,547)
Share of profits of associates	**1,543,383**	1,715,874	1,172,848	1,985,148	2,292,840
Share of profits/(losses) of joint ventures	**32,656**	(90,875)	4,751	(4,774)	(1,077)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**1,345,266**	4,798,516	7,810,151	1,189,120	(18,894)
Income tax credit/(expenses)	**32,212**	(899,580)	(1,753,470)	(194,283)	(43,924)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**1,377,478**	3,898,936	6,056,681	994,837	(62,818)
DISCONTINUED OPERATION					
Profit for the year from a discontinued operation	**30,077**	24,893	32,640	1,144,565	1,662,646
PROFIT FOR THE YEAR	**1,407,555**	3,923,829	6,089,321	2,139,402	1,599,828
Attributable to:					
Owners of the parent	**1,407,555**	3,923,829	6,089,321	2,139,402	1,599,828
Non-controlling interests	**–**	–	–	–	–
	1,407,555	3,923,829	6,089,321	2,139,402	1,599,828

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2023 **RMB'000**	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)	2019 RMB'000 (Restated)
TOTAL ASSETS	**125,930,990**	128,090,631	132,616,323	153,234,883	149,675,539
TOTAL LIABILITIES	**(96,647,312)**	(99,198,004)	(99,929,805)	(125,829,193)	(122,152,923)
NON-CONTROLLING INTERESTS	**–**	–	–	–	–
	29,283,678	28,892,627	32,686,518	27,405,690	27,522,616