COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

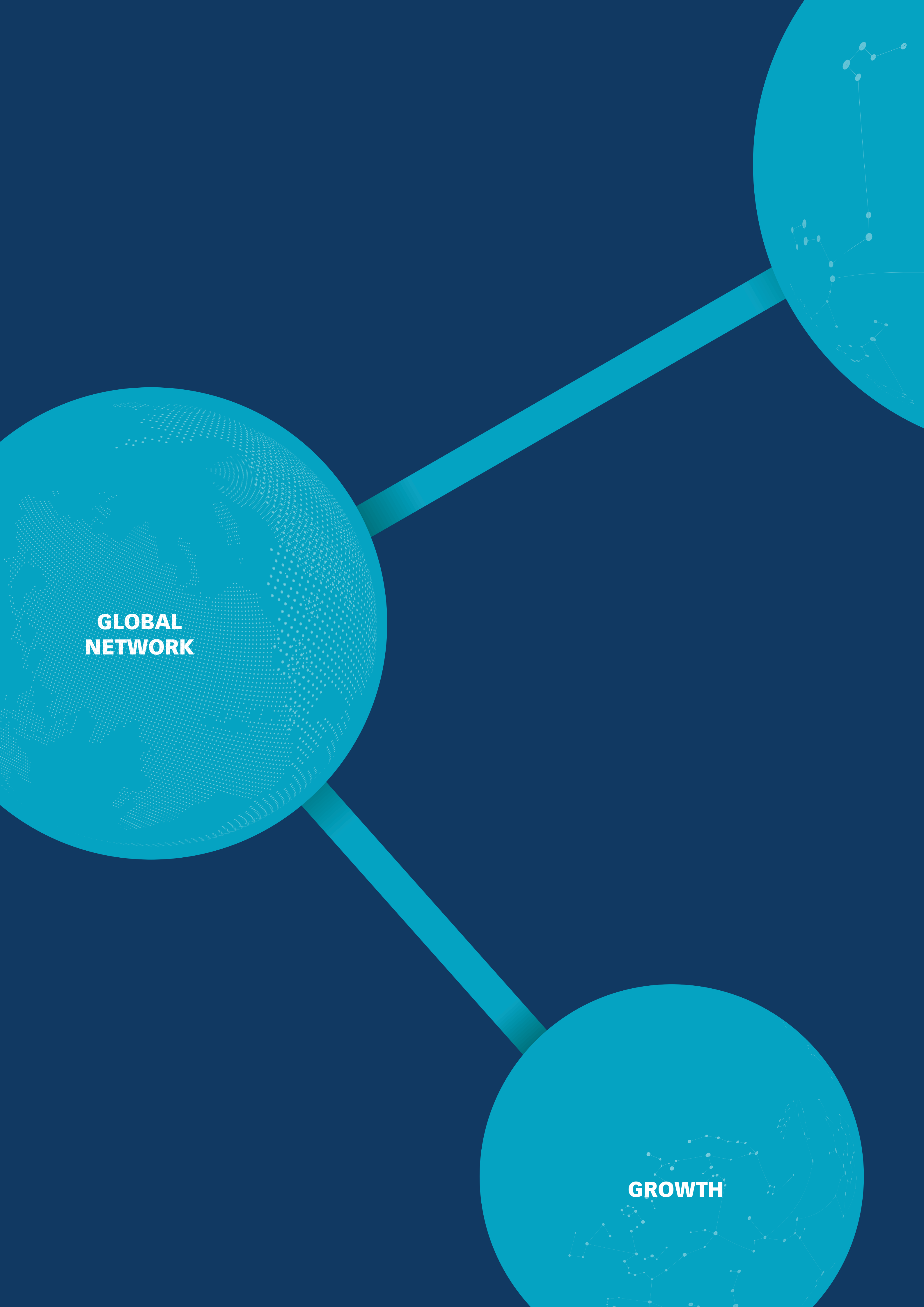
(Stock Code: 1199)

The Ports for ALL

2021 ANNUAL REPORT

IMPROVE QUALITY AND EFFICIENCY TO ENHANCE DEVELOPMENT

LEAN OPERATIONS ACHIEVES RESULTS


GLOBAL NETWORK
GROWTH

EXPLORE

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CORPORATE PROFILE

COSCO SHIPPING Ports Limited (Stock Code: 1199) is a leading ports operator in the world and its terminals portfolio covers the five main port regions in China, Southeast Asia, the Middle East, Europe, South America and the Mediterranean, etc. As at 31 December 2021, COSCO SHIPPING Ports operated and managed 367 berths at 37 ports globally, of which 220 were for containers, with an annual handling capacity of approximately 122 million TEU.

Corporate Profile

COSCO SHIPPING Ports has adopted "The Ports for ALL" as its mission and is working towards building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies, a synergistic platform that offers mutual benefits to all in the shipping industry, connecting global routes and becoming truly "the ports for all people".

MAJOR EVENTS

FEBRUARY

- Awarded “Best in ESG Awards-Middle Market Capitalization”, “Best in Reporting Awards-Middle Market Capitalization” and “ESG Report of the Year Awards-Middle Market Capitalization” from BDO ESG Awards 2021
- Awarded “Best Port Operator (Ports sector) Hong Kong”, “Best Investor Relations Company (Ports sector) Hong Kong”, “Most Sustainable Company (Ports sector) Hong Kong” and “Best CSR Company (Ports sector) Hong Kong” by International Business Magazine
- Awarded “Best Port Operator Hong Kong” and “Best CSR Company (Port Sector)” by Finance Derivative Magazine

MARCH

- Awarded “Annual Report 2019 – Sliver” and “Best ESG Report 2019 – Honors” from Mercury Awards

APRIL

- Awarded “Most Innovative Port Operator” by International Finance Magazine
- Awarded “Best Container Operator of the Year” and “Most Socially Responsible Port Operator” from Global Business Outlook Magazine
- Awarded “Best Port Operator” by Business Tabloid Magazine

MAY

- COSCO SHIPPING Ports successfully launched Green Finance Framework, which has successfully passed the verification by Hong Kong Quality Assurance Agency, demonstrating the Company’s commitment in driving green development

JULY

- COSCO SHIPPING Ports successfully completed the acquisition of 20% of the shares of Red Sea Gateway Terminal, enhancing the presence in Red Sea Region
- Awarded “Best Investor Relations Company Hong Kong” from Global Banking & Finance Awards

AUGUST

- COSCO SHIPPING Ports celebrated 5th anniversary of reorganization
- CSP Wuhan Yangluo water-rail intermodal transport commenced operation
- Awarded “Asia’s Top 15 In-house Teams of the Year” by Asian Legal Business Magazine, a well-recognised professional magazine
- Awarded “Annual report-Bronze Prize” and “Annual report Photography-Honors Prize” by ARC Awards

SEPTEMBER

- COSCO SHIPPING Ports announced the signing of an agreement to acquire 35% shares of Container Terminal Tollerort in the Port of Hamburg, Germany

OCTOBER

- Awarded "Best Investor Relations Company", "Asia's Best CEO (Investor Relations)" and "Best Investor Relations Professional" from Corporate Governance Asia Magazine
- Awarded "Corporate Website Honors Prize" by 2021 Galaxy Awards

NOVEMBER

- COSCO SHIPPING Ports signed the TCT joint venture agreement and the articles of association of TCT with Tianjin Port Holdings Co., Ltd. and China Merchants International Terminals (Tianjin) Limited
- Awarded "Excellence Award for H Share & Red Chip Entries – Annual Reports Awards" from The Hong Kong Management Association

DECEMBER

- COSCO SHIPPING Ports completed the transaction of increasing the stakes in Tianjin Container Terminal to 51%
- COSCO SHIPPING Ports' Xiamen Haicang Supply Chain Project, which integrates the supply chain infrastructure facilities of "automated terminal + automated railway + automated warehouse", hosted the Groundbreaking Ceremony in Xiamen Haicang
- Awarded "Gold Award in Environmental, Social and Governance" by The Asset Magazine

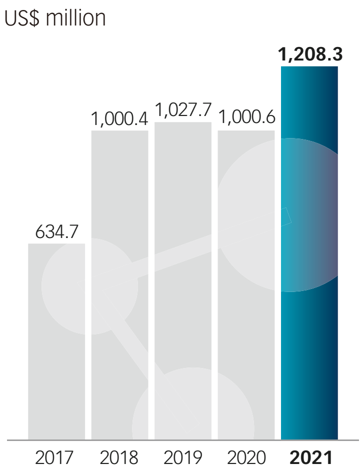
FINANCIAL HIGHLIGHTS

	2021	2020	Change
	US$	US$	%
Revenue	**1,208,252,000**	1,000,629,000	+20.7
Operating profit after finance income and finance costs	**171,075,000**	135,857,000	+25.9
Share of profit less losses of joint ventures and associates	**329,390,000**	272,720,000	+20.8
Profit attributable to equity holders of the Company	**354,652,000**	347,474,000	+2.1
	US cents	US cents	%
Basic earnings per share	**10.70**	10.81	-1.0
Dividend per share	**4.280**	4.324	-1.0
– First interim dividend	**2.120**	2.068	+2.5
– Second interim dividend	**2.160**	2.256	-4.3
Payout ratio	**40%**	40%	N/A
	US$	US$	%
Consolidated total assets	**12,033,310,000**	11,224,345,000	+7.2
Consolidated total liabilities	**5,092,671,000**	4,847,119,000	+5.1
Consolidated net assets	**6,940,639,000**	6,377,226,000	+8.8
Capital and reserves attributable to the equity holders of the Company	**5,818,019,000**	5,550,204,000	+4.8
Consolidated net debts	**1,959,555,000**	1,706,228,000	+14.8
	%	%	ppt
Return on equity holders of the Company	**6.2**	6.6	-0.4
Return on total assets	**3.0**	3.2	-0.2
Net debt-to-total-equity ratio	**28.2**	26.8	+1.4
Interest coverage	**5.5 times**	4.6 times	N/A
Dividend yield	**4.9**	6.2	-1.3

FIVE-YEAR FINANCIAL SUMMARY

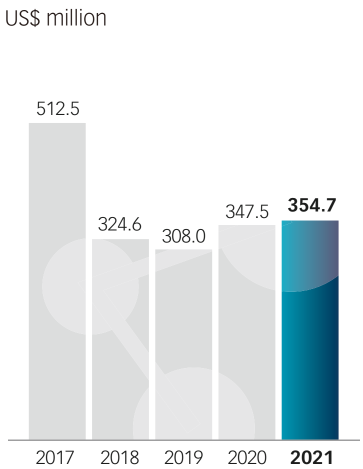
REVENUE

US$ **1,208.3** million



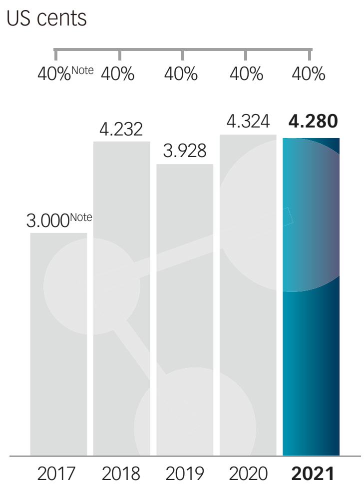
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

US$ **354.7** million



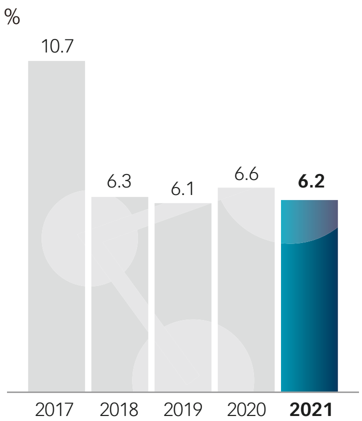
DIVIDEND PER SHARE AND PAYOUT RATIO

US **4.280** cents



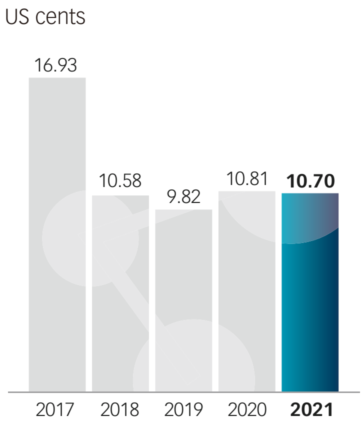
RETURN ON EQUITY HOLDERS OF THE COMPANY

6.2 %



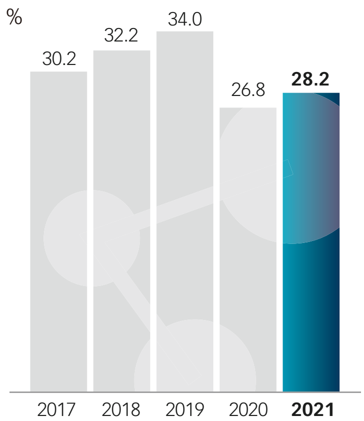
EARNINGS PER SHARE

US **10.70** cents



NET DEBT-TO-TOTAL-EQUITY RATIO

28.2 %



Note: In May 2017, the Group completed the subscription of non-circulating domestic shares in QPI and the disposal of equity interests in Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal"), which recorded (1) a gain after tax of US$244,596,000 from the disposal of Qingdao Qianwan Terminal; (2) reversal of dividend withholding income tax provision in the amount of US$11,970,000 made in prior years in respect of the profit retained by Qingdao Qianwan Terminal; and (3) a gain after tax of US$28,826,000 on remeasurement of previously held interests of QPI at fair value upon further acquisition of equity interests to become an associate, totalling US$285,392,000 ("One-off Exceptional Items"). The dividend and payout ratio in 2017 excluded such One-off Exceptional Items.

CHAIRMAN'S STATEMENT

2021 is the opening year of the "14th Five-Year Plan" of COSCO SHIPPING Ports. In the face of the COVID-19 Epidemic and the uncertainties confronting world economic growth, the Company continued to promote the high-quality development of COSCO SHIPPING Ports under the guidance of the "14th Five-Year Plan", actively grasped the strategic development opportunities, enhanced the expansion of the Company's scale and optimised the global terminal network; continued to deepen lean operations to improve the quality and efficiency of terminals; accelerated the extension of supply chain to increase new earnings growth points; accelerated the construction of information technology and seized the opportunity of digital development.

FENG Boming
Chairman

In 2021, the Company continued to promote and implement the "14th Five-Year Plan". In practice, the two-wheel drive of "building global terminal network" and "lean operations", as well as the three pillars of information technology construction, supply chain extension and organisation and talent management as stipulated in the "14th Five-Year Plan" have been proved to be correct and effective.

With the efforts of all employees of the Company, the scale of the terminal network has been further expanded and the terminal operation capability has been further enhanced. As at the end of 2021, the Group's terminal portfolio covered the five main port regions in Mainland China, as well as the key hub ports in Southeast Asia, the Middle East, Europe, South America and the Mediterranean, with a target annual handling capacity of 141 million TEU.

CAPITALISE ON GLOBAL GROWTH AND OPTIMISE TERMINAL ASSET PORTFOLIO

By capitalising on the global growth opportunities, the Group identified potential projects and tapped into strategic terminals in which it has controlling stake and highly profitable terminals in which it has a shareholding to build a balanced global terminal network. In particular, the Company consolidated its domestic port resources, thereby restructuring its terminals and improving the quality of assets. Meanwhile, it continued to optimise its existing terminal asset portfolio by strategically disposing of its shares in terminals of low strategic importance and weak financial attractiveness to increase its total asset value.

The Group will continue to grasp the opportunities to expand its global terminal network and focus on emerging markets such as Southeast Asia, the Middle East and Africa to enhance the regional diversification of its terminal asset portfolio. The Group gave full play to the global terminal network by extending single terminal services to network marketing, in an attempt to provide shipping companies with a low-cost and highly-efficient package of terminal services and promote the growth of container volume and revenue.

CONTINUE TO DEEPEN LEAN OPERATIONS TO IMPROVE THE QUALITY AND EFFICIENCY OF ASSETS

To achieve better quality and efficiency of its terminal asset portfolio, strengthen the management and control over terminals, and build the core competitiveness of the Company, the Group continued to deepen the "lean operations" strategy. In terms of revenue boost, the Group continued to actively enhance its business marketing capabilities, strengthen market insight and customer value analysis capabilities, focus on customer needs, and upgrade the quality of market development. The Group actively strengthens communication with third-party customers to attract routes of third-party customers to call at our terminals. In 2021, the Group made progress by having an increase of 27 new service routes to the terminals in which it has controlling stake. In terms of cost reduction, terminals in which the Group has controlling stake actively control the cost per TEU, identify the segments and processes for cost optimisation, and strive to enhance the cost competitiveness; continuously deepen the promotion of COE (Center of Excellence) team empowerment, reduce cost and increase efficiency, control the cost per TEU and improve the revenue per TEU.

ACCELERATE THE EXTENSION OF SUPPLY CHAIN TO INCREASE NEW EARNINGS GROWTH POINT

The Group continued to innovate new business models, develop the supply chain business and accelerate the construction of ports extended supply chain platform. Based on its terminals, the Group has developed supply chain warehousing services, gradually built up its logistics network with the supply chain platform as a link and expanded its service categories. These helped the Group better attract and retain customers, bring in new revenue growth points and form a leading service system for integrated logistics supply chain in the world.

The Group is currently developing a new port supply chain ecology comprehensively including inbound railways and logistics facilities based on its investment in hub terminals. In China, we are establishing a supply chain base radiating the Guangdong-Hong Kong-Macao Greater Bay Area, the southeast coast and the central China region, centering on the three key pivots of Xiamen, Wuhan and Nansha, Guangzhou. Overseas, four major supply chain bases have been initially formed, including Piraeus Terminal, CSP Spain Related Companies, CSP Zeebrugge Terminal and CSP Abu Dhabi Terminal and CFS. In addition, we are accelerating the construction of the Chancay supply chain base in Peru, which radiates the western region of South America, and are actively building customer-centric global service capabilities.

ACTIVELY PROMOTING INFORMATION TECHNOLOGY TO ENHANCE OPERATING EFFICIENCY

Digitalisation has become an irreversible technological development trend in the global port industry, and digital technology is exerting a profound and far-reaching influence on future ports. The Group kept promoting technological innovation and accelerating information technology application, and established three basic points of promoting the relative unification of its terminal operating systems (TOS), the construction of the management information system (MIS) project and the Enterprise Asset Management systems (EAM), with a view of forming an interactive platform for the lean operations purpose.

The Company constantly promoted the construction of 5G smart ports to build and develop its new strengths. On 21 December 2021, Dongfeng Corporation, China Mobile and COSCO SHIPPING officially launched the commercial operation of their "Smart Port 2.0" scheme at Xiamen Ocean Gate Terminal. Being the first totally automated container terminal in China, Xiamen Ocean Gate Terminal became the first smart port in China to realise full-scenario application of 5G+ relying on the 5G signal covering the terminal in 2020, upgrading from automatic to intelligent development.

GREEN AND LOW-CARBON APPLICATIONS FOR SUSTAINABLE DEVELOPMENT

COSCO SHIPPING Ports accelerated its green and low-carbon transformation, and worked with communities and industry peers to achieve sustainable development. The Group is actively promoting green and low-carbon applications such as shore power facilities and diesel-to-electric conversion at its terminals while goals like economical decarbonisation is further emphasised globally. Adhere to our people-oriented and customer-first principles, we have been promoting green development, achieving win-win cooperation and building up a harmonious business environment in a down-to-earth way, dedicatedly creating long-term value for our stakeholders and investing in communities. The Group also upholds the values of integrity and compliance in operation and business cooperation in order to foster trust and build mutually beneficial relationships with its stakeholders and society.

DIVIDEND

The Board of Directors declared a second interim dividend of US2.160 cents per share. This is a cash distribution with a scrip dividend alternative. Together with the first interim dividend of US2.120 cents per share, it brings the total dividend for 2021 to US4.280 cents per share, representing a 40% payout ratio.

COSCO SHIPPING Ports has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future development. The Board regards a stable payout ratio and steady implementation of long-term business development plans as key commitments to shareholders.

The Group will continue to make good use of its capital, ensure sustainable development of its business, create and enhance value for shareholders on a continuous basis. For the dividend policy, please visit the section headed "Policies & Guidelines" under "Corporate Governance" under "About CSP" at the corporate website (https://ports.coscoshipping.com).

PROSPECTS

Although there are uncertain factors such as the COVID-19 Epidemic, China will maintain its steady economic growth and lead the economic development of the world. Leveraging on the leading position in the global ports operator industry, the Company will continue to grasp development opportunities to expand business scale, strengthen marketing, enhance cost control, streamline operation system, reinforce soft power and improve both earnings and quality through the two-wheel drive of "building global terminal network" and "lean operations".

The Company will continue to optimize the global terminal network, provide support and pivot for the container fleet of the parent company in the global routes network, to further leverage the synergy from the parent company and the OCEAN Alliance, strengthen the ship calls from other shipping alliances, promote the introduction of new routes, enhance business cooperation with third-party customers, and strive for more routes to call at the Company's terminals so as to achieve the increase of the container volume.

In terms of information technology development, the Company has persistently improved the corporate information-based management capabilities and promoted lean operations of the terminals through information technology development. On the one hand, it would improve the efficiency and performance of terminal operations and improve customer service capabilities; on the other hand, it would enhance terminal operation performance, including reducing costs and improving business management capabilities. The Company has actively built 5G smart port, so as to implement specific business scenarios under 5G smart port on the basis of the construction of 5G dedicated network in ports, combined with technologies such as high precision location and artificial intelligence. The Company is actively undergoing big data preparation to satisfy necessary conditions for the digital transformation of the Company and will keep on proceeding and improving terminal automation.

2022 is critical to the implementation of the "14th Five-Year Plan". The Company will persistently implement development strategies as stipulated in the Company's "14th Five-Year Plan", repeatedly practiced and verified to be effective. To this end, the Company will continue to promote its high-quality development and make steady progress in a persistent and tenacious manner. Looking forward, the Company will go all out, with strong power of execution and innovative thinking of work, to implement strategies in the Company's "14th Five-Year Plan", and to write a new chapter for the high-quality development of COSCO SHIPPING Ports in becoming a world-class comprehensive ports operator.

BOARD AND CORPORATE GOVERNANCE

COSCO SHIPPING Ports holds fast to the highest standard of corporate governance. The Board and its committees play an active role in uniting the Company in implementing its development strategy, tapping markets and improving the Company's operating efficiency against the backdrop of uncertain macroeconomy. We will spare no effort to maintain a sound corporate governance structure that underpins global terminal business network and long-term growth.

Under the leadership of the Board of Directors, COSCO SHIPPING Ports is pursuing excellence with a realistic and pragmatic attitude, cultivating strong power of execution to realise self-evolution, seeking common development with partners in the spirit of inclusive cooperation and accelerating its pace to become a world-class comprehensive ports operator. On behalf of the Board, I would like to thank the Management and the staff for their continued dedication and contribution towards the Company throughout the year. We are also thankful for the continued support and positive alliance from our various stakeholders and, last but not least, the continuing support from our shareholders.

FENG Boming
Chairman
30 March 2022

MANAGING DIRECTOR'S REPORT

In 2021, the Group seized development opportunities to continuously improve global terminals network, further promoted its strategy of lean operations and enhanced cost control. The Group recorded steady growth in performance with revenue amounting to US$1,208.3 million, a 20.7% increase compared with US$1,000.6 million of last year. Excluding one-off items[Note], profit attributable to equity holders grew by 23.6% to US$332.5 million, while earnings per share advanced by 19.8% to US10.03 cents.

The Group's total throughput grew steadily by 4.4% YoY to 129.3 million TEU in 2021. Total throughput of the Group's terminals in Greater China increased by 4.1% to 99.3 million TEU, accounting for 76.8% of the Group's total throughput. Total throughput of overseas terminals increased by 5.5% to 30.0 million TEU.

ZHANG Dayu
Managing Director

Note: For 2021, excluding the after-tax disposal gain of US$11,451,000 from disposal of Tianjin Euroasia Terminal and the after-tax gain of US$10,669,000 on re-measurement of the previously held 16.01% interest in Tianjin Container Terminal at fair value upon acquisition of additional equity interest in Tianjin Container Terminal to make it a subsidiary; and for 2020, excluding the after-tax disposal gain of US$61,472,000 from disposal of interest in Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and the after-tax disposal gain of US$7,074,000 and US$9,896,000 from disposal of Jiangsu Petrochemical and Qinzhou International Terminal, respectively.

ACHIEVING SIGNIFICANT PROGRESS IN ACQUISITIONS AND FURTHER OPTIMISING GLOBAL TERMINALS NETWORK

In 2021, the Group remained steadfastly committed to building well-balanced terminal network to meet the needs of shipping alliances. At the same time, it prudently seized development opportunity with an eye on identifying projects with growth potential around the globe to strengthen its global network of terminals.

In July, COSCO SHIPPING Ports completed the transaction of acquisition of 20% of the shares of Red Sea Gateway Terminal, which strengthened its presence in the Red Sea region. Red Sea Gateway Terminal currently has an annual container throughput capacity of 5.2 million TEU and is the largest terminal at the Jeddah Islamic Port, which in turn is also the largest port in Saudi Arabia. The Jeddah Islamic Port is strategically located in the Red Sea region and is close to the major shipping routes. It has a wide coverage of container market in the Middle East and East Africa. In addition, Red Sea Gateway Terminal will upgrade and increase the berth capacity while modernising the terminal yard and other supporting facilities. We believe that the new infrastructure and facilities will firmly establish Red Sea Gateway Terminal as the largest logistics gateway, and the busiest container terminal, in Saudi Arabia, and on the Red Sea. It is expected that Jeddah Islamic Port and Red Sea Gateway Terminal will witness sustained growth in its container throughput in the future, bringing new growth engine for COSCO SHIPPING Ports.

In September, the Group announced the signing of an agreement to acquire 35% of the share capital of the Container Terminal Tollerort ("CTT") in the Port of Hamburg, Germany. CTT in Hamburg is an important logistics hub in Europe and enjoys favorable natural conditions, such as location, water depth and connects to the hinterland, which has bright future and great potential of development. The Port of Hamburg is ideally located as one of the most important hubs for European trade with

China, with a wealth of back-end gathering and evacuating transport facilities, and is an important European node for China-Europe freight trains. As one of Europe's largest port companies and integrated logistics providers, Hamburger Hafen und Logistik Aktiengesellschaft ("HHLA")'s three container terminals in the Port of Hamburg have attracted the ship calls from the world's three largest shipping alliances thanks to their excellent geographical location and efficient operational management and maintained steady growth in performance over the years. CTT has stable and promising outlook, which helps bring stable earnings for the Group and meanwhile maximizes the synergy between the Company and liners to provide better and more efficient services for the customers.

In December, the Group completed the transaction of increasing the stakes in Tianjin Container Terminal to 51% and Tianjin Container Terminal has become a controlling terminal of the Group. Located in the Beijing-Tianjin-Hebei Economic Circle, Tianjin Container Terminal enjoys favourable geographical advantage and is highly competitive in the Bohai Rim area. The acquisition is in line with the Company's strategic planning, and it will further enhance the Group's synergy with the OCEAN Alliance and continue to strengthen the Group's leading position in the Greater China region. It is expected that the Group will fully facilitate the development of Tianjin Container Terminal as an international shipping hub in Northern China by proactively optimising the operational efficiency of the shipping lines calling at Tianjin Container Terminal and promoting the synergy of the hub-and-spoke and transshipment networks in the Bohai Rim region, resulting in an increase in the Group's market share and the development of a strategic hub port in Northeast Asia.

ACTIVELY DEVELOPING PORTS SUPPLY CHAIN PLATFORM THAT EXTENDS TO BOTH UPSTREAM AND DOWNSTREAM INDUSTRIES

Terminals in which the Company has controlling stake are actively developing terminal extended business and aims to develop a ports supply chain platform that extends to both upstream and downstream industries and provide more value-added services to customers, thereby further enhancing profitability.

On 22 December, the commencement ceremony of Xiamen Haicang supply chain project of COSCO SHIPPING Ports was held in Haicang, Xiamen. Xiamen Haicang supply chain project of COSCO SHIPPING Ports is located behind berth 13 in Haicang Port, covering an area of about 66,000 square metres. The project will be developed in two phases. The first phase of the project, with a site area of approximately 23,800 square metres, will involve the construction of two high-standard double ramp warehouses with approximately 20,000 square metres of storage space and is expected to be completed and put into operation in the first quarter of 2023. Xiamen Haicang supply chain project of COSCO SHIPPING Ports will form an integrated supply chain infrastructure of "automated terminal+automated railway+automated warehouse" with the support from Xiamen Ocean Gate Automated Terminal and sea-trail transportation, which will help reduce regional logistics costs and operation costs and promote the integration and upgrading of industrial ecology.

ENHANCING SYNERGIES AND COOPERATION WITH SHIPPING ALLIANCES

Apart from continuously leveraging on its synergy with the parent company and the OCEAN Alliance, the Group has worked actively to expand other shipping company customers, with greater communication with major shipping companies and efforts to procure the shipping fleets of major shipping alliances to increase their calls at our terminals, thus continuously optimising our customer portfolio.

As one of the world's largest ports operators, not only do we further capitalise on the synergies with our parent company and the OCEAN Alliance, we also capture every opportunity to work with major shipping companies and ports operators to deliver a win-win outcome. We also continue to increase our throughput, ramp up port operation capabilities rapidly and bolster customer service capabilities.

EFFECTIVELY IMPLEMENTING MEASURES TO FIGHT AGAINST THE EPIDEMIC

In 2021, the Company was still challenged by the COVID-19 Epidemic in its operation and production. Accordingly, the Group worked on epidemic prevention and control in a practical manner. On one hand, we strove for effective prevention and control of the epidemic, and on the other hand, we made proper arrangements for production and operation during the epidemic prevention and control period. Despite the epidemic impact on the industry, the Group continued to shoulder its social responsibility, support the work of its employees and attach importance to their safety and health, in an effort to cope with the challenges brought by the epidemic.

PROSPECTS

While the global economy and trade are recovering, the continued recurrence of the COVID-19 epidemic around the world is creating uncertainty about the progress of the recovery. COSCO SHIPPING Ports has actively implemented the "lean operations" strategy and adopted a series of measures to control costs and improve efficiency. The continued improvement in terminal profitability in 2021 indicates that COSCO SHIPPING Ports has achieved positive results in reducing costs and increasing revenue, and improving quality and efficiency.

Looking ahead, the Group will continue to focus on building a global terminal network to provide efficient and high quality services to the OCEAN Alliance. With prudent use of financial resources, the Group will continue to identify new terminal projects and investment opportunities in Southeast Asia, the Middle East, Africa and South America.

The Group will further strengthen the concept of "cost per TEU" in terminal operation and management, and formulate practical, targeted, systematic and effective cost control measures. We will strive for innovative marketing ideas to strengthen the Company's overall marketing, and actively introduce container volumes from various shipping companies to enhance the terminal's revenue per TEU and continuously improve profitability.

ZHANG Dayu
Managing Director
30 March 2022

CORPORATE STRUCTURE

China COSCO SHIPPING Corporation Limited

46.74%

COSCO SHIPPING Holdings Co., Ltd.

Stock Code:
1919 (H Share)
601919 (A Share)

50.23%

COSCO SHIPPING Ports Limited

Stock Code:
1199

Terminal Business

Bohai Rim

24%	Dalian Automobile Terminal
35%	Dalian Dagang Terminal
19%	Dalian Container Terminal
25%	Dongjiakou Ore Terminal
51%	Jinzhou New Age Terminal
19.79%	QPI
30%	Qinhuangdao New Harbour Terminal
51%	Tianjin Container Terminal
40%	Yingkou New Century Terminal
50%	Yingkou Container Terminal

Yangtze River Delta

70%	CSP Wuhan Terminal
55%	Lianyungang New Oriental Terminal
51%	Nantong Tonghai Terminal
20%	Ningbo Meishan Terminal
20%	Ningbo Yuan Dong Terminal
20%	Shanghai Mingdong Terminal
30%	Shanghai Pudong Terminal
39.04%	Taicang Terminal

Overseas

20%	Antwerp Terminal
4.89%	Busan Terminal
49%	COSCO-PSA Terminal
40%	CSP Abu Dhabi Terminal
39.51%	CSP Bilbao Terminal
60%	CSP Chancay Terminal
51%	CSP Valencia Terminal
85.45%	CSP Zeebrugge Terminal
17.85%	Euromax Terminal
26%	Kumport Terminal
100%	Piraeus Terminal
20%	Red Sea Gateway Terminal
13.33%	Seattle Terminal
20%	Suez Canal Terminal
40%	Vado Container Terminal
40%	Vado Reefer Terminal

Pearl River Delta

60%	Asia Container Terminal
50%	COSCO-HIT Terminal
40%	Guangzhou Nansha Stevedoring Terminal
39%	Guangzhou South China Oceangate Terminal
14.59%	Yantian Terminal Phases I & II
13.36%	Yantian Terminal Phase III

Southwest Coast

10.65%	Beibu Gulf Port
30.69%	Beibu Gulf Terminal

Southeast Coast and Others

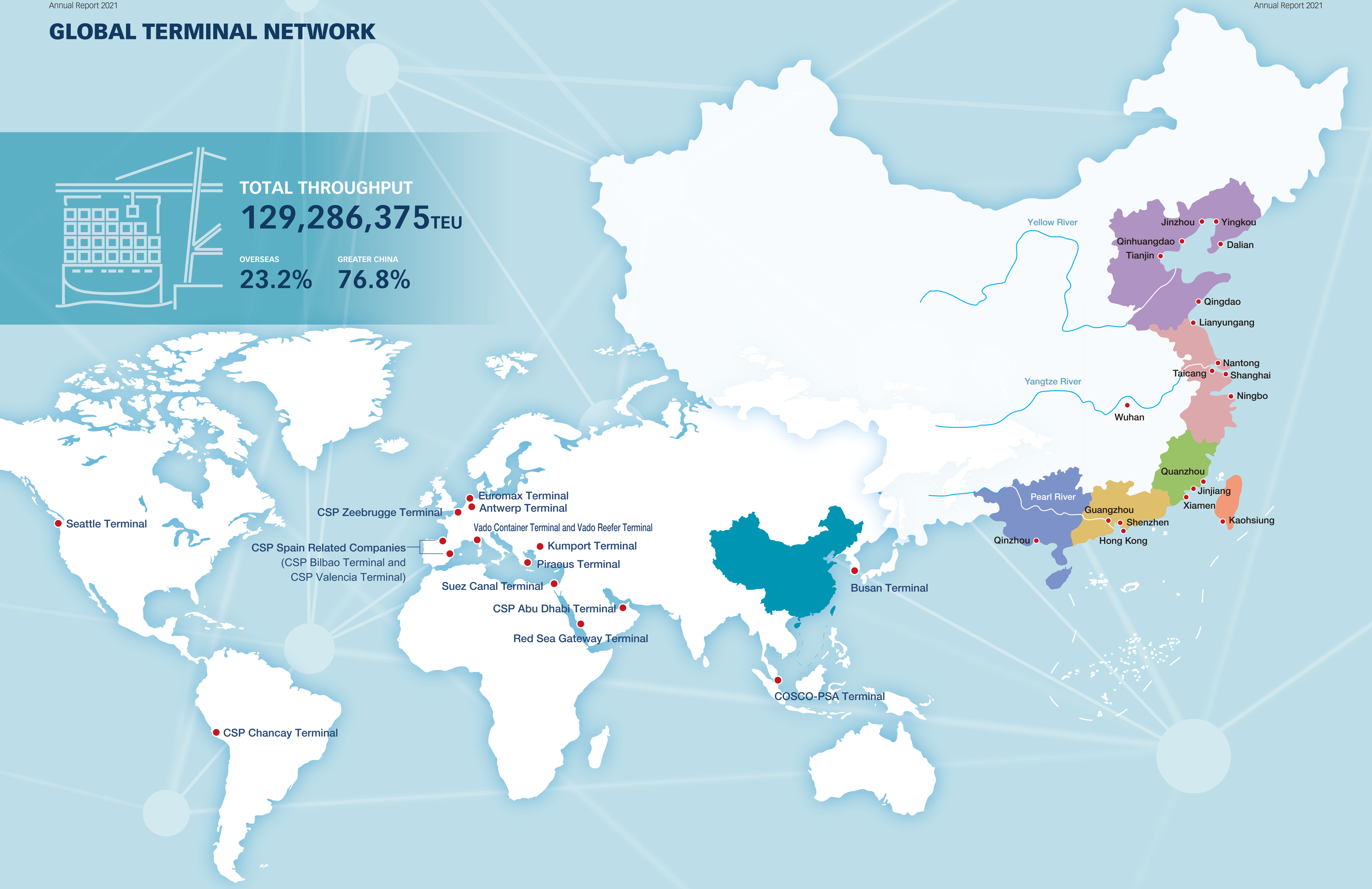
80%	Jinjiang Pacific Terminal
20%	Kao Ming Terminal
82.35%	Quan Zhou Pacific Terminal
70%	Xiamen Ocean Gate Terminal

GLOBAL TERMINAL NETWORK

TOTAL THROUGHPUT

129,286,375TEU

OVERSEAS	GREATER CHINA
23.2%	76.8%



OPERATIONAL REVIEW

MARKET REVIEW

In 2021, the global economy and trade began to recover, but the COVID-19 epidemic brought uncertainty to the economic recovery of countries around the world. In the latest World Economic Outlook released by the International Monetary Fund (IMF) on 25 January 2022, the expected global economic growth in 2022 was lowered by 0.5 percentage point to 4.4%, and the expected growth of all major economies were downgraded this year.

Despite the uncertainties, China's imports and exports of goods rapidly increased in 2021 compared with 2020. The total imports and exports of goods for the year reached RMB39.1 trillion, an increase of 21.4% over 2020. In particular, total exports of goods amounted to RMB21.7 trillion, up by 21.2% and total imports of goods amounted to RMB17.4 trillion, up by 21.5%.

OVERALL PERFORMANCE

Despite challenges casted over global trade, in 2021, COSCO SHIPPING Ports continuously implemented lean operations strategy and the total throughput of the Group increased by 4.4% YoY to 129,286,375 TEU (2020: 123,824,575 TEU).

The total throughput from terminals in which the Group has controlling stake increased by 4.7% YoY to 23,374,915 TEU (2020: 22,328,730 TEU), accounting for 18.1% of the Group's total, and the total throughput from non-controlling terminals increased by 4.4% YoY to 105,911,460 TEU (2020: 101,495,845 TEU), accounting for 81.9% of the Group's total. The Group's total equity throughput increased by 3.7% YoY to 39,874,105 TEU in 2021 (2020: 38,456,239 TEU).

	2021 (TEU)	2020 (TEU)	Change (%)
Total Throughput	**129,286,375**	**123,824,575**	**+4.4**
Throughput from terminals in which the Group has controlling stake	23,374,915	22,328,730	+4.7
Throughput from the Group's non-controlling terminals	105,911,460	101,495,845	+4.4
Equity Throughput	**39,874,105**	**38,456,239**	**+3.7**
Equity throughput from terminals in which the Group has controlling stake	14,687,376	14,261,352	+3.0
Equity throughput from the Group's non-controlling terminals	25,186,729	24,194,887	+4.1

GREATER CHINA

Total throughput of the Greater China region increased by 4.1% YoY to 99,275,231 TEU in 2021 (2020: 95,380,835 TEU) and accounted for 76.8% of the Group's total.

Bohai Rim

Total throughput of the Bohai Rim region increased by 2.3% YoY to 42,835,185 TEU in 2021 (2020: 41,884,560 TEU) and accounted for 33.1% of the Group's total. In particular, the overall increase in container volume of Tianjin Port drove the increase in container volume of domestic and foreign trade of Tianjin Container Terminal. The throughput of Tianjin Container Terminal increased by 9.9% to 8,642,445 TEU (2020: 7,866,145 TEU).

Yangtze River Delta

Total throughput of the Yangtze River Delta region increased by 4.5% YoY to 15,436,773 TEU in 2021 (2020: 14,768,442 TEU) and accounted for 11.9% of the Group's total. Shanghai Pudong Terminal and Shanghai Mingdong Terminal secured some ad-hoc shipping calls, and the throughput increased by 6.4% YoY and 9.6% YoY to 2,600,511 TEU and 6,845,534 TEU respectively (2020: 2,443,406 TEU and 6,246,932 TEU). Nantong Tonghai Terminal continued to strengthen internal synergy and external customer marketing, and further improved the domestic trade routes network, as a result of which the throughput increased by 3.3% YoY to 1,452,334 TEU (2020: 1,405,658 TEU).

Southeast Coast and Others

Total throughput of the Southeast Coast region increased by 12.9% YoY to 6,149,785 TEU in 2021 (2020: 5,445,662 TEU) and accounted for 4.8% of the Group's total. Throughput of Xiamen Ocean Gate Terminal surged by 22.7% YoY to 2,541,035 TEU (2020: 2,070,159 TEU), mainly due to the favorable trend of overall shipment as a result of the good momentum maintained in foreign trade and increased investment in transportation capacity by shipping companies.

Pearl River Delta

Total throughput of the Pearl River Delta region increased by 3.4% YoY to 28,841,688 TEU in 2021 (2020: 27,898,470 TEU) and accounted for 22.3% of the Group's total. Driven by the increase in the US, EU and empty cargoes, the throughput of Yantian Terminals increased by 6.1% YoY to 14,161,034 TEU (2020: 13,348,546 TEU).

Southwest Coast

Total throughput of the Southwest Coast region increased by 11.7% YoY to 6,011,800 TEU in 2021 (2020: 5,383,701 TEU) and accounted for 4.6% of the Group's total, which was mainly benefited from the increased trade activities between China and Southeast Asia.

OVERSEAS

Total throughput of the overseas region increased by 5.5% YoY to 30,011,144 TEU in 2021 (2020: 28,443,740 TEU) and accounted for 23.2% of the Group's total. Due to the continuous congestion of major ports in northwest Europe, CSP Zeebrugge Terminal became an important buffer port for the region and, together with the addition of new routes, its throughput increased by 52.9% YoY to 931,447 TEU (2020: 609,277 TEU). As result of new routes and the significant increase in local cargoes due to the increased ability to connect to the cargo hinterland, the throughput of CSP Spain Related Companies increased by 6.9% YoY to 3,621,188 TEU (2020: 3,387,820 TEU).

PROSPECTS

Year 2021 marked the start of the 14th Five-Year Plan for COSCO SHIPPING Ports. The Company will continue to promote the high-quality development of COSCO SHIPPING Ports under the guidance of the 14th Five-Year Plan, actively grasp strategic development opportunities, promote the Company's scale expansion, unswervingly deepen the lean operations, and enhance the quality and efficiency of the terminal.

Looking forward to 2022, despite the complex and uncertain global macro environment, the resilience of China's economic development, the strong domestic market, a sound supply system and the coming into force of the Regional Comprehensive Economic Partnership ("RCEP") will provide support to China's economy and the long-term economic fundamentals will remain unchanged. With the penetration of vaccines and the gradual recovery of production capacity in developed countries, the growth rate of China's foreign trade is expected to slow down in 2022, and the demand for container transport will gradually return to normal.

In 2022, the Company will hold the principle of value creation and build on the positive momentum to win the battle of lean operations, the key for the Company to improve quality and efficiency. The Company will earnestly progress to increase revenue per TEU of terminals in which the Group has controlling stake and increase its control over the cost per TEU, improve the investment return from terminals in which the Group has controlling stake, thus steadily improve the Company's efficiency.

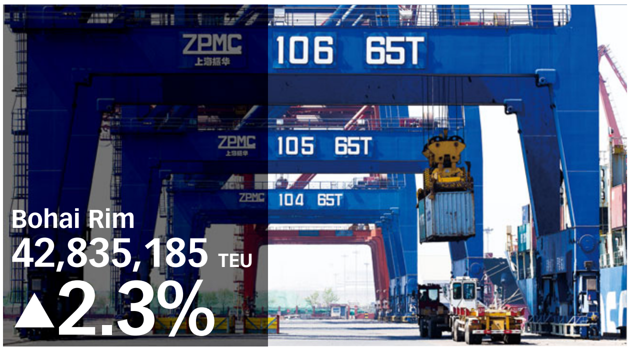
The Company will further promote the implementation of digital transformation planning and technology planning, continue to improve the system functions of the Management Information System (MIS) project at headquarters, and accelerate the launch of the Enterprise Asset Management (EAM) system for terminals in which the Group has controlling stake. The Company will firmly follow the trend of smart, green and low-carbon, consolidate and intensify technological innovation, and promote green shore power system for domestic terminals in which the Group has controlling stake. Concentrating on the construction of smart port demonstration projects, the Company will seize the opportunity presented by the 5G smart port 2.0 to promote the intelligent transformation of traditional terminals and build smart, green and low-carbon ports.

The Company will endeavor to promote its global terminal network, seek new breakthroughs in scale expansion, improve and optimize its global terminal network, strengthen the expansion of projects in emerging markets, capture fulcrums along the regions covered by the "Belt and Road Initiative", and grasp opportunities in premium projects in Southeast Asia, the Middle East and Africa under RCEP. While promoting scale expansion, the Company will proactively consolidate and manage the Company's terminal resources, and dispose its investment in terminals of less strategic importance, low investment returns and poor development prospects in a timely manner to enhance the overall value of the Company's assets.

Throughput for the year ended 31 December 2021 was set out below:

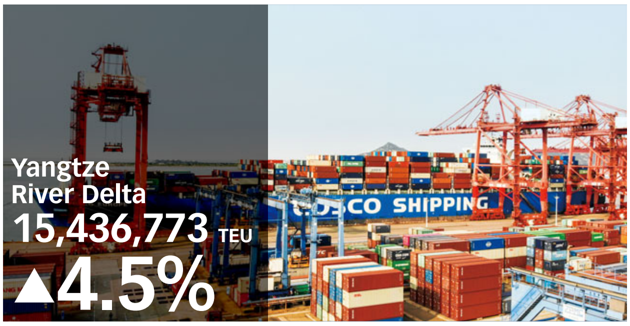
Greater China Total Throughput
99,275,231 TEU
▲4.1%

Overseas Total Throughput
30,011,144 TEU
▲5.5%



Bohai Rim
42,835,185 TEU
▲2.3%

QPI	23,710,000	+7.7%
Dalian Container Terminal	3,584,187	-28.1%
Dalian Dagang Terminal	20,300	-3.3%
Tianjin Euroasia Terminal	3,197,096	+4.5%
Tianjin Container Terminal	8,642,445	+9.9%
Yingkou Terminals[Note 1]	2,304,613	-11.4%
Jinzhou New Age Terminal	735,208	+1.7%
Qinhuangdao New Harbour Terminal	641,336	+3.1%



Yangtze River Delta
15,436,773 TEU
▲4.5%

Shanghai Pudong Terminal	2,600,511	+6.4%
Shanghai Mingdong Terminal	6,845,534	+9.6%
Ningbo Yuan Dong Terminal	3,040,534	-2.0%
Lianyungang New Oriental Terminal	1,009,674	-7.3%
Taicang Terminal	488,186	+22.0%
Nantong Tonghai Terminal	1,452,334	+3.3%

Southeast Coast and Others
6,149,785 TEU
▲12.9%

Xiamen Ocean Gate Terminal	2,541,035	+22.7%
Quan Zhou Pacific Terminal	1,255,347	-5.8%
Jinjiang Pacific Terminal	323,043	-27.2%
Kao Ming Terminal	2,030,360	+26.9%

Notes:

1. Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.

Yantian Terminals	**14,161,034**	**+6.1%**
Guangzhou Terminals[Note 2]	**11,607,532**	**+1.3%**
Hong Kong Terminals[Note 3]	**3,073,122**	**-0.4%**

Beibu Gulf Port[Note 4]	**6,011,800**	**+11.7%**

Piraeus Terminal	**4,696,265**	**-4.1%**
CSP Zeebrugge Terminal	**931,447**	**+52.9%**
CSP Spain Related Companies	**3,621,188**	**+6.9%**
CSP Abu Dhabi Terminal	**697,236**	**+4.8%**
COSCO-PSA Terminal	**4,727,146**	**-7.1%**
Vado Reefer Terminal	**67,252**	**+11.6%**
Euromax Terminal	**2,658,175**	**+8.3%**
Kumport Terminal	**1,248,131**	**+2.5%**
Suez Canal Terminal	**3,648,393**	**-3.6%**
Red Sea Gateway Terminal[Note 5]	**1,354,374**	**N/A**
Antwerp Terminal	**2,202,433**	**-3.0%**
Seattle Terminal	**292,473**	**+17.8%**
Busan Terminal	**3,809,888**	**+1.3%**
Vado Container Terminal[Note 6]	**56,743**	**N/A**

Notes:

2. Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Guangzhou Nansha Stevedoring Terminal.
3. Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.
4. On 30 November 2020, the Group completed the acquisition of 26% equity interest in Beibu Gulf Terminal through injection of its equity interest in Qinzhou International Terminal into Beibu Gulf Terminal and cash consideration. Therefore, throughput of Qinzhou International Terminal for January to November 2020 was included in the throughput of Beibu Gulf Terminal, and only throughput of Beibu Gulf Terminal was included in throughput of Beibu Gulf Port starting from December 2020.
5. On 14 July 2021, the Group completed the acquisition of 20% equity interest in the terminal. Therefore, the figure of the terminal for the year ended 31 December 2021 was the throughput of the terminal from July to December 2021.
6. The Group holds 40% equity of APM Terminals Vado Holdings B.V. and completed the acquisition of Vado Container Terminal on 24 September 2021. The company indirectly holds 40% equity of the terminal since then. The figure of the terminal for the year ended 31 December 2021 was the throughput of the terminal from October to December 2021.
7. Total throughput of bulk cargo, excluding the throughput of Beibu Gulf Port, for the year ended 31 December 2021 was 77,981,837 tons (2020: 77,413,837 tons), representing an increase of 0.7%. Total throughput of automobile for the year ended 31 December 2021 was 826,977 vehicles (2020: 750,112 vehicles), representing an increase of 10.2%. Throughput of reefer of Vado Reefer Terminal for the year ended 31 December 2021 was 375,917 pallets (2020: 386,091 pallets), representing a decrease of 2.6%.

Terminal Portfolio (As of 31 December 2021)

Terminal company	Share holdings	Target number of berths	Target designed annual handling capacity (TEU)	Depth (m)
Bohai Rim		64	29,750,000	
		3	780,000 vehicles	
		65	236,020,000 tons	
QPI	19.79%	24	10,000,000	N/A
		62	207,020,000 tons	N/A
Dalian Container Terminal	19%	18	9,500,000	17.8
Dalian Dagang Terminal	35%	1	100,000	9.1
Dalian Automobile Terminal	24%	3	780,000 vehicles	11
Tianjin Container Terminal	51%	13	6,000,000	12-17
Yingkou Container Terminal	50%	2	1,200,000	14
Yingkou New Century Terminal	40%	2	1,200,000	15.5
Jinzhou New Age Terminal	51%	2	800,000	15.4
Qinghuangdao New Harbour Terminal	30%	2	950,000	15.8
Dongjiakou Ore Terminal	25%	3	29,000,000 tons	20-25
Yangtze River Delta		28	16,292,000	
		7	13,570,000 tons	
Shanghai Pudong Terminal	30%	3	2,300,000	12
Shanghai Mingdong Terminal	20%	7	5,600,000	12.8
Ningbo Yuan Dong Terminal	20%	3	3,000,000	17.1
Ningbo Meishan Terminal	20%	2	1,200,000	15.6
Lianyungang New Oriental Terminal	55%	4	1,400,000	11.5-15
Taicang Terminal	39.04%	2	550,000	12
		2	4,000,000 tons	12
Nantong Tonghai Terminal	51%	3	1,470,000	9-11
		1	5,370,000 tons	6
CSP Wuhan Terminal	70%	4	772,000	6.4
		4	4,200,000 tons	6.4

Terminal Portfolio (As of 31 December 2021)

Terminal company	Share holdings	Target number of berths	Target designed annual handling capacity (TEU)	Depth (m)
Southeast Coast and Others		15	9,000,000	
		5	9,200,000 tons	
Xiamen Ocean Gate Terminal	70%	4	2,600,000	15
		1	4,000,000 tons	6.6-13.6
Quan Zhou Pacific Terminal	82.35%	5	3,000,000	11.6-15.1
		2	1,000,000 tons	5.1-9.6
Jinjiang Pacific Terminal	80%	2	600,000	9.5-15.3
		2	4,200,000 tons	7.5-9.5
Kao Ming Terminal	20%	4	2,800,000	16.5
Pearl River Delta		34	25,600,000	
Yantian Terminal Phases I & II	14.59%	20	13,000,000	14-17.6
Yantian Terminal Phase III	13.36%			
Guangzhou Nansha Stevedoring Terminal	40%	4	5,000,000	14.5-15.5
Guangzhou South China Oceangate Terminal	39%	6	4,200,000	15.5
COSCO-HIT Terminal	50%	2	1,800,000	15.5
Asia Container Terminal	60%	2	1,600,000	15.5
Southwest Coast		24	14,400,000	
		100	268,400,000 tons	
Beibu Gulf Port Note 1	10.65%	18	10,800,000	N/A
		100	268,400,000 tons	N/A
Beibu Gulf Terminal	30.69%	6	3,600,000	15.1

Note:

1. The target number of berths and the target designed annual handling capacity do not include Beibu Gulf Terminal.

Terminal Portfolio (As of 31 December 2021)

Terminal company	Share holdings	Target number of berths	Target designed annual handling capacity (TEU)	Depth (m)
		78	45,660,000	
Overseas		2	6,200,000 tons	
		2	600,000 pallets	
Piraeus Terminal	100%	8	6,200,000	14.5-19.5
CSP Zeebrugge Terminal	85.45%	3	1,300,000	17.5
CSP Abu Dhabi Terminal	40%	3	2,500,000	18
CSP Valencia Terminal	51%	6	4,100,000	16
CSP Bilbao Terminal	39.51%	3	1,000,000	21
CSP Chancay Terminal	60%	2	1,000,000	16-18
		2	6,200,000 tons	14
Suez Canal Terminal	20%	8	5,000,000	17
Kumport Terminal	26%	6	2,100,000	15-16.5
Antwerp Terminal	20%	4	3,700,000	16
COSCO-PSA Terminal	49%	5	4,850,000	18
Busan Terminal	4.89%	8	4,000,000	15-16
Seattle Terminal	13.33%	2	400,000	15.2
Euromax Terminal	17.85%	5	3,200,000	17.65
Red Sea Gateway Terminal	20%	11	5,200,000	18
Vado Reefer Terminal	40%	2	250,000	14.5
		2	600,000 pallets	14.1
Vado Container Terminal	40%	2	860,000	17.25
Total		427		
Target total number of container berths/ Target designed annual handling capacity		243	140,702,000	
Target total number of bulk berths/ Target designed annual handling capacity		179	533,390,000 tons	
Target total number of automobile berths/ Target designed annual handling capacity		3	780,000 vehicles	
Target total number of reefer berths/ Target designed annual handling capacity		2	600,000 pallets	

The Ports for ALL

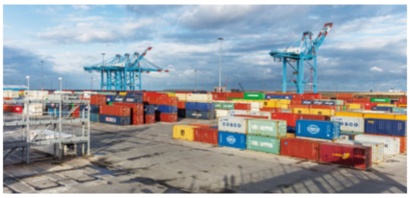
China

Terminal Coverage	22 Ports
Designed Container Berths	165
Designed Annual Handling Capacity	95,042,000 TEU

Overseas

Terminal Coverage	15 Ports
Designed Container Berths	78
Designed Annual Handling Capacity	45,660,000 TEU

Bohai Rim



21.1%	Percentage of total designed annual handling capacity
64	Designed container berths

29,750,000 TEU
Designed annual handling capacity

Yangtze River Delta

11.6%	Percentage of total designed annual handling capacity
28	Designed container berths

16,292,000 TEU
Designed annual handling capacity

Southeast Coast and Others

6.4%	Percentage of total designed annual handling capacity
15	Designed container berths

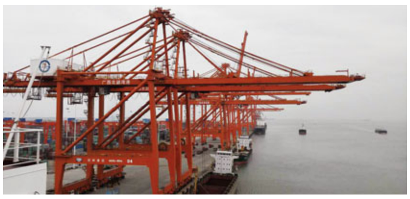
9,000,000 TEU
Designed annual handling capacity

Pearl River Delta

18.2%	Percentage of total designed annual handling capacity
34	Designed container berths

25,600,000 TEU
Designed annual handling capacity

Southwest Coast



10.2%	Percentage of total designed annual handling capacity
24	Designed container berths

14,400,000 TEU
Designed annual handling capacity

Overseas

32.5%	Percentage of total designed annual handling capacity
78	Designed container berths

45,660,000 TEU
Designed annual handling capacity

FINANCIAL REVIEW

With the resurgence of world economy and trade in 2021, COSCO SHIPPING Ports recorded a profit attributable to equity holders of the Company of US$354,652,000 in 2021 (2020: US$347,474,000), increased by 2.1% YoY. In response to the Company's strategic planning, the after-tax disposal gain of US$11,451,000 on disposal of Tianjin Euroasia Terminal and the after-tax gain of US$10,669,000 on remeasurement of previously held 16.01% interests in Tianjin Container Terminal at fair value upon acquisition of additional equity interests in Tianjin Container Terminal to make it a subsidiary were included in the amount for 2021; while the after-tax disposal gain of US$61,472,000 on disposal of the interests in Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and the after-tax disposal gain of US$7,074,000 and US$9,896,000 on disposal of the interests in Jiangsu Yangtze Petrochemical Co., Ltd. ("Jiangsu Petrochemical") and Qinzhou International Terminal, respectively were included in the amount for 2020. Excluding the above one-off profit, the profit attributable to equity holders of the Company for 2021 increased by 23.6% YoY.

Excluding the above one-off profit, profit from the terminals segment amounted to US$427,335,000 in 2021 (2020: US$309,493,000), increased by 38.1% YoY, with profit from terminals in which the Group has controlling stakes amounted to US$88,835,000 (2020: US$34,652,000), increased by 156.4% YoY. Operating terminals in which the Group has controlling stakes were affected to a certain extent in 2020 by the outbreak of the COVID-19 epidemic. Under the sustained recovery of the terminals business performance as well as the increased performance of certain terminals in 2021, the profit contribution saw a year-on-year growth. Profit from terminals in which the Group has controlling stakes was mainly attributable to Piraeus Terminal, Guangzhou South China Oceangate Terminal and Xiamen Ocean Gate Terminal. The profit recorded by Piraeus Terminal in 2021 was US$31,762,000 (2020: US$19,454,000), increased by 63.3% YoY, which was mainly benefited from the increase in the proportion of local containers, the increase in tariffs and the increase in storage revenue. Throughput of Guangzhou South China Oceangate Terminal in 2021 increased by 2.6% YoY, together with the increase in the proportion of local containers during the year, profit of the terminal in 2021 amounted to US$22,706,000 (2020: US$19,065,000), increased by 19.1% YoY. Throughput of Xiamen Ocean Gate Terminal in 2021 increased by 22.7% YoY, together with the YoY decrease in interest expenses, profit of the terminal in 2021 amounted to US$27,947,000 (2020: US$8,470,000), increased by US$19,477,000 YoY.

In respect of non-controlling terminals, the economic recovery after the epidemic resulted in a considerable increase in profit for most non-controlling terminals. The profit from non-controlling terminals in 2021 amounted to US$338,500,000 (2020: US$274,841,000), increased by 23.2% YoY. Amongst which, Sigma Enterprises Limited and Wattrus Limited and their subsidiaries (collectively "Yantian Terminal Related Companies", being shareholders of Yantian Terminal), QPI, Euromax Terminal and Beibu Gulf Terminal that newly acquired last year recorded significant growth. The share of profit of these terminals increased by US$53,203,000 YoY in total. In addition, the Company was allocated the convertible bonds of Beibu Gulf Port on a pro rata basis during the year, and included in its profit after tax on fair value changes of US$8,520,000.

FINANCIAL ANALYSIS

Revenues

Revenues of the Group amounted to US$1,208,252,000 in 2021 (2020: US$1,000,629,000), increased by 20.7% YoY. During the year, revenues of most terminals recorded an increase. Amongst which, CSP Spain Related Companies recorded a revenue of US$310,978,000 (2020: US$268,783,000), increased by 15.7% YoY; Guangzhou South China Oceangate Terminal recorded a revenue of US$205,031,000 (2020: US$171,651,000), increased by 19.4% YoY; Xiamen Ocean Gate Terminal recorded a revenue of US$128,383,000 (2020: US$85,414,000), increased by 50.3% YoY; CSP Zeebrugge Terminal recorded a revenue of US$50,815,000 (2020: US$30,618,000), increased by 66.0% YoY. Although throughput of Piraeus Terminal decreased by 4.1% YoY, it recorded a revenue of US$281,481,000 during the year (2020: US$256,471,000), increased by 9.8% YoY, as a result of higher proportion of local containers and higher tariffs, as well as the increase in storage revenue.

Cost of Sales

Cost of sales mainly comprised operating expenses of terminals in which the Group has controlling stakes. Cost of sales was US$883,107,000 in 2021 (2020: US$767,987,000), increased by 15.0% YoY. Benefiting from our efforts in cost control, the increase in cost of sales was lower than the increase in revenue despite throughput generally increased. Amongst which, CSP Spain Related Companies recorded a cost of US$260,078,000 (2020: US$243,731,000), increased by 6.7% YoY; Guangzhou South China Oceangate Terminal recorded a cost of US$111,238,000 (2020: US$90,298,000), increased by 23.2% YoY; Xiamen Ocean Gate Terminal recorded a cost of US$69,710,000 (2020: US$56,476,000), increased by 23.4% YoY; CSP Zeebrugge Terminal recorded a cost of US$37,904,000 (2020: US$27,952,000), increased by 35.6% YoY. Due to the increase in concession fees driven by the increase in revenue during the year, Piraeus Terminal recorded a cost of US$219,361,000 (2020: US$202,476,000), increased by 8.3% YoY.

Administrative Expenses

Administrative expenses in 2021 were US$138,977,000 (2020: US$120,182,000), increased by 15.6% YoY.

Other Operating Income/(Expenses), Net

Net other operating income was US$85,142,000 in 2021 (2020: US$123,357,000), decreased by 31.0% YoY. The pre-tax gain in 2021 included the pre-tax gain of US$21,735,000 resulted from the strategic disposal of Tianjin Euroasia Terminal and the pre-tax gain of US$10,669,000 on remeasurement of previously held 16.01% interests in Tianjin Container Terminal at fair value. Furthermore, the profit before tax on Beibu Gulf Port's convertible bonds at fair value of US$11,360,000 was included in other operating income in 2021. While in 2020, the pre-tax gain on disposal of the interests in Zhangjiagang Terminal and Yangzhou Yuanyang Terminal, Jiangsu Petrochemical and Qinzhou International Terminal according to the Company's strategic planning were US$71,150,000, US$9,951,000 and US$9,896,000 respectively, totalling US$90,997,000. In addition, government subsidies recorded in 2021 amounted to US$25,721,000 (2020: US$10,079,000), increased by US$15,642,000 YoY.

Finance Costs

The Group's finance costs amounted to US$111,503,000 in 2021 (2020: US$114,650,000), decreased by 2.7% YoY. The average balance of bank loans for the year increased to US$3,025,863,000 (2020: US$2,853,105,000), increased by 6.1% YoY. The decrease in finance costs was mainly due to the decrease in London Interbank Offered Rate. Taking into account the capitalised interest, the average cost of bank borrowings (including the amortisation of transaction costs over bank loans and notes) was 2.92% in 2021 (2020: 3.24%).

Share of Profits Less Losses of Joint Ventures and Associates

The Group's share of profits less losses of joint ventures and associates totalled US$329,390,000 in 2021 (2020: US$272,720,000), increased by 20.8% YoY. As throughput increased year-on-year, share of profit of Yantian Terminal Related Companies amounted to US$69,372,000 (2020: US$48,070,000), increased by 44.3% YoY. Together with the 7.7% YoY increase in throughput, the share of profit of QPI amounted to US$120,505,000 (2020: US$105,749,000), increased by 14.0% YoY. In addition, as a result of the increase in throughput and tariffs, share of profit of Euromax Terminal during the year amounted to US$7,207,000 (2020: loss of US$3,089,000), realised a turnaround from loss. Beibu Gulf Terminal became an associate of the Company at the end of 2020 and its share of profit amounted to US$7,469,000 in 2021 (2020: US$401,000).

Taxation

Taxation for the year amounted to US$94,669,000 (2020: US$34,967,000). The increase was mainly attributable to the year-on-year increase in profit from terminals in which the Group has controlling stakes, which led to the increase in income tax and the deferred withholding income tax. In addition, US$2,840,000 was provided for gains on fair value changes of Beibu Gulf Port's convertible bonds. On the other hand, due to the decrease in the local tax rate, the deferred withholding income tax provided to a holding company amounted US$15,568,000 was reversed in 2020, leading to a comparatively increased deferred taxation in 2021.

FINANCIAL POSITION

Cash Flow

In 2021, the Group continued to receive steady cash flow income. The Group's net cash generated from operating activities amounted to US$409,219,000 (2020: US$326,240,000) during the year. In 2021, the Group drew down bank loans of US$559,667,000 (2020: US$744,277,000) and repaid loans of US$412,589,000 (2020: US$740,932,000).

During the year, US$376,047,000 (2020: US$224,428,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment. In addition, the Company acquired approximately 20.00% equity interests in Red Sea Gateway Terminal at a consideration of US$140,000,000; acquired 34.99% equity interests in Tianjin Container Terminal at a consideration of approximately RMB1,247,710,000 (equivalent to approximately US$195,584,000), together with the 16.01% equity interests previous held totalling of 51% equity interests after the increase, making it a subsidiary of the Company; and purchased 3,214,915 convertible bonds from Beibu Gulf Port at a consideration of US$50,484,000. On the other hand, US$42,324,000 was received for the disposal of COSCO SHIPPING Ports (Tianjin Euroasia) Limited and its 30% equity interests held in Tianjin Euroasia Terminal during the year and the payables due to the Company totalled US$41,817,000; and US$37,332,000 was received for the disposal of 30.4% equity interests in Jiangsu Petrochemical in 2020.

Financing and Credit Facilities

As at 31 December 2021, the Group's total outstanding borrowings amounted to US$3,219,610,000 (31 December 2020: US$3,047,741,000) and cash balance amounted to US$1,260,055,000 (31 December 2020: US$1,341,513,000). Banking facilities unutilised amounted to US$1,037,408,000 (31 December 2020: US$813,455,000).

Assets and Liabilities

As at 31 December 2021, the Group's total assets and total liabilities were US$12,033,310,000 (31 December 2020: US$11,224,345,000) and US$5,092,671,000 (31 December 2020: US$4,847,119,000), respectively. Net assets were US$6,940,639,000 (31 December 2020: US$6,377,226,000). As at 31 December 2021, net asset value per share of the Company was US$2.09 (31 December 2020: US$1.92).

As at 31 December 2021, the net debt-to-total-equity ratio (excluding lease liabilities) was 28.2% (31 December 2020: 26.8%) and the interest coverage was 5.5 times (2020: 4.6 times).

As at 31 December 2021, certain assets of the Group with an aggregate net book value of US$345,109,000 (31 December 2020: US$340,672,000), together with the Company's restricted bank deposits and interest in subsidiaries, were pledged to secure bank loans and a loan from other financial institution, totalling US$916,232,000 (31 December 2020: US$1,052,879,000).

Debt Analysis

	As at 31 December 2021		As at 31 December 2020	
	US$	(%)	US$	(%)
By repayment term				
Within the first year	**913,187,000**	**28.3**	299,449,000	9.8
Within the second year	**435,443,000**	**13.5**	658,312,000	21.6
Within the third year	**868,585,000**	**27.0**	430,725,000	14.1
Within the fourth year	**102,091,000**	**3.2**	799,512,000	26.3
Within the fifth year and after	**900,304,000**	**28.0**	859,743,000	28.2
	3,219,610,000*	**100.0**	3,047,741,000*	100.0
By category				
Secured borrowings	**916,232,000**	**28.5**	1,052,879,000	34.5
Unsecured borrowings	**2,303,378,000**	**71.5**	1,994,862,000	65.5
	3,219,610,000*	**100.0**	3,047,741,000*	100.0
By denominated currency				
US dollar borrowings	**1,270,247,000**	**39.4**	1,119,283,000	36.8
RMB borrowings	**903,729,000**	**28.1**	763,015,000	25.0
Euro borrowings	**763,513,000**	**23.7**	881,667,000	28.9
HK dollar borrowings	**282,121,000**	**8.8**	283,776,000	9.3
	3,219,610,000*	**100.0**	3,047,741,000*	100.0

* Net of unamortised discount on notes and transaction costs on borrowings and notes.

Financial Guarantee Contracts

As at 31 December 2021 and 31 December 2020, the Company did not have any guarantee contract.

Treasury Policy

The Group manages its foreign exchange risk by matching the currencies of its loans with the Group's functional currency of major cash receipts and underlying assets as much as possible. The functional currency of the Group's terminals business is mainly either Euro or Renminbi, the same currency of its borrowings, revenues and expenses, so as to provide a natural hedge against the foreign exchange volatility.

Interest rate swap contracts with financial institutions are used to achieve the optimum ratio between fixed and floating rates and to manage the related interest rate exposure. As at 31 December 2021, 29.2% (31 December 2020: 30.7%) of the Group's borrowings were at fixed rates. In light of market conditions, the Group will continue to monitor and regulate its fixed and floating-rate debt portfolio, with a view to minimising its potential interest rate exposure.

CORPORATE SUSTAINABLE DEVELOPMENT

The continued volatility of the COVID-19 epidemic and different pandemic prevention policies adopted by various countries have affected the current order of the port industry. Adhering to the principle of strong epidemic prevention policies while maintaining normal operations, COSCO SHIPPING Ports proactively incorporates the philosophy of sustainable development into its daily operations and grasps development opportunities to create long-term value for its stakeholders.

CARING FOR OUR PEOPLE

The Company attaches great importance to the development and mental and physical health of its employees. During the year, the Company held seminars for members of its middle and senior management as well as operational and marketing teams to constantly enhance their capabilities in operations management and marketing. With respect to the pandemic, the Company strengthened safety management through training seminars on pandemic prevention and protection for its terminals to improve employees' knowledge on pandemic prevention and self-prevention methods, and implement routine measures on pandemic prevention properly.

CUSTOMERS FIRST

The pandemic, extreme weather and other factors have hit global supply chains, leading to congestion at major ports which caused inconvenience for shipping companies. The Company is committed to providing high-quality services for its customers through strengthening communications with customers to understand and solve their pain points. During the year, the Company continued to accelerate the construction of smart terminals and rolled out a number of measures such as one-to-one account manager services and reservation service mechanisms to further improve customer experience and enhance the operational efficiency of terminals.

GREEN DEVELOPMENT

The Company believes that strengthening green development helps us cope with risks related to climate change. During the year, the Company continued to proactively promote the green development of terminals. Subsidiary terminals in China have completed the construction and renovation of their shore power facilities. In addition, to meet the requirements of the Company and its subsidiary terminals in green development, the Company has launched a green finance framework to facilitate financing arrangements in the future and deliver value to its stakeholders.

WIN-WIN COOPERATION

The Company adheres to the principle of win-win cooperation and cooperates with all parties to jointly promote the construction of smart ports. The Company entered into strategic cooperation agreements with China Mobile and Dongfeng Corporation during the year to create integrated solutions for 5G unmanned driving for smart ports, and promote the construction of "5G+ smart ports" in China.

GIVING BACK TO COMMUNITIES

Fulfilling corporate social responsibility and actively giving back to communities in which we operate is an important part of our long-term and stable development. The Company actively encourages its employees to participate in charity activities in communities, and mobilises its terminal companies to help disadvantaged groups in the communities by ways such as charitable donations and long-term charitable services, thereby creating long-term value for local communities and stakeholders.

INVESTOR RELATIONS

COSCO SHIPPING Ports places great importance on investor relations and enhances daily communications with investors. It is an important part of corporate governance. The Company remains committed to improving transparency; releases corporate information and business updates in a timely manner, including releases monthly terminal throughput and quarterly results voluntarily, to fulfill more strict and transparent standards of disclosure.

In 2021, the Group has actively implemented the strategy of lean operations. We place a high priority of investor relations to let investors and shareholders understand the Group's business operation and development strategy when the Group remains committed to strengthening its global terminal network.

Investor Relations Department is committed to enhancing communications with shareholders, investors and analysts; answers investor's enquiries on time; actively arranges investor presentation, results announcement conference call and press conference to let investors have a better understanding of the Company's business operation; publishes environmental, social and governance report to enhance corporate governance.

STRENGTHENING COMMUNICATIONS WITH INVESTORS

As a leading global terminal operator, investors and analysts are quite interested in the Company's business and developments. The Company has regularly arranged a series of events, including roadshow, press conference, investor presentation, investor meeting, results announcement conference call and etc. COSCO SHIPPING Ports endeavours to let the market fully understand its financial results, business strategies and growth prospect through its communication with the capital market. Only if the market fully understands and recognises COSCO SHIPPING Ports' business model and development strategies can the Company's valuation truly reflect its intrinsic value. In 2021, the management and Investor Relations Department proactively communicated with investors and shareholders, explained the most updated strategies and the impacts of market changes on the Company to the investors, in order to deepen investors' knowledge of the industry and the Company and to enhance their confidence in the Company.

In 2021, the Group held meetings with around 260 funds, and communicated with around 350 investors and analysts from China, the United Kingdom, the United States, Australia, Singapore, South Korea, Malaysia, etc. The Group actively arranged events and joined investor conferences to strengthen communications with shareholders, investors and analysts.

CONTINUE TO ENHANCE CORPORATE INFORMATION DISCLOSURE

The disclosure practice the Company implements is well above regulatory requirements. Since 1997, the Company has posted the monthly terminal throughput on its corporate website, which serves an important reference for investors and media to follow the Company's business operations. Furthermore, the Company has started to announce quarterly results since the third quarter of 2007 to provide investors with latest operational updates and financial data. In order to further enhance corporate transparency, Investor Relations Department has arranged investor and analyst conference call from time to time, which provides a two-way communication platform for investors all over the world to have an in-depth understanding of the Company's financial results and business operations.

The Company believes that interim and annual reports are essential references for shareholders and investors to better understand of COSCO SHIPPING Ports, the business operation and growth strategy. Every year, COSCO SHIPPING Ports spares no effort in preparing the reports to reflect corporate culture, business operations and growth strategies.

Meanwhile, the Company also prepares an independent sustainability report. The headquarters and the terminals collected sustainability data every month in respect of employees and environmental protection to strengthen the depth and accuracy of data disclosure. In addition, the Company provides stakeholders and the market with relevant information, including the efforts undertaken by the terminals in promoting environmental protection, enhancing the quality of customer service, supply chain management and community engagement.

FACILITATING TWO-WAY COMMUNICATION BETWEEN THE COMPANY AND INVESTORS

Investor Relations Department formulates disclosure policy. Apart from regularly reporting to senior management, Investor Relations Department prepares investor relations report and informs senior management of the latest capital market perceptions and suggestions for the Company, investors' concerns and changes in regulations or compliance requirements, and optimises investor relations' work with reference to international best practice.

The Company regularly conducts shareholder registry analysis through professional services provider with the aim of better understanding the shareholding structure of the Company. Investor Relations Department proactively contacts investors and answers their enquiries about the Company and the industry to strengthen effective communications. Investor Relations Department also constantly reaches out to potential investors, communicates with institutional investors who are interested in the industry and the Company with a view to broaden the shareholder base of the Company.

AWARDS

COSCO SHIPPING Ports continued to strengthen communications with shareholders and investors, which was highly recognised by the market; in 2021, the Company received a number of awards in the field of investor relations offered by various organisations. In February, the Company was awarded "Best Investor Relations Company (Ports sector) Hong Kong" from International Business Magazine for the third consecutive year; in October, the Company was awarded the "Best Investor Relations Company" by Corporate Governance Asia Magazine for the tenth consecutive year, "Asia's Best CEO (Investor Relations)" for the third consecutive year and "Best Investor Relations Professional". The Company believes that incorporating the concept of sustainability into its business is the key leading us to become a market leader. The Company's achievements in environmental, social and governance (ESG) was also highly recognised by the market in recent years. In February 2021, the Company was awarded "Best in ESG Awards-Middle Market Capitalization", "Best in Reporting Awards-Middle Market Capitalization" and "ESG Report of the Year Awards – Middle Market Capitalization" from BDO Limited, "Best CSR Company (Port Sector)" from Finance Derivative Magazine and "Most Sustainable Company (Ports sector) Hong Kong" and "Best CSR Company (Ports sector) Hong Kong" from International Business Magazine; in April, the Company was awarded "Most Socially Responsible Port Operator" from Global Business Outlook Magazine for the second consecutive year. The Company places great importance on the contents and designs of interim, annual and sustainability reports and the efforts were repeatedly recognised by the market, and the Company's annual report was awarded "Excellence Award for H Share & Red Chip Entries – Annual Reports Awards" from The Hong Kong Management Association and "Annual report Bronze Prize" and "Annual report Photography-Honors Prize" from ARC Awards for the second consecutive year. Sustainability report was awarded "Gold Award in Environmental, Social and Governance" from Asset magazine.

INVESTOR RELATIONS EVENTS

2021	Roadshow and Investor Presentation
January	Goldman Sachs "Gaming & Conglomerate Corporate Day"
	Morgan Stanley "China Cyclicals Corporate Day"
	Guotai Junan Securities Investors Group Meeting
	UBS "The 21st Greater China Seminar" Investor Forum
March	2020 Annual Results Investor Presentation
	2020 Annual Results Roadshow
April	2021 First Quarter Results Investor Conference call
	2021 First Quarter Results Roadshow
May	China Galaxy Securities "Investors Group Meeting"
	UBS 2021 Asia Transport and Logistics Corporate Day
June	HSBC "15th Annual Transport & Logistics Conference"
	Daiwa Securities "Auto, Transport and Industrial Conference 2021"
August	2021 Interim Results Investor Conference call
	2021 Interim Results Roadshow
	Post-Results Investor Conference call organised by Daiwa Securities
September	Post-Results Investor Conference call organised by Goldman Sachs
October	2021 Third Quarter Results Investor Conference call
	2021 Third Quarter Results Roadshow
November	Post-Results Investor Conference call organised by Daiwa Securities
	Post-Results Investor Conference call organised by Citi

MARKET CAPITALISATION

As at 31 December	2017	2018	2019	2020	2021
Closing price (HK$)	8.13	7.70	6.38	5.39	6.77
Market capitalisation (in HK$ million)	24,854	23,971	20,173	17,869	22,445

SHARE PRICE PERFORMANCE

(HK$)	2020	2021
Highest	6.50	7.21
Lowest	3.35	5.39
Average	4.67	6.20
Closing price on 31 December	5.39	6.77
Monthly average trading volume (shares)	9,616,927	9,489,298
Monthly average trading value (in HK$ million)	44.24	58.29
Total number of shares issued (shares)	3,315,296,374	3,315,296,374
Market capitalisation on 31 December (in HK$ million)	17,869	22,445

ANALYST COVERAGE

Company Name	Analyst	E-mail
China International Capital Corporation Limited	Xin YANG	xin.yang@cicc.com.cn
Daiwa Capital Markets Hong Kong Limited	Kelvin LAU	kelvin.lau@hk.daiwacm.com
DBS Bank	Paul YONG	paulyong@dbs.com
Goldman Sachs (Asia) L.L.C	Simon CHEUNG	simon.cheung@gs.com
Guotai Junan Consultancy Services (Shenzhen) Co., Ltd	Kevin ZHUO	shikai.zhuo@gtjas.com.hk
The Hongkong and Shanghai Banking Corporation Limited	Parash JAIN	parashjain@hsbc.com.hk
Morgan Stanley Asia Limited	Qianlei FAN	qianlei.fan@morganstanley.com
Morningstar, Inc.	Jennifer SONG	jennifersong@morningstar.com
UBS Securities Co. Limited	Robin XU	bin.xu@ubssecurities.com

ABBREVIATIONS

Company Name	Abbreviation
Antwerp Gateway NV	Antwerp Terminal
Asia Container Terminals Limited	Asia Container Terminal
Beibu Gulf Port Co., Ltd.	Beibu Gulf Port
Busan Port Terminal Co., Ltd.	Busan Terminal
China COSCO SHIPPING Corporation Limited	COSCO SHIPPING
China COSCO SHIPPING Corporation Limited and its subsidiaries	COSCO SHIPPING Group
Conte-Rail, S.A.	Conte-Rail Terminal
COSCO-HIT Terminals (Hong Kong) Limited	COSCO-HIT Terminal
COSCO-PSA Terminal Private Limited	COSCO-PSA Terminal
COSCO SHIPPING Holdings Co., Ltd.	COSCO SHIPPING Holdings
COSCO SHIPPING Lines Co., Ltd.	COSCO SHIPPING Lines
COSCO SHIPPING Ports Chancay PERU S.A.	CSP Chancay Terminal
COSCO SHIPPING Ports Limited	COSCO SHIPPING Ports or the Company
COSCO SHIPPING Ports Limited and its subsidiaries	the Group
COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries	CSP Spain Related Companies
CSP Abu Dhabi Terminal L.L.C.	CSP Abu Dhabi Terminal
CSP Iberian Bilbao Terminal, S.L.	CSP Bilbao Terminal
CSP Iberian Rail Services, S.L.U.	CSP Rail Services Terminal
CSP Iberian Valencia Terminal, S.A.U.	CSP Valencia Terminal
CSP Iberian Zaragoza Rail Terminal, S.L.	CSP Zaragoza Rail Terminal
CSP Zeebrugge CFS NV	CSP Zeebrugge CFS
CSP Zeebrugge Terminal NV	CSP Zeebrugge Terminal
Dalian Automobile Terminal Co., Ltd.	Dalian Automobile Terminal
Dalian Container Terminal Co., Ltd.	Dalian Container Terminal
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Dalian Dagang Terminal
Euromax Terminal Rotterdam B.V.	Euromax Terminal
Guangxi Beibu Gulf International Container Terminal Co., Ltd	Beibu Gulf Terminal
Guangxi Qinzhou International Container Terminal Co., Ltd.	Qinzhou International Terminal
Guangzhou South China Oceangate Container Terminal Company Limited	Guangzhou South China Oceangate Terminal
Jinjiang Pacific Ports Development Co., Ltd.	Jinjiang Pacific Terminal
Jinzhou New Age Container Terminal Co., Ltd.	Jinzhou New Age Terminal
Kao Ming Container Terminal Corp.	Kao Ming Terminal
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş.	Kumport Terminal

Company Name	Abbreviation
Lianyungang New Oriental International Terminals Co., Ltd.	Lianyungang New Oriental Terminal
Nansha Stevedoring Corporation Limited of Port of Guangzhou	Guangzhou Nansha Stevedoring Terminal
Nantong Tonghai Port Co., Ltd.	Nantong Tonghai Terminal
Ningbo Meishan Bonded Port New Harbour Terminal Operating Co., Ltd.	Ningbo Meishan Terminal
Ningbo Yuan Dong Terminals Limited	Ningbo Yuan Dong Terminal
Piraeus Container Terminal Single Member S.A.	Piraeus Terminal
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Dongjiakou Ore Terminal
Qingdao Port International Co., Ltd.	QPI
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	Qinhuangdao New Harbour Terminal
Quan Zhou Pacific Container Terminal Co., Ltd.	Quan Zhou Pacific Terminal
Reefer Terminal S.p.A.	Vado Reefer Terminal
Red Sea Gateway Terminal Company Limited	Red Sea Gateway Terminal
Shanghai Mingdong Container Terminals Limited	Shanghai Mingdong Terminal
Shanghai Pudong International Container Terminals Limited	Shanghai Pudong Terminal
SSA Terminals (Seattle), LLC	Seattle Terminal
Suez Canal Container Terminal S.A.E.	Suez Canal Terminal
Taicang International Container Terminal Co., Ltd.	Taicang Terminal
Tianjin Port Container Terminal Co., Ltd.	Tianjin Container Terminal
Tianjin Port Euroasia International Container Terminal Co., Ltd.	Tianjin Euroasia Terminal
Wuhan CSP Terminal Co., Ltd.	CSP Wuhan Terminal
Xiamen Ocean Gate Container Terminal Co., Ltd.	Xiamen Ocean Gate Terminal
Yangzhou Yuanyang International Ports Co., Ltd.	Yangzhou Yuanyang Terminal
Yantian International Container Terminals Co., Ltd.	Yantian Terminal Phases I & II
Yantian International Container Terminals (Phase III) Limited	Yantian Terminal Phase III
Yingkou Container Terminals Company Limited	Yingkou Container Terminal
Yingkou New Century Container Terminal Co., Ltd.	Yingkou New Century Terminal
Vado Gateway S.P.A.	Vado Container Terminal
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	Zhangjiagang Terminal
Others	
Twenty-foot equivalent unit	TEU

CORPORATE GOVERNANCE REPORT

COSCO SHIPPING Ports is committed to building a balanced world-class global terminal network to meet the needs of its customers, upholding the development concept of "The Ports for ALL", a synergistic win-win platform that creates maximum value for the stakeholders. The Company pursues the corporate purpose of "Satisfying Customers and Creating Wealth for Shareholders", and is committed to achieving the strategic goal of "Becoming a Leading World-class Comprehensive Ports Operator". To this end, the Company adheres to the management philosophy of managing in accordance with law and winning with integrity, and brings its leading functions as an industry forerunner into full play by formulating development strategies that balance the interests of all parties. Besides, the Company persists with the corporate mission of "Creating Value for the Shareholders and Providing Quality Service to the Customers" by committing to fulfill its corporate social responsibility and environmental awareness, so as to demonstrate its corporate value of "Integrity and Responsibility, Customer Orientation, Openness and Innovation, Striving for Excellence, Sincerity and Solidarity, Hard Work for Prosperity", and to inherit and develop its corporate culture of "Integrating into and Communicating with the World, Creating and Sharing Value; Pursuing Excellence with International Perspectives; Staying Pragmatic and Diligent for Success". With the advocacy and promotion of the board of directors of the Company (the "Board"), all directors lead by example and all employees obey regulations and act with integrity, and continually reinforce the value of "Acting Lawfully, Ethically and Responsibly".

The corporate governance framework of the Company aims to ensure that the highest standards of corporate conduct are in place within the Company. The Board sustains and enhances the Company's corporate governance through timely, transparent, effective and accountable approaches and policies. The Board strongly believes that good corporate governance is the core of a well-managed organisation.

In its constant pursuit of excellence, the Company endeavors to improve corporate governance and strengthen investor relations, gaining extensive market recognition from stakeholders for its high level of transparency and good corporate governance. In 2021, the Company has received the following recognitions from reputable organisations:

- "Asia's Top 15 In-house Teams of the Year" by Asian Legal Business Magazine, a well-recognised professional magazine
- "Best in ESG Awards – Middle Market Capitalization", "Best in Reporting Awards-Middle Market Capitalization" and "ESG Report of the Year Awards – Middle Market Capitalization" from BDO ESG Awards 2021
- "Best Shipping Port Operator (Ports sector) Hong Kong", "Best Investor Relations Company (Ports sector) Hong Kong" and "Most Sustainable Company (Ports sector) Hong Kong" and "Best CSR Company (Ports sector) Hong Kong" from International Business Magazine
- "Best Port Operator Hong Kong" and "Best CSR Company (Port Sector)" from Finance Derivative Magazine
- "Annual Report 2019 – Sliver" and "Best ESG Report 2019 – Honors" from Mercury Awards

- "Most Innovative Port Operator" by International Finance Magazine
- "Best Container Operator of the Year" and "Most Socially Responsible Port Operator" from Global Business Outlook Magazine
- "Best Port Operator" by Business Tabloid Magazine
- "Best Investor Relations Company Hong Kong" from Global Banking & Finance Awards
- "Excellence Award for H Share & Red Chip Entries – Annual Reports Awards" from The Hong Kong Management Association
- "Annual Report Bronze Prize" and "Annual Report Photography – Honors Prize" by ARC Awards
- "Best Investor Relations Company", "Asia's Best CEO (Investor Relations)" and "Best Investor Relations Professional" from Corporate Governance Asia Magazine
- "Corporate Website Honors Prize" by 2021 Galaxy Awards
- "Gold Award in Environmental, Social and Governance" from The Asset Magazine

CORPORATE GOVERNANCE PRACTICES

The Company disclosed its corporate governance practices in its annual reports as early as 2002.

The Company's corporate governance practices are in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Corporate Governance Code"). The Company also refers to the Organisation for Economic Co-operation and Development (OECD) principles to set out a series of ethical standards to maintain a high level of corporate accountability and transparency.

The Company believes that good corporate governance is essential to the sustainability of the Company's business and performance. The Company confirms that for the year ended 31 December 2021, it has fully complied with the code provisions of the Corporate Governance Code.

The Corporate Governance Code had been amended on 1 January 2022 (the "New CG Code"), and majority of the amendments apply to fiscal year beginning on or after 1 January 2022. Major amendments of the New CG Code include alignment of the Company's culture with its purpose, values and strategy, establishment of anti-corruption and whistleblowing policies, board independence and diversity of its members, communication with shareholders, publication of environmental, social and governance reports at the same time as publication of annual reports, and re-arrangement of the disclosure requirements of the Corporate Governance Code. To strengthen and enhance the highest level of corporate governance practices and conduct, the Company had adopted the code provisions under the New CG Code. At the same time, this report includes various corporate governance initiatives under the New CG Code currently implemented by the Company. As this report relates to the financial year 2021, the numbering of code provision in the report follows the code provision of the Corporate Governance Code before the New CG Code came into effect.

In order to promote transparency, the Company reviews, from time to time, the recommended best practices in the Corporate Governance Code that the Company may comply with. Set forth below are major recommended best practices in the Corporate Governance Code with which the Company continued to comply during the year ended 31 December 2021:

Recommended Best Practice C.1.6

Recommended best practice C.1.6 of the Corporate Governance Code states that a listed company should announce and publish quarterly financial results. The Company has published the announcements of its first and third quarterly results on 27 April 2021 and 29 October 2021, respectively, on a voluntary basis. The Company considers the publication of quarterly results a regular compliance practice.

Recommended Best Practice C.2.6

Recommended best practice C.2.6 of the Corporate Governance Code states that the board of directors of a listed company may disclose in the Corporate Governance Report that it has received a confirmation from the management on the effectiveness of the Company's risk management and internal control systems.

The Board of the Company has received confirmation from its management with respect to the effectiveness of the Company's risk management and internal control systems for 2021. Details of the effectiveness of the risk management and internal control systems of the Company are set out in the section headed "Risk Management and Internal Control" below.

Below are the policies, processes and practices adopted by the Company in compliance with the principles and spirit of the Corporate Governance Code.

BOARD OF DIRECTORS

Board Functions and Responsibilities of Directors

The Board is responsible for the leadership and control of the Company and its subsidiaries (together, the "Group") and is collectively responsible for promoting the success of the Group by directing and supervising the Group's business. Every Board member is required to keep abreast of his/her duties and responsibilities in the Company in its operation, business and development and should perform his/her duties in good faith, exercise due diligence and act in the best interest of the Group and its shareholders. The Board should ensure that the Company complies with all applicable laws and regulations.

The Board delegates day-to-day operations of the Group to the management. Both the Board and the management have clearly defined their respective authorities and responsibilities under various risk management, internal control and check-and-balance mechanisms. Matters to be decided by the Board include:

- establishing the strategic direction of the Group
- setting objectives and business development plans
- monitoring the performance of the senior management
- implementing corporate governance measures, including but not limited to (i) establishing risk management and internal control systems and reviewing their effectiveness; and (ii) establishing a shareholders' communication policy and reviewing it on a regular basis to ensure its effectiveness

The Board reviews and approves the Company's annual budget and business plans, which serve as important benchmarks in assessing and monitoring the performance of the management. The directors have access to the management and are welcome to request explanations, briefings or discussions on the Company's operations or business issues.

The Company has a clear corporate governance process in place to ensure that all directors fully understand their duties and responsibilities.

All newly appointed directors will take part in a comprehensive programme which includes management presentations on the Group's businesses, strategic plans and objectives. They will also receive a comprehensive orientation package upon their appointment, which includes policies on disclosure of interest in securities, prohibitions against dealing in the Company's securities, restrictions on disclosure of inside information, and disclosure obligations of a listed company under the Listing Rules. The programme and package are updated from time to time according to the changes in relevant laws and regulations.

Board Composition

As at 30 March 2022 (the date on which the Board approved this report), the Board consisted of eleven members. Among them, four are executive directors, two are non-executive directors and five are independent non-executive directors, including Mr. FENG Boming[1] (Chairman), Mr. ZHANG Dayu[1] (Managing Director), Mr. DENG Huangjun[1], Mr. ZHANG Wei[2], Mr. CHEN Dong[2], Dr. WONG Tin Yau, Kelvin[1], Dr. FAN HSU Lai Tai, Rita[3], Mr. Adrian David LI Man Kiu[3], Mr. LAM Yiu Kin[3], Prof. CHAN Ka Lok[3] and Mr. YANG Liang Yee Philip[3].

1 Executive director
2 Non-executive director
3 Independent non-executive director

There are no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the Managing Director. Biographical details of the directors are set out in the section headed "Directors and Senior Management Profiles" in this annual report and on the Company's website at https://ports.coscoshipping.com. A list containing the names of the directors and their respective roles and functions is also published on the said website.

Separation of Chairman and Managing Director

To ensure independence, accountability and responsibility in Board functions, the posts of Chairman and Managing Director are separated and each plays a distinctive role. Mr. FENG Boming, Chairman of the Company, is responsible for setting the Group's strategy and business directions, managing the Board and ensuring that the Board functions efficiently with good corporate governance practices and procedures, as well as handling key issues timely. Mr. ZHANG Dayu, Managing Director of the Company, supported by other Board members and the senior management, is responsible for implementing major strategies set by the Board and managing the Group's day-to-day business. The division of responsibility between the Chairman and the Managing Director is clearly established and set out in writing.

Non-executive Directors (including Independent Non-executive Directors)

The Company has two non-executive directors and five independent non-executive directors who are not involved in the day-to-day operation and management of the Group's businesses. The two non-executive directors have contributed innovative views to the Board's decision-making process based on their rich experience in terminal operations management, accounting and financing, and corporate management. Their expertise helps to facilitate the process of formulating the Group's strategy. The five independent non-executive directors, representing more than one-third of the Board, have well-recognised experience in areas such as accounting, law, banking and/or commercial fields. Their insightful advice, diverse skills and extensive business experience are major contributors to the development of the Company, and offer check and balance to the Board. They ensure that matters are fully debated and that no individual or group of individuals dominates the Board's decision-making process. In addition, they procure the Board to maintain a high standard of financial, regulatory and other mandatory reporting and provide an adequate check and balance to safeguard the interest of shareholders and the Company as a whole.

Each of the non-executive directors and independent non-executive directors has signed an appointment letter with the Company for a term of around three years. Their terms of appointment are subject to the rotational retirement provision of the Bye-laws of the Company and shall terminate on the earlier of (i) the date of expiry of the said term of service, or (ii) the date on which the director ceases to be a director for any reasons pursuant to the Bye-laws of the Company or any applicable laws.

The Board has received from each independent non-executive director a written annual confirmation of his/her independence and is satisfied with their independence up to the date of this report in accordance with the Listing Rules.

The Nomination Committee of the Company has conducted an annual review of the independence of all independent non-executive directors of the Company and confirmed that all the independent non-executive directors satisfied the criteria of independence as set out in the Listing Rules.

Board Meetings

Board meetings are scheduled one year in advance to facilitate maximum attendance by directors. The Board held four regular Board meetings during the financial year ended 31 December 2021 at quarterly intervals to approve the 2020 final results, 2021 interim results and 2021 first and third quarterly results of the Company. The average attendance rate was 86.37%. Independent non-executive directors of the Company had attended the Board meetings for considering and approving the continuing connected transaction. As the members of the Board are either in Hong Kong or in Mainland China, all of the Board meetings were conducted by video and/or telephone conference as permitted under the Bye-laws of the Company. The senior management in charge of the Finance Department and the General Counsel & Company Secretary also attended the Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting and financial aspects.

Before each regular Board meeting, the Board is provided with adequate information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performances of the Group, in addition to the minutes of preceding meetings of the Board and Board committees. At least 14 days' notice of a regular Board meeting is given to all directors to provide them with an opportunity to attend and all directors are given an opportunity to include matters in the agenda for a regular meeting. Board papers are usually dispatched to the directors at least three days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. Directors unable to attend a meeting are advised of the matters to be discussed and are given an opportunity to make their views known to the Chairman prior to the meeting. If any director requires further information or explanation after the meeting documents have been provided, the Legal Department is responsible for coordinating responses from the relevant departments to ensure that the director has the information he/she considers necessary before making a decision. Besides, in order to assist the directors in fulfilling their duties to the Company, the Board has established written procedures for them, upon reasonable request, to seek independent professional advice at the Company's expense in appropriate circumstances. Senior management members, the management and professional consultants (if required) who are responsible for the preparation of the Board papers are invited to attend the meeting and answer any questions or enquiries that Board members may have on the papers. This enables the Board to obtain pertinent data and thorough understanding of the Board's decision-making matters, thereby enabling a comprehensive and informed assessment of the matter. Except occasional absence due to business engagements, the Chairman of the Board conducts the proceedings of the Board at all Board meetings. He ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and equal opportunities are given to all the directors to speak, express their views and raise their concerns. In addition, the chairman of the meeting asks the directors whether they have any objections or any questions to raise for discussion on each agenda item, ensuring that each director can present his or her independent views on the spot. The above measures form the mechanisms which ensure independent views are available to the Board.

Minutes of the Board meetings record in sufficient detail the matters considered by the Board and the decisions reached, including any concerns raised by the directors. Draft minutes of each Board meeting are sent to all directors for comments within a reasonable time after the Board meeting is held. All directors have access to the General Counsel & Company Secretary, who is responsible for ensuring that the Board procedures and all applicable laws and regulations are complied with and providing advice to the Board on compliance matters.

Set out below are the details of all directors' attendance at the Board meetings and general meetings during the year ended 31 December 2021 which illustrate the attention given by the directors in overseeing the Company's affairs and understanding shareholders' views:

Attendance Record of Board Members at Board Meetings and General Meetings Held in 2021

	No. of Board meetings attended/held	Attendance rate of Board meetings (%)	No. of general meetings attended/held	Attendance rate of general meetings (%)
Directors				
Mr. FENG Boming[1] (Chairman)	3/4	75	1/2	50
Mr. ZHANG Dayu[1] (Managing Director)	4/4	100	2/2	100
Mr. DENG Huangjun[1]	4/4	100	2/2	100
Mr. ZHANG Wei[2]	3/4	75	1/2	50
Mr. CHEN Dong[2]	1/4	25	1/2	50
Dr. WONG Tin Yau, Kelvin[1]	4/4	100	2/2	100
Dr. FAN HSU Lai Tai, Rita[3]	4/4	100	1/2	50
Mr. Adrian David LI Man Kiu[3]	4/4	100	2/2	100
Mr. LAM Yiu Kin[3]	4/4	100	2/2	100
Prof. CHAN Ka Lok[3]	3/4	75	2/2	100
Mr. YANG Liang Yee Philip[3]	4/4	100	2/2	100

1 Executive director
2 Non-executive director
3 Independent non-executive director

During the year ended 31 December 2021, the Chairman held a meeting with the independent non-executive directors without the other directors' present pursuant to code provision A.2.7 of the Corporate Governance Code.

Appointment, Re-election and Removal of Directors

The Company follows a set of formal, well-considered and transparent procedures for the appointment of new directors. The Nomination Committee, chaired by an independent non-executive director, and comprising a majority of independent non-executive directors, has formulated a set of nomination policies and is responsible for identifying and nominating suitable candidates for the Board's consideration as additional directors or to fill in casual vacancies on the Board and for making recommendations to the shareholders regarding any directors proposed for re-election at general meetings.

Details of the selection process of new directors and a summary of work performed by the Nomination Committee in 2021 are set out in the "Nomination Committee" section below.

At each annual general meeting, one-third of the serving directors (or, if their number is not a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years.

Directors' Commitment and Participation in Continuous Professional Development Programmes

The Company has received confirmation from all directors that they have given sufficient time and attention to the affairs of the Company during the year ended 31 December 2021. Directors have also disclosed to the Company the number and nature of their offices held in public companies or organisations and other significant commitments, as well as the names of the said public companies and an indication of time involved in such offices.

Directors are required to participate in continuous professional development to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under the Listing Rules and other applicable laws and regulations. The following table sets out the details of all directors' participation in continuous professional development programmes during the year ended 31 December 2021:

Directors' Participation in Continuous Professional Development Programmes in 2021

	Reading regulatory updates	Making visits to management of the Company and/or its subsidiaries	Attending directors' training organised by the Company or other listed companies/ professional organisations
Directors			
Mr. FENG Boming[1] (Chairman)	✓	✓	✓
Mr. ZHANG Dayu[1] (Managing Director)	✓	✓	✓
Mr. DENG Huangjun[1]	✓	✓	✓
Mr. ZHANG Wei[2]	✓	✓	✓
Mr. CHEN Dong[2]	✓	✓	✓
Dr. WONG Tin Yau, Kelvin[1]	✓	✓	✓
Dr. FAN HSU Lai Tai, Rita[3]	✓	✓	✓
Mr. Adrian David LI Man Kiu[3]	✓	✓	✓
Mr. LAM Yiu Kin[3]	✓	✓	✓
Prof. CHAN Ka Lok[3]	✓	✓	✓
Mr. YANG Liang Yee Philip[3]	✓	✓	✓

1 Executive director
2 Non-executive director
3 Independent non-executive director

Directors'/Senior Management's Securities Transactions

All directors are obliged to observe the requirements stipulated in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), as the Company has adopted the Model Code as the Company's code of conduct and rules governing dealings by its directors in the securities of the Company. In addition, the Board has established written guidelines for the senior management and relevant employees of the Company in respect of their dealings in the securities of the Company on no less exacting terms than the Model Code. A committee comprising the Chairman of the Board, the Managing Director and a Deputy Managing Director was set up to deal with such transactions.

Specific confirmation has been obtained from the directors and senior management of the Company regarding their compliance with the Model Code and the aforementioned guidelines in 2021. No incidents of non-compliance were identified by the Company in 2021.

GENERAL COUNSEL & COMPANY SECRETARY

The General Counsel & Company Secretary, who is directly responsible to the Board, ensures that directors are updated on all relevant regulatory changes of which she is aware of, including organising appropriate continuing development programmes for directors.

All directors have access to the General Counsel & Company Secretary who is responsible for ensuring good information flow within the Board and accurate execution of the Board policies and procedures. The General Counsel & Company Secretary is also responsible for providing advice to the Board in relation to directors' obligations regarding disclosure of interest in securities and regarding disclosure requirements on notifiable transactions, connected transactions and inside information. In respect of information disclosure, the General Counsel & Company Secretary shall advise the Board on making true, accurate, complete and timely disclosures to the public strictly pursuant to the requirements of the Listing Rules, applicable laws, regulations and the Bye-laws of the Company.

The General Counsel & Company Secretary is an alternate to one of the authorised representatives of the Company and the primary channel of communication between the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). She also assists the Board in implementing and strengthening corporate governance practices with a view to enhancing long-term shareholder value. In addition, the General Counsel & Company Secretary will, when appropriate, provide directors with the latest information regarding their continuing legal, regulatory and compliance obligations. In relation to connected transactions and disclosure requirements, regular seminars are held by the General Counsel & Company Secretary for management and senior executives within the Group to ensure that such transactions are handled in compliance with the Listing Rules. Detailed analyses are performed on all potential connected transactions to ensure full compliance, as well as for directors' consideration.

The General Counsel & Company Secretary has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

DELEGATION BY THE BOARD

Management Functions

The Board delegates day-to-day responsibilities to the management. The respective functions of the Board and the management have been clearly established and set out in writing. The management is responsible for the following duties delegated by the Board:

- implementing the strategies and plans established by the Board
- submitting reports on the Company's operations to the Board on a regular basis to ensure effective discharge of responsibilities by the Board, including but not limited to the monthly updates as required by the Listing Rules

Board Committees

To assist the Board in the execution of its duties and to facilitate effective management, certain functions of the Board have been delegated to various Board committees, which shall review and make recommendations to the Board within a specific scope. The Board has established a total of seven Board committees, the details of which are set out below. Each committee consists of directors, members of senior management and management members, and has a defined scope of duties and terms of reference; and committee members have the right to make decisions on matters within the terms of reference of each committee. These committees have the authority to examine particular issues and report to the Board with their recommendations where appropriate, subject to the ultimate authority for final decision-making by the Board on all matters.

The terms of reference of the above Board committees setting out their roles and the authority delegated by the Board have been posted on the Company's website at https://ports.coscoshipping.com. The terms of reference will be revised when appropriate. It is the Company's policy to ensure that the committees are provided with sufficient resources to discharge their duties. The committees have regular, scheduled meetings every year and report to the Board on a regular basis. All business transacted at committee meetings is meticulously recorded and well maintained, and minutes of meetings are circulated to the Board for reference.

1. Executive Committee

The Executive Committee consists of all the executive directors of the Company who are frequently in Hong Kong. The committee is established to facilitate the daily operations of the Company. As most of the directors of the Company are fully engaged in their major responsibilities and/or stationed in Mainland China and Hong Kong, it is practically difficult and inconvenient to convene full Board meetings or arrange for all directors to sign written resolutions on a frequent basis. Hence, the Board delegates powers to the Executive Committee to conduct and supervise the business of the Company and its staff.

During the year ended 31 December 2021, the Executive Committee held a total of 17 meetings. All the matters considered and decided by the Executive Committee at the committee meetings have been recorded in detailed minutes. A committee member presents a summary report on the business transacted at the Executive Committee meetings to the Board at Board meetings. All directors of the Company can inspect the minutes of the committee meetings at any time and upon request, and the General Counsel & Company Secretary will provide a copy of the minutes of the committee meetings to the directors.

2. Audit Committee

The Audit Committee, chaired by an independent non-executive director with appropriate professional qualifications, consists of three members, all of whom are independent non-executive directors of the Company. All committee members are professionals in their own sectors, including accounting, legal, banking and/or other commercial areas.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It has unrestricted access to information relating to the Group, internal and external auditors, the management and the staff. Its terms of reference are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the code provisions set out in the Corporate Governance Code.

In addition to providing advice and recommendations to the Board, the Audit Committee oversees all matters relating to the external auditors. It therefore plays an important role in monitoring and maintaining the independence of the external auditors. The internal auditor is directly accountable to the Chairman of the Audit Committee.

Regular meetings of the Audit Committee are held four times a year on a quarterly basis, with additional meetings arranged as and when required. During the year ended 31 December 2021, a total of five meetings were held and attended by all members of the Audit Committee.

The key matters deliberated on by the Audit Committee in 2021 include but are not limited to:

- reviewed the accounting principles and practices adopted by the Group and other financial reporting matters
- reviewed the drafts of annual, interim and quarterly results announcements as well as those of annual and interim reports of the Company, and assured the completeness, accuracy and fairness of the financial statements of the Company
- reviewed the results of the external audit, and discussed relevant audit issues with the external auditors
- reviewed the internal audit plans and reports
- reviewed the risk management and internal control policy of the Company; discussed the effectiveness of the risk management and internal control systems throughout the Group, including financial, operational and compliance controls, and reviewed the report on risk management and internal control
- reviewed the report on legal work done
- reviewed the summary of continuing connected transactions of the Company on a quarterly basis

Attendance Record of Audit Committee Members in 2021

Names of members	No. of meetings attended/held	Attendance rate (%)
Mr. Adrian David LI Man Kiu[1] (Chairman)	5/5	100
Dr. FAN HSU Lai Tai, Rita[1]	5/5	100
Mr. LAM Yiu Kin[1]	5/5	100

1 Independent non-executive director

3. Remuneration Committee

The Remuneration Committee comprises five members, the majority of whom (including chairman of the committee) are independent non-executive directors of the Company.

The Company has adopted model (ii) as set out in the code provision B.1.2(c) of the Corporate Governance Code, under which the Remuneration Committee makes recommendations to the Board on the remuneration packages of executive directors and senior management. The Remuneration Committee also makes recommendations to the Board on the policy and structure for the remuneration of all directors and senior management. If necessary, the Remuneration Committee can engage professional advisers to assist and/or provide professional advice on relevant issues.

When formulating remuneration packages (which comprise salaries, bonus, benefits in kind, etc.), the Remuneration Committee considers several factors such as salaries paid by comparable companies, time commitment, job responsibilities, the performance of the individual and the performance of the Company. The Remuneration Committee will also review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives resolved by the Board from time to time.

The following is a summary of the work of the Remuneration Committee in 2021:

- conducted annual review and made recommendations to the Board on the remuneration packages of all directors and senior management
- reviewed whether exercise conditions for share options granted in 2018 and 2019 were fulfilled and the adjustment on the list of selected peer benchmark enterprises for annual appraisal
- reviewed and approved the policy of discretionary payment of addition directors' remuneration to independent non-executive directors at the time of resignation in proportion to his/her year of service

Attendance Record of Remuneration Committee Members in 2021

Names of members	No. of meetings attended/held	Attendance rate (%)
Dr. FAN HSU Lai Tai, Rita[1] (Chairman)	2/2	100
Mr. Adrian David LI Man Kiu[1]	2/2	100
Prof. CHAN Ka Lok[1]	2/2	100
Mr. FENG Boming[2]	2/2	100
Mr. SHI Guoqiang	2/2	100

1 Independent non-executive director
2 Executive director, Chairman of the Board

Remuneration Policy

The remuneration policy of the Company ensures the competitiveness and effectiveness of the Company's pay levels for attracting, retaining and motivating directors, senior management and employees. No director, or any of his/her associates, is involved in determining his/her own remuneration. The remuneration policy for non-executive directors ensures that they are sufficiently yet not excessively compensated for their efforts and time dedicated to the Company. The policy for executive directors, senior management and employees assures that remuneration offered is appropriate for the duties involved and in line with market practice. The aggregate amount of directors' fees is subject to approval by shareholders at the annual general meeting.

The key components of the Company's remuneration package include basic salary plus other allowances, discretionary cash bonus and mandatory provident fund. The cash bonus is tied to the performance of the individual.

4. Nomination Committee

The Nomination Committee comprises three members, the majority of whom (including chairman of the committee) are independent non-executive directors of the Company.

The Nomination Committee is responsible for nominating potential candidates for directorship, reviewing the nomination of directors, assessing the independence of independent non-executive directors and making recommendations to the Board on appointments and re-elections. It is also responsible for reviewing and making recommendations, if any, to the Board on the Company's board diversity policy (the "Board Diversity Policy").

During 2021 and early 2022, the work performed by the Nomination Committee included the following:

- reviewed the Board Diversity Policy and make recommendations to the Board
- made recommendations to the Board on matters relating to the re-election of directors
- made recommendations to the Board on matters relating to the appointment of Board Committees members
- conducted an annual review of the independence of the independent non-executive directors
- reviewed structure, size and composition of the Board

According to the terms of reference of the Nomination Committee, all new appointments of directors and nominations of retiring directors proposed for re-election at the annual general meeting should first be considered by the Nomination Committee and then recommended by the Nomination Committee to the Board for decision.

In early 2022, the Nomination Committee nominated and the Board recommended that Mr. FENG Boming (Chairman of the Board), Mr. ZHANG Dayu (Managing Director), and Prof. CHAN Ka Lok (Independent Non-executive Director), being directors who have been longest in office since their last re-election, retire by rotation at the forthcoming annual general meeting. All the retiring directors, being eligible, will offer themselves for re-election by shareholders of the Company.

Attendance Record of Nomination Committee Members in 2021

Names of members	No. of meetings attended/held	Attendance rate (%)
Mr. Adrian David LI Man Kiu[1] (Chairman)	2/2	100
Dr. FAN HSU Lai Tai, Rita[1]	2/2	100
Mr. FENG Boming[2]	2/2	100

1 Independent non-executive director
2 Executive director, Chairman of the Board

Nomination Policy

The Board had adopted a policy on the nomination of directors (the "Nomination Policy"), which was prepared with reference to the Board Diversity Policy and the existing procedures for nomination of directors of the Nomination Committee, aimed at setting out the nomination procedures and the process and criteria to select and recommend candidates for directorship.

According to the Nomination Policy, for filling a casual vacancy or appointing addition to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. The secretary of the Nomination Committee shall call a meeting of the Nomination Committee and invite nominations of candidates from Board members for consideration by the Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members. Furthermore, shareholder(s) may nominate a person as a director, without the Board's recommendation or the Nomination Committee's nomination, according to the provisions and procedures set out under the paragraph titled "Procedures for Shareholders to Propose a Person for Election as a Director" under the section titled "Procedures for Shareholders to Put Forward Proposals at General Meetings" below.

The Nomination Committee will make reference to factors including reputation for integrity, accomplishment and experience, in particular, in the industry of the Company's business, diversity in all aspects, independent mindedness, etc. For the appointment of independent non-executive directors, independence factors as required under the applicable laws, rules or regulations will be considered. Apart from the personal data to be disclosed on the relevant websites, Nomination Committee may request candidates to provide additional information and documents, if considered necessary, for the reference of the Nomination Committee and the Board.

Board Diversity Policy

The Board had adopted the Board Diversity Policy which aimed at setting out principles and approaches adopted to achieve the diversity of the Board.

The Company regards the diversity of the Board as one of the crucial elements of the Company's sustainable development and in maintaining its competitive advantages. Candidates for Board appointments will be considered based on each objective criterion and with due regard for the benefits of diversity of the Board. Selection of candidates will be based on a number of perspectives, including but not limited to gender, age, skills, cultural background, knowledge and professional experience. The final decision will be based on the merit of the candidate and the contribution the candidate will bring to the Board.

The Board's composition under diversified perspectives is summarised as follows:

Board Diversity

1. Designation	Executive Director (4)	Non-executive Director (2)	Independent Non-executive Director (5)
2. Gender	Male (10)	Female (1)	
3. Ethnicity	Chinese (11)		
4. Age group	40–50 (3)	51–60 (5)	Over 60 (3)
5. Length of service (years)	Over 10 (2)	3–10 (7)	Less than 3 (2)
6. Skills, knowledge and professional experience Note 1	Terminal operation and management (6)	Accounting and financing (5)	Banking (1)
	Law (2)	Management and commercial (1)	Capital market and investor relations (1)
7. Academic background	University (11)		

Note 1: Directors may possess multiple skills, knowledge and professional experience.
Note 2: The number in brackets refers to the number of directors under the relevant category.

As reviewed and suggested by the Nomination Committee, the Board was of the view that the Board has achieved diversity in terms of gender, age group and skills, knowledge and professional experience, and considers that the Board Diversity Policy is effective. It is currently not required to set any measurable objectives for implementing the said policy.

5. Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee comprises three members, the majority of whom (including chairman of the committee) are independent non-executive directors of the Company.

The Environmental, Social and Governance Committee is responsible for overseeing and reviewing the policies, practices, framework and management approach of the corporate social responsibility and sustainable development of the Group, reviewing the practices on corporate governance and disclosure systems of the Company, and making recommendations to the Board on relevant matters, with an aim to enhancing the standard of corporate governance of the Company.

In 2021 and early 2022, the Environmental, Social and Governance Committee of the Company has performed the following work in relation to reviewing the implementation of environmental, social and governance of the Company:

- reviewed the report on stakeholder survey and materiality assessments for 2021 and made recommendations to the Board
- reviewed the setting of environmental targets and measures adopted for the implementation of such targets
- monitored and reviewed emerging sustainability-related disclosure requirements, and made recommendations to the Board on how to address the current and emerging disclosure requirements
- reviewed the Company's corporate governance policies and practices and make recommendations to the Board, and reviewed the training and continuous professional development of directors and senior management, as well as the Company's policies and practices on compliance with legal and regulatory requirements pursuant to Code Provision D.2.1 of the Corporate Governance Code

Attendance Record of Environmental, Social and Governance Committee Members in 2021

Names of members	No. of meetings attended/held	Attendance rate (%)
Prof. CHAN Ka Lok[1] (Chairman)	2/2	100
Mr. YANG Liang Yee Philip[1]	2/2	100
Mr. FENG Boming[2]	0/2	0

1 Independent non-executive director
2 Executive director, Chairman of the Board

6. Investment and Strategic Planning Committee

The Investment and Strategic Planning Committee, led by an executive director, comprises 13 members, including executive directors, senior management and management. It is responsible for the consideration, evaluation and review of and making recommendations to the Board on proposed major investment plans, acquisitions and disposals, and conducting post-investment evaluation of investment projects. It also reviews and considers the direction of the overall strategy and business development of the Company.

Attendance Record of Investment and Strategic Planning Committee Members in 2021

Names of members	No. of meetings attended/held	Attendance rate (%)
Mr. FENG Boming[1] (Chairman)	1/4	25
Mr. ZHANG Dayu[2]	4/4	100
Mr. DENG Huangjun[3]	3/4	75
Mr. CHEN Dong	4/4	100
Mr. SHI Guoqiang	3/4	75
Mr. YU Danwei	1/4	25
Ms. ZHOU Lan	3/4	75
Mr. LI Jie	3/4	75
Ms. HUANG Li	3/4	75
Mr. LI Wei	2/4	50
Ms. YAO Li	3/4	75
Ms. WANG Min	4/4	100
Mr. XIE Manding	4/4	100

1 Executive director, Chairman of the Board
2 Executive director, Managing Director
3 Executive director

7. Risk Management Committee

The Risk Management Committee, led by an executive director, comprises eight members, including executive directors, senior management and management. It is responsible for identifying and minimising the operational risks of the Company, setting the direction of the Group's risk management strategy, strengthening the Group's risk management system and giving opinions to the Board on risk-related matters of the Company.

Details of the role and responsibilities of the Risk Management Committee in relation to risk management of the Company are set out in the paragraph headed "Risk Management and Internal Control" below.

Attendance Record of Risk Management Committee Members in 2021

Names of members	No. of meetings attended/held	Attendance rate (%)
Mr. ZHANG Dayu[1] (Chairman)	4/4	100
Mr. DENG Huangjun[2]	4/4	100
Ms. HUNG Man, Michelle	4/4	100
Mr. CHEN Dong	4/4	100
Mr. YU Danwei	4/4	100
Ms. ZHOU Lan	4/4	100
Mr. LI Jie	3/4	75
Mr. ZHU Hanliang	4/4	100

1 Executive director, Managing Director
2 Executive director

ACCOUNTABILITY AND AUDIT

Financial Reporting

Below sets out the responsibilities of the directors in relation to the financial statements, which should be read in conjunction with, but distinguished from, the Independent Auditor's Report on pages 120 to 125 which acknowledges the reporting responsibilities of the Group's auditors.

Annual Report and Financial Statements

The directors acknowledge their responsibilities for preparing financial statements for each financial year which shall give a true and fair view of the results and financial position of the Group.

Accounting Policies

The directors consider that in preparing its financial statements, the Group adopted appropriate accounting policies that are consistently applied, and that all applicable accounting standards are observed.

Accounting Records

The directors are responsible for ensuring that the Group keeps accounting records which disclose, with reasonable accuracy, the financial position and results of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Companies Ordinance, the Listing Rules and applicable accounting standards.

Safeguarding Assets

The directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

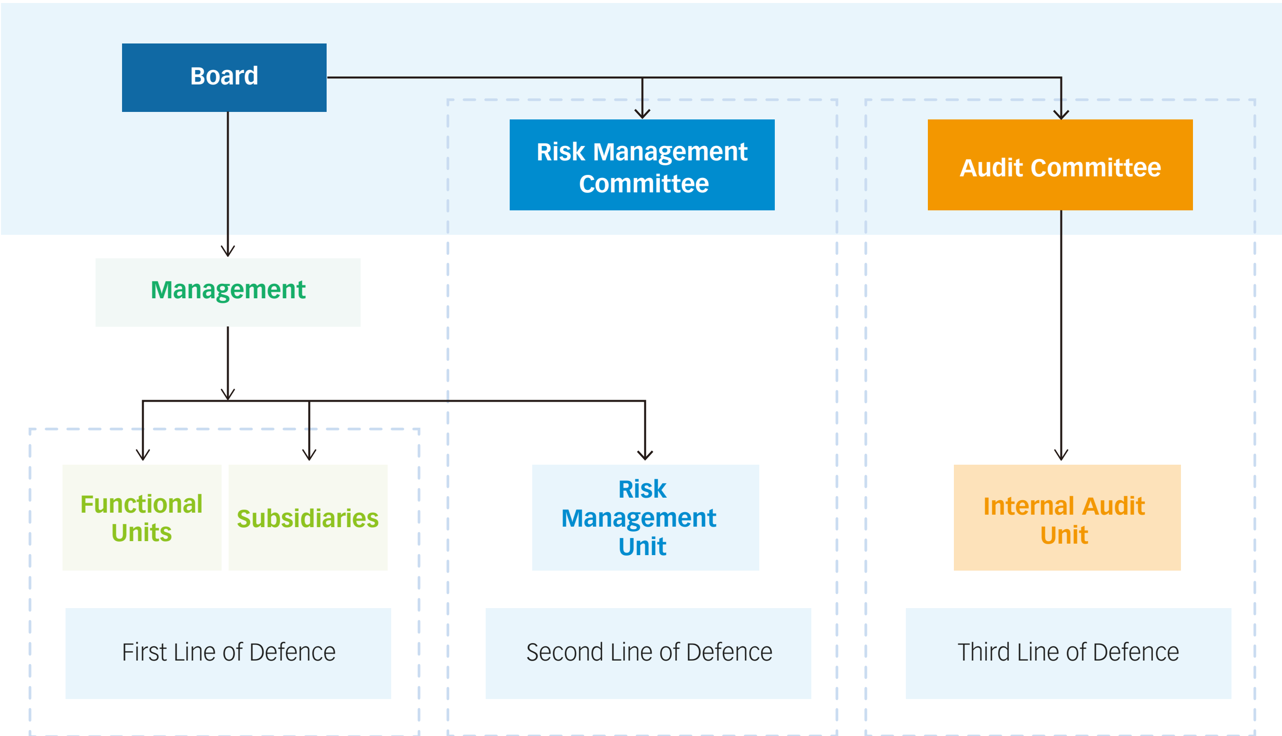
RISK MANAGEMENT AND INTERNAL CONTROL

The Board is fully responsible for assessing and determining the continuous effectiveness of the risk management and internal control systems of the Company in an effort to safeguard the interests of its shareholders. Based on its control environment, risk assessment and corresponding strategies, supervision and improvement, the Company has established the risk management and internal control systems which are grounded on "three lines of defence" and are integrated with business activities. The risk management framework of the risk management and internal control systems makes reference to the COSO framework established by the Committee of Sponsoring Organisations of the Treadway Commission of the United States of America, the "General Risk Management Guidelines for State-owned Enterprises" issued by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC"), the "Basic Norms of Internal Control for Enterprises" and complementary guidelines issued by the Ministry of Finance and four other ministries and commissions of the People's Republic of China, and the guide on internal control and risk management issued by the HKICPA.

Risk Management Framework

Below is the Company's risk management framework, which comprises the risk management structure and the risk management procedures:

Risk Management Structure



Risk Management Procedures

The division of major functions and responsibilities in the risk management structure is as follows:

The Board	• Review the effectiveness of the risk management and internal control systems • Make decisions on and monitor the risk management and internal control systems of the Company • Approve the annual assessment report on risk management and internal control of the Company • Approve the work plans on risk management and internal control of the Company • Review and ensure the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, as well as in relation to the Company's environmental, social and governance performance and reporting
Audit Committee	• Review the effectiveness of the risk management and internal control systems of the Company, ensure that the management has performed their duties of establishing effective systems, and report to the Board on the conclusion of the review
Risk Management Committee	• Establish a scientific risk management mechanism, enhance the ability to prevent and control the risks relating to assets and business, improve work efficiency, and ensure a smooth rollout and steady implementation of operational management • Consider and approve the risk management policy, and monitor and provide guidance on the implementation of the policy • Monitor and provide guidance on the identification, prevention and control of risks regarding funds, assets, projects, business and management • Consider and approve the risk control review report regarding material funds, assets, projects, business and matters, and monitor their implementation • Give opinions to the Board on risk-related matters of the Company
Management	• Implement, maintain and continuously monitor the risk management and internal control systems of the Company • Provide the Board with a confirmation on the effectiveness of the risk management and internal control systems on an annual basis • Make annual work arrangement for the upcoming year with appropriate emphases, based on the assessment reports on risk management and internal control of the Company issued by external agencies
Risk Management Unit	• Organise the drafting of basic systems and processes for risk management and internal control, standardise and regulate the risk management and internal control of the Company • Organise the drafting of the routine and annual work plans on risk management and internal control, and organise their implementation • Organise risk assessment by functional units and subsidiaries, and prepare the annual risk assessment report for the Company • Organise the evaluation on the effectiveness of the internal control by functional units and subsidiaries, and prepare the annual evaluation report on internal control • Organise, coordinate, guide and monitor the work on risk management and internal control by functional units and subsidiaries • Complete other tasks in relation to risk management and internal control assigned by the Board

Functional Units and Subsidiaries	• Amend and implement the regulatory policies and management procedures within their scope of duties, and establish and optimise the risk management and internal control mechanisms • Carry out risk management and internal control functions, including identifying, analysing, evaluating and handling operational and management risks within their scope of duties • Conduct self-evaluation, correction, and rectification of risk management and internal control for areas within their scope of duties • Establish, maintain and monitor on a daily basis the risk alert indicators for areas within their scope of duties, report major risks and take contingency measures in case of a significant risk incident • Guide and supervise the risk management and internal control exercised on business carried out by functional units and subsidiaries within their scope of duties • Assist in completing other routines on risk management and internal control
Internal Audit Unit	• Examine the suitability and effectiveness of the risk management and internal control systems, and supervise in an independent manner the risk management and internal control exercised by functional units and subsidiaries • Prepare the audit plan at the beginning of each year, and enhance supervision over the implementation of various requirements from supervisory level

The risk management procedures include the following major tasks:

Objective establishment	• Establish strategic, operational, reporting, compliance and other relevant objectives based on the risk tolerance levels of the Company, fully taking into account the impact of various risks during objective establishment
Risk identification	• All functional units and subsidiaries collect internal and external information relating to risks on a regular basis, and carry out necessary screening, refinement, comparison, classification and combination • Identify the risks in the Company's major business operations and key business processes in accordance with the risk management framework established
Risk assessment	• Define the identified risks and their characteristics, and analyse and describe the likelihood and impact of the risks • Determine the Company's major risks after assessing their importance in accordance with the evaluation criteria established
Measures against risks	• All functional units and subsidiaries choose corresponding strategies to address risks based on risk assessment results and the causes of the risks • Prepare solutions to managing various risks or each category of material risks, according to the strategies to address risks • Design practical risk control activities and effectively implement corresponding solutions to risk management
Supervision and improvement	• All functional units and subsidiaries carry out ongoing day-to-day monitoring and analysis of the major and related risks under their management • The risk management unit prepares risk management reports based on risk monitoring information and makes cross-departmental recommendations on significant changes in risks • The risk management unit supervises and assesses the risk control at all functional units and subsidiaries and the effectiveness thereof

Control Environment

Maintaining a high standard of control environment has been a top priority of the Company. Hence, the Company has been dedicated to continuous enhancement and improvement of its control. The Board recognises the importance of integrity, character, operating philosophy and team building capabilities (the overall quality of staff) and other core values of the management, and has drawn up guidelines on the internal control system to ensure that the Group's objectives are achieved and discrepancies can be detected with effective rectification adopted.

The management is primarily responsible for the design, implementation and maintenance of a sound internal control system for the Company, with a view to safeguarding the interests of shareholders and the assets of the Company. The internal control system covers all major and material controls, including financial, operational, environmental, social and governance, compliance and risk management controls.

The Board is ultimately responsible for the effectiveness of the internal control and risk management systems of the Company. The Risk Management Committee, as a committee under the board, is delegated to assist the Board in identifying and minimising the operational risks of the Company, determining the direction for the risk management strategies and strengthening the risk management system of the Company. The Risk Management Committee followed up and reviewed the results of internal control and risk management assessment for the year, with regular reporting and discussion. Moreover, the Audit Committee assists the Board in reviewing the effectiveness of the internal control and risk management systems twice a year by scrutinising the underlying mechanism and functioning of the internal control and risk management systems and written reports, and reporting to the Board on the effectiveness of the systems.

As the control environment serves as the foundation for other components in the internal control system, the Company has defined its business structure and compiled an instruction manual to control those business processes and activities. Apart from the establishment of an effective internal control system, the Company attaches great importance to the conduct and qualifications of its accounting, internal audit and financial reporting personnel, as well as personnel in relation to the Company's environmental, social and governance performance and reporting and has imposed relevant requirements in that regard.

Assessment of and Measures against Risks

The Company attaches great importance to risk assessment for 2022. Under the unified deployment of the management, the legal department of the Company has formed a risk assessment project team with external experts to jointly conduct risk assessment. The specific implementation process is as follows:

The Company's management representatives and all department heads have participated in the risk assessment. A profound and thorough analysis of the business involved in the future operation and development was carried out through interviews and questionnaires, and precautions were taken from all aspects with a view to formulating countermeasures against risks on a case-by-case basis. After considering both the interviews with management of the Company and responsible persons of the Company, and conclusions on the questionnaire on risk evaluation, the risk category framework and risk database for 2022 of the Company were established, which included 5 first grade risks, 44 second grade risks and 111 third grade risks. The top five risks of the Company were eventually identified, namely risks relating to overseas business compliance, risks relating to changes in international trade landscape, risks relating to energy price fluctuations, risks relating to work safety, and risks relating to information system planning.

On the basis of annual risk assessment, the Company regularly tracks and monitors major risks, and monitors risk events in operation through various forms and dimensions such as business seminars, collaborative linkages, and a timely reporting system for risk events. In case of major risk events, management will be notified immediately, and at the same time, major risk tracking and monitoring forms are formulated every quarter, and various risk prediction and response work are done accordingly, so as to resolve major business risks.

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risk relating to overseas business compliance	In recent years, there have been much news about state-owned enterprises paying huge fines for non-compliance in overseas markets. Amid the economic development uncertainties, many countries have being announcing new regulations, China has revised the Anti-monopoly Law, and other countries and regions have strengthened the enforcement of anti-monopoly laws, indicating a gradual tightening of regulations and penalties relating to overseas business compliance. The Company is subject to increasing compliance risks when conducting international operations, and it is imperative to further enhance the measures for preventing overseas business compliance risks and the response to overseas business cases. In the course of international businesses including foreign trade, overseas investment, operation and project construction, if the Company and overseas terminals in which the Group has controlling stakes fail to comply with the laws and regulations of China and countries where businesses are operated, or enter into or join the relevant international treaties and other regulatory requirements, the Company may be subject to sanctions or penalties, which may affect the Company's sustainable development.	• Improve the compliance management organization. The Company should enhance the construction of overseas business compliance team, with all departments and business staffs cooperating with each other and resources, including external organizations, being fully utilized, to further improve the capability of preventing business compliance risks. • Further improve the measures for preventing compliance risks associated with overseas investment, project operation and project construction, and deepen the research and related application on outbound environment, policies and strategies in oversea countries. When conducting overseas businesses, the Company will conduct in-depth research of laws, regulations and regulatory requirements of countries and regions where businesses are operated in relation to foreign investment; conduct detailed investigations into the business operation, credit status and other aspects of partners or target companies; comprehensively identify and assess the compliance risks of businesses and adopt corresponding measures, so as to ensure that overseas businesses are consistent with compliance requirements.	

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
		• Guide and urge overseas terminals in which the Group has controlling stakes to operate businesses in accordance with compliance requirements. Guide and urge overseas terminals in which the Group has controlling stakes to comply with the laws and regulations of countries and regions where investments are made and to implement the compliance work, including information disclosure, connected transaction management, corporate governance and property right management. Formulate standards for overseas businesses, improve the capabilities of risk assessment, prevention and disposal, and handle non-compliance events in accordance with laws and regulations. • Strengthen trainings about overseas business compliance to help all staffs to build the rule awareness and the concept of operating business in accordance with compliance requirements. Ensure that in the course of conducting overseas businesses, staffs can pay attention to international rules, observe the laws of countries and regions where businesses are operated and China's rules and regulations on outward investment and overseas state-owned asset management, conduct overseas business management activities in accordance with laws and regulations and firmly uphold the bottom line of preventing overseas business compliance risks.	

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to changes in international trade landscape	In recent years, the international trade landscape has undergone changes as the global economy slows down, trade protectionism is rising, trade frictions between China and the United States escalate, labor-intensive industries are transferred to Southeast Asia and developed countries promote the strategy of expanding exports. Stimulus packages adopted by many countries have entered the decay stage, and there are unbalanced recoveries among countries in the world, which makes it more difficult for the Company to develop markets. In the meantime, as the COVID-19 pandemic wreaks havoc in the world and leads to capacity shortage, surge of shipping fees and delayed delivery in the global shipping industry, shipping costs across the world rise sharply, the inflation pressure becomes greater, and the global supply chain, industry chain and value chain witness frequent reorganizations, which accelerate the change of international trade landscape and directly affect the port shipping industry and the upstream industries. The Company is still subject to great risks and challenges in the changing international trade landscape. If the Company fails to identify the trend that macroeconomy has a slower growth, or stagnation and even downturn in a timely manner, it may be at a disadvantageous position in the future business development, which may have impact on its ability of maintaining or improving revenue and profitability in a particular business environment.	• Closely monitor the changes of international trade landscape and acquire relevant information in a timely manner by strengthening research on investment in overseas trade markets and domestic ports, analyzing hot issues, collecting industry information and making judgements, improving the collection and analysis of macroeconomic information, coordinating and unifying the collection standards and channels, reorganization and selection, submission and sharing of information about domestic and international environments. • Improve and adjust the Company's development strategy, and enhance the core competitiveness. Adjust the development strategy in a timely manner to keep up with the changing trade growth resulted from the changes of international trade landscape, seize the opportunities and explore new development points. • Maintain good relationship with local governments and industry associations, and strengthen cooperation with local terminal companies. Participate in trainings or charity activities organized by governments and regulatory agencies, communicate closely with industry associations and acquire the latest information of industry development in a timely manner. • Strengthen communication with other industry segments within the Group, fully utilize the resources of COSCO SHIPPING, and actively develop cooperation with other interested parties. Improve the comprehensive service capacity of port companies by relying on the core competitiveness of parties in the partnership.	

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to energy price fluctuations	The world is faced with severer energy shortage. The rapidly increasing energy demands and the surging energy prices aggravate the global inflation risk and further result in production cuts in the industry sector, which greatly affect economic recovery and growth. The increase of oil prices in the future will directly lead to the rise of terminal equipment operation costs, and the operating profits of terminals may be eroded, which may have adverse impact on the realization of annual target and further affect the Company's overall profitability.	• Closely monitor the changes and development trends of energy prices. The relevant departments should further advance macro environment research and trend analysis of domestic and international economies and trade markets, closely follow countries' macroeconomic policies, improve the research of terminal industry and the information collection process, conduct in-depth analysis and assessment on impact of macroeconomic and industry developments on the Company, identify prime opportunities and major risks, and develop effective countermeasures. • Further improve lean operations to help terminals in which the Group has controlling stakes to reduce costs and improve efficiency. By developing plans of lean operations, mitigate the impact of energy price fluctuations on terminal production and operation, reasonably and effectively control operation costs, and improve terminals' operation management level and risk resistance capacity. • Enhance the construction of green and intelligent port and shipping. The Company will construct green ports by focusing on the "carbon peaking and carbon neutrality" goals and following the requirements of promoting the virtuous circle in which shipping and resources, environment, society and economy reinforce each other and achieve coordinated development.	↑

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to work safety	Overseas terminals are required to strictly observe the laws and regulations of countries and regions where businesses are operated and organize production in accordance with local safe production standards or security regulations. If terminals in which the Group has controlling stakes fail to establish and improve the safety management system according to local laws, regulations and policies, fail to specify departments for safety management and their responsibilities and fail to establish the safety supervision mechanism, the work safety management may have deficiencies. If these terminals do not have sufficient safety trainings and emergency drills, staffs may have a weak safety awareness, lack adequate safety skills and may not be able to promptly respond to safety accidents. If the terminals do not develop business operation guidelines and safety management manuals based on their respective business characteristics, business staffs may have non-standard operations and inadequate safety protection in the course of business, safety accidents may happen, and the Company may not have a safe and healthy work and production environment for the staffs. Meanwhile, China and the world are faced with severe and complicated situation of epidemic prevention and control, and staffs with businesses in high-risk areas are still subject to the risk of being infected. If the Company or its subsidiaries fail to implement strict epidemic control measures, or the large-scale resurgence of COVID-19 affect the social and economic order, terminals may suspend operation and be encountered with operation difficulties, and the health and safety of staffs may be threatened.	• Require overseas terminals to strictly observe and improve safety management regulations, to specify safety management responsibilities, carefully identify potential safety risks, strengthen safety supervision, enhance trainings of safety, environmental protection and hygiene and improve the safety supervision and accountability mechanism in accordance with local policies, regulations, requirements on occupational health and safety and environmental protection, and other requirements of safety supervision agencies, so as to maintain a stable work safety level. • Further increase safety investments, and take practical actions to prevent safety risks. Further strengthen the safety management of road traffic at terminals' operation sites and stockyards, focus on improving the traffic order of terminals, standardize road traffic safety management, and pay close attention to the supervision of project construction safety and staffs' occupational health. Enhance the implementation of regulations, strictly implement safety management regulations, and effectively manage and supervise vehicles and persons entering the ports in accordance with relevant stipulations.	

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
		• Strengthen safety protection, focus on whether labor protection measures are strictly implemented in the operation of workers of special areas and build work stations for staffs to protect staffs from the influence of operation equipment. Provide newcomers with work safety education, explain major risk sources at operation sites and offer trainings on how to prevent accidents, to improve staffs' safety awareness and ensure their safety. • Standardize staff management in accordance with laws and regulations and have collective negotiations with labor unions to protect staffs' legitimate rights and interests and to avoid labor disputes. Coach overseas subsidiaries to value and maintain good relationship with local governments, the public, the media, communities and other stakeholders and to build a good corporate image. • Closely monitor the development of COVID-19 pandemic, and strictly implement regular epidemic control measures. While ensuring effective epidemic prevention and control, steadily promote production and operation, and minimize the impact of pandemic by rigorously implementing every epidemic control measure and unrelentingly advancing safe production at the same time.	

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to information system planning	The Company's current information system development plan has incorporated some advanced technologies. But it is still uncertain whether the Company's information system can fit the environment and meet business requirements in the future as information technologies are updated at an accelerated pace. If the Company fails to have a thorough analysis of business requirements in the course of information system planning in the future, or terminal companies do not take account of the characteristics of terminals and develop their respective informatization plans without comprehensive consideration of the overall condition of terminals and port companies, or information system plans are developed on unscientific and insufficient bases and inadequate reviews, or the communication with suppliers is ineffective, the information system plans may not keep up with business development, the Company's resources may be wasted, and the Company's overall business requirements and management requirements may not be satisfied, which may have adverse impact on the Company's digital transformation.	• Strengthen the construction of talent team to provide sufficient human resources to the Company's information-based development. By internal cultivation and introduction of outsiders into the organization, the Company will build a highly professional informatization team that meets the information system development requirements. • Fully utilize advanced technologies to promote the Company's information-based development. In the course of information system planning, acquire the latest information about advanced technologies and development trends of the industry, consider the Company's practical business operation and informatization requirements, and fully utilize the application of advanced technologies to promote the Company's information-based, digital and intelligent development. Have sufficient communication with related parties to ensure that resource guarantee and technical support will be offered.	

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
		• Focus on the Company's strategic goals, and improve the scientific level of information system plans. Base on the Company's development strategy, understand the informatization requirements of each terminal through survey, take account of practical business operation and develop scientific and reasonable information system plans, so as to ensure the information system plans are consistent with the Company's strategic development goals and business requirements. • Strengthen process management and control to ensure the implementation of information system plans. Enhance the understanding of relevant departments and subordinate units about the information system plans through promotion and communication, and strengthen the management and control of information system construction process, to facilitate the achievement of informatization goals.	

Regarding environmental, social and governance risks, after joint assessment with external experts, the Company's management believes that there are three material risks in this area as below:

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to global warming	• According to a study by Swiss Re, the current trajectory of global warming could lead to a 2.6°C rise in global temperature by 2050, which is estimated to reduce global gross domestic product by approximately 14%. In response to climate change, governments have proposed long-term goals of achieving carbon neutrality by 2050-2060, with an aim of limiting global warming to lower than 1.5°C. To achieve their goals, governments are likely to facilitate the tightening of policies relating to energy saving and emission reduction and introduce new measures, thus posing grave challenge to the industry in terms of structural change in energy use, reduction of greenhouse gas emission and the compliance with environmental policies. • The International Maritime Organization (IMO) has developed an initial greenhouse gas emission policy, which aims to promote ship owners to reduce the carbon emission intensity of ocean-going vessels by 40% by 2030 and to further expand the reduction to 70% by 2050; and also to reduce the overall greenhouse gas emissions of vessels by 50% by 2050, as compared to 2008. In addition, at the 26th United Nations Climate Change Conference, a number of countries urged the IMO to adopt the goal of achieving net zero emissions by 2050. Amid the increasing demands from shipping companies to reduce emissions, port terminals will face greater challenges in fulfilling customer needs and optimising green supporting facilities.	• Pay close attention to the laws and regulations and energy saving and emission reduction requirements in China and other regions where we operate in, and continue to improve relevant management guidelines; at the same time, promote the electrification of infrastructures, switch to green lighting systems with low energy consumption, and actively promote terminals in which we have controlling stakes to achieve the goal of carbon neutrality no later than 2060. • Closely monitor the trend of emission reduction in the port and shipping industry, maintain close communication with shipping companies to understand customers' expectations and conduct studies on supporting equipment required by new vessels using clean energy, so as to speed up the development of green ports; at the same time, coordinate with terminals to improve the efficiency of onshore power connection to support docking vessels in terms of fuel saving.	

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to extreme weather and climate events	• According to the Blue Book on Climate Change in China (2021) released by China Meteorological Administration, extreme events such as high temperatures and heavy rainfall have increased and intensified in recent years, where comprehensive climate observations and several key indicators indicate that the risks relating to extreme weather and climate events are growing. In addition, global mountain glaciers are generally in a state of melting and retreating, which will speed up global sea level rise. Given the coastal location of port terminals and the global coverage of the Company's terminal network, which includes environments that are hot or vulnerable to flooding and typhoons, a rise in extreme weather and climate events will pose a higher risk to the safety of terminal workers, port facilities and container goods.	• Continue to strengthen emergency drills for extreme weather and climate events, enhance alert and response mechanism, and investigate and resolve potential safety hazards to ensure safe and orderly operation of terminals and to protect the safety and health of outdoor workers at terminals.	↑
Risks relating to anti-corruption policies	• The United Nations held a Special Session of the General Assembly calling for the prevention and combat against corruption, at which states parties have undertaken to strengthen international cooperation to advance global anti-corruption efforts and enhance the effectiveness of governance. The Company's terminal portfolio covers all over the world, therefore cultural, political and legal differences in various regions may pose a greater challenge to its anti-corruption and corporate governance system.	• Develop and enhance policies relating to anti-corruption pursuant to the Listing Rules of the Stock Exchange. At the same time, enhance trainings to strengthen the understanding of management and staff on relevant regulations and policies, so as to maintain a high level of professional ethics.	↑

The report regarding risk management and internal control of the Company for 2021 was approved by the Risk Management Committee and the Audit Committee and submitted to the Board for review, forming the basis for the Board's assessment of the effectiveness of the risk management and internal control systems for the year 2021.

Internal Control System and Mechanism

The Company invited external consultants to evaluate the effectiveness of internal control as at 31 December 2021. In accordance with the accreditation standard on internal control weaknesses, neither material weaknesses nor important weaknesses on the internal control of the Company were found during the reporting period. The features of the Company's internal control mechanism are as follows:

1. For the benefits of delegation of authority, proper determination of duties and better accountability, the Group has a clear organisational structure in place which details the lines of authority and control responsibilities in each business unit. Certain specific matters are not delegated and are subject to the Board's decision. These include, among others, the approval of annual, interim and quarterly results, annual budgets, distribution of dividends, as well as the structure, composition and succession of the Board.

2. To assist the Board in the execution of its duties, the Board is supported by seven Board Committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Environmental, Social and Governance Committee, the Investment and Strategic Planning Committee and the Risk Management Committee. These committees make recommendations to the Board on relevant matters within their terms of reference, or make decisions under appropriate circumstances within the scope of the power delegated by the Board. Details of the Board Committees are set out in the section headed "Board Committees" in this report.

3. A comprehensive management accounting system is in place that provides financial and operational performance measurement indicators for the management and relevant financial figures for reporting and disclosure purposes. Reports on the variance between actual performance and targets are prepared, analysed and explained. Appropriate actions are also taken to rectify the deficiencies identified, if necessary. This helps the management of the Group to monitor business operations closely and enables the Board to formulate and, if necessary, revise strategic plans in a timely and prudent manner.

4. The Company places great importance on internal audit functions and has set up the Audit & Supervision Department for the relevant work. The general manager of the Audit & Supervision Department also acts as the internal auditor of the Company. The internal audit's roles include assisting the management and the Audit Committee to ensure that the Company maintains an effective system of internal control and a high standard of governance, by reviewing the Company's major production and operation activities with unrestricted access and conducting comprehensive audits on all practices and procedures on a regular basis. The scope of work of internal audit includes:

    - Ascertaining the extent to which the Company's assets are accounted for and safeguarded to avoid any form of asset losses
    - Reviewing and evaluating the soundness, adequacy and effective application of accounting, financial and other controls in the Company
    - Ascertaining the compliance with established policies, procedures and statutory regulations
    - Monitoring and evaluating the effectiveness of the risk management system
    - Monitoring the operational efficiency, and the appropriateness of resources utilisation
    - Evaluating the reliability and availability of the information provided by the financial and operating systems of the Company
    - Ensuring that findings and recommendations arising from the internal audit are communicated to the management, and monitoring the implementation of corrective measures
    - Conducting ad hoc projects and investigation work as required by the management and/or the Audit Committee

5. The Company has established a whistleblowing policy for employees to raise their concerns about possible improprieties in any matter (including but not limited to financial reporting, internal control and other aspects of unlawful, improper or fraudulent conduct) to the Company in confidence and anonymity. At the same time, the Company will amend the policy or establish a new policy to cover other stakeholders including customers and suppliers.
6. With respect to procedures and internal control measures for the handling and dissemination of inside information, the Company:
   - is well aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision
   - conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission
   - informs all directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange
   - has developed procedures and mechanisms for the disclosure of inside information, and established the Inside Information Evaluation Group to evaluate whether disclosure of the inside information is required
   - has included in its Code of Conduct strict prohibition on unauthorised use of confidential, sensitive or inside information, and has communicated this to all staff
   - has established and implemented procedures for responding to the enquiries from external enquiries about the Company's affairs. Only directors and designated management personnel of the Company may act as the Company's spokespersons and respond to enquiries on designated areas

Particular attention is also paid to activities which are considered to present higher risks under monitoring, including income, expenditure and other areas of particular concern to the management. The internal auditor has free access to the Audit Committee without consulting the management, and reports directly to the Chairman of the Board and/or the Managing Director and the Chairman of the Audit Committee. He attends meetings of the Audit Committee quarterly and brings matters identified during the course of the internal audit to the Audit Committee. This reporting structure allows the internal auditor to stay independent and effective.

The internal audit function has a risk-based audit approach in place which is based on the COSO framework and the requirements laid down by the HKICPA, with multiple factors taken into account such as the risks recognised. Such audit focuses on material internal controls and risk management, including financial, operational and compliance controls. Internal audits were carried out on all significant business units in the Company. All internal audit reports are submitted to the Audit Committee for review and approval. The internal auditor's summary of findings, recommendations and follow-up reviews of previous internal audit findings are discussed at the Audit Committee meetings. The Audit Committee actively monitors the number and importance of issues raised by the internal auditor and also the corrective measures taken by the management. The annual internal audit plan will be submitted to the Audit Committee for review and approval, with the scope and frequency of audit based on the size and prevailing risks of all business units of the Company.

Supervision and Improvement

The Company supervises and evaluates the implementation and effectiveness of its risk management on a regular basis, and makes timely improvements based on changes and existing defects. Based on the risk assessment results in 2021, the Company monitors the changes in major risk monitoring indicators and new major risk events regularly on a quarterly basis, collects and summarises relevant data for the current quarter. The risk monitoring and warning indicators collected including but not limited to total overseas assets in medium and high risk areas, number of major construction projects overdue, major legal proceedings, major compliance cases, accounts receivables aged three years or more, overdue accounts receivables, the number of major safety production accidents and other risks resulting in significant impact on the operation and development of the Company. According to statistics, the Company's risk monitoring and warning indicators in 2021 was normal, and there were no significant risk events.

In September 2021, the Company established an internal control system construction team, which consists of a leadership team and a working team. The internal control system construction team will give full play to the interaction between internal control and supervision, ensure that internal control covers the entire scope of the Company's daily operations, and promote the continuous improvement of risk control and internal control systems.

In November 2021, the Risk Management Unit initiated an integrated evaluation on the operation of internal control of the Company. The results of internal control evaluation showed that the internal control system of the Company was effective. No material errors or weaknesses on monitoring and control were found during the period.

The audit projects for 2021 covered 12 companies, including eight companies in which the Group has controlling stakes. The audit carried out in the companies in which the Group has controlling stakes focused on major risks during operations, the establishment and implementation of internal control, the operation of the risk prevention and control mechanism, including accounts receivable management and customer credit rating, etc. The audit carried out in non-controlling companies focused on returns on investments, assets management and significant capital expenditures, etc.

During 2021, the Internal Audit Unit completed a total of 14 audit assignments. All the internal audit reports were reviewed and approved by the Audit Committee. All internal audit work scheduled for the year 2021 was completed. The management of the Company will follow up with all the matters of concern reported by the internal auditor till corrective measures have been adopted and implemented properly.

The Board has obtained the management's confirmation that the Company's risk management, internal control and accounting systems were effective, which provide reasonable assurance for safeguarding significant resources, identifying and monitoring the Company's risks in commercial, environmental, social and governance and operational perspectives. At the same time, the Company has established an ongoing process for identifying, evaluating and managing the Company's exposure to material risks (including material risks relating to environmental, social and governance). In this regard, the Board considered that the risk management and internal control systems established during the year were effective and adequate for the Company's existing business scope and operations and that no significant factors have been identified which might affect the interests of shareholders. However, the systems aim to manage but not eliminate the risks relating to failure to achieve business objectives, and the Board will only give reasonable but not absolute assurance against material misstatement or loss.

INSTITUTIONAL DEVELOPMENT ON LEGAL GOVERNANCE

The Company strictly observes laws and regulations and continuously strengthens its legal governance, with the management group in charge of legal governance coordinating and delegating the relevant tasks, which are implemented and executed by the working group. Meanwhile, the Board and the Audit Committee hear the legal governance reports every half year to ensure that legal governance work is effective and business operations comply with the laws and regulations. In 2021, the Company continued to enhance legal governance concept, strengthen internal rules, improve work organization, provide compliance training and strengthen legal risks prevention for investment and financing projects on a continuous basis, strictly implement major contract management, legal disputes management and international sanctions compliance management, as well as implement the below measures to improve legal risks prevention and control system: (1) formulated and issued antitrust compliance guidance manual, enhancing awareness for antitrust compliance; (2) improved management measures for personal data protection compliance to prevent relevant legal risks; (3) formulated and announced the "Internal Control Manual", updating and improving risk database in combination with business workflow, as well as established coordination mechanism for legal, compliance, internal control and risk management functions; and (4) continued to implement regular contract management throughout its full life cycle, enhancing the monitoring of contract performance and legal risks prevention. During the year, no significant incident occurred which violated any laws and regulations.

AUDITOR'S REMUNERATION

In addition to audit and audit related services, the Company engaged the external auditor for non-audit services, under which the external auditor is required to comply with the independence requirements under the Code of Ethics for Professional Accountants issued by the HKICPA. The external auditor may provide non-audit services to the Group given that those do not involve any management or decision-making functions for and on behalf of the Group; do not perform any self-assessments; and do not play an advocacy role for the Group.

For the year ended 31 December 2021, the remuneration paid or payable in respect of the audit, audit related and non-audit services provided by the auditor to the Company was as follows:

Nature of Service	**2021** **US$**	2020 US$
Audit services	**1,136,000**	1,089,000
Audit related services	**308,000**	313,000
Non-audit services:		
– Financial advisory services	**–**	99,000
– Tax related services	**259,000**	391,000

INVESTOR RELATIONS

The Company is committed to enhancing the long-term value of shareholders through constant communication with individual and institutional shareholders. The Company believes that informed and constructive communication between the Board and shareholders is crucial to improving the standard of corporate governance. The Company's dedicated investor relations department supports designated executive directors and senior management in maintaining regular dialogue with institutional investors and analysts to keep them abreast of the Company's development and in attending to any queries promptly. The Company maintained close communications with the media, analysts and fund managers by way of individual meetings, roadshows and conferences. Also, press and analyst conferences are held at least twice a year subsequent to the interim and annual results announcements at which the executive directors and senior management are available to answer questions regarding the Group's operational and financial performances.

COMMUNICATION WITH SHAREHOLDERS

Shareholders' Communication Policy

The Company has established a shareholders' communication policy, which includes channels for shareholders to communicate their views (such as participation in general meetings, investor and analyst meetings), and measures taken to solicit and understand the views of shareholders and stakeholders (including active participation in investor meetings organised by other financial institutions and a designated e-mail address for shareholders' enquiries, etc.). The Company has adopted and implemented fair, transparent and timely disclosure policies and practices. All inside information or data is publicly released as and when appropriate, prior to individual sessions held with investors or analysts. The following is a summary of the work conducted in accordance with the shareholders' communication policy in 2021:

- communicated with institutional investors regularly
- held press conference at the time of announcing financial results
- disclosed detailed information in annual report, interim report, results announcements and press releases to facilitate effective communication
- published information of the Group and its business, including disclosing throughput figures of the Group's terminals at the Company's website on a monthly basis
- responded to enquiries to the Company from individual or institutional shareholders made through the abovementioned designated email address

The Board had considered the above works and was of the view that the shareholders' communication policy of the Company was effective.

General Meeting

The Company views its general meetings ("General Meetings"), including the annual general meeting and special general meetings, as an opportune forum for shareholders to communicate with the Board and senior management. All directors and senior management make an effort to attend the meeting. Representatives of external auditors are also available at the annual general meeting to address shareholders' queries on the financial statements. The Chairmen or members of the Audit Committee, the Nomination Committee and the Remuneration Committee or the independent board committee (if any) are normally available at the General Meetings (where applicable) to take any relevant questions. All shareholders will be given at least twenty (20) clear business days' notice of the annual general meeting and ten (10) clear business days' notice of a special general meeting and they are encouraged to attend the General Meetings. The Company follows the code provisions contained in the Corporate Governance Code to encourage shareholders' participation. Questioning by the shareholders at the General Meetings is encouraged and welcome. The General Counsel & Company Secretary, on behalf of the chairman of the General Meetings, explains the detailed procedures for conducting a poll at the General Meetings. To facilitate enforcement of shareholders' rights, substantially separate issues at General Meetings are dealt with under separate resolutions.

Procedures for Shareholders to Convene a Special General Meeting

Pursuant to the Bye-laws of the Company and the Companies Act 1981 of Bermuda (the "Companies Act"), registered shareholders holding not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at General Meetings of the Company may deposit a requisition to the Board or the General Counsel & Company Secretary of the Company to convene a special general meeting.

The requisition must state the purposes of the meeting and must be signed by the requisitionists, and deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda or its principal place of business at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong. The requisition may consist of several documents in like form each signed by one or more requisitionists.

The Board may proceed to convene a special general meeting within 21 days from the date of the deposit of such requisition upon receipt of confirmation from the share registrar on validity of the requisition, and such meeting shall be held within two months after the deposit of such requisition. If the Board fails to convene the special general meeting as aforesaid, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, and such meeting shall be held within three months from the date of the deposit of the requisition.

Procedures for Shareholders to Put Forward Proposals at the General Meetings

Pursuant to the Companies Act, registered shareholders holding any amount not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at the General Meetings of the Company, or registered shareholders of not less than 100, can request the Company in writing to:

- notify shareholders entitled to receive notice of the next General Meeting of any resolution which may officially be moved and is proposed to be moved at that meeting
- circulate to shareholders entitled to have notice of any General Meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the meeting

The requisition must be deposited to the Company not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition.

In addition, a shareholder may propose a person other than a retiring director of the Company for election as a director of the Company at the General Meetings. Detailed procedures for shareholders to propose a person for election as a director are available on the Company's website at https://ports.coscoshipping.com.

SHAREHOLDINGS AND SHAREHOLDERS' INFORMATION

Share Capital (as at 31 December 2021)

Authorised share capital	HK$400,000,000 divided into 4,000,000,000 shares of a par value of HK$0.1 each
Issued and fully paid-up capital	HK$331,529,637.4 comprising 3,315,296,374 shares of a par value of HK$0.1 each

Type of Shareholders (as at 31 December 2021)

Type of shareholders	No. of shares held	% of the total number of issued shares
China COSCO (Hong Kong) Limited and its subsidiary	1,665,229,935	50.23
Other corporate shareholders	1,644,986,430	49.62
Individual shareholders	5,080,009	0.15
Total	**3,315,296,374**	**100**

Location of Shareholders (as at 31 December 2021)

Location of shareholders[1]	No. of shareholders	No. of shares held
Hong Kong	484	3,315,287,374[2]
The People's Republic of China	1	4,000
United Kingdom	1	5,000
Total	**486**	**3,315,296,374**

1 The location of shareholders is prepared according to the address of shareholders registered in the register of members of the Company.

2 These shares include 2,040,324,620 shares registered in the name of HKSCC Nominees Limited which may hold these shares on behalf of its clients in or outside Hong Kong.

OTHER CORPORATE INFORMATION

Memorandum of Association and Bye-laws

There were no changes to the Memorandum of Association and Bye-laws of the Company during the year ended 31 December 2021. In response to the amendment to the Listing Rules on 1 January 2022, the Company will amend the existing Bye-laws to align with the contents of the amended Listing Rules. The proposed amendments to the Bye-laws are set out in the Company's circular to be sent to shareholders on 20 April 2022, and the amended Bye-laws will be submitted to the shareholders of the Company for approval by way of a special resolution at the forthcoming annual general meeting.

Key Corporate Event Dates

The following are the dates for certain key corporate events:

Event	Date
Payment of 2021 First Interim Dividend	29 October 2021
2021 Annual Results Announcement	30 March 2022
2022 First Quarter Results Announcement	29 April 2022
Closures of Register of Members	
(a) for receiving the 2021 Second Interim Dividend	19 April 2022 to 22 April 2022
(b) for attending the 2022 Annual General Meeting	23 May 2022 to 26 May 2022
Annual General Meeting	26 May 2022
Payment of 2021 Second Interim Dividend	31 May 2022
2022 Interim Results Announcement	August 2022
2022 Third Quarter Results Announcement	October 2022

DIRECTORS AND SENIOR MANAGEMENT PROFILES

DIRECTORS

Mr. FENG, aged 52, has been an Executive Director of the Company and the Chairman of the Board since September 2019. Before the re-designation, he had been a Non-executive Director of the Company since October 2016. Mr. FENG is the Chairman of the Executive Committee and the Investment and Strategic Planning Committee, and a member of the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Company. He is also an Executive Director of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") and Orient Overseas (International) Limited, and a Non-executive Director of COSCO SHIPPING International (Hong Kong) Co., Ltd., Qingdao Port International Co., Ltd. and Piraeus Port Authority S.A. All the above are listed companies. He is also a Director of COSCO SHIPPING (Hong Kong) Co., Limited, COSCO SHIPPING Investment Holdings Co., Limited and Hainan Harbour & Shipping Holding Co., Ltd. Mr. FENG served as Manager of the Commercial Section of the Ministry of Trade Protection of COSCO Container Lines Co., Ltd. (now known as COSCO SHIPPING Lines Co., Ltd.), General Manager of COSCO Container Hong Kong Mercury Co., Ltd., General Manager of the Management and Administration Department of COSCO Holdings (Hong Kong) Co., Ltd., General Manager of COSCO International Freight (Wuhan) Co., Ltd./COSCO Logistics (Wuhan) Co., Ltd. and Supervisor of the Strategic Management Implementation Office of China Ocean Shipping Company Limited/COSCO SHIPPING Holdings, General Manager of the Strategic and Corporate Management Department of China COSCO SHIPPING Corporation Limited, Non-executive Director of COSCO SHIPPING Holdings, COSCO SHIPPING Energy Transportation Co., Ltd. and COSCO SHIPPING Development Co., Ltd., and Director of COSCO SHIPPING Bulk Co., Ltd. Mr. FENG has over 20 years of work experience in the shipping industry and has extensive experience in ports management and operation, enterprise strategy management, business management and container shipping management. Mr. FENG holds a Master of Business Administration degree from The University of Hong Kong. He is an economist.

Mr. ZHANG, aged 49, has been an Executive Director and Managing Director of the Company since September 2019. He is the Chairman of the Risk Management Committee, and a member of the Executive Committee and the Investment and Strategic Planning Committee of the Company. Mr. ZHANG was a Deputy Managing Director of the Company, General Manager of Overseas Business Department and Assistant General Manager of China Shipping Ports Development Co., Limited (now known as COSCO SHIPPING Ports Development Co., Limited), Deputy General Manager of Container Control Division of China Shipping Container Lines Company Limited (now known as COSCO SHIPPING Development Co., Ltd.), Managing Director of China Shipping Egypt Co., Ltd. and Managing Director of China Shipping Malta Agency Co., Ltd. Mr. ZHANG graduated from Shanghai Maritime University with Marine Navigation major.

DENG Huangjun

Executive Director

Mr. DENG, aged 60, has been an Executive Director and a Deputy Managing Director of the Company since October 2015. He is a member of the Executive Committee, Investment and Strategic Planning Committee and Risk Management Committee of the Company. He is also a Supervisor representing employees of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings"). Mr. DENG joined the COSCO group in 1983. He had been Section Manager of the Cost Section of Finance Department of Shanghai Ocean Shipping Co., Ltd., Deputy Manager of Finance Division of COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines"), Manager of the Settlement Division, Deputy General Manager and General Manager of Finance and Accounting Department of COSCO SHIPPING Lines, Chief Financial Officer of COSCO SHIPPING Lines and Chief Financial Officer of COSCO SHIPPING Holdings. Mr. DENG graduated from Shanghai Maritime University, majoring in shipping accounting. He is a senior accountant.

ZHANG Wei

Non-executive Director

Mr. ZHANG, aged 55, has been a Non-executive Director of the Company since October 2016. He is also the Deputy Managing Director of COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines"). Mr. ZHANG served as the Deputy General Manager of Asia-Pacific Trade Division and Manager of Australia-New Zealand Operation Department, the Deputy General Manager of European Trade Division and Deputy General Manager of the Enterprise Information Development Department of COSCO SHIPPING Lines, Deputy General Manager of Florens Container Holdings Limited (now known as Florens International Limited), Executive Vice-President of Piraeus Container Terminal Single Member S.A., a wholly owned subsidiary of the Company, General Manager of Operation and Management Department of China COSCO SHIPPING Corporation Limited. He was a Non-executive Director of COSCO SHIPPING Holdings Co., Ltd. and COSCO SHIPPING Energy Transportation Co., Ltd. and a Director of COSCO SHIPPING Lines, COSCO SHIPPING Specialized Carriers Co., Ltd. and COSCO SHIPPING Bulk Co., Ltd. Mr. ZHANG has nearly 30 years of working experience in shipping enterprises and has extensive experience in container transportation marketing management and terminal operation management. Mr. ZHANG holds a Master of Business Administration degree from Shanghai Maritime University. He is an engineer.

Directors and Senior Management Profiles

CHEN Dong
Non-executive Director

Mr. CHEN, aged 47, has been a Non-executive Director of the Company since October 2016. He is also the General Manager of Financial Management Department of China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), a Non-executive Director of COSCO SHIPPING International (Hong Kong) Co., Ltd. and a Director of COSCO SHIPPING Specialized Carriers Co., Ltd. and COSCO SHIPPING Bulk Co., Ltd. All the above companies are subsidiaries of COSCO SHIPPING. He served as Deputy Head of Risk Control Section under the Planning and Finance Department of China Shipping (Group) Company (now known as China Shipping Group Co., Ltd.) ("China Shipping", a wholly owned subsidiary of COSCO SHIPPING), Deputy Head of the Finance Section under Planning and Finance Department of China Shipping, Senior Manager of Finance and Taxation Management Office of China Shipping, Assistant to the General Manager of the Finance Department of China Shipping and Deputy General Manager of the Finance Department of China Shipping, and was a Non-executive Director of COSCO SHIPPING Holdings Co., Ltd. and COSCO SHIPPING Development Co., Ltd. Mr. CHEN has over 20 years of working experience in shipping enterprises and has extensive experience in risks control, taxation management and finance. Mr. CHEN holds a Master Degree in Economics from Shanghai University of Finance and Economics. He is a senior accountant.

WONG Tin Yau, Kelvin *SBS, JP*
Executive Director

Dr. WONG, aged 61, has been an Executive Director and a Deputy Managing Director of the Company since July 1996. He is a member of the Executive Committee of the Company. Dr. WONG is the Chairman and was a member of Financial Reporting Council (2015-2018) and a member of Operations Review Committee of Independent Commission Against Corruption. He was a Non-executive Director of Securities and Futures Commission (2012-2018), the Chairman of Investor and Financial Education Council (2017-2018), the Chairman of The Hong Kong Institute of Directors (2009-2014), a member of Main Board and GEM Listing Committees of The Stock Exchange of Hong Kong Limited (2007-2013) and a member of Standing Committee on Company Law Reform (2010-2016). Dr. WONG obtained his Master of Business Administration degree from Andrews University in Michigan, the USA in 1992 and his Doctor of Business Administration degree from The Hong Kong Polytechnic University in 2007. Dr. WONG is currently an Independent Non-executive Director of China ZhengTong Auto Services Holdings Limited and JS Global Lifestyle Company Limited (both listed in Hong Kong), Xinjiang Goldwind Science & Technology Co., Ltd. (dual listed in Hong Kong and Shenzhen) and Yangtze Optical Fibre and Cable Joint Stock Limited Company (dual listed in Hong Kong and Shanghai). He was also an Independent Non-executive Director of Huarong International Financial Holdings Limited (listed in Hong Kong), I.T Limited (delisted in Hong Kong on 30 April 2021), Bank of Qingdao Co., Ltd. (dual listed in Hong Kong and Shenzhen) and Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (dual listed in Hong Kong and Shanghai). Dr. WONG is responsible for the management of the Company's work relating to strategic planning, capital markets and investor relations. He held various senior positions in several listed companies in Hong Kong before he joined the Company. Dr. WONG was appointed as a Justice of the Peace in 2013 and awarded Silver Bauhinia Star in 2021 by the Government of the Hong Kong Special Administrative Region.

HSU Lai Tai, Rita (alias: FAN HSU Lai Tai, Rita)
GBM, GBS, JP
Independent Non-executive Director

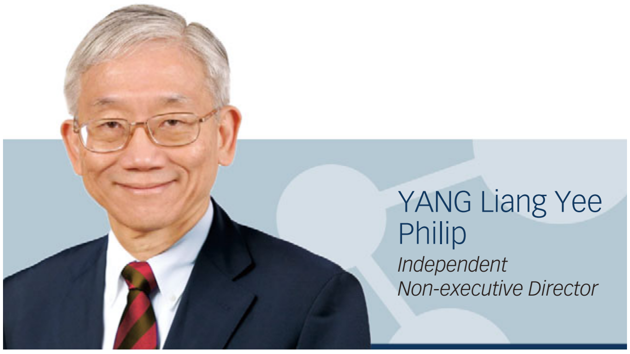
Dr. FAN, aged 76, has been an Independent Non-executive Director of the Company since January 2009. She is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Dr. FAN was appointed to the Legislative Council from 1983 to 1992 and was a member of the Executive Council from 1989 to 1992. She became the President of the Provisional Legislative Council in 1997, and has since been re-elected as the President of the First, Second and Third Legislative Council. Dr. FAN has served as the President of the legislature of the Hong Kong Special Administrative Region ("HKSAR") for 11 years. Dr. FAN was a member of the Preliminary Working Committee for the Preparatory Committee for the HKSAR from 1993 to 1995 and of the Preparatory Committee for the HKSAR from 1995 to 1997, and was the Chairman of the Board of Education from 1986 to 1989 and the Chairman of the Education Commission from 1990 to 1992. She was elected as a Hong Kong Deputy to the 9th, 10th, 11th and 12th sessions of the National People's Congress ("NPC") during 1998 to 2018, and was a Member of the Standing Committee of the 11th and 12th sessions of the NPC. Dr. FAN is currently an Independent Non-executive Director of China Overseas Land & Investment Limited and The Bank of East Asia, Limited. She is also the Chairman of Endeavour Education Trust and the Chairman of the Management Committee of the Endeavour Education Centre. She also serves as a non-official member of the Candidate Eligibility Review Committee and a member of the Hong Kong Laureate Forum Council. Dr. FAN was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 1998 and 2007 respectively by the Government of the HKSAR.

Adrian David LI Man Kiu *JP*
Independent Non-executive Director

Mr. LI, aged 48, has been an Independent Non-executive Director of the Company since May 2012. He is Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee of the Company. Mr. LI is Co-Chief Executive of The Bank of East Asia, Limited. He is an Independent Non-executive Director of two listed companies under the Sino Group (Sino Land Company Limited and Tsim Sha Tsui Properties Limited) and China State Construction International Holdings Limited. All the above are Hong Kong-listed companies. Mr. LI is a member of the Anhui Provincial Committee of the Chinese People's Political Consultative Conference and a Counsellor of the Hong Kong United Youth Association. He is Chairman of The Chinese Banks' Association, Vice President of The Hong Kong Institute of Bankers' Council, and a member of the MPF Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority. He is a board member of The Community Chest of Hong Kong and serves on its Executive Committee, a member of the Advisory Board of The Salvation Army, Hong Kong and Macau Command, and a Trustee of The University of Hong Kong's occupational retirement schemes. Furthermore, Mr. LI serves as a member of the Election Committees responsible for electing the Chief Executive and Legislative Council Members of the HKSAR as well as deputies of the HKSAR to the 13th National People's Congress. Mr. LI was a Non-executive Director of The Berkeley Group Holdings plc, which is listed in London. Mr. LI holds a Master of Management degree from the Kellogg School of Management, Northwestern University in the US, and a Master of Arts degree and Bachelor of Arts degree in Law from the University of Cambridge in Britain. He is a member of The Law Society of England and Wales, and The Law Society of Hong Kong. He is also a member of the Hong Kong Academy of Finance and has been conferred as an Honorary Certified Banker by The Hong Kong Institute of Bankers.

Mr. LAM, aged 67, has been an Independent Non-executive Director of the Company since August 2015. He is a member of the Audit Committee of the Company. Mr. LAM is an Independent Non-executive Director of CITIC Telecom International Holdings Limited, Global Digital Creations Holdings Limited, Nine Dragons Paper (Holdings) Limited, Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd., Shougang Century Holdings Limited, Topsports International Holdings Limited and WWPKG Holdings Company Limited, all of which are companies listed in Hong Kong, and Spring Asset Management Limited as the manager of Spring Real Estate Investment Trust (listed in Hong Kong), and was an Independent Non-executive Director of Vital Innovations Holdings Limited, a company listed in Hong Kong and Bestway Global Holding Inc., a company formerly listed in Hong Kong. Mr. LAM was a member of the Listing Committee and the Financial Reporting Advisory Panel of The Stock Exchange of Hong Kong Limited from 1997 to 2003, a committee member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") from 1994 to 2009, and an audit partner of PricewaterhouseCoopers from 1993 to 2013. He has over 40 years of experience in accounting, auditing and business consulting. Mr. LAM is a fellow member of the HKICPA, the Association of Chartered Certified Accountants, the Chartered Accountants of Australia and New Zealand and the Institute of Chartered Accountants in England & Wales. Mr. LAM obtained a higher diploma in accountancy from The Hong Kong Polytechnic University in 1975 and was conferred an Honorary Fellow by The Hong Kong Polytechnic University in 2002.

Prof. CHAN, aged 60, has been an Independent Non-executive Director of the Company since October 2016. He is the Chairman of the Environmental, Social and Governance Committee and a member of the Remuneration Committee of the Company. Prof. CHAN is currently Wei Lun Professor of Finance and Chair of Department of Finance of The Chinese University of Hong Kong ("CUHK") Business School. He is also a member of a number of committees, including Hong Kong Housing Authority, Hong Kong Tracker Fund Supervisory Committee and Advisory Committee of the Securities and Futures Commission. Prof. CHAN was the Dean of CUHK Business School from 2014 to 2019, Synergis-Geoffrey Yeh Professor of Finance from 2008 to 2014 and Acting Dean of the Hong Kong University of Science and Technology Business School from 2013 to 2014, the President of Asian Finance Association from 2008 to 2010, and was the Chairman of the Organising Committee of the "Outstanding Financial Management Planner Awards" of The Hong Kong Institute of Bankers. Prof. CHAN obtained his Bachelor of Social Science degree in Economics from CUHK and Doctor of Philosophy degree in Finance from Ohio State University in the USA.



Mr. YANG, aged 73, has been an Independent Non-executive Director of the Company since April 2020. He is a member of the Environmental, Social and Governance Committee of the Company.

Mr. YANG is also an independent non-executive director of Orient Overseas (International) Limited. He is a full-time arbitrator in international commercial and maritime arbitration, the Honorary Chairman of Hong Kong International Arbitration Centre, the member of the Expert Committee of China International Commercial Court of the Supreme People's Court of China, the International Advisory Board of China International Economic and Trade Arbitration Commission, the General Committee of Singapore Chamber of Maritime Arbitration, and the council member of Shanghai Arbitration Commission (SHAC) and chairman of SHAC – Academy. Mr. YANG had been the Chairman of Hong Kong International Arbitration Centre, the Vice Chairman of the Documentary Committee of the Baltic International Maritime Council in Denmark, the President of Asia-Pacific Regional Arbitration Group, the Hong Kong representative of ICC International Court of Arbitration, the Chairman of the East Asia Branch of the Chartered Institute of Arbitrators and members of the Asian International Arbitration Centre in Malaysia and the Korean Commercial Arbitration Board, and an independent non-executive director of COSCO SHIPPING Holdings Co., Ltd. Mr. YANG as a full-time arbitrator has extensive experience in dealing with cases related to international commercial, maritime and trade law and is very familiar with laws and practice in such areas. He has acted as an arbitrator in Hong Kong, London, Singapore, Malaysia, Australia, Austria, Korea, the USA and Mainland China in thousands of cases during the past over 30 years. He has also published many books and articles in English and Chinese on international commercial, maritime and trade law and practice. Mr. YANG has also devoted himself to the educational activities in various law schools in Hong Kong and Mainland China and is a visiting professor in more than ten universities.

SENIOR MANAGEMENT

HUNG Man, Michelle

General Counsel & Company Secretary

Ms. HUNG, aged 52, has been appointed as the General Counsel of the Group and the Company Secretary of the Company since November 1996 and March 2001, respectively. Ms. HUNG is mainly responsible for overall legal, corporate governance, compliance, company secretarial and related matters for the Company. She is currently a member of the Risk Management Committee of the Company. She holds a Bachelor of Laws degree (Hons) from The University of Hong Kong. Ms. HUNG is currently a practicing solicitor of the High Court of the Hong Kong Special Administrative Region and is qualified in England and Wales. She is also a Fellow of The Hong Kong Chartered Governance Institute. Ms. HUNG was named among the top 25 "in-house high flyers" and "the best in Asia" for three consecutive years (2006-2008) by Asian Legal Business Magazine ("ALB"), rewarded the "Asian Company Secretary of the Year Recognition Award" for two consecutive years (2013-2014) by Corporate Governance Asia, a corporate governance magazine, named among the top 15 general counsels of the 2015 China's Top General Counsel Rankings by ALB, and awarded the "Woman Lawyer of the Year (In-House)" at the ALB Hong Kong Law Awards 2021 and the "In-House Lawyer of the Year" at the ALB Women in Law Awards 2021 by ALB.

REPORT OF THE DIRECTORS

The board of directors of the Company (the "Board") presents its report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 41 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and the principal risks and uncertainties faced by the Group are provided in the Chairman's Statement on pages 8 to 13 and the Financial Review on pages 32 to 35 of this annual report.

The financial risk management objectives and policies of the Group can be found in note 4 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on pages 6 to 7 of this annual report.

The environmental policies and performance and compliance with relevant laws and regulations are provided in the 2021 Sustainability Report of the Company, which has been published on the same date of this annual report. The English and Chinese version of the 2021 Sustainability Report are available on the Company's website (https://ports.coscoshipping.com) and the HKEXnews' website (www.hkexnews.hk). Such report could be accessed by clicking "Sustainability" on the home page of the Company's website, then selecting "Sustainability Report 2021" under "Reports on Sustainability" and viewing them using Adobe Reader, or browsing through the HKEXnews' website.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated income statement on page 128 of this annual report.

The Board declared a first interim dividend of HK16.4 cents (equivalent to US2.120 cents) per share, totalling HK$543,709,000 (equivalent to US$70,284,000), which was paid on 29 September 2021.

The Board also declared a second interim dividend of HK17.0 cents (equivalent to US2.160 cents) per share with a scrip dividend alternative, totalling HK$563,600,000 (equivalent to US$71,611,000), payable on 31 May 2022.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 235 of this annual report.

DONATIONS

Charitable and other donations made by the Group during the year amounted to US$1,663,000.

SHARES ISSUED IN THE YEAR

Details of the Shares issued by the Company during the year are set out in note 19 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as of 31 December 2021 calculated under the Companies Act of Bermuda amounted to US$2,594,446,000.

BORROWINGS

Details of the borrowings of the Group are set out in note 21 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group are set out in notes 3.21 and 27 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Mr. FENG Boming[1] *(Chairman)*
Mr. ZHANG Dayu[1] *(Managing Director)*
Mr. DENG Huangjun[1]
Mr. ZHANG Wei[2]
Mr. CHEN Dong[2]
Dr. WONG Tin Yau, Kelvin[1]
Dr. FAN HSU Lai Tai, Rita[3]
Mr. Adrian David LI Man Kiu[3]
Mr. LAM Yiu Kin[3]
Prof. CHAN Ka Lok[3]
Mr. YANG Liang Yee Philip[3]

1 Executive director
2 Non-executive director
3 Independent non-executive director

In accordance with Clauses 87(1) and (2) of the Bye-laws of the Company, Mr. FENG Boming (Chairman of the Board), Mr. ZHANG Dayu (Managing Director) and Prof. CHAN Ka Lok, being directors longest in office since their last re-election, shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive directors confirming their independence, and considers that each of the independent non-executive directors is independent to the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management are set out on pages 84 to 90 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

The Bye-laws of the Company provide that the directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Directors liability insurance is in place to protect the directors of the Company or of its subsidiaries against any potential costs and liabilities arising from claims brought against the directors.

SHARE OPTION SCHEME

General Information of the Share Option Scheme

On 26 October 2017, the Board approved the "Share Option Scheme of COSCO SHIPPING Ports Limited (Proposed)" (公司股票期權激勵計劃(草案)). At a special general meeting of the Company held on 8 June 2018, the shareholders of the Company (the "Shareholders") approved the adoption of a share option scheme containing the terms of the said proposed scheme (the "Share Option Scheme").

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

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

Please refer to the circular of the Company dated 18 May 2018 (the "Circular") and announcements of the Company dated 19 June 2018, 29 November 2018, 29 March 2019, 23 May 2019 and 17 June 2019 for details of the Share Option Scheme and each grant.

Summary of the Principal Terms of the Share Option Scheme

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

Eligible participants for the Share Option Scheme (the "Participants" or a "Participant") include the directors of the Company, key management personnel such as senior management members at the headquarters of the Company and departmental deputy managers and above, and management personnel (including senior and mid-level management personnel) appointed to subsidiaries and other invested companies of the Company, and senior management members of the Company's subsidiaries excluding independent non-executive directors, Shareholders or de facto controllers of the Company who on their own or in aggregate holding more than 5% of the shares of the Company (the "Shares") and their respective spouses, parents, children or other associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

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

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

As at the date of this report, a total of 49,219,498 Shares (representing approximately 1.48% of the existing issued Shares) may be issued upon exercise of all options which were granted and yet to be exercised under the Share Option Scheme. According to the provisions of the Share Option Scheme, no share options could be granted under the Share Option Scheme since 19 June 2019 (i.e. one year from the date of the initial grant).

Share options cannot be exercised during the two-year period commencing from the date of grant of the share options (the "Restriction Period"). Subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, and each batch of share options vested is exercisable within the relevant exercise period. For details of the vesting and exercise periods in respect of the share options granted, please refer to the table and relevant notes of the table regarding movement of the share options during the year 2021 which is set out at the end of this section.

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

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

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

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

		Number of share options								
Category	Exercise price per share HK$	Outstanding at 1 January 2021	Granted during the year	Exercised during the year	Transfer (to)/ from other categories during the year	Lapsed/ Cancelled during the year	Outstanding at 31 December 2021	% of total number of issued Shares	Exercise period	Notes
Directors										
Mr. ZHANG Dayu	7.27	1,200,000	–	–	–	–	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)
Mr. DENG Huangjun	7.27	1,200,000	–	–	–	–	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)
Dr. WONG Tin Yau, Kelvin	7.27	1,200,000	–	–	–	–	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)
		3,600,000	–	–	–	–	3,600,000			
Continuous contract employees	7.27	38,499,415	–	–	(465,951)	(425,686)	37,607,778	1.13%	19.6.2020-18.6.2023	(1), (3), (4)
	8.02	604,971	–	–	–	–	604,971	0.02%	29.11.2020-28.11.2023	(5)
	8.48	848,931	–	–	–	(399,205)	449,726	0.01%	29.3.2021-28.3.2024	(6), (7)
	7.27	666,151	–	–	–	(531,008)	135,143	0.00%	23.5.2021-22.5.2024	(8), (9)
	7.57	1,273,506	–	–	–	(424,078)	849,428	0.03%	17.6.2021-16.6.2024	(10), (11)
Others	7.27	6,312,220	–	–	465,951	(483,491)	6,294,680	0.19%	19.6.2020-18.6.2023	(1), (3), (4), (12)
		48,205,194	–	–	–	(2,263,468)	45,941,726			
		51,805,194	–	–	–	(2,263,468)	49,541,726			

Notes:

(1) The share options were granted on 19 June 2018 under the Share Option Scheme at an exercise price of HK$7.27 per Share. According to the provisions of the Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 19 June 2020; (b) 33.3% of the share options were vested on 19 June 2021; and (c) 33.4% of the share options will be vested on 19 June 2022. Details of the vesting conditions for the share options are more particularly set out in section headed "11. Performance Target before the Options can be granted and vested – Performance Conditions for the vesting of Share Options" of the Circular.

(2) These options represent the personal interest held by the relevant director as a beneficial owner.

(3) These 465,951 share options were transferred from the category of "continuous contract employees" to the category of "others" pursuant to the terms of the Share Option Scheme.

(4) Amongst the 425,686 share options, 398,546 share options were lapsed due to resignation, retirement of the relevant employees and 27,140 share options were cancelled according to the results of personal performance appraisal of the relevant employees pursuant to the terms of the Share Option Scheme.

(5) The share options were granted on 29 November 2018 under the Share Option Scheme at an exercise price of HK$8.02 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 29 November 2020; (b) 33.3% of the share options were vested on 29 November 2021; and (c) 33.4% of the share options will be vested on 29 November 2022.

(6) The share options were granted on 29 March 2019 under the Share Option Scheme at an exercise price of HK$8.48 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 29 March 2021; (b) 33.3% of the share options will be vested on 29 March 2022; and (c) 33.4% of the share options will be vested on 29 March 2023.

(7) Amongst the 399,205 share options, 116,512 share options were lapsed due to retirement of the relevant employee and 282,693 share options were cancelled due to the dissatisfaction of the performance targets of the Company pursuant to the terms of the Share Option Scheme.

(8) The share options were granted on 23 May 2019 under the Share Option Scheme at an exercise price of HK$7.27 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 23 May 2021; (b) 33.3% of the share options will be vested on 23 May 2022; and (c) 33.4% of the share options will be vested on 23 May 2023.

(9) Amongst the 531,008 share options, 309,180 share options were lapsed due to resignation of the relevant employee and 221,828 share options were cancelled due to the dissatisfaction of the performance targets of the Company pursuant to the terms of the Share Option Scheme.

(10) The share options were granted on 17 June 2019 under the Share Option Scheme at an exercise price of HK$7.57 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 17 June 2021; (b) 33.3% of the share options will be vested on 17 June 2022; and (c) 33.4% of the share options will be vested on 17 June 2023.

(11) These 424,078 share options were cancelled due to the dissatisfaction of the performance targets of the Company pursuant to the terms of the Share Option Scheme.

(12) These 483,491 share option were lapsed upon expiry of six months after resignation or retirement of the relevant employees pursuant to the terms of the Share Option Scheme.

(13) No share options were granted or exercised under the Share Option Scheme during the year.

Explanation on the Exercise Conditions and Fulfillment of Exercise Conditions for 2018 Second Exercise Period and 2019 First Exercise Period under the Share Option Scheme

(1) 2018 Second Exercise Period and 2019 First Exercise Period has commenced

In accordance with the Share Option Scheme, Participants may exercise their share options only after the expiry of the Restricted Period. The second exercise periods of the share options granted in 2018 ("2018 Second Exercise Period") and the first exercise periods of share options granted in 2019 ("2019 First Exercise Period") were due in 2021. Participant of 2018 Second Exercise Period and 2019 First Exercise Period entitled to exercise his/her share options may exercise 33.3% of the share options granted to him/her during the respective exercise period.

(2) Exercise conditions to be fulfilled

I. 2018 Second Exercise Period

1. Exercise conditions in relation to the Company's business performance: (a) return on net assets (after extraordinary gains and losses) (the "ROE") in 2020 should not be lower than 6.5% and the average of the selected peer benchmark enterprises[note 1]; (b) growth rate of revenue in 2020 as compared to 2017 should not be lower than 25.0% and the average of the selected peer benchmark enterprises; and (c) the Economic Added Value ("EVA") indicator accomplished for 2020 has reached the assessment target set by COSCO SHIPPING, and ΔEVA is greater than zero;
2. Events described in article 2 under Chapter 10 of the Share Option Scheme[note 2] did not happen to the Company; and
3. Subject to the fulfillment of conditions relating to the Company's business performance, personal exercise conditions precedent in relation to the Participants are as follows: (a) events described in articles 3 and 4 under Chapter 9 of the Share Option Scheme[note 3] did not happen to the participants during the valid period of the Share Option Scheme prior to the commencement of the current exercise period; and (b) the Participant had achieved average or above at his/her annual performance appraisal in 2020.

II. 2019 First Exercise Period

1. Exercise conditions in relation to the Company's business performance: (a) ROE in 2020 should not be lower than 6.0% and the average of the selected peer benchmark enterprises; (b) growth rate of revenue in 2020 as compared to 2018 should not be lower than 15.0% and the average of the selected peer benchmark enterprises; and (c) the EVA indicator accomplished for 2020 has reached the assessment target set by COSCO SHIPPING;
2. Events described in article 2 under Chapter 10 of the Share Option Scheme did not happen to the Company; and
3. Subject to the fulfillment of conditions relating to the Company's business performance, personal exercise conditions precedent in relation to the Participants are as follows: (a) events described in articles 3 and 4 under Chapter 9 of the Share Option Scheme did not happen to the participants during the valid period of the Share Option Scheme prior to the commencement of the current exercise period; and (b) the Participant had achieved average or above at his/her annual performance appraisal in 2020.

(3) Fulfillment of exercise conditions for the exercise periods

I. *Exercise conditions for 2018 Second Exercise Period have been fulfilled*

1. The Company's business performance condition: according to the audited 2020 financial statements approved at the annual general meeting of the Company held on 25 May 2021, and excluding the financial impact of investments on the construction of new terminal projects which have not commenced operations in accordance with the Share Option Scheme, ROE of the Company in 2020 was 6.64%, which was not lower than 6.5% and the average of the selected peer benchmark enterprises of 3.18%; the growth rate of revenue in 2020 as compared to 2017 was 57.65%, which was not lower than 25.0% and the average of the selected peer benchmark enterprises of 14.39%. Meanwhile, the EVA accomplished by the Company in 2020 was RMB58.62 million (2019: RMB55.30 million) which has reached the assessment target set by COSCO SHIPPING, and ΔEVA is greater than zero;
2. Events described in article 2 under Chapter 10 of the Share Option Scheme did not happen; and
3. Events described in articles 3 or 4 under Chapter 9 of the Share Option Scheme did not happen to the Participant and Participant has achieved average or above at his/her annual performance appraisal in 2020.

II. *Exercise conditions for 2019 First Exercise Period have not been fulfilled*

1. The Company's business performance condition: according to the audited 2020 financial statements approved at the annual general meeting of the Company held on 25 May 2021, and excluding the financial impact of investments on the construction of new terminal projects which have not commenced operations in accordance with the Share Option Scheme, ROE of the Company in 2020 was 6.64%, which was not lower than 6.0% and the average of the selected peer benchmark enterprises of 3.18%; the growth rate of revenue in 2020 as compared to 2018 was 0.03%, which was lower than 15.0% and the average of the selected peer benchmark enterprises of 5.06%. Meanwhile, the EVA accomplished by the Company in 2020 was RMB58.62 million and has reached the assessment target set by COSCO SHIPPING;
2. Events described in article 2 under Chapter 10 of the Share Option Scheme did not happen; and
3. Events described in articles 3 or 4 under Chapter 9 of the Share Option Scheme did not happen to the Participant and Participant has achieved average or above at his/her annual performance appraisal in 2020.

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

In accordance with the Share Option Scheme, those share options not qualified to be exercised or not yet exercised after the expiry of the exercise year will lapse with immediate effect and will be forfeited and cancelled by the Company without compensation. Details on the cancellation of share options during the year (including 27,140 Share Options under 2018 Second Exercise Period and 928,599 Share Options under 2019 First Exercise Period which exercise conditions were not fulfilled due to the non-fulfillment of vesting conditions) were set out in the above table and notes regarding the movement of share options.

Notes:

1. Regarding the peer benchmark enterprises, COSCO SHIPPING Ports mainly focused on ports and terminals business. Based on the Global Industry Classification Standard (GICS), an industry classification indicator established jointly by Morgan Stanley and Standard & Poor which global financial institutes make reference to, COSCO SHIPPING Ports is categorised under the industry of marine ports & services. Peer benchmark enterprises of the Company include the constituent stocks under such classification. After the adjustment made pursuant to the "Administrative Measures of the Share Option Scheme" (股票期權激勵計劃管理辦法), details of which have been set out in section headed "Share Option Scheme" in the 2020 interim report of the Company, the list of peer benchmark enterprises composed of the following 25 enterprises:

Stock Code	Stock Name
0144.HK	CHINA MER PORT
0517.HK	COSCO SHIP INTL
0871.HK	CH DREDG ENV
3369.HK	QHD PORT
3382.HK	TIANJINPORT DEV
6198.HK	QINGDAO PORT
1719.HK	China Infrastructure & Logistics Group (formerly known as "CIG PORTS")
000088	Yantian Port
000507	Zhuhai Port
000582	Beibu Gulf Port
000905	Xiamen Port Development
002040	Nanjing Port
002492	Winbase
600017	Rizhao Port
600018	Shanghai International Port Group
600190	Jinzhou Port
600279	Chongqing Gangjiu
600317	Yingkou Port
600717	Tianjin Port
600794	Freetrade Science & Technology
601000	Tangshan Port
601008	Lianyungang Port
601018	Ningbo Port
601880	Dalian Port
603117	Wanlin Modern

Among which, Dalian Port and Yingkou Port agreed to a merger by absorption through share swap by end of 2021 and Yingkou Port had been absorbed by Dalian Port. After the merger, Yingkou Port was delisted from the Shanghai Stock Exchange on 29 January 2021 and it did not publish its 2020 annual report. Dalian Port published its 2020 annual report which is of the same scale as that of its 2019 annual report, i.e. the financial information of Yingkou Port for 2020 is not included.

The Remuneration Committee established by the Board has reviewed and discussed the details of the exercise proposal in accordance with the "Administrative Measures of the Share Option Scheme" (股票期權激勵計劃管理辦法), including but not limited to the fulfillment of performance conditions of the Company, the performance appraisal of participants and quantity of exercisable options, adjustment to the peer benchmark enterprises, etc., and was of the opinion that since Yingkou Port has been delisted and it did not publish its 2020 annual report, no information is available for benchmark purposes of the Company. Therefore, the Remuneration Committee recommended the Board to consider and approve the exclusion of Yingkou Port from the List of Peer Benchmark Enterprises. With respect to Dalian Port, since the merger did not affect its financial results for 2020 which can serve the benchmark purposes, it is reasonable to keep Dalian Port in the list of Selected Peer Benchmark Enterprises.

After consideration, the Board approved the exclusion of Yingkou Port from the List of Peer Benchmark Enterprises, the number of peer benchmark enterprises applicable to the Share Option Scheme was reduced from 25 to 24.

2. Events described in article 2 under Chapter 10 of the Share Option Scheme include:

   (i) failure to engage an accounting firm to carry out audit work in accordance with the established procedures and requirements;

   (ii) issue of an auditors' report with qualified or negative opinion or which indicates the inability to give opinion by a certified public accountant with respect to the annual financial accountant's report of the Company;

   (iii) the bodies performing the contributor's functions or the audit department raising significant objections to the business performance or the annual financial accountant's report of the listed company; and

   (iv) imposition of penalties by security supervisory authority or other relevant authorities due to the occurrence of material non-compliance of the Company.

3. Events described in articles 3 and 4 under Chapter 9 of the Share Option Scheme include:

   (i) results of accountability audit indicate failure in performing duties effectively or gross negligence of duty or malfeasance;

   (ii) violation of applicable domestic or foreign laws and regulations or provisions of the Bye-laws of the Company;

   (iii) possession of sufficient evidence by the Company proving that the holder of such share options, during his/her employment, due to offering or accepting brides, corruption, theft, leaking commercial and technological secrets of the listed company, conducting connected transactions which impaired the interests and reputation of the listed company, and other illegal behaviors which have material adverse impact on the image of the Company, has caused the Company to suffer losses;

   (iv) unauthorised transfer, sale, exchange, pledge, guarantee, charge or settlement of debts by using the share options;

   (v) using the share options held in fraud, extortion, etc.;

   (vi) violation of the law and conviction of any criminal liability;

   (vii) other circumstances stipulated under applicable domestic or foreign laws and regulations; and

   (viii) failure in the performance appraisal.

In light of the above, after a review of the actual conditions of the Company against the conditions required to be fulfilled for the exercise period under the Share Option Scheme and the actual condition of the Company, the Board has considered and confirmed that:

(1) the conditions for the exercise for 2018 Second Exercise Period were fulfilled; and

(2) the conditions for the exercise for 2019 First Exercise Period were not fulfilled.

The independent non-executive directors of the Company have reviewed and studied the documents and explanations regarding the fulfillment of the exercise conditions of the share options and issued the following independent opinions:

I. Regarding the Fulfillment of the Exercise Conditions of 2018 Second Exercise Period

1. According to the Share Option Scheme, the exercise conditions for 2018 Second Exercise Period have been fulfilled. Amongst which, for the Share Options granted on 19 June 2018 at an exercise price of HK$7.27 per share, there were 214 competent Participants with 15,921,029 Share Options exercisable (excluding 27,140 Share Options which were not exercisable and cancelled due to the adjustment of the vesting percentage to 80% for 3 Participants whose personal performance appraisal results had not reached Distinction or Merit); for the Share Options granted on 29 November 2018 at an exercise price of HK$8.02 per share, there were 3 competent Participants with 205,949 Share Options exercisable;
2. the Participants for this exercise period have fulfilled the requirements under the "Guidelines for the Implementation of Equity Incentives of Listed Companies Controlled by Central Enterprises" (中央企業控股上市公司實施股權激勵工作指引) issued by the State-owned Assets Supervision and Administration Commission (SASAC) and other relevant laws, regulations and normative documents, passed the annual appraisals and fulfilled the exercise conditions as specified in the Share Option Scheme and hence, become lawful and competent Participants under the Share Option Scheme of the Company; and
3. except for those persons who were no longer eligible Participants due to their resignation, retirement, etc. and hence, no longer fulfilled the exercise conditions for 2018 Second Exercise Period, the list of participants for 2018 Second Exercise Period were in line with the one set out in the announcements of the Company dated 19 June 2018 and 29 November 2018 respectively.

II. Regarding the Non-fulfillment of the Exercise Conditions of 2019 First Exercise Period

According to the 2020 audited financial statements being approved at the 2021 annual general meeting, the growth rate of revenue in 2020 as compared to 2018 was 0.03%. The requirement on the vesting condition of 2019 First Exercise Period under the Share Option Scheme that "the growth rate of revenue in the financial year immediately preceding the vesting of Share Options (i.e. 2020) as compared to that in the financial year immediately preceding the grant date (i.e. 2018) should not be lower than 15.0% and the average of the selected peer benchmark enterprises" was not achieved. As the exercise condition was not fulfilled, such batch of Share Options held by 13 competent Participants, totaling 928,599 Share Options, had to be cancelled.

III. Regarding Cancellation of Certain Share Options

Cancellation of certain Share Options by the Company complied with the relevant requirements of the "Administrative Measures of the Share Option Scheme" (股票期權激勵計劃管理辦法) and the Share Option Scheme. Mandatory approval procedures which were legal and compliant, and were non-detrimental to the interests of the Company and its Shareholders as a whole, had been carried out.

Arrangements for Exercise of Share Options for 2018 Second Exercise Period under the Share Option Scheme

(1) Source of underlying shares of the Share Option Scheme

Source of the underlying shares for the exercise of share options shall be ordinary shares to be allotted to the Participants.

(2) Participants entitled to exercise their share options and number of share options exercisable

1. As certain Participants were no longer eligible as Participants due to resignation, retirement, etc., there were 217 Participants in 2018 Second Exercise Period under the Share Option Scheme;

2. Pursuant to the Share Option Scheme, Participants shall attain his/her personal performance condition at the time of determining the number of share options to be vested: the percentage of the relevant batch of share options to be vested will be determined with reference to the results of his/her personal performance appraisal in the preceding financial year:

Personal performance appraisal grade	Distinction	Merit	Average	Unsatisfactory
Vesting percentage of the share options	100%	100%	80%	0

Results of the personal performance appraisal in 2020 for the abovementioned 217 Participants were as follows:

Personal performance targets	Distinction/ Merit	Average	Unsatisfactory
Vesting percentage of the share options	100%	80%	0
Number of Participants (the share options granted on 19 June 2018)	211	3	0
Number of Participants (the share options granted on 29 November 2018)	3	0	0

For the 3 Participants with personal performance appraisal grade of "Average", amongst the total of 135,699 share options granted, 108,559 share options (being 80% of 135,699 share options) were exercisable and the remaining 27,140 share options were not qualified to be exercised. Such share options were lapsed, forfeited and cancelled by the Company without compensation.

After the adjustments, Participants entitled to exercise their share options and the number of share options exercisable are as follows:

Position	Name	Number of share options exercisable[Note]
Executive Director and Managing Director	ZHANG Dayu	399,600
Executive Director and Deputy Managing Director	DENG Huangjun	399,600
Executive Director and Deputy Managing Director	WONG Tin Yau, Kelvin	399,600
General Counsel and Company Secretary	HUNG Man, Michelle	399,600
Other Participants	213 Participants	14,528,578
Total		16,126,978

Note: Participants are entitled to exercise 33.3% of the share options granted, rounded down to the nearest unit.

Funds required for the exercise of share options by the Participants and the payment of personal income tax shall be financed by the Participants. The Company undertakes not to provide loans or financial assistance in any other forms to the Participants for their exercise of share options under the Share Option Scheme, including provision of guarantee for loans.

(3) Exercise price

Pursuant to the Share Option Scheme, the exercise price for share options granted on 19 June 2018 and 29 November 2018 under the Share Option Scheme are HK$7.27 per Share and HK$8.02 per Share respectively. In the event of capitalisation issue, bonus issue, subdivision of Shares, consolidation of Shares, rights issue or open offer during the exercise period, the exercise price will be adjusted accordingly. During the year ended 31 December 2021, there was no event resulting in the adjustment of exercise price.

(4) Exercise period

The second exercise period for share options granted on 19 June 2018 and 29 November 2018 respectively under the Share Option Scheme shall be from 19 June 2021 to 18 June 2023 (both dates inclusive) and 29 November 2021 to 28 November 2023 (both dates inclusive) respectively.

Effect of the Exercise on the Financial Conditions and Results of Operation of the Company for the Relevant Year

In accordance with the "Hong Kong Financial Reporting Standard 2 – Share-based Payments", services rendered by the Participants are included in relevant costs at the fair value of the share options on the date of grant and the share options reserve is credited accordingly, based on the best estimated number of exercisable share options. During the exercise period of the share options, the Company will not adjust recognised costs. The Company will recognise monetary funds received and the increase in share capital and share premium according to the actual situation of exercising. The share options shall be exercised by the Participants on a voluntary basis. The Company adopted the Black-Scholes valuation model for share options to determine the fair value of the share options on the date of grant. As at 31 December 2021, based on the best estimated number of exercisable options (after adjusting the estimated number of options to be vested after taking into account of the options not being vested under the first exercisable period for options granted in 2019), the fair value of share options granted in 2018 was US$7,296,000, while the share option expenses recognised in 2021 amounted to US$1,253,000; the fair value of share options granted in 2019 was US$189,000, while the share option expenses recognised in 2021 was a reversal of US$67,000.

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

The interest of the Company's directors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company as at 31 December 2021 under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

(a) Long positions in the Shares of the Company

Name of director	Capacity	Nature of interest	Number of Shares held	% of total number of issued Shares
Mr. FENG Boming	Beneficial owner	Personal	32,379	0.001%
Mr. DENG Huangjun	Beneficial owner	Personal	53,154	0.002%
Mr. ZHANG Wei	Beneficial owner	Personal	30,000	0.001%
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	1,380,865	0.042%

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

Share options were granted by the Company to certain directors of the Company pursuant to the Share Option Scheme. Details of the directors' interest in share options granted by the Company are set out under the previous section headed "Share Option Scheme" of this report.

(c) Long positions in shares of associated corporations

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of shares held	% of total number of issued shares of the relevant class of the relevant associated corporation
COSCO SHIPPING Holdings Co., Ltd.	Mr. FENG Boming	Interest of spouse	Family	10,000 A shares	0.0001%
COSCO SHIPPING Development Co., Ltd.	Mr. FENG Boming	Beneficial owner	Personal	22,100 A shares	0.0002%
	Mr. DENG Huangjun	Interest of spouse	Family	38,000 A shares	0.0004%
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. Adrian David LI Man Kiu	Beneficial owner	Personal	508,000 H shares	0.04%

(d) Long positions in underlying shares (equity derivatives) of associated corporations

Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price (RMB)	Numbers of share options	% of total number of issued shares of the relevant class of the relevant associated corporation	Notes
COSCO SHIPPING Holdings Co., Ltd.	Mr. FENG Boming	Interest of spouse	Family	3.15	461,630	0.004%	(1), (3)
		Beneficial owner	Personal	2.69	1,216,800	0.010%	(2), (3)
	Mr. ZHANG Wei	Beneficial owner	Personal	2.69	980,200	0.008%	(2), (3)

Notes:

(1) Such share options were granted on 3 June 2019 pursuant to the A-shares share option incentive scheme of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") adopted on 30 May 2019 (the "CSH Share Option Scheme") and can be exercised during the period from 3 June 2021 to 2 June 2026.

(2) Such share options were granted on 29 May 2020 pursuant to the CSH Share Option Scheme (as amended pursuant to the amendments approved by the shareholders of COSCO SHIPPING Holdings on 18 May 2020) and can be exercised during the period from 30 May 2022 to 28 May 2027.

(3) Such share options will be vested after 24 months from the date of grant (the "Vesting Period"). Subject to the fulfilment of the relevant vesting conditions, such share options will be vested in three batches after the Vesting Period, i.e. (a) 33% of the share options can be exercised during the first trading day after 24 months from the date of grant to the last trading day within 36 months from the date of grant; (b) 33% of the share options can be exercised during the first trading day after 36 months from the date of grant to the last trading day within 48 months from the date of grant; and (c) 34% of the share options can be exercised during the first trading day after 48 months from the date of grant to the last trading day within 84 months from the date of grant.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2021, the directors, namely Mr. FENG Boming, Mr. DENG Huangjun and Mr. CHEN Dong held directorships or senior management positions in the associates of COSCO SHIPPING and/or other companies which have interests in terminals operation and management business.

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

SUBSTANTIAL INTEREST IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any directors or chief executive of the Company, the interest of shareholders in the Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company or the Stock Exchange, as at 31 December 2021, were as follows:

			Number of Shares/Percentage of total number of issued Shares as at 31 December 2021				
Name	**Capacity**	**Nature of interests**	**Long positions**	**%**	**Short positions**	**%**	**Note**
COSCO Investments Limited	Beneficial owner	Beneficial interest	223,548,369	6.74	–	–	(1)
China COSCO (Hong Kong) Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,665,229,935	50.23	–	–	(1)
COSCO SHIPPING Holdings Co., Ltd.	Interest of controlled corporation	Corporate interest	1,665,229,935	50.23	–	–	(1)
China Ocean Shipping Co., Ltd.	Interest of controlled corporation	Corporate interest	1,665,229,935	50.23	–	–	(1)
China COSCO SHIPPING Corporation Limited	Interest of controlled corporation	Corporate interest	1,665,229,935	50.23	–	–	(1)
Silchester International Investors LLP	Investment manager	Other interest	330,866,563	9.98	–	–	

Note:

(1) The 1,665,229,935 Shares relate to the same batch of Shares. COSCO Investments Limited ("COSCO Investments") is a wholly owned subsidiary of China COSCO (Hong Kong) Limited ("China COSCO (HK)"). Accordingly, the 223,548,369 Shares held by COSCO Investments are also included as part of China COSCO (HK)'s interest in the Company. China COSCO (HK) is a wholly owned subsidiary of COSCO SHIPPING Holdings and it itself held 1,441,681,566 Shares beneficially. Accordingly, China COSCO (HK)'s interest in relation to the 1,665,229,935 Shares is also recorded as COSCO SHIPPING Holdings' interest in the Company. China Ocean Shipping Co., Ltd. ("COSCO Group") held 38.16% equity interest in COSCO SHIPPING Holdings as at 31 December 2021, and accordingly, COSCO Group is deemed to have the interest of 1,665,229,935 Shares held by China COSCO (HK). COSCO Group is a wholly owned subsidiary of China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"). Accordingly, COSCO Group's interest in relation to the 1,665,229,935 Shares is also recorded as COSCO SHIPPING's interest in the Company.

As informed by China COSCO (HK), it was interested in a total of 1,665,229,935 Shares (representing approximately 50.23% of the total number of issued Shares) as at 31 December 2021, of which 223,548,369 Shares (representing 6.74% of the total number of issued Shares) were held by COSCO Investments. Such increase in shareholding was not required to be disclosed under Part XV of the SFO.

Save as disclosed above, as at 31 December 2021, the Company had not been notified of any other interest or short positions in the Shares and underlying Shares of the Company which had to be recorded in the register required to be kept under Section 336 of the SFO.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of its directors, as at the date of this report, there was sufficient public float of the Shares of the Company with no less than 25% of the total number of issued Shares of the Company held by the public as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed Shares during 2021.

PRE-EMPTIVE RIGHTS

There are no provisions on pre-emptive rights under the Bye-laws of the Company and there are no restrictions on such rights under the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MANAGEMENT CONTRACTS

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

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of the Group's purchases and revenues attributable to major suppliers and customers are as follows:

Percentage of purchases attributable to the Group's largest supplier	13%
Percentage of purchases attributable to the Group's five largest suppliers	51%
Percentage of revenue from sales of goods or rendering of services attributable to the Group's largest customer	21%
Percentage of revenue from sales of goods or rendering of services attributable to the Group's five largest customers	56%

None of the directors or their associates is interested in any of the suppliers or customers of the Group.

During the year ended 31 December 2021, COSCO SHIPPING, a controlling Shareholder, has equity interest in the Group's largest supplier and the Group's largest customer.

Save as disclosed above, to the best knowledge of the directors, none of the Shareholders owning more than 5% of the Company's Shares is interested in any of the suppliers and customers of the Group.

CORPORATE GOVERNANCE

The Company continues to maintain high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has fully complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 44 to 83 of this annual report.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group conducted certain continuing related party transactions, as disclosed in note 38 (Related party transactions) of the audited consolidated financial statements of the Company for the year ended 31 December 2021, some of which constituted connected transactions or continuing connected transactions of the Group (exempted or non-exempted) and the Company has complied with the relevant applicable requirements under Chapter 14A of the Listing Rules in respect of those that are not exempt from annual reporting requirement:

(1) Rental of office premises

On 27 November 2020, COSCO SHIPPING Ports Management as the tenant entered into a new tenancy agreement with Wing Thye as the landlord (the "49F Tenancy Agreement") in respect of the leasing of the 49F Properties for a term of three years commencing from 29 November 2020 at a monthly rental of HK$1,404,480 exclusive of government rent, rates, management fees and other outgoings. The monthly management fees payable to Wing Thye under the 49F Tenancy Agreement is HK$95,760 (subject to revision by the incorporated owners and the management company of the building of which the 49F Properties form part from time to time). The (i) rental and (ii) management fees and other outgoings paid by COSCO SHIPPING Ports Management under the 49F Tenancy Agreement for the period from 1 January 2021 to 31 December 2021 were HK$16,853,760 and HK$1,149,120 respectively.

Apart from the 49F Tenancy Agreement, COSCO SHIPPING Ports Management as the tenant also entered into a tenancy agreement with Malayan Corporations Limited ("Malayan Corporations') as the landlord (the "42F Tenancy Agreement", together with the 49F Tenancy Agreement, the "Tenancy Agreements") in respect of Unit No. 4206 situated at the 42nd Floor of COSCO Tower, 183 Queen's Road Central, Hong Kong (the "42F Property") on 27 November 2020. Pursuant to the 42F Tenancy Agreement, COSCO SHIPPING Ports Management agreed to rent from Malayan Corporations the 42F Property for a term of two years nine months and twelve days commencing from 15 February 2021 at a monthly rental of HK$325,512 exclusive of government rent, rates, management fees and other outgoings. The monthly management fees payable to Malayan Corporations under the 42F Tenancy Agreement is HK$22,194 (subject to revision by the incorporated owners and the management company of the building of which the 42F Property forms part from time to time). No rental, management fees or other outgoings has been paid by COSCO SHIPPING Ports Management under the 42F Tenancy Agreement in 2020.

The payments to be made by the Group contemplated under the Tenancy Agreements comprise different components and hence different accounting treatments will apply. Pursuant to HKFRS 16 "Leases", the monthly rentals of the 42F Property and the 49F Properties leased under the Tenancy Agreements will be recognised as right-of-use assets with the estimated aggregate consideration of approximately HK$58,291,000. The right-of-use assets represent the Company's right to use the underlying leased assets over the lease term and the lease liabilities represent its obligation to make lease payments (i.e. the rent). The assets and the liabilities arising from the leases are initially measured on present value basis and calculated by discounting the non-cancellable lease payments under the Tenancy Agreements, using the incremental borrowing rate as the discount rate. Under HKFRS 16 and in the consolidated financial statements of the Group, the Group shall recognise (i) depreciation charge over the life of the right-of-use assets, and (ii) interest on the lease liabilities over the lease term.

Accordingly, the Group will recognise the monthly rentals as acquisitions of right-of-use assets taking into account the aggregate discounted amount of the monthly rentals in accordance with HKFRS 16. Such acquisitions of right-of-use assets will constitute one-off connected transactions for the Company under Chapter 14A of the Listing Rules. The management fees and other outgoings under the Tenancy Agreements (the "Other Charges") will be recognised as expenses in the Group's profit and loss accounts in the periods in which they are incurred, and the payment of such expenses will be regarded as continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Company intended to continue to occupy the 49F Properties on a long term basis as the head office of itself and its subsidiaries and as its principal place of business in Hong Kong. In addition, the Company considered it necessary and appropriate to rent the 42F Property, which has the advantage of close proximity to the Company's head office at 49th floor of the same building, to cater for the operation and growth of the Group. In negotiating the rental under the Tenancy Agreements, the directors of the Company had made reference to the professional opinion given by Cushman & Wakefield Limited, an independent professional valuer. The monthly rental agreed for the 49F Properties and the 42F Property as provided in the Tenancy Agreements were at market levels and were fair and reasonable.

Both Wing Thye and Malayan Corporations are wholly-owned subsidiaries of COSCO SHIPPING (Hong Kong) Co., Limited ("COSCO SHIPPING (Hong Kong)"). COSCO SHIPPING Ports Management is a wholly-owned subsidiary of the Company. COSCO SHIPPING is a controlling shareholder of both the Company and COSCO SHIPPING (Hong Kong). Accordingly, each of Wing Thye and Malayan Corporations is a connected person of the Company. The payment of the rentals under the Tenancy Agreements is regarded as acquisitions of assets by the Group and constitutes connected transactions of the Company; and the payment of the Other Charges constitutes continuing connected transactions of the Company under the Listing Rules.

(2) Financial Services Master Agreement

On 30 October 2019, the Company entered into a financial services master agreement (the "Financial Services Master Agreement") with COSCO SHIPPING. Under the Financial Services Master Agreement, COSCO SHIPPING will procure COSCO SHIPPING Finance Co., Ltd. ("COSCO SHIPPING Finance") to provide its services to the Group for deposit transactions (the "Deposit Transactions"), loan transactions (the "Loan Transactions"), clearing transactions (the "Clearing Transactions") and other financial services which COSCO SHIPPING Finance may offer from time to time (the "Further Financial Services") (collectively, the "Transactions") to the Group for the period from 1 January 2020 to 31 December 2022 (both dates inclusive).

In respect of the Deposit Transactions, the rate of interest which will accrue on any deposit placed by the Group with COSCO SHIPPING Finance under the Financial Services Master Agreement will be determined with reference to: (a) market interest rates, being the interest rates set by independent third party commercial banks providing the same type of deposit services on normal commercial terms in their ordinary course of business in the same or nearby service area, and in accordance with the principle of fairness and reasonableness; and (b) the interest rates offered by COSCO SHIPPING Finance to other parties of the COSCO SHIPPING Group (including COSCO SHIPPING and subsidiaries held by COSCO SHIPPING as to more than 51%, companies held by COSCO SHIPPING and/or its subsidiaries held by COSCO SHIPPING as to more than 51% (individually or jointly) as to more than 20%, companies held by COSCO SHIPPING and/or its subsidiaries held by COSCO SHIPPING as to more than 51% (individually or jointly) as to less than 20% with COSCO SHIPPING and/or its subsidiaries (individually or jointly) being the largest shareholder, and enterprise legal entities (事業單位法人) and social organisation legal entities (社會團體法人) under COSCO SHIPPING and/or its subsidiaries held by COSCO SHIPPING as to more than 51%) for the same type of deposit services. The caps of the daily maximum aggregate amount of deposits placed by the Group with COSCO SHIPPING Finance (including the amount of any interest accrued thereon) for each of the three years ending 31 December 2020, 2021 and 2022 are RMB3,000,000,000. The maximum daily aggregate amount of deposits for the year ended 31 December 2021 was RMB2,794,627,000.

As no Further Financial Services were requested by the Group from COSCO SHIPPING Finance for the year ended 31 December 2021, no such fee was charged by COSCO SHIPPING Finance for such services.

The deposit interest rates offered by COSCO SHIPPING Finance to the Group will be no less favourable to the Group than those offered by independent third party commercial banks in the PRC for comparable deposits. The Financial Services Master Agreement is expected to provide the Group with additional means of financing and improve the efficiency of the use of its funds through favourable interest income and costs of financing.

The Financial Services Master Agreement will not preclude the Group from using the services of other financial institutions as it thinks fit and appropriate for the benefit of the Group. Where required, the Group will solicit other reference quotations, where available, from independent third party financial institutions in respect of similar transactions for comparison and consideration.

COSCO SHIPPING Finance is a subsidiary of COSCO SHIPPING, a controlling shareholder of the Company, and is therefore a connected person of the Company. Hence, the Transactions constituted continuing connected transactions of the Group.

For the Loan Transactions and the Clearing Transactions which are fully exempt from the requirements under Chapter 14A of the Listing Rules including annual reporting requirements, shareholders may refer to the announcement of the Company dated 30 October 2019 for their details if interested.

(3) Master agreements relating to shipping and terminal related services transactions (collectively, the "Shipping and Terminal Related Services Master Agreements")

On 30 October, 22 November and 23 November 2018 respectively, the Company and certain of its subsidiaries entered into the following master agreements each for a term of three years from 1 January 2019 to 31 December 2021:

(1) COSCO SHIPPING Shipping Services and Terminal Services Master Agreement entered into between the Company and COSCO SHIPPING on 22 November 2018 in respect of the following transactions:

(a) Provision of shipping related services by the Group to COSCO SHIPPING, its subsidiaries and associates (excluding the Group) (collectively, the "COSCO SHIPPING Group"), being the terminal services which are related to the shipping business carried out by COSCO SHIPPING, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes and provision of container storage space and terminal facilities, and other ancillary services. The annual caps of the aggregate amount receivable by the Group from the COSCO SHIPPING Group for such services for the three years ended 31 December 2019, 2020 and 2021 are RMB2,337,172,000, RMB3,369,639,000 and RMB4,127,542,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2021 was RMB2,198,318,000.

(b) Provision of terminal related services by the relevant members of COSCO SHIPPING Group to the Group being the shipping services which are related to the terminal business carried out by the Company, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials, supply of fuel and oil products (including but not limited to diesel oil, fuel oil, lubricating oil, hydraulic oil and transmission oil) and subsidy on port construction fee, and other ancillary services. The annual caps of the aggregate amount payable by the Group to the COSCO SHIPPING Group for such services for the three years ended 31 December 2019, 2020 and 2021 are RMB163,097,000, RMB238,172,000 and RMB358,201,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2021 was RMB78,933,000.

It was agreed that the service fees payable by the relevant members of the COSCO SHIPPING Group shall be at rates no less favourable to the relevant members of the Group than those at which the relevant members of the Group charge independent third party customers for the relevant services. It was also agreed that the service fees payable by the relevant members of the Group shall be at rates no less favourable to the relevant members of the Group than those at which independent third party providers charge the relevant members of the Group for the relevant services.

(2) Maersk Line Shipping Services Master Agreement entered into between the Company and Maersk Line A/S in its own capacity and for and on behalf of entities trading under the names of Maersk Line, Safmarine, MCC Transport, Sealand and Hamburg Süd and any other future entities where Maersk Line A/S holds a majority ownership (collectively, the "Maersk Line") on 30 October 2018 in respect of the provision of shipping related services, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes, provision of container storage space and terminal facilities, by members of the Group to the Maersk Line.

The annual caps of the aggregate amount receivable by the Group from the Maersk Line for such services for the three years ended 31 December 2019, 2020 and 2021 are RMB1,079,447,000, RMB1,385,889,000 and RMB1,722,381,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2021 was RMB604,160,000.

The terms on pricing under the Maersk Line Shipping Services Master Agreement shall be at rates no less favourable to relevant members of the Group than those at which the relevant members of the Group charge independent third party customers for the relevant services.

(3) GZ Port Company Container Terminal Services Master Agreement entered into between Guangzhou South China Oceangate Container Terminal Company Limited ("GZ South China", a subsidiary of the Company) and Guangzhou Port Holdings Company Limited ("GZ Port Company") on 23 November 2018 in respect of the following transactions:

(a) Provision of terminal related services, including but not limited to cargo inspection related services, leasing of frontloaders, port related services (including without limitation, provision of berths, loading and unloading, inspection, transportation, shifting, boxing and unboxing of containers, transshipment of passenger liners, operation and management of transshipment of cargoes and provision of container storage space), provision of vehicles for hire, repairing services to pontoon, leasing of terminal areas and provision of machinery, and all other ancillary and related services, by GZ South China to GZ Port Company and its subsidiaries and branches (collectively, the "GZ Port Company Group"). The annual caps of the aggregate amount receivable by GZ South China from the GZ Port Company Group for such services for the three years ended 31 December 2019, 2020 and 2021 are RMB86,972,000, RMB113,063,000 and RMB146,982,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2021 was RMB16,823,000.

(b) Provision of terminal related services, including but not limited to container handling services, provision of fuel and oil, port related services (including without limitation, provision of berths, cargoes loading and unloading, operation and management of transshipment of cargoes, transshipment and transportation of containers, and provision of container storage space), inspection center services, construction services, electricity supply services, supervision services, surveying services, pollution prevention, manpower services relating to the appointment of seconded staff, leasing and maintenance of frontloaders, floating cranes and pontoons, logistics services, customs declaration and inspection declaration services, procurement and purchase of tyres and materials, marketing centers services (which are mainly in the nature of market expansion, sales and promotion and external coordination) and all other ancillary and related services, by members of the GZ Port Company Group to GZ South China. The annual caps of the aggregate amount payable by GZ South China to the GZ Port Company Group for such services for the three years ended 31 December 2019, 2020 and 2021 are RMB490,435,000, RMB629,866,000 and RMB810,355,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2021 was RMB44,194,000.

It was agreed that the terms (including without limitation, the service fees) for the provision of services by members of the GZ Port Company Group shall be no less favourable to GZ South China (as service receiving party) than terms available to GZ South China from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by GZ South China shall be no less favourable to GZ South China (as service providing party) than terms offered by it to independent third parties for the relevant services.

(4) GZ Port Holding Container Terminal Services Master Agreement entered into between GZ South China and Guangzhou Port Group Company Limited ("GZ Port Holding") on 23 November 2018 in respect of the provision of terminal related services, including but not limited to property management, property cleaning, pest control and garbage clean up services, "shuttle bus" service, provision of vehicle for staff commuting, safety management, security services, training services, printing services, marketing centers services (which are mainly in the nature of market expansion, sales and promotion and external coordination) and travel agency services, by GZ Port Holding and its subsidiaries, branches and associates (but excluding GZ Port Company, its subsidiaries and branches) (collectively, the "GZ Port Holding Group") to GZ South China.

The annual caps of the aggregate amount payable by GZ South China to GZ Port Holding Group for such services for the three years ended 31 December 2019, 2020 and 2021 are RMB46,963,000, RMB61,052,000 and RMB79,367,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2021 was RMB20,257,000.

It was agreed that the terms (including without limitation, the service fees) for the provision of services by members of the GZ Port Holding Group shall be no less favourable to GZ South China than terms available to GZ South China from independent third parties for the relevant services.

(5) Xiamen Container Terminal Services Master Agreement entered into between Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate", a subsidiary of the Company) and Xiamen Haicang Investment Group Co., Ltd. ("Xiamen Haicang Holding") on 30 October 2018 in respect of the following transactions:

(a) Provision of terminal related services, including but not limited to project management services, manpower services (including the appointment of seconded staff), inspection services, agency services, equipment leasing services, storage leasing services and all other ancillary and related services, by Xiamen Haicang Holding and its subsidiaries, branches and associates (but excluding Xiamen Ocean Gate) (collectively, the "Xiamen Haicang Group") to Xiamen Ocean Gate. The annual caps of the aggregate amount payable by Xiamen Ocean Gate to the Xiamen Haicang Group for such services for the three years ended 31 December 2019, 2020 and 2021 are RMB56,000,000, RMB62,000,000 and RMB68,000,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2021 was RMB8,055,000.

(b) Provision of terminal related services, including but not limited to loading and unloading services, storage services, manpower services, management services and all other ancillary and related services, by Xiamen Ocean Gate to members of the Xiamen Haicang Group. The annual caps of the aggregate amount receivable by Xiamen Ocean Gate from the Xiamen Haicang Group for such services for the three years ended 31 December 2019, 2020 and 2021 are RMB6,400,000, RMB7,000,000 and RMB7,600,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2021 was RMB1,662,000.

It was agreed that the terms (including without limitation, the service fees) for the provision of services by the members of the Xiamen Haicang Group shall be no less favourable to Xiamen Ocean Gate (as service receiving party) than terms available to Xiamen Ocean Gate from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by Xiamen Ocean Gate shall be no less favourable to Xiamen Ocean Gate (as service providing party) than terms offered by it to independent third parties for the relevant services.

(6) Lianyungang Terminal Services Master Agreement entered into between Lianyungang New Oriental International Terminals Co., Ltd. ("Lianyungang New Oriental", a subsidiary of the Company) and Lianyungang Port Group Co., Ltd. ("Lianyungang Port") on 30 October 2018 in respect of the following transactions:

(a) Provision of terminal related services, including but not limited to port facility leasing and maintenance services; port and waterway facilities projects, construction projects, water supply and drainage projects, mechanical and electrical equipment installation projects, road and bridge projects, intelligent building projects, communication conduit design and construction projects; port dredging operations; software development and systems integration; network technology services; environmental project supervision and environmental technology testing services; telecommunications construction projects; catering services; labour services (excluding labour arrangement); measuring instrument testing and weighing equipment installation verification; supply of metal materials, plastic products, rubber products, chemical materials, electrical machinery and equipment, bearings, fasteners, instrumentation and weighing instruments, sales of workplace safety supplies; waste materials recycling; ethanol gasoline supply, diesel retail; gas sales; port railway transportation; electricity and water supply for port area, by Lianyungang Port and its subsidiaries, branches and associates (but excluding Lianyungang New Oriental) (collectively, the "Lianyungang Port Group") to Lianyungang New Oriental. The annual caps of the aggregate amount payable by Lianyungang New Oriental to the Lianyungang Port Group for such services for the three years ended 31 December 2019, 2020 and 2021 are RMB76,160,000, RMB89,600,000 and RMB101,950,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2021 was RMB46,529,000.

(b) Provision of terminal related services, including but not limited to container or bulk cargo handling (including barge), warehousing and storage, intra-port transfer, container consolidation and devanning; port facilities and equipment and port machinery leasing; dangerous goods port operations (under the scope of the "Dangerous Goods Port Operation Approval Certificate"), by Lianyungang New Oriental to members of the Lianyungang Port Group. The annual caps of the aggregate amount receivable by Lianyungang New Oriental from the Lianyungang Port Group for such services for the three years ended 31 December 2019, 2020 and 2021 are RMB1,500,000, RMB1,500,000 and RMB1,500,000 respectively. No aforesaid transactions occurred for the year ended 31 December 2021.

It was agreed that the terms (including without limitation, the service fees) for the provision of services by the members of the Lianyungang Port Group shall be no less favourable to Lianyungang New Oriental (as service receiving party) than terms available to Lianyungang New Oriental from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by Lianyungang New Oriental shall be no less favourable to Lianyungang New Oriental (as service providing party) than terms offered by it to independent third parties for the relevant services.

Since COSCO SHIPPING is a controlling shareholder of the Company, members of the COSCO SHIPPING Group are connected persons of the Company.

Maersk Line A/S is an associate of a substantial shareholder of a subsidiary of the Company, and accordingly Maersk Line A/S and members of the Maersk Line are connected persons of the Company.

GZ Port Company directly holds and GZ Port Holding indirectly holds a 41% equity interest in GZ South China, a subsidiary of the Company. Accordingly, members of the GZ Port Holding Group and GZ Port Company Group are connected persons of the Company.

Xiamen Haicang Holding has a 30% equity interest in Xiamen Ocean Gate, a subsidiary of the Company, and accordingly, Xiamen Haicang Holding is a substantial shareholder of a subsidiary of the Company.

Lianyungang Port has a 45% equity interest in Lianyungang New Oriental, a subsidiary of the Company, and accordingly, Lianyungang Port is a substantial shareholder of a subsidiary of the Company.

The continuing connected transactions under the agreement numbered (1) above was subject to the reporting, annual review, announcement and independent shareholders' approval requirements and was approved by the independent shareholders of the Company at the special general meeting held on 28 December 2018, whilst the transactions under the agreements numbered (2) to (4) were exempted from the independent shareholders' approval requirement (so far as applicable) under Rule 14A.101 of the Listing Rules.

In addition, the transactions under the agreements numbered (5) to (6) did not constitute continuing connected transactions of the Company for the year ended 31 December 2021, since members of the Xiamen Haicang Group, and members of the Lianyungang Port Group, were persons connected with insignificant subsidiaries for the relevant period under Rule 14A.09 of the Listing Rules.

As the aforementioned master agreements expired on 31 December 2021, and it was expected that the Group would continue to enter into transactions of similar nature to transactions under the existing master agreements, the Group had entered into new master agreements on 29 October 2021 as required, each for a term of 3 years from 1 January 2022 to 31 December 2024.

(4) Concession Agreement

On 25 November 2008, Piraeus Container Terminal Single Member S.A. ("PCT"), a wholly owned subsidiary of the Company, as concessionaire and the Company as the sole shareholder of PCT entered into a concession agreement with Piraeus Port Authority S.A. ("PPA") as grantor, which was further amended by an amendment agreement dated 27 November 2014 that became effective on 20 December 2014 (the "Concession Agreement").

Pursuant to the Concession Agreement, in consideration of the payments contemplated thereunder (which include, among others, two fixed annual fees, and a variable annual concession fee based on the aggregate revenue of PCT for pier 2 of the Piraeus Port ("Pier 2") and pier 3 of the Piraeus Port ("Pier 3"), including, following construction of the western part of Pier 3, the turnover generated by the western part of Pier 3), (a) PPA agreed to grant a concession to PCT, (i) for the development, operation of Pier 2 and (ii) for the construction, operation and utilisation of the eastern part of Pier 3 and the western part of Pier 3; and (b) PCT has agreed to construct and put into operation, on behalf of PPA, a new oil pier on the southern part of Pier 3 (at PPA's costs).

The concession is for an initial term of 30 years (which commenced on 1 October 2009), with a mandatory extension for a term of 5 years subject to PCT's fulfillment of its obligations to construct the eastern part of Pier 3 in accordance with the timetable agreed in the Concession Agreement. The estimated total consideration for the 35-year term of the Concession is €831,200,000.

In view of the commercial and strategic importance of the Piraeus Port, and the growth potential of the Piraeus Port Container Terminal, the Concession Agreement represents a good opportunity for the Company to invest in a major container outside China and is in line with the Company's strategy to become a leading global port operator.

PPA became a subsidiary of COSO SHIPPING (Hong Kong) on 10 August 2016. COSCO SHIPPING is a controlling shareholder of both the Company and COSCO SHIPPING (Hong Kong). Accordingly, PPA is a connected person of the Company. The continuing transactions under the Concession Agreement constituted continuing connected transactions of the Company under the Listing Rules since 10 August 2016.

(5) Amended Agreement Deposits Contract

On 3 December 2021, COSCO SHIPPING Ports (Tianjin) Limited, a wholly-owned subsidiary of the Company, completed the acquisition of 34.99% equity interests in Tianjin Port Container Terminal Co., Ltd. ("Tianjin Container Terminal") pursuant to the equity transfer agreement dated 26 February 2021 entered into amongst COSCO SHIPPING Ports (Tianjin) Limited (as purchaser), Tianjin Port Holdings Co., Ltd. ("Tianjin Port Holdings") (as seller) and the Company (the "Acquisition"). Together with the 16.01% equity interests in Tianjin Container Terminal then already held by the Group, the Company indirectly holds a total of 51% equity interests in Tianjin Container Terminal following the Acquisition, and Tianjin Container Terminal has become a subsidiary of the Company.

Prior to completion of the Acquisition, Tianjin Container Terminal had entered into an agreement dated 21 January 2011 (the "Agreement Deposits Contract") with Tianjin Port Finance Co., Ltd. ("Tianjin Port Finance"), pursuant to which Tianjin Port Finance agreed to accept RMB agreement deposits from Tianjin Container Terminal. The then current term under the Agreement Deposits Contract commenced from 24 January 2021 and was due to expire on 23 January 2022 (to be renewed automatically on a yearly basis, unless otherwise notified by either party). The Agreement Deposits Contract was subsequently amended by a supplemental agreement on 21 January 2022 (the "Amended Agreement Deposits Contract"). Under the Amended Agreement Deposits Contract, the term of the agreement was extended to expire on the earlier of 31 December 2022 or the date the parties enter into a new agreement deposits contract, with no automatic renewal of the term. Interest on the deposits was payable quarterly on the 20th day of the last month of each calendar quarter at the interest rates specified under the Amended Agreement Deposits Contract. The highest daily balance of the deposits to be placed by Tianjin Container Terminal with Tianjin Port Finance under the Amended Agreement Deposits Contract (including accrued interest) for the period from 21 January 2021 to 31 December 2022 will not exceed RMB380,000,000 (the "Transaction Cap"). The highest daily balance of the deposits placed (including accrued interest) for the period from 3 December 2021 (being the date on which Tianjin Container Terminal became a subsidiary of the Company) to 31 December 2021 and for the period from 1 January 2022 to 20 January 2022 were approximately RMB350,000,000 and RMB255,000,000 respectively.

Tianjin Container Terminal uses agreement deposits services in its ordinary course of business for convenient access to cash when needed while earning interest on reserved funds. The agreement deposits services offered by Tianjin Port Finance to Tianjin Container Terminal contemplated under the Agreement Deposits Contract and the Amended Agreement Deposits Contract are on terms no less favourable than those generally offered by banks in the People's Republic of China for comparable agreement deposits. The Amended Agreement Deposits Contract does not preclude Tianjin Container Terminal from using the services of other financial institutions as it thinks fit and appropriate for its benefit.

Tianjin Port Holdings, which owns 41.69% equity interests in Tianjin Container Terminal, is a substantial shareholder of Tianjin Container Terminal and therefore became a connected person of the Company following the Acquisition. Tianjin Port Finance, a company held directly and indirectly as to 43.652% by Tianjin Port Holdings and as to 56.348% by Tianjin Port (Group) Co., Ltd. (which is the ultimate holding company of Tianjin Port Holdings) and other subsidiaries of Tianjin Port Group, became a connected person of the Company at subsidiary level accordingly by virtue of its being an associate of Tianjin Port Holdings. Accordingly, the transactions contemplated under the Agreement Deposits Contract and the Amended Agreement Deposits Contract constitute continuing connected transactions of the Company under the Listing Rules since 3 December 2021.

INTERNAL CONTROL MEASURES

As part of the Group's internal control systems to ensure that the transactions between the Group and its connected persons are conducted in accordance with the terms of their respective continuing connected transaction master agreements, the Company implemented the following internal control arrangements to the connected transactions conducted, where applicable:

(i) The relevant business unit of each subsidiary of the Company will periodically observe market conditions and monitor the prevailing market prices, including the pricings of contemporaneous transactions with independent third parties in respect of comparable types of products and/or services in the same or adjacent area in the ordinary course of business. In addition, before entering into any agreements pursuant to the respective continuing connected transaction master agreements, the Group will observe the General Pricing Principles, and where available, the relevant personnel of the Group would compare at least two other contemporaneous transactions or quotations for similar transactions with independent third parties for similar products and/or services in similar quantities and ensure that the terms offered to or by the relevant connected persons are no less favourable to the Group than those available to or from independent third parties.

(ii) The relevant departments in the head office of the Company and each subsidiary of the Company has a designated person to record the entering into of continuing connected transactions.

(iii) The Finance Department of the Company will prepare a "Summary for Continuing Connected Transactions" each quarter and organize meetings regularly to review and assess whether the relevant continuing connected transactions are conducted in accordance with the terms of their respective continuing connected transaction master agreements. After the "Summary for Continuing Connected Transactions" is reviewed by the relevant departments of the Company and the management, it will be submitted to the Audit Committee of the Company and the Board for further review.

(iv) The Audit and Supervision Department of the Company will monitor the risks related to continuing connected transactions by reviewing the minutes of important meetings of subsidiaries of the Company as well as accounting records, to identify if the Group has any undisclosed connected transactions.

(v) The Audit and Supervision Department will also check the terms and implementation status of the Group's policies and requirements related to continuing connected transactions from time to time, including investigating the audited entities' processes for identification of connected persons and the procedures for dealing with continuing connected transactions. The Audit and Supervision Department is also responsible for monitoring the prices of the transactions with connected persons by reviewing samples of the relevant sales contracts and costs, etc., to ensure that such prices are in compliance with the pricing policies under the terms of their respective continuing connected transaction master agreements.

(vi) Each relevant member of the Group shall monitor its own utilization of the portion of the annual transaction cap amount allocated by the Company (the "Designated Amount"). If the annual transaction amount of a relevant member of the Group reaches 80% of its Designated Amount, or is expected to exceed its Designated Amount within three months, the member shall inform the relevant personnel from the Finance Department and Legal Department of the Company immediately and the Company shall determine the appropriate actions to be taken, such as (a) require the member not to enter into any further transactions which would cause the Designated Amount to be exceeded; (b) increase the Designated Amount allocated to the member by reducing the Designated Amount(s) allocated to other member(s); or (c) if the accumulative annual transaction amount of the Group exceeds the relevant annual cap, the relevant member(s) of the Group shall provide sufficient reasons and cooperate with the Company to revise the annual cap and comply with the relevant requirements of the Listing Rules.

In connection with the Amended Agreement Deposits Agreement, the Group has also adopted the following internal control measures:

(i) where necessary (and in any event not less than once a month), (a) Tianjin Container Terminal will obtain alternative reference quotes from independent third party financial institutions for similar transactions, where available, for comparison and consideration; and (b) the Finance Department of the Company will monitor the interest rates of comparable types of deposits services with independent third parties;

(ii) both the Finance Department of the Company and Tianjin Container Terminal shall have dedicated personnel to monitor and ensure that the daily deposit balance (including accrued interest) maintained under the Amended Agreement Deposits Contract will not exceed the Transaction Cap;

(iii) Tianjin Container Terminal will hold regular meetings with the Finance Department of the Company and prepare quarterly reports in relation to the transactions under the Amended Agreement Deposits Contract to review and assess whether the transactions have been conducted in accordance with the terms of the Amended Agreement Deposit Contract. After review by the Finance Department, the reports will be submitted to the Company's Audit Committee and the Board for further review;

(iv) the Audit and Supervision Department of the Company will verify the accounting records and supporting documents from time to time so as to ensure that the interest rates are in compliance with the terms of the Amended Agreement Deposits Contract; and

(v) Tianjin Container Terminal will regularly request Tianjin Port Finance to provide sufficient information and documentation to confirm the implementation of adequate capital risk control measures, including its financial statements and other returns and regulatory reports submitted to the China Banking and Insurance Regulatory Commission.

The Board is of the view that the above methods and procedures can ensure that the pricing and other contract terms of the connected transactions contemplated under the Amended Agreement Deposits Contract will be conducted on normal commercial terms and on terms no less favourable to the Group than the terms available from independent third parties for the relevant transactions, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

OPINION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS ON THE CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.55 of the Listing Rules, Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu, Mr. LAM Yiu Kin, Prof. CHAN Ka Lok and Mr. YANG Liang Yee Philip, independent non-executive directors of the Company, have reviewed the continuing connected transactions and opined that the transaction were:

– entered into in the ordinary and usual course of the Group's businesses;

– entered into on normal commercial terms or terms no less favourable to the Group than terms available from/to independent third parties; and

– entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

REPORT FROM THE AUDITOR ON THE CONTINUING CONNECTED TRANSACTIONS

For the purposes of Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to report on the above continuing connected transactions that are subject to annual review for the year ended 31 December 2021 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the such continuing connected transactions, in accordance with Rule 14A.56 of Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DISCLOSURE UNDER RULE 13.22 OF CHAPTER 13 OF THE LISTING RULES

In relation to the financial assistance granted by the Group to certain affiliated companies, a pro forma combined balance sheet of the affiliated companies as at 31 December 2021 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US$'000
Non-current assets	1,748,867
Current assets	320,030
Current liabilities	(121,840)
Non-current liabilities	(1,602,542)
Net assets	344,515
Share capital	20,384
Reserves	283,616
Non-controlling interest	40,515
Capital and reserves	344,515

As at 31 December 2021, interests in such affiliated companies attributable to the Group amounted to US$343,500,000.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee of the Company consists of three independent non-executive directors.

The Audit Committee reviews the systems of internal controls throughout the Group, the completeness and accuracy of its financial statements and liaises on behalf of the Board with external auditor and the Group's internal auditor. During the year, members of the Audit Committee met regularly with the management, the external auditor and the Group's internal auditor, and reviewed the internal and external audit reports as well as the interim and annual consolidated financial statements of the Group.

AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

FENG Boming
Chairman

Hong Kong, 30 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COSCO SHIPPING PORTS LIMITED

(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of COSCO SHIPPING Ports Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 126 to 234, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

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

- Recoverability of carrying amounts of terminal assets, investments in joint ventures and associates; and
- Impairment assessment of goodwill.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of carrying amounts of terminal assets, investments in joint ventures and associates Refer to notes 3.8, 5(a), 7, 9, 10, 11 and 12 to the consolidated financial statements. The Group is involved in terminals operation through subsidiaries, investments in joint ventures and associates in Hong Kong, Mainland China, Spain, Italy, Greece, Belgium, Abu Dhabi and other countries. As at 31 December 2021, there were terminal assets with a total carrying value of property, plant and equipment of US$3,954 million, right-of-use assets of US$1,087 million, intangible assets of US$426 million, investments in joint ventures with a total carrying amount of US$1,155 million, and investments in associates with a total carrying amount of US$3,423 million. Management performed assessment at the end of each reporting period whether there is any indication that the terminal assets, investments in joint ventures and associates may be impaired. Should indication of impairment exist, an impairment assessment will be performed accordingly.	We obtained an understanding on the Group's policies and procedures to identify impairment indicators of terminal assets, investments in joint ventures and associates, and performed the following procedures in relation to management's impairment assessments: • evaluated the internal sources and external sources of information to identify impairment indications, if any; • obtained an understanding of the management's internal control and assessment process of impairment of terminal assets, investments in joint ventures and associates and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • evaluated the appropriateness of the value-in-use model adopted for the impairment assessments; • compared the current year's actual results with prior year's budgets, where applicable, to consider whether any past forecast including any assumptions, with hindsight, had been aggressive; • challenged the reasonableness of key assumptions such as revenue growth rates, terminal growth rates and EBITDA margins applied by management by comparing to commercial contracts, available market reports and historical trend analyses, where applicable;

Key Audit Matter	How our audit addressed the Key Audit Matter
The recoverable amounts of the terminal assets, investments in joint ventures and associates are measured at value-in-use which are based on future discounted cash flows on a cash generating unit. Management has concluded that there was no impairment in respect of the terminal assets, investments in joint ventures and associates as at 31 December 2021. This area is significant to our audit because of the significance of the carrying amounts of the assets and the significant management judgement involved in determining the value-in-use prepared based on future discounted cash flows under income approach. For terminal assets, investments in joint ventures and associates, the judgement focuses on revenue growth rates, terminal growth rates, EBITDA margins and discount rates. All these factors are with estimation uncertainties and may impact the results of the impairment assessments.	• involved our internal valuation experts to assess the reasonableness of the discount rates in the impairment assessment applied by management and benchmarked the discount rates applied to other comparable companies in the same industry, where applicable; • agreed input data to supporting evidence, such as approved budgets, inflation rates, strategic plans and market data, where applicable; • assessed the adequacy of the disclosures related to impairment of terminal assets, investments in joint ventures and associates in the context of the applicable financial reporting framework; and • evaluated management's sensitivity analysis around the key assumptions, to ascertain the extent of change in those assumptions that either individually or collectively would be required for the terminal assets to be impaired, where applicable. Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessments to be supported by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Refer to notes 3.7(a), 5(b) and 10 to the consolidated financial statements. As at 31 December 2021, the Group had a balance of goodwill of US$173 million. Management tests whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.7(a). The recoverable amounts of cash generating units ("CGUs") have been determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on financial budgets approved by management which involve judgement by management such as determining the discount rates, revenue growth rates, terminal growth rates and operating margins. Changes in these assumptions may impact the recoverable amount of goodwill. Management concluded that the goodwill was not impaired. We focused on this area as the assessment involved significant judgements, including the revenue growth rates, terminal growth rates, operating margins and discount rates applied to the estimates of the recoverable amount. All these factors are with estimation uncertainties and may impact the results of the impairment assessments.	We performed the following procedures in relation to management's goodwill impairment assessment: • obtained an understanding of the management's internal control and assessment process of impairment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • evaluated the appropriateness of the value-in-use model adopted for the impairment assessments; • compared the current year's actual results with prior year's budgets, where applicable, to consider whether any past forecast including any assumptions, with hindsight, had been aggressive; • challenged the reasonableness of key assumptions such as revenue growth rates, terminal growth rates and operating margins applied by management by comparing to commercial contracts, available market reports and historical trend analyses, where applicable; • involved our internal valuation experts to evaluate the valuation methodologies and assess the reasonableness of the discount rates in the impairment assessment applied by management and benchmarked the discount rates applied to other comparable companies in the same industry, where applicable; • agreed input data to supporting evidence, such as approved budgets, inflation rates, strategic plans and market data, where applicable; • assessed the adequacy of the disclosures related to impairment of goodwill in the context of the applicable financial reporting framework; and • evaluated management's sensitivity analysis around the key assumptions, to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired, where applicable. Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment assessment to be supported by the available evidence.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pong Fei Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2022

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	2021 US$'000	2020 US$'000
Assets			
Non-current assets			
Property, plant and equipment	7	**3,953,801**	3,358,970
Right-of-use assets	9	**1,086,887**	978,473
Investment properties	8	**10,054**	9,996
Intangible assets	10	**426,121**	474,570
Joint ventures	11	**1,154,633**	1,222,414
Loans to a joint venture	11	**23,083**	23,218
Associates	12	**3,422,897**	3,112,653
Loans to associates	12	**107,643**	118,360
Financial asset at fair value through profit or loss	13	**61,922**	–
Financial assets at fair value through other comprehensive income	14	**161,902**	158,206
Deferred tax assets	15	**95,071**	110,351
Other non-current assets		**7,649**	2,409
		10,511,663	9,569,620
Current assets			
Inventories	16	**20,111**	14,853
Trade and other receivables	17	**237,637**	293,172
Current tax recoverable		**3,844**	5,187
Restricted bank deposits	37(c)	**33,214**	31,224
Cash and cash equivalents	37(c)	**1,226,841**	1,310,289
		1,521,647	1,654,725
Total assets		**12,033,310**	11,224,345
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	19	**42,574**	42,574
Reserves		**5,775,445**	5,507,630
		5,818,019	5,550,204
Non-controlling interests		**1,122,620**	827,022
Total equity		**6,940,639**	6,377,226

	Note	2021 US$'000	2020 US$'000
Liabilities			
Non-current liabilities			
Deferred tax liabilities	15	**140,788**	115,300
Lease liabilities	9	**748,459**	784,243
Long term borrowings	21	**2,306,423**	2,748,292
Loans from non-controlling shareholders of subsidiaries	22	**70,591**	737
Derivative financial instruments	26	**2,991**	7,752
Put option liability	25	**232,263**	225,679
Pension and retirement liabilities	27	**11,828**	3,006
Other long term liabilities	23	**46,942**	48,057
		3,560,285	3,933,066
Current liabilities			
Trade and other payables and contract liabilities	24	**521,630**	536,890
Current tax liabilities		**51,696**	31,912
Current portion of lease liabilities	9	**42,450**	42,093
Current portion of long term borrowings	21	**653,680**	226,651
Short term borrowings	21	**259,507**	72,798
Derivative financial instruments	26	**3,423**	3,709
		1,532,386	914,053
Total liabilities		**5,092,671**	4,847,119
Total equity and liabilities		**12,033,310**	11,224,345

On behalf of the Board

FENG Boming
Executive Director and Chairman of the Board

ZHANG Dayu
Executive Director and Managing Director

The accompanying notes on pages 134 to 234 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 December 2021

	Note	**2021 US$'000**	2020 US$'000
Revenues	6	**1,208,252**	1,000,629
Cost of sales		**(883,107)**	(767,987)
Gross profit		**325,145**	232,642
Administrative expenses		**(138,977)**	(120,182)
Other operating income	28	**94,937**	134,883
Other operating expenses		**(9,795)**	(11,526)
Operating profit	29	**271,310**	235,817
Finance income	30	**11,268**	14,690
Finance costs	30	**(111,503)**	(114,650)
Operating profit (after finance income and costs)		**171,075**	135,857
Share of profits less losses of			
– joint ventures	11	**83,195**	78,219
– associates	12	**246,195**	194,501
Profit before taxation		**500,465**	408,577
Taxation	31	**(94,669)**	(34,967)
Profit for the year		**405,796**	373,610
Profit attributable to:			
Equity holders of the Company		**354,652**	347,474
Non-controlling interests		**51,144**	26,136
		405,796	373,610
Earnings per share for profit attributable to equity holders of the Company			
– Basic	32	**US10.70 cents**	US10.81 cents
– Diluted	32	**US10.70 cents**	US10.81 cents

The accompanying notes on pages 134 to 234 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2021

	2021 US$'000	2020 US$'000
Profit for the year	**405,796**	373,610
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Share of other comprehensive income of an associate		
– other reserves	**3,330**	(864)
Changes in the fair value of financial assets at fair value through other comprehensive income ("FVOCI"), net of tax	**103**	(19,161)
Items that may be reclassified to profit or loss		
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	**52,076**	293,136
Release of reserve upon disposal of an associate	**–**	3,468
Release of reserve upon disposal of subsidiaries	**–**	(4,722)
Release of reserve upon disposal of a joint venture	**(8,226)**	–
Release of reserve upon further acquisition of an associate to become a subsidiary	**(4,067)**	–
Cash flow hedges, net of tax		
– fair value gain	**3,775**	499
Share of other comprehensive income of joint ventures and associates		
– exchange reserves	**3,398**	9,070
– other reserves	**(91)**	326
Other comprehensive income for the year, net of tax	**50,298**	281,752
Total comprehensive income for the year	**456,094**	655,362
Total comprehensive income attributable to:		
Equity holders of the Company	**396,220**	577,739
Non-controlling interests	**59,874**	77,623
	456,094	655,362

The accompanying notes on pages 134 to 234 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2021

	Share capital US$'000	Share premium US$'000	Share option reserve US$'000	Capital reserve US$'000	Contributed surplus US$'000	FVOCI reserve US$'000	Properties revaluation reserve US$'000	Exchange reserve US$'000	Other reserves US$'000	Retained profits US$'000	Total reserves US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2021	42,574	1,917,156	5,352	(260,305)	115	7,575	10,699	(5,229)	69,832	3,762,435	5,507,630	827,022	6,377,226
Profit for the year	–	–	–	–	–	–	–	–	–	354,652	354,652	51,144	405,796
Release of reserve upon disposal of a joint venture	–	–	–	–	–	–	–	(8,226)	–	–	(8,226)	–	(8,226)
Release of reserve upon further acquisition of an associate to become a subsidiary	–	–	–	–	–	–	–	(4,067)	–	–	(4,067)	–	(4,067)
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	–	–	–	–	–	–	–	46,474	–	–	46,474	5,602	52,076
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	–	–	(309)	–	–	–	–	(309)	412	103
Cash flow hedges, net of tax	–	–	–	–	–	–	–	–	2,100	–	2,100	1,675	3,775
Share of other comprehensive income of joint ventures and associates	–	–	–	–	–	–	–	2,357	3,239	–	5,596	1,041	6,637
Total comprehensive income for the year	–	–	–	–	–	(309)	–	36,538	5,339	354,652	396,220	59,874	456,094
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	–	–	–	(935)	(935)	935	–
Fair value of share options granted	–	–	1,186	–	–	–	–	–	–	–	1,186	–	1,186
Acquisition of a subsidiary (note 39)	–	–	–	–	–	–	–	–	–	–	–	272,062	272,062
Partial disposal of a subsidiary	–	–	–	22,566	–	–	–	–	–	–	22,566	(1,306)	21,260
Put option liability movement	–	–	–	–	–	–	–	–	–	(6,584)	(6,584)	–	(6,584)
Share of reserve of joint ventures and associates	–	–	–	439	–	–	–	–	–	–	439	–	439
Dividends paid to equity holders of the Company													
– 2020 second interim	–	–	–	–	–	–	–	–	–	(74,793)	(74,793)	–	(74,793)
– 2021 first interim	–	–	–	–	–	–	–	–	–	(70,284)	(70,284)	–	(70,284)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(35,967)	(35,967)
	–	–	1,186	23,005	–	(309)	–	36,538	5,339	202,056	267,815	295,598	563,413
At 31 December 2021	42,574	1,917,156	6,538	(237,300)	115	7,266	10,699	31,309	75,171	3,964,491	5,775,445	1,122,620	6,940,639
Representing:													
Share capital	42,574	–	–	–	–	–	–	–	–	–	–		
Reserves	–	1,917,156	6,538	(237,300)	115	7,266	10,699	31,309	75,171	3,892,880	5,703,834		
2021 second interim dividend declared	–	–	–	–	–	–	–	–	–	71,611	71,611		
	42,574	1,917,156	6,538	(237,300)	115	7,266	10,699	31,309	75,171	3,964,491	5,775,445		

Consolidated Statement of Changes in Equity

	Share capital US$'000	Share premium US$'000	Share option reserve US$'000	Capital reserve US$'000	Contributed surplus US$'000	FVOCI reserve US$'000	Properties revaluation reserve US$'000	Exchange reserve US$'000	Other reserves US$'000	Retained profits US$'000	Total reserves US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2020	40,596	1,838,778	3,467	(445,002)	115	26,736	10,699	(255,302)	70,479	3,704,895	4,954,865	769,744	5,765,205
Profit for the year	–	–	–	–	–	–	–	–	–	347,474	347,474	26,136	373,610
Release of reserve upon disposal of subsidiaries	–	–	–	–	–	–	–	(4,722)	–	–	(4,722)	–	(4,722)
Release of reserve upon disposal of an associate	–	–	–	–	–	–	–	3,468	–	–	3,468	–	3,468
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	–	–	–	–	–	–	–	245,463	–	–	245,463	47,673	293,136
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	–	–	(19,161)	–	–	–	–	(19,161)	–	(19,161)
Cash flow hedges, net of tax	–	–	–	–	–	–	–	–	(109)	–	(109)	608	499
Share of other comprehensive income of joint ventures and associates	–	–	–	–	–	–	–	5,864	(538)	–	5,326	3,206	8,532
Total comprehensive income for the year	–	–	–	–	–	(19,161)	–	250,073	(647)	347,474	577,739	77,623	655,362
Issue of shares on settlement of scrip dividends	1,978	78,378	–	–	–	–	–	–	–	–	78,378	–	80,356
Fair value of share options granted	–	–	1,885	–	–	–	–	–	–	–	1,885	–	1,885
Partial disposal of a subsidiary	–	–	–	34,081	–	–	–	–	–	–	34,081	64,692	98,773
Capital injection from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	415	415
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(63,797)	(63,797)
Put option liability movement	–	–	–	–	–	–	–	–	–	(7,968)	(7,968)	–	(7,968)
Share of reserve of joint ventures and associates	–	–	–	(90)	–	–	–	–	–	–	(90)	–	(90)
Transfer	–	–	–	150,706	–	–	–	–	–	(150,706)	–	–	–
Dividends paid to equity holders of the Company													
– 2019 final	–	–	–	–	–	–	–	–	–	(64,125)	(64,125)	–	(64,125)
– 2020 interim	–	–	–	–	–	–	–	–	–	(67,135)	(67,135)	–	(67,135)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(21,655)	(21,655)
	1,978	78,378	1,885	184,697	–	(19,161)	–	250,073	(647)	57,540	552,765	57,278	612,021
At 31 December 2020	42,574	1,917,156	5,352	(260,305)	115	7,575	10,699	(5,229)	69,832	3,762,435	5,507,630	827,022	6,377,226
Representing:													
Share capital	42,574	–	–	–	–	–	–	–	–	–	–		
Reserves	–	1,917,156	5,352	(260,305)	115	7,575	10,699	(5,229)	69,832	3,687,642	5,432,837		
2020 second interim dividend declared	–	–	–	–	–	–	–	–	–	74,793	74,793		
	42,574	1,917,156	5,352	(260,305)	115	7,575	10,699	(5,229)	69,832	3,762,435	5,507,630		

The accompanying notes on pages 134 to 234 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 December 2021

	Note	2021 US$'000	2020 US$'000
Cash flows from operating activities			
Cash generated from operations	37(a)	**445,463**	354,258
Interest received		**17,970**	14,195
Tax refund		**3,913**	–
Tax paid		**(58,127)**	(42,213)
Net cash generated from operating activities		**409,219**	326,240
Cash flows from investing activities			
Dividends received from joint ventures		**79,572**	64,627
Dividends received from associates		**123,391**	129,189
Dividends received from listed and unlisted financial assets at FVOCI		**2,686**	2,321
Dividends received from a former joint venture		**1,867**	–
Government subsidies related to property, plant and equipment		**9,298**	14,492
Investments in associates		**(171,137)**	(130,744)
Investments in a financial asset at fair value through profit or loss ("FVPL")		**(50,484)**	–
Net cash paid for purchase of a subsidiary	39	**(140,231)**	–
Purchase of property, plant and equipment and intangible assets		**(376,047)**	(224,428)
Proceeds from disposal of property, plant and equipment and intangible assets		**724**	9,662
Repayment of loans to an associate		**1,729**	1,835
Proceeds from disposal of a subsidiary and a joint venture		**84,138**	–
Proceeds from disposal of subsidiaries		**–**	121,616
Proceeds from disposal of an associate		**37,332**	–
Repayment of loans from former subsidiaries		**–**	120,346
Repayment of balance from former subsidiaries		**–**	27,220
Return of investment from an associate		**363**	18,207
Net cash (used in)/generated from investing activities		**(396,799)**	154,343

Consolidated Cash Flow Statement

	Note	2021 US$'000	2020 US$'000
Cash flows from financing activities			
Capital injection from non-controlling shareholders of subsidiaries		**21,260**	99,194
Dividends paid to equity holders of the Company		**(144,565)**	(50,717)
Dividends paid to non-controlling shareholders of subsidiaries		**(35,967)**	(21,655)
Interest paid		**(77,595)**	(73,310)
Increase in restricted bank balance		**(1,990)**	(940)
Loans drawn down		**559,667**	744,277
Loans repaid		**(412,589)**	(740,932)
Loans from non-controlling shareholders of subsidiaries, net of repayment		**28,536**	(10,984)
Loan from a joint venture		**–**	33,039
Loans from an associate		**21,305**	17,620
Other incidental borrowing costs paid		**(2,370)**	(2,536)
Principal elements of lease payments		**(19,346)**	(25,294)
Payment of lease interest		**(26,535)**	(14,358)
Repayment of loan from a joint venture		**–**	(33,039)
Repayment of loan from an associate		**–**	(35,802)
Net cash used in financing activities		**(90,189)**	(115,437)
Net (decrease)/increase in cash and cash equivalents		**(77,769)**	365,146
Cash and cash equivalents at 1 January		**1,310,289**	937,947
Exchange differences		**(5,679)**	7,196
Cash and cash equivalents at 31 December		**1,226,841**	1,310,289
Analysis of cash and cash equivalents			
Time deposits, bank balances and cash		**1,226,841**	1,310,289

The accompanying notes on pages 134 to 234 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

COSCO SHIPPING Ports Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the businesses of managing and operating terminals and their related businesses. The Company is a limited liability company incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The intermediate holding company of the Company is COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings"), a company established in the People's Republic of China (the "PRC") with its H-Shares and A-Shares listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange respectively. The immediate holding company and ultimate holding company of COSCO SHIPPING Holdings are China Ocean Shipping Co., Ltd ("COSCO") and China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), state-owned enterprises established in the PRC, respectively.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2022.

2 BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA"). These accounting policies have been consistently applied to all the years presented unless otherwise mentioned.

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities (including derivative instruments) and investment properties measured at fair value.

As at 31 December 2021, the Group had net current liabilities of US$10,739,000. Taking into account the unutilised banking facilities and expected cash flows from operations, the Group will have adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the next twelve months. Accordingly, the Group has continued to adopt the going concern basis in preparing the consolidated financial statements.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

2.1 Adoption of amendments to existing standards

In 2021, the Group has adopted the following amendments to existing standards issued by the HKICPA which are mandatory for the financial year ended 31 December 2021:

Amendments	
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Amendments	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 Amendment	COVID-19-Related Rent Concessions

The adoption of these amendments to existing standards does not have any significant effect on the consolidated financial statements or result in any substantial changes in the Group's accounting policies.

2 BASIS OF PREPARATION (CONTINUED)

2.2 New standard, interpretation, amendments and improvements to existing standards that are not yet effective for the year ended 31 December 2021 and have not been early adopted by the Group

The HKICPA has issued the following new standard, interpretation, amendments and improvements to existing standards which are not yet effective for the year ended 31 December 2021:

		Effective for accounting periods beginning on or after
New standard, interpretation, and amendments		
AG 5 (revised)	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 Amendment	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 Amendment	Disclosure of Accounting Policies	1 January 2023
HKAS 8 Amendment	Definition of Accounting Estimates	1 January 2023
HKAS 12 Amendment	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 16 Amendment	Proceeds before Intended Use	1 January 2022
HKAS 37 Amendment	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 Amendment	Reference to the Conceptual Framework	1 January 2022
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16 Amendment	COVID-19-Related Rent Concessions beyond 2021	1 April 2021
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 Amendment	Insurance Contracts	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Annual Improvements 2018-2020 Cycle		
HKAS 41 Amendment	Taxation in Fair Value Measurements	1 January 2022
HKFRS 1 Amendment	Subsidiary as a First-time Adopter	1 January 2022
HKFRS 9 Amendment	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
HKFRS 16 Amendment	Lease Incentives	1 January 2022

The Group has not early adopted the above new standard, interpretation, amendments and improvements to existing standards and will apply these new standard, interpretation, amendments and improvements as and when they become effective. The Group has already commenced an assessment of the related impact of these new standard, interpretation, amendments and improvements to the existing standards to the Group, certain of them will give rise to change in presentation, disclosure and measurements of certain items in the consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

3.1 Group accounting

(a) Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

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

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

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

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

(b) Acquisition method for non-common control combination

The Group applies the acquisition method of accounting to account for business combinations, other than the common control combinations (note 3.1(a)). The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Non-controlling interests in the acquiree are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Group accounting (Continued)

(b) Acquisition method for non-common control combination (Continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated income statement.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

(c) Subsidiaries

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

Balances with non-controlling shareholders of subsidiaries are split into financial assets/liabilities at initial recognition. The financial asset/liability component is initially stated at fair value and subsequently carried at amortised cost using the effective interest method.

Balances with non-controlling shareholders of subsidiaries are classified as current assets or liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets or liabilities.

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Group accounting (Continued)

(d) Changes in ownership interests in subsidiaries without change of control (Continued)

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

(e) Disposal of subsidiaries

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

This may mean that amounts previously recognised in other comprehensive income ("OCI") are reclassified to the consolidated income statement.

(f) Joint ventures/associates

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures, which are accounted for using the equity method.

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investment in a joint venture/an associate is accounted for using the equity method from the date on which it becomes a joint venture/an associate. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and OCI of the investee after the date of acquisition.

The Group's investments in joint ventures/associates includes goodwill identified on acquisition.

The measurement of goodwill is the same as that of goodwill arising from the acquisition of subsidiaries. Appropriate adjustments to the Group's share of the profits or losses after acquisition are made to the consolidated financial statements based on the fair values of the assets and liabilities acquired at date of acquisition.

The initial accounting on the acquisition of a joint venture and an associate involve identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities.

When the Group increases its interest in an existing associate and continues to have significant influence without obtaining control, the cost of acquiring the additional interest is added to the carrying value of the associate. Goodwill arising on the purchase of the additional interest is calculated by comparing the cost and the fair value of net assets acquired at the date the additional interest is acquired. There is no step up of the previously held interest to fair value as there is no change in status of the investment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Group accounting (Continued)

(f) Joint ventures/associates (Continued)

The cost of an associate acquired in stages is measured as the sum of the consideration paid for each purchase plus a share of the associate's profits and other equity investments, and such share of profits and OCI is recorded through equity. Any OCI recognised in prior periods in relation to the previously held stake in the acquired associate is reversed through other comprehensive income and reclassified to profit of loss. Goodwill arising on each purchase is calculated by comparing the cost and the fair value of net assets acquired at the date the interest is acquired. Acquisition-related costs are treated as part of the investment in the associate.

Investment in an associate or a joint venture acquired from the Group's contribution of a non-monetary asset is the cost of the asset contributed adjusted by the gain or loss recognised (to the extent of additional interest acquired), any transaction costs and contingent consideration.

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

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in consolidated statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in a joint venture or an associate equals or exceeds its interest in the joint venture or the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture or the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture/associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture/associate and its carrying value and recognises the amount adjacent to 'share of profits less losses of joint ventures/associates' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint ventures/associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the joint ventures/associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures/associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

The Group ceases to use the equity method from the date of investments cease to be joint ventures/associates that is the date on which the Group ceases to have significant influence over the joint ventures/associates or on the date they are classified as held for sales.

Balances with joint ventures/associates are split into financial assets/liabilities and equity components at initial recognition. The financial asset/liability component is initially stated at fair value and subsequently carried at amortised cost using the effective interest method. The equity component is recognised at cost.

Financial assets/liabilities components of balances with joint ventures/associates are classified as current assets or liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets or liabilities.

3.2 Segment reporting

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollar ("US dollar"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in OCI as qualifying cash flow hedges or qualifying net investment hedges. Foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other operating income/(expenses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments held at fair value through profit and loss ("FVPL"), are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as fair value through other comprehensive income ("FVOCI"), are recognised in OCI.

(c) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

(iii) all resulting exchange differences are recognised in OCI.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Related exchange differences are recognised in OCI.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency translation (Continued)

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit and loss.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

Freehold land with unlimited useful life is not depreciated.

Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to the residual values of respective property, plant and equipment over their estimated useful lives, as follows:

Land	Remaining period of the lease
Buildings	25 to 50 years
Leasehold improvements	5 years or the remaining period of the lease, whichever is shorter
Other property, plant and equipment	5 to 30 years

Other property, plant and equipment includes plant and machinery with estimated useful lives ranging from 5 to 30 years, and furniture, fixtures and equipment and motor vehicles with estimated useful lives ranging from 5 to 10 years.

No depreciation is provided for construction in progress. Construction in progress is transferred to relevant categories of property, plant and equipment upon the completion of the related construction works and depreciation will then be commenced accordingly.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to decide on whether to exercise an extension option (or not to exercise a termination option). Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and makes adjustments specific to the lease, e.g. term, country, currency and security.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Some concession leases contain variable payment terms that are linked to revenue or throughput generated from a port. For individual ports, lease payments are on the basis of variable payment terms with a wide range of percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for port operations. Variable lease payments that depend on revenue or throughput are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT equipment.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

3.6 Investment properties

Land and buildings that are held for long term rental yields or for capital appreciation or both, and that is not occupied by the companies of the Group, is classified as investment property.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Change in fair value is recognised in the consolidated income statement. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Investment properties (Continued)

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

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purpose.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in OCI as properties revaluation reserve under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated income statement. Properties revaluation reserve, including any previously recognised, shall remain and be transferred to retained profits upon disposal of properties.

3.7 Intangible assets

(a) Goodwill

Goodwill arises on acquisition of subsidiaries, represents the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the fair value of the Group's interest in the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill arising on acquisitions of joint ventures and associates is included in joint venturers and associates respectively and is tested for impairment as part of overall balance.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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

(b) Computer software

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

Costs associated with developing or maintaining computer software programmes which do not generate economic benefits exceeding costs beyond one year are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Intangible assets (Continued)

(b) Computer software (Continued)

Computer systems under development are transferred to computer software upon the completion of the respective development and amortisation will then be commenced accordingly over the estimated useful lives of 5 years on a straight-line basis.

(c) Concession rights

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

(d) Customer relationships

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

3.8 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, which are not subject to depreciation or amortisation, are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. All other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3.9 Investments and other financial assets

(a) Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Investments and other financial assets (Continued)

(a) Classification (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets at FVPL include financial assets held for trading and financial assets designated upon recognition as financial assets at FVPL. Financial assets at FVPL are carried in the consolidated balance sheet at fair value with net changes in fair value recognised in the consolidated income statement in the period in which they arise. These net fair value changes do not include any interest income on these financial assets. Financial assets at FVPL are designated at the date of initial recognition and only if the criteria under HKFRS9 are satisfied.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as amortised cost for assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and measures at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income/(expenses) together with foreign exchange gains and losses.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other operating income/(expenses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Investments and other financial assets (Continued)

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other financial assets at amortised cost and debt instruments at FVOCI, the provision for these financial assets will be determined based on whether their credit risk are low at each reporting date, and, if so, by recognising a 12-month expected losses amount. If the financial asset is not subsequently of a low credit risk, the corresponding provision for doubtful debts will be recognised as equal to lifetime expected losses.

3.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3.11 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging, the Group documents the economics relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedging instruments are expected to offset changes in the cash flows of hedge items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of the derivative financial instruments used for hedging purposes are disclosed in note 26. Movements in the hedging reserve in shareholders' equity are shown in note 26. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Derivatives and hedging activities (Continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other operating income or other operating expenses.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

3.12 Inventories

Inventories include resaleable containers and consumable parts for terminal operations. Inventories are stated at the lower of cost and net realisable value. Costs are calculated on weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3.13 Trade and other receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Provisions

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

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

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

3.16 Trade and other payables

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

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

3.17 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3.18 Share capital

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.20 Current and deferred taxation

The taxation expense or credit for the year comprises current and deferred taxation. Taxation is recognised in the consolidated income statement, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the taxation is also recognised in OCI or directly in equity, respectively.

(a) Current taxation

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

(b) Deferred taxation

Inside basis differences

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

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

Outside basis differences

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate’s undistributed profits is not recognised.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Current and deferred taxation (Continued)

(b) Deferred taxation (Continued)

Outside basis differences (Continued)

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

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

3.21 Employee benefits

(a) Retirement benefit costs

The Group contributes to both defined contribution and defined benefit retirement schemes. The assets of the schemes are held separately from those of the Group in independently administered funds.

Defined contribution retirement schemes

Pursuant to the relevant regulations of the government authorities in different territories where the Group has employees, the Group participates in respective government benefit schemes whereby the Group is required to contribute to the schemes for the retirement benefits of eligible employees. The government authorities of the respective countries are responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the schemes is to pay the ongoing contributions required by the schemes.

Contributions made to the schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums that are determined with reference to salary scale as stipulated under the requirements of the respective countries.

The Group's contributions to the aforesaid defined contribution retirement schemes are charged to the consolidated income statement as incurred.

Defined benefit retirement schemes

The liability recognised in the consolidated balance sheet in respect of defined benefit retirement schemes is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Employee benefits (Continued)

(a) Retirement benefit costs (Continued)

Defined benefit retirement schemes (Continued)

The current service cost of the defined benefit retirement scheme, recognised in the consolidated income statement in staff costs, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in the consolidated income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in staff costs in the consolidated income statement.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited directly to other comprehensive income in the period in which they occur.

Employee early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date as approved by management. The related benefit payments are made from the date of early retirement through the normal retirement date.

(b) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Employee benefits (Continued)

(d) Share-based compensation

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

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3.22 Recognition of revenues and income

The Group recognises revenues and income on the following bases:

(a) Revenue for ports and related services

Revenue for ports and related services is recognised over time in which the services are rendered as the Group's performance provides all of the benefits received and consumed simultaneously by the customer. Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Accumulated experience is used to estimate and provide for the discounts, using either the expected value or the most likely amount approach, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability (included in trade and other payables and contract liabilities) is recognised for expected volume discounts to customers in relation to sales made until the end of the reporting period.

(b) Rental income from investment properties

Rental income from investment properties is recognised on a straight-line basis over the period of each lease and is recognised in the consolidated income statement within other operating income.

(c) Interest income

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

(d) Dividend income

Dividend income is recognised when the right to receive payment is established and is recognised in the consolidated income statement within other operating income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset, until such time as the asset is substantially ready for its intended use or sale.

All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

3.24 Government subsidy

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

Government subsidy relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

3.25 Dividend distribution

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

3.26 Contingent liabilities and contingent assets

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

Contingent liabilities other than those acquired from business combination are not recognised but are disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under direction by the Boards of Directors. The directors and management identify, evaluate and hedge financial risks in close co-operation with the Group's operating units. The Group has principles for overall risk management, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi and Euro. Foreign exchange risk mainly arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The foreign exchange risk faced by the Group primarily arises from non-functional currency bank balances, receivable and payable balances and borrowings (collectively "Non-Functional Currency Items"). Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Under the Linked Exchanged Rate System in Hong Kong and the monetary policy of the Central Bank of the United Arab Emirates, Hong Kong dollar and United Arab Emirates Dirham are pegged to the US dollar respectively, management therefore considers that there are no significant foreign exchange risk with respect to Hong Kong dollar and United Arab Emirates Dirham.

With all other variables held constant, if the currencies (except for Hong Kong dollar and United Arab Emirates Dirham) of Non-Functional Currency Items had weakened/strengthened by 5% against the US dollar, the Group's profit after taxation for the year would have increased/decreased by US$4,067,000 (2020: increased/decreased by US$4,788,000) as a result of the translation of those Non-Functional Currency Items.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets at FVPL (note 13) and FVOCI (note 14). Management monitors the market conditions and securities price fluctuations and response so as to minimise adverse effects on the Group's financial performance.

A 10% increase/decrease in the price of the financial asset at FVPL would increase/decrease the Group's profit after taxation by US$4,644,000 (2020: Nil).

A 10% increase/decrease in the price of the financial assets at FVOCI would increase/decrease the other comprehensive income by US$12,322,000 (2020: increase/decrease US$12,051,000).

(iii) Cash flow and fair value interest rate risk

Other than bank balances and loans to a joint venture and associates (collectively "Interest Bearing Assets"), the Group has no significant interest bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from loans from a joint venture, loans from an associate, loans from non-controlling shareholders of subsidiaries, long term and short term borrowings (collectively "Interest Bearing Liabilities"). Borrowings are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Generally, the Group raises long term and short term borrowings at floating rates as well as fixed rates, based upon the capital market conditions and the Group's internal requirements. Interest rate swaps with financial institutions are used to achieve the optimum ratio between fixed and floating rates and to manage the related interest rate exposure.

With all other variables held constant, if the interest rate had increased/decreased by 50 basis-points, the corresponding increase/decrease in net finance costs (representing interest expenses on Interest Bearing Liabilities net of interest income on the Interest Bearing Assets) would have been approximately US$4,839,000 (2020: US$3,001,000).

Interest rate swaps with financial institutions are used to achieve the optimum ratio between fixed and floating rates and to manage the related interest rate exposure. The fixed interest rate of the swaps range between 0.61% and 1.22% (2020: 0.61% and 1.22%) and the variable rates of the loan are between 1.75% and 2.25% (2020: 1.75% and 2.25%) above the 6-month Euro Interbank Offered Rate ("EURIBOR").

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk (Continued)

Effect of hedge accounting on the financial position and performance

The effect of the interest rate swaps on the Group's financial position and performance are as follows:

	2021 **US$'000**	2020 US$'000
Interest rate swaps		
Carrying amount (liabilities)	**6,414**	11,461
Notional amount	**282,325**	301,933
Maturity date	**2022-2024**	2022-2024
Hedge ratio	**1.1**	1.1
Change in fair value of outstanding hedging instruments since 1 January	**3,775**	499
Change in value of hedged item used to determine hedge effectiveness	**(3,775)**	(499)

(b) Credit risk

(i) Risk management

The Group's maximum exposure to credit risk in relation to financial assets at the reporting date is the carrying amounts of bank balances and cash, trade and other receivables and loans to a joint venture and associates.

There is no concentration of credit risk with respect to trade receivables from third party customers as the Group has a large number of customers which are internationally dispersed. No individual third party customers accounted for greater than 10% of the Group's revenue. The Group limits its exposure to credit risk through performing credit reviews and monitoring the financial strength of its major customers and generally does not require collateral on trade receivables.

Customer credit limit is assessed by the credit and risk management department with reference to their financial positions, historical credit references and other factors. This credit limit will be reviewed and adjusted, if circumstances required, to comply with the Group's credit and risk management policy.

No credit limits were exceeded during the year, and management does not expect any significant losses from non-performance by these relevant parties.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Risk management (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. Trade receivables are measured at an amount equal to the lifetime expected credit losses. Other receivables are measured as either 12 months expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available.

In addition, the Group monitors the exposure to credit risk in respect of the financial assistance provided to subsidiaries, joint ventures and associates through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. No significant increase in credit risk since initial recognition, and therefore the impairment provision is determined as 12 months expected credit losses.

For bank balances and cash, the Group has limited its credit exposure by restricting their selection of financial institutions on those reputable local banks or state-owned banks with sound credit ratings. As at 31 December 2021, approximately 62% (2020: 68%) of the Group's bank balances were placed with state-owned or listed banks. Management considers these balances are subject to low credit risk.

No other financial assets carry a significant exposure to credit risk.

(c) Liquidity risk

The Group's cash management policy is to regularly monitor its current and expected liquidity positions to ensure adequate funds are available for its short term and long term requirements.

The table below analyses the Group's non-derivative and derivative financial liabilities which will be settled into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
At 31 December 2021				
Bank and other borrowings	**985,266**	**488,907**	**1,179,783**	**847,244**
Lease liabilities	**42,962**	**44,195**	**116,188**	**738,990**
Loans from non-controlling shareholders of subsidiaries	**43,688**	**1,387**	**70,612**	**–**
Loans from a joint venture	**35,831**	**–**	**–**	**–**
Loans from an associate	**22,000**	**–**	**–**	**–**
Trade and other payables	**401,231**	**–**	**–**	**–**
Derivative financial Instruments	**3,423**	**2,430**	**561**	**–**
Put option liability	**–**	**–**	**–**	**280,000**
At 31 December 2020				
Bank and other borrowings	374,712	722,855	1,416,223	852,760
Lease liabilities	41,862	42,614	124,521	1,189,776
Loans from non-controlling shareholders of subsidiaries	84,288	22	748	–
Loans from a joint venture	35,012	–	–	–
Trade and other payables	403,872	–	–	–
Derivative financial Instruments	3,709	3,717	4,035	–
Put option liability	–	–	–	280,000

4.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the net debt (total bank borrowings less cash and cash equivalents and restricted bank deposits) to total equity ratio. The Group aims to maintain a manageable net debt to total equity ratio. As at 31 December 2021, the net debt-to-total equity ratio is 28.2% (2020: 26.8%).

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or capital or sell assets to reduce debt.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation

(a) Fair value hierarchy

The Group's financial instrument that is measured at fair value is disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments that are measured at fair value at 31 December 2021 and 2020:

As at 31 December 2021

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Financial asset at FVPL	**61,922**	**–**	**–**	**61,922**
Financial assets at FVOCI	**135,946**	**–**	**25,956**	**161,902**
Derivative financial instruments				
– interest rate swap	**–**	**6,414**	**–**	**6,414**

As at 31 December 2020

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at FVOCI	134,405	–	23,801	158,206
Derivative financial instruments				
– interest rate swap	–	11,461	–	11,461

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (Continued)

(b) Valuation techniques used to determine fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed convertible bonds or equity investments classified as financial assets at FVPL or FVOCI.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

For interest rate swap, the present value of the estimated future cash flows based on observable yield curves is used to value financial instruments. The resulting fair value estimates are included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As at 31 December 2021, the fair value of unlisted financial assets at FVOCI is determined by the valuation performed by management using valuation techniques (market multiples derived from a set of comparable companies). A discount of 20% is applied to compute the fair value on top of market price/book multiples. These financial assets at FVOCI are included in level 3.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (Continued)

(b) Valuation techniques used to determine fair value (Continued)

The movements in financial assets included in level 3 are as follows:

Unlisted financial assets at FVOCI

	2021 US$'000
At 1 January	**23,801**
Acquisition of a subsidiary (note 39)	**78**
Fair value gain recognised in OCI	**1,587**
Translation differences	**490**
At 31 December	**25,956**

The valuation technique and inputs used in the fair value measurements within Level 3 are summarised as follows:

Description	Fair value at 31 December 2021 US$'000	Fair value at 31 December 2020 US$'000	Valuation techniques	Unobservable inputs
Unlisted equity security:				
Port industry	**25,956**	23,801	Market multiples	Price/book multiples (i), discount for lack of marketability (ii)

(i) Represents amounts used when the entity has determined that market participants would use such multiples when pricing the investment.

(ii) Represents amounts used when the entity has determined that market participants would take into account the discount when pricing the investment.

The carrying amounts of receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

(c) Transfer between levels 1 and 3

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of terminal assets, investments in joint ventures and associates

Management determines whether terminal assets, investments in joint ventures and associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. The determination of impairment indication requires significant judgement, and the calculations require the use of estimates which are subject to change of economic environment in future.

(b) Assessment of goodwill impairment

The Group tests annually whether goodwill have suffered any impairment and when there is indication that they may be impaired, in accordance with the accounting policy stated in note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of assumptions. These calculations require the use of estimates. The key assumptions and sensitivity test was disclosed in note 10.

(c) Taxation

Deferred tax liabilities have not been established for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries which were under certain jurisdictions as the directors consider that the timing of the reversal of related temporary differences can be controlled (note 15).

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits 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.

The Group is subject to taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises or writes back liabilities for anticipated tax issues based on estimates of whether additional taxes will be due or reversal to be made. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation and deferred taxation provisions in the period in which such determination is made.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Fair value of financial assets at FVOCI

If information on current or recent prices of financial assets at FVOCI is not available, the fair values of financial assets at FVOCI are determined using valuation techniques (market multiples derived from a set of comparable companies). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

(e) Acquisitions of a subsidiary and an associate

The initial accounting on the acquisitions of a subsidiary and an associate involve identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities or businesses. The fair values of identifiable net assets are determined by reference to the valuation performed by independent professional valuer. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of these assets and liabilities.

6 REVENUES AND SEGMENT INFORMATION

Revenues recognised during the year are as follows:

	2021 **US$'000**	2020 US$'000
Terminal operations income related to rendering of port and related services	**1,208,252**	1,000,629

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management. Terminals and related businesses were identified as the operating segment in accordance with the Group's business.

The performance of the operating segments was assessed based on their segment profit/loss attributable to equity holders of the Company and segment assets, which is measured in a manner consistent with that in the consolidated financial statements.

The segment of "Others" primarily includes corporate level activities. Assets under the segment of "Others" comprise property, plant and equipment, right-of-use assets, investment properties, intangible assets, inter-segment loans, other receivables and prepayments and cash and cash equivalents.

Additions to non-current assets comprise additions to property, plant and equipment, intangible assets and right-of-use assets.

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

(a) Operating segments

Segment assets

	Terminals and related businesses US$'000	Others US$'000	Elimination US$'000	Total US$'000
At 31 December 2021				
Segment assets	**11,335,798**	**968,430**	**(270,918)**	**12,033,310**
Segment assets include:				
Joint ventures	**1,154,633**	**–**	**–**	**1,154,633**
Associates	**3,422,897**	**–**	**–**	**3,422,897**
Financial asset at FVPL	**61,922**	**–**	**–**	**61,922**
Financial assets at FVOCI	**161,902**	**–**	**–**	**161,902**
At 31 December 2020				
Segment assets	10,137,784	1,304,583	(218,022)	11,224,345
Segment assets include:				
Joint ventures	1,222,414	–	–	1,222,414
Associates	3,112,653	–	–	3,112,653
Financial assets at FVOCI	158,206	–	–	158,206

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information

	Terminals and related businesses US$'000	Others US$'000	Elimination US$'000	Total US$'000
Year ended 31 December 2021				
Revenues – total sales	**1,208,252**	**–**	**–**	**1,208,252**
Segment profit/(loss) attributable to equity holders of the Company	**449,455**	**(94,803)**	**–**	**354,652**
Segment profit/(loss) includes:				
Finance income	**2,346**	**16,720**	**(7,798)**	**11,268**
Finance costs	**(84,167)**	**(34,984)**	**7,648**	**(111,503)**
Share of profits less losses of				
– joint ventures	**83,195**	**–**	**–**	**83,195**
– associates	**246,195**	**–**	**–**	**246,195**
Taxation	**(75,171)**	**(19,498)**	**–**	**(94,669)**
Depreciation and amortisation	**(221,083)**	**(5,037)**	**–**	**(226,120)**
Other non-cash (expenses)/income	**(2,621)**	**2**	**–**	**(2,619)**
Additions to non-current assets	**(341,638)**	**(3,887)**	**–**	**(345,525)**
Additions arising from a business combination	**(610,275)**	**–**	**–**	**(610,275)**

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Terminals and related businesses US$'000	Others US$'000	Elimination US$'000	Total US$'000
Year ended 31 December 2020				
Revenues – total sales	1,000,629	–	–	1,000,629
Segment profit/(loss) attributable to equity holders of the Company	387,935	(40,461)	–	347,474
Segment profit/(loss) includes:				
Finance income	991	27,518	(13,819)	14,690
Finance costs	(87,258)	(41,287)	13,895	(114,650)
Share of profits less losses of				
– joint ventures	78,219	–	–	78,219
– associates	194,501	–	–	194,501
Taxation	(40,599)	5,632	–	(34,967)
Gain on disposal of subsidiaries	71,150	–	–	71,150
Depreciation and amortisation	(196,498)	(3,946)	–	(200,444)
Other non-cash expenses	(4,039)	(3)	–	(4,042)
Additions to non-current assets	(205,844)	(7,864)	–	(213,708)

6 REVENUES AND SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

(i) Revenues

In respect of terminals and related businesses, revenues are based on the geographical areas in which the business operations are located.

	2021 US$'000	2020 US$'000
Terminals and related businesses		
– Mainland China (excluding Hong Kong)	**525,536**	417,760
– Europe	**645,081**	557,604
– Others	**37,635**	25,265
	1,208,252	1,000,629

(ii) Non-current assets

The Group's non-current assets, other than financial instruments and deferred tax assets ("Geographical Non-Current Assets"), consist of property, plant and equipment, right-of-use assets, investment properties, intangible assets, joint ventures, associates and other non-current assets.

In respect of the Geographical Non-Current Assets, they are presented based on the geographical areas in which the business operations/assets are located.

The activities of terminals and related businesses of the Group, its joint ventures and associates are predominantly carried out in Mainland China, Greece, Spain, Belgium, Abu Dhabi, Peru, Turkey, the Netherlands, Italy, Egypt, Saudi Arabia, Hong Kong, Singapore and Taiwan.

	Subsidiaries and corporate US$'000	**Joint ventures and associates US$'000**	**Total US$'000**
2021			
Mainland China (excluding Hong Kong)	**3,035,705**	**3,437,218**	**6,472,923**
Europe	**1,471,803**	**63,523**	**1,535,326**
Others	**977,004**	**1,076,789**	**2,053,793**
	5,484,512	**4,577,530**	**10,062,042**
2020			
Mainland China (excluding Hong Kong)	2,333,858	3,380,136	5,713,994
Europe	1,652,794	14,890	1,667,684
Others	837,766	940,041	1,777,807
	4,824,418	4,335,067	9,159,485

7 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings outside Hong Kong US$'000	Leasehold improvements US$'000	Other property, plant and equipment US$'000	Construction in progress US$'000	Total US$'000
Cost					
At 1 January 2021	2,367,554	5,839	1,587,379	317,007	4,277,779
Exchange differences	12,801	104	(25,700)	3,693	(9,102)
Additions	16,997	1,056	13,487	263,250	294,790
Acquisition of a subsidiary (note 39)	310,199	–	127,314	25,777	463,290
Disposals	(54)	(107)	(33,282)	(214)	(33,657)
Transfers	77,108	32	69,775	(134,697)	12,218
At 31 December 2021	2,784,605	6,924	1,738,973	474,816	5,005,318
Accumulated depreciation and impairment					
At 1 January 2021	397,036	3,811	517,071	891	918,809
Exchange differences	2,049	69	(2,972)	–	(854)
Depreciation charge for the year	69,002	440	91,540	–	160,982
Disposals	(33)	(107)	(30,047)	–	(30,187)
Transfers	(2,191)	–	4,958	–	2,767
At 31 December 2021	465,863	4,213	580,550	891	1,051,517
Net book value					
At 31 December 2021	2,318,742	2,711	1,158,423	473,925	3,953,801

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings outside Hong Kong US$'000	Leasehold improvements US$'000	Other property, plant and equipment US$'000	Construction in progress US$'000	Total US$'000
Cost					
At 1 January 2020	2,107,268	5,987	1,358,628	380,519	3,852,402
Exchange differences	144,446	333	106,763	11,921	263,463
Additions	13,673	103	18,273	142,782	174,831
Disposals	(493)	(667)	(14,185)	(4,404)	(19,749)
Transfers	102,660	83	117,900	(213,811)	6,832
At 31 December 2020	2,367,554	5,839	1,587,379	317,007	4,277,779
Accumulated depreciation and impairment					
At 1 January 2020	311,833	3,865	411,465	–	727,163
Exchange differences	25,647	217	35,571	–	61,435
Depreciation charge for the year	59,754	396	80,767	–	140,917
Disposals	(198)	(667)	(12,975)	–	(13,840)
Transfers	–	–	2,243	–	2,243
Impairment loss	–	–	–	891	891
At 31 December 2020	397,036	3,811	517,071	891	918,809
Net book value					
At 31 December 2020	1,970,518	2,028	1,070,308	316,116	3,358,970

Notes:

(a) As at 31 December 2021, certain other property, plant and equipment with an aggregate net book value of US$296,667,000 (2020: US$292,149,000) were pledged as security for bank loans and a loan from other financial institution granted to the Group (note 21(g)).

(b) During the year, the Group transferred from right-of-use assets with an aggregate net book value of US$9,054,000 (2020: US$4,589,000) to property, plant and equipment at the time of expiry of lease term.

(c) During the year, interest expenses of US$6,685,000 (2020: US$5,945,000) were capitalised in construction in progress (note 30).

(d) As at 31 December 2021, a freehold land amounting to US$100,475,000 (2020: US$100,475,000) was included in land and buildings outside Hong Kong.

8 INVESTMENT PROPERTIES

	2021 **US$'000**	2020 US$'000
At 1 January	**9,996**	9,566
Exchange differences	**58**	430
At 31 December	**10,054**	9,996

Notes:

(a) The Group measured investment properties at fair value. The investment property amounted to US$5,565,000 as at 31 December 2021 was revalued on an open market value basis by D&P China (HK) Limited, independent professional property valuer who holds recognised relevant professional qualifications and has recent experiences in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

(b) The Group's interests in investment properties are office units situated in the PRC on leases of 50 years and a residential property in Hong Kong on leases of over 50 years. For minimum lease payments receivable on leases of investment properties, refer to note 36.

(c) In 2021 and 2020, the valuations for PRC office units are derived using income capitalisation method. The valuation for the Hong Kong residential property is derived using direct comparison method in 2021 and 2020. Income capitalisation method is based on the capitalisation of the net rental income derived from the existing leases and/or achievable in existing market with reversionary income potential by adopting appropriate capitalisation rates. Capitalisation rates are estimated by valuer based on the risk profile of the properties being valued. The higher the rates, the lower the fair value. Prevailing market rents are estimated based on recent lettings within the subject properties and other comparable properties. The lower the rents, the lower the fair value. As at 31 December 2021, capitalisation rate of 8.0% (2020: 7.5%) was used in income capitalisation method for PRC office units.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. As at 31 December 2021, unit price of HK$26,127 (2020: HK$27,245) per square feet is used in the direct comparison method.

9 LEASES

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2021 US$'000	2020 US$'000
Right-of-use assets		
Concession	**673,727**	715,144
Buildings	**17,333**	22,121
Plant and machinery	**1,041**	10,210
Land use rights (note i)	**394,786**	230,998
	1,086,887	978,473
Lease liabilities		
Current	**42,450**	42,093
Non-current	**748,459**	784,243
	790,909	826,336

Notes:

(i) The Group has land lease arrangements with PRC government.

(ii) As at 31 December 2021, certain concession and land use rights with aggregate net book value of US$48,442,000 (2020: US$48,523,000) were pledged as security for banking facilities granted to the Group (note 21(g)).

Additions to the right-of-use assets during 2021 financial year were US$45,094,000 (2020: US$22,686,000) (note 37(b)). US$22,709,000 and US$20,655,000 additions in 2021 related to concession and land lease arrangement with the local governments respectively. US$14,939,000 and US$6,184,000 additions in 2020 related to buildings leased from a non-controlling shareholder of a subsidiary and from a fellow subsidiary respectively.

Acquisition of a subsidiary during the year increased right-of-use assets by US$145,582,000 (2020: Nil) (note 39).

9 LEASES (CONTINUED)

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Note	2021 US$'000	2020 US$'000
Depreciation charge of right-of-use assets			
Concession		**27,088**	25,848
Buildings		**6,418**	4,161
Plant and machineries		**347**	867
Land use rights		**6,518**	5,461
	29	**40,371**	36,337
Interest expense (included in finance costs)		**26,310**	24,686
Expense relating to short-term leases (included in cost of sales and administrative expenses)		**4,786**	3,719
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)		**1,441**	1,289
Expense relating to variable lease payments not included in lease liabilities (included in cost of sales)		**80,046**	71,008

The total cash outflow for leases in 2021 was US$132,154,000 (2020: US$115,668,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various concession, buildings, plant and machinery and land use rights. Rental contracts are typically made for fixed periods of 3 to 50 years, but may have extension options as described in (e) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

(d) Variable lease payments

Some of the concession agreements consist of variable payments based on the performance of the entity. Variable lease payments that based on revenue or throughput are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 1% increase in revenue or throughput relating to concession in the Group with such variable lease arrangements would increase total lease payments by approximately US$724,000 and US$90,000 (2020: US$653,000 and US$82,000) respectively.

(e) Extension and termination options

Extension and termination options are included in a number of concession rights across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

10 INTANGIBLE ASSETS

	Computer software		Computer systems under development		Concession		Customer relationships		Goodwill		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Cost												
At 1 January	**33,232**	28,668	**3,661**	10,962	**282,757**	249,474	**50,843**	48,022	**181,674**	169,235	**552,167**	506,361
Exchange differences	**(1,066)**	3,010	**(260)**	490	**(21,113)**	23,264	**(3,283)**	2,821	**(10,593)**	12,439	**(36,315)**	42,024
Additions	**3,161**	2,222	**2,384**	3,950	**96**	10,019	**–**	–	**–**	–	**5,641**	16,191
Acquisition of a subsidiary (note 39)	**1,403**	–	**–**	–	**–**	–	**–**	–	**1,910**	–	**3,313**	–
Disposals	**–**	(2,276)	**–**	(10,133)	**–**	–	**–**	–	**–**	–	**–**	(12,409)
Transfers	**2,302**	1,608	**(3,098)**	(1,608)	**462**	–	**–**	–	**–**	–	**(334)**	–
At 31 December	**39,032**	33,232	**2,687**	3,661	**262,202**	282,757	**47,560**	50,843	**172,991**	181,674	**524,472**	552,167
Accumulated amortisation												
At 1 January	**16,209**	12,157	**–**	–	**49,738**	30,805	**11,650**	7,767	**–**	–	**77,597**	50,729
Exchange differences	**(361)**	1,170	**–**	–	**(3,374)**	3,075	**(341)**	222	**–**	–	**(4,076)**	4,467
Amortisation for the year	**4,536**	3,671	**–**	–	**16,441**	15,858	**3,790**	3,661	**–**	–	**24,767**	23,190
Disposals	**–**	(789)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(789)
Transfer	**63**	–	**–**	–	**–**	–	**–**	–	**–**	–	**63**	–
At 31 December	**20,447**	16,209	**–**	–	**62,805**	49,738	**15,099**	11,650	**–**	–	**98,351**	77,597
Net book value												
At 31 December	**18,585**	17,023	**2,687**	3,661	**199,397**	233,019	**32,461**	39,193	**172,991**	181,674	**426,121**	474,570

Impairment test for goodwill

Goodwill is allocated to the Group's CGUs that are expected to benefit from business combination which primarily arises from acquisition of terminal operations. Impairment testing is performed annually on goodwill allocated to the CGUs included in the terminals and related business segment.

For the year ended 31 December 2021 and 2020, the recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on the financial budget and future forecast respectively.

Forecast profitability is based on past performance and expected future changes in costs and revenue. Major CGU cash flow projections are based on financial forecasts covering a five year period using an estimated average revenue growth rate of 5.5% (2020: 4.6%) and average operating margin of 19.5% (2020: 15.2%) with cash flows beyond this period at 1.7% (2020: 2.5%) terminal growth rate. Future cash flows are discounted at a rate equivalent to pre-tax rate of 10.76% (2020: 9.53%).

Assuming discount rate increased by 50 basis points, impairment charge of US$26,446,000 would be required for the goodwill in terminals and related business segment at 31 December 2021 (2020: US$29,500,000).

11 JOINT VENTURES

	2021 US$'000	2020 US$'000
Investment in joint ventures (including goodwill on acquisitions) (note a)	**1,011,874**	1,079,655
Equity loan to a joint venture (note b)	**142,759**	142,759
	1,154,633	1,222,414
Loans to a joint venture (note c)	**23,083**	23,218

Notes:

(a) The carrying amount of goodwill on acquisitions of joint ventures amounted to US$66,298,000 (2020: US$66,501,000), mainly represented the goodwill on acquisitions of equity interests in Shanghai Pudong International Container Terminals Limited and Asia Container Terminals Holdings Limited ("Asia Container Terminal") of US$31,435,000 (2020: US$31,435,000) and US$34,749,000 (2020: US$34,953,000).

(b) The balance is equity in nature, unsecured, interest free and has no fixed terms of repayment.

(c) The balance as at 31 December 2021 and 2020 were unsecured and interest bearing at the rate of 2.1% above Hong Kong Interbank Offered Rate ("HIBOR") per annum quoted in respect of a one month's period, and repayable on or before March 2023.

(d) In December 2021, 30% equity interests in Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Tianjin Euroasia Terminal") was disposed at a consideration of approximately RMB269,620,000 (equivalent to US$42,325,000).

(e) In November 2020, 40% equity interests in Guangxi Qinzhou International Container Terminal Co., Ltd. ("Qinzhou International Terminal") was disposed of during its injection into Guangxi Beibu Gulf International Container Terminal Co., Ltd. ("Beibu Gulf Terminal") with more details set out in note 12(b).

(f) There is no joint venture that is individually material to the Group as at 31 December 2021. The financial information below, after making necessary adjustments to conform to the Group's significant accounting policies, represents the Group's interests in respective joint ventures:

	Net assets US$'000	Profits less losses for the year US$'000	Other comprehensive (loss)/income US$'000	Total comprehensive income US$'000
2021	**1,154,633**	**83,195**	**(23)**	**83,172**
2020	1,222,414	78,219	106	78,325

(g) There are no contingent liabilities relating to the Group's interest in joint ventures.

(h) Details of the principal joint ventures as at 31 December 2021 are set out in note 42 to the consolidated financial statements.

12 ASSOCIATES

	2021 US$'000	2020 US$'000
Investment in associates (including goodwill on acquisitions) (note c)	**3,377,897**	3,067,653
Equity loan to an associate (note e)	**45,000**	45,000
	3,422,897	3,112,653
Loans to associates (note d)	**107,643**	118,360

Notes:

(a) Qingdao Port International Co., Ltd. ("QPI"), Sigma Enterprises Limited ("Sigma") and Wattrus Limited ("Wattrus") and their subsidiaries (collectively "Sigma and Wattrus Related Companies") are associates that are material to the Group. Both QPI and Sigma and Wattrus Related Companies are engaged in the operation, management and development of terminal related business. There are no quoted market prices for Sigma and Wattrus. As at 31 December 2021, the quoted market price of the Group's interest in QPI amounted to US$1,087,990,000 (2020: US$1,202,436,000).

Set out below are the summarised consolidated financial information for QPI as at and for the year ended 31 December 2021 and 2020, after fair-value adjustments upon acquisition, which is accounted for using the equity method:

Summarised consolidated balance sheet

	QPI	
	2021 US$'000	2020 US$'000
Non-current assets	**6,273,269**	5,845,393
Current assets	**3,227,736**	2,907,217
Non-current liabilities	**(879,588)**	(854,661)
Current liabilities	**(2,538,221)**	(2,267,099)

Summarised consolidated statement of comprehensive income

	QPI	
	2021 US$'000	2020 US$'000
Revenues	**2,494,721**	1,915,746
Profit attributable to equity holders for the year	**626,280**	556,759
Group's share of profits of the associate	**120,505**	105,749

12 ASSOCIATES (CONTINUED)

(a) **Reconciliation of summarised financial information**

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associate.

Summarised consolidated financial information

	QPI	
	2021	2020
	US$'000	US$'000
Attributable to equity holders		
Opening net assets	**5,056,996**	4,349,379
Profit for the year	**626,280**	556,759
Other comprehensive income	**16,430**	15,163
Other reserve for the year	**(2,287)**	(1,113)
Dividends	**(263,736)**	(188,419)
Exchange difference	**103,846**	325,227
Closing net assets	**5,537,529**	5,056,996
Interest in the associate at 19.79% (2020: 18.46% to 19.79%)	**1,095,877**	994,708
Fair value adjustment	**92,217**	93,531
Goodwill	**228,315**	223,104
Carrying amount	**1,416,409**	1,311,343

Set out below are the summarised consolidated financial information for Sigma and Wattrus Related Companies as at and for the year ended 31 December 2021 and 2020, after fair-value adjustments upon acquisitions, which is accounted for using the equity method:

Summarised consolidated balance sheet

	Sigma and Wattrus Related Companies	
	2021	2020
	US$'000	US$'000
Non-current assets	**3,535,692**	3,604,810
Current assets	**1,375,343**	902,640
Non-current liabilities	**(98,961)**	(124,340)
Current liabilities	**(601,371)**	(483,251)

12 ASSOCIATES (CONTINUED)

(a) **Reconciliation of summarised financial information (Continued)**

Summarised consolidated statement of comprehensive income

	Sigma and Wattrus Related Companies	
	2021	2020
	US$'000	US$'000
Revenues	**1,207,389**	949,062
Profit attributable to equity holders for the year	**337,577**	233,917
Group's share of profits of associates	**69,372**	48,070

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in these associates.

Summarised consolidated financial information

	Sigma and Wattrus Related Companies	
	2021	2020
	US$'000	US$'000
Capital and reserves attributable to equity holders	**3,175,455**	2,921,367
Group's effective interest	**20.55%**	20.55%
Group's share of capital and reserves attributable to equity holders	**652,556**	600,341
Adjustment to cost of investment	**46,860**	46,860
Carrying amount	**699,416**	647,201

(b) In July 2021, the Group acquired 20.00% equity interest in Red Sea Gateway Terminal Company Limited ("RSGT") at a cash consideration of US$140,000,000.

In December 2021, the Group stepped up its 16.01% interest in Tianjin Port Container Terminal Co., Ltd. from an associate to a 51% subsidiary, in which the Group has obtained control, at a cash consideration of approximately RMB1,247,710,000 (equivalent to approximately US$195,584,000) (note 39).

In 2021, the Group contributed Euro17,400,000 (equivalent to approximately US$20,731,000) and Euro33,880,000 (equivalent to approximately US$38,272,000) respectively by way of cash and capitalisation of loan to an associate, APM Terminals Vado Holding B.V. ("Vado"). The contribution was made in proportion with the shares holding percentage. The equity interest in Vado remains unchanged after the contribution.

In April 2020, Jiangsu Yangtze Petrochemical Co., Ltd. was disposed of at a consideration of approximately RMB250,010,000 (equivalent to approximately US$35,427,000).

In November 2020, 40% equity interests in Qinzhou International Terminal (note 11(e)) was disposed of during its injection into Beibu Gulf Terminal, together with RMB486,824,000 (equivalent to approximately US$74,626,000) cash consideration, 26% equity interests in Beibu Gulf Terminal were acquired in return.

(c) The carrying amount of goodwill on acquisitions of associates amounted to US$348,065,000 (2020: US$291,751,000) mainly represented the goodwill on acquisition of equity interests in QPI, Sigma, Suez Canal Container Terminal S.A.E., Euromax Terminal Rotterdam B.V., Wattrus and RSGT of US$228,315,000 (2020: US$223,103,000), US$20,669,000 (2020: US$20,669,000), US$16,624,000 (2020: US$16,624,000), US$16,017,000 (2020: US$17,396,000), US$7,523,000 (2020: US$7,523,000) and US$52,397,000 (2020: Nil) respectively.

12 ASSOCIATES (CONTINUED)

(d) A balance of US$95,120,000 (2020: US$103,311,000) is unsecured, which bears interest at the aggregate of 2.0% per annum and EURIBOR (2020: 2.0% per annum and EURIBOR), and is repayable in 2024. A balance of US$12,523,000 (2020: US$15,049,000) is unsecured, bears interest at 2.5% per annum above 10-year EURIBOR ICE swap rate (2020: 2.5% per annum above 10-year EURIBOR ICE swap rate) and has no fixed terms of repayment.

(e) The balance is equity in nature, unsecured, interest free and has no fixed terms of repayment.

(f) The financial information below, after making necessary adjustments to conform to the Group's significant accounting policies, represents the Group's interests in respective associates other than QPI and Sigma and Wattrus Related Companies disclosed above:

	Net assets US$'000	Profits less losses for the year US$'000	Other comprehensive loss US$'000	Total comprehensive income US$'000
2021	**1,307,072**	**56,318**	**(68)**	**56,250**
2020	1,154,109	40,682	(183)	40,499

(g) There are no significant contingent liabilities relating to the Group's interest in associates.

(h) Details of the Group's associates as at 31 December 2021 are set out in note 43 to the consolidated financial statements.

13 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset measured at FVPL includes the following:

	2021 US$'000	2020 US$'000
Non-current asset		
Listed convertible bonds (note)	**61,922**	–

Note:

In July 2021, the Group subscribed for convertible bonds issued by an associate, Beibu Gulf Port Co., Ltd. at a consideration of RMB321,491,500 (equivalent to approximately US$50,484,000).

During the year, fair value gain on a financial asset at FVPL of US$11,360,000 (2020: Nil) was recognised in other operating income.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Classification of financial assets at FVOCI

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(b) Equity investments at FVOCI

Equity investments at FVOCI comprise the following individual investments:

	2021 US$'000	2020 US$'000
Non-current assets		
Listed shares (note i)		
Qinhuangdao Port Co., Ltd.	**7,157**	7,428
Guangzhou Port Company Limited	**128,789**	126,977
	135,946	134,405
Unlisted investments (note ii)	**25,956**	23,801
	161,902	158,206

Notes:

(i) Listed shares represent equity interests in entities which are principally engaged in provision of port and port related services.

(ii) Unlisted investments mainly comprise equity interests in terminal operating companies, and port information system engineering companies.

(iii) Financial assets at FVOCI are denominated in the following currencies:

	2021 US$'000	2020 US$'000
Hong Kong dollar	**7,157**	7,428
Renminbi	**153,975**	149,941
Euro	**770**	837
	161,902	158,206

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Equity investments at FVOCI (Continued)

(iv) Movements of the financial assets at FVOCI during the year are as follows:

	2021 US$'000	2020 US$'000
At 1 January	**158,206**	173,375
Acquisition of a subsidiary (note 39)	**78**	–
Fair value gain/(loss) recognised in OCI	**213**	(25,245)
Exchange differences	**3,405**	10,076
At 31 December	**161,902**	158,206

15 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

The movements on the net deferred tax liabilities during the year are as follows:

	2021 US$'000	2020 US$'000
At 1 January	**4,949**	39,710
Exchange differences	**7,933**	(5,851)
Charge/(credited) to consolidated income statement	**18,819**	(23,245)
Charge/(credited) to reserves	**1,183**	(5,665)
Acquisition of a subsidiary (note 39)	**12,833**	–
At 31 December	**45,717**	4,949

Deferred tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable.

As at 31 December 2021, the Group has unrecognised tax losses of US$144,149,000 (2020: US$136,300,000) to carry forward. Except for the tax losses of US$50,556,000 (2020: US$41,564,000) of the Group which will be expired between 2022 and 2026 (2020: between 2021 and 2025), all other tax losses have no expiry dates.

As at 31 December 2021, undistributed earnings from subsidiaries of US$933,754,000 (2020: US$776,062,000) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Group is able to control the timing of distributions from the subsidiaries and is not expected to distribute these profits in the foreseeable future.

15 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year, were as follows:

Deferred tax liabilities

	Accelerated tax depreciation		Undistributed profits		Fair value gains		Others		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
At 1 January	**87,875**	86,569	**21,146**	34,220	**32,441**	35,163	**–**	2,003	**141,462**	157,955
Exchange differences	**(558)**	3,893	**20**	42	**(1,473)**	1,478	**–**	(1)	**(2,011)**	5,412
Charged/(credited) to consolidated income statement	**6,632**	(2,587)	**4,475**	(13,116)	**2,840**	–	**–**	(2,002)	**13,947**	(17,705)
Acquisition of a subsidiary (note 39)	**14,592**	–	**–**	–	**–**	–	**–**	–	**14,592**	–
Charged/(credited) to reserve	**–**	–	**–**	–	**18**	(4,200)	**–**	–	**18**	(4,200)
At 31 December	**108,541**	87,875	**25,641**	21,146	**33,826**	32,441	**–**	–	**168,008**	141,462

Deferred tax assets

	Tax losses		Future deductible finance costs		Others		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
At 1 January	**69,381**	59,907	**31,454**	30,368	**35,678**	27,970	**136,513**	118,245
Exchange differences	**(5,200)**	5,448	**(2,393)**	2,840	**(2,351)**	2,975	**(9,944)**	11,263
Credited/(charged) to consolidated income statement	**1,765**	4,026	**(2,318)**	(1,754)	**(4,319)**	3,268	**(4,872)**	5,540
Acquisition of a subsidiary (note 39)	**–**	–	**–**	–	**1,759**	–	**1,759**	–
(Charged)/credited to reserve	**–**	–	**–**	–	**(1,165)**	1,465	**(1,165)**	1,465
At 31 December	**65,946**	69,381	**26,743**	31,454	**29,602**	35,678	**122,291**	136,513

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 taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2021	2020
	US$'000	US$'000
Deferred tax assets	**95,071**	110,351
Deferred tax liabilities	**140,788**	115,300

15 DEFERRED TAXATION (CONTINUED)

The amounts shown in the consolidated balance sheet include the following:

	2021 US$'000	2020 US$'000
Deferred tax assets to be recovered after more than 12 months	**74,533**	92,276
Deferred tax liabilities to be settled after more than 12 months	**120,628**	92,951

16 INVENTORIES

Inventories of the Group mainly include consumable parts for terminal operations at their carrying amount.

17 TRADE AND OTHER RECEIVABLES

	2021 US$'000	2020 US$'000
Trade receivables (note a)		
– third parties	**71,907**	59,675
– fellow subsidiaries (note b)	**18,572**	19,345
– non-controlling shareholders of subsidiaries (note b)	**5,167**	4,869
– a joint venture (note b)	**656**	–
– an associate (note b)	**5**	5
– related companies (note b)	**7,280**	4,438
	103,587	88,332
Bills receivable (note a)	**7,250**	4,617
	110,837	92,949
Less: provision for impairment (note a)	**(324)**	(573)
	110,513	92,376
Deposits and prepayments	**33,701**	27,526
Other receivables	**69,040**	112,404
Loan to an associate (note c)	**–**	47,810
Amounts due from		
– fellow subsidiaries (note b)	**261**	844
– non-controlling shareholders of subsidiaries (note b)	**933**	965
– joint ventures (note d)	**6,874**	239
– associates (note d)	**16,315**	11,008
	237,637	293,172

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) The Group grants credit periods of 30 to 90 days to its customers. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Expected credit losses on trade receivables are calculated by using the provision matrix approach. The ageing analysis of the trade receivables and bills receivable based on invoice date and issuance date respectively is as follows:

	Expected loss rate	**Gross carrying amount 31 December 2021 US$'000**	**Loss allowance 31 December 2021 US$'000**
Within 30 days	**0.2%**	**72,804**	**116**
31-60 days	**0.0%**	**23,923**	**8**
61-90 days	**0.0%**	**8,502**	**2**
Over 90 days	**3.5%**	**5,608**	**198**
		110,837	**324**

	Expected loss rate	Gross carrying amount 31 December 2020 US$'000	Loss allowance 31 December 2020 US$'000
Within 30 days	0.3%	55,397	146
31-60 days	0.0%	24,457	11
61-90 days	0.0%	9,037	1
Over 90 days	10.2%	4,058	415
		92,949	573

As at 31 December 2021, trade receivables of US$324,000 (2020: US$573,000) were impaired. The amount of the provision was US$324,000 (2020: US$573,000) as at 31 December 2021.

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

	2021 US$'000	2020 US$'000
At 1 January	**(573)**	(895)
Exchange differences	**(99)**	(56)
Provision for impairment of trade receivables	**(269)**	(413)
Write back of provision for impairment of trade receivables	**617**	137
Receivables written off during the year as uncollectible	**–**	654
At 31 December	**(324)**	(573)

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) The balances are unsecured and interest free. Trading balances have credit periods ranging from 30 to 90 days while other balances have no fixed terms of repayment.

(c) As at 31 December 2020, balance of US$47,810,000 was unsecured, bears interest at the aggregate of 3.75% per annum above EURIBOR, and was repayable in 2021. The principal amounted US$38,272,000 was capitalised as the investment cost of an associate in 2021.

(d) The amounts receivable mainly represented interest, dividend and other receivable from joint ventures and associates.

(e) The carrying amounts of trade and other receivables are denominated in the following currencies:

	2021 **US$'000**	2020 US$'000
US dollar	**18,750**	8,694
Renminbi	**106,425**	127,409
Hong Kong dollar	**1,975**	3,051
Euro	**105,837**	145,645
Other currencies	**4,650**	8,373
	237,637	293,172

(f) The carrying amounts of trade and other receivables approximate their fair values.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	2021 US$'000	2020 US$'000
Financial assets as per balance sheet		
Financial asset at FVPL	**61,922**	–
Financial assets at FVOCI	**161,902**	158,206
Financial assets at amortised cost		
Loans to a joint venture	**23,083**	23,218
Loans to associates	**107,643**	166,170
Trade and other receivables	**158,656**	176,708
Cash and cash equivalents	**1,226,841**	1,310,289
Restricted bank deposits	**33,214**	31,224
Total	**1,773,261**	1,865,815
Financial liabilities as per balance sheet		
Financial liabilities at amortised cost		
Borrowings	**3,219,610**	3,047,741
Loans from non-controlling shareholders of subsidiaries	**113,560**	85,003
Loans from a joint venture	**35,290**	34,483
Loans from an associate	**21,958**	–
Lease liabilities	**790,909**	826,336
Trade and other payables	**401,231**	403,872
Other financial liabilities		
Derivative financial instruments	**6,414**	11,461
Put option liability	**232,263**	225,679
Total	**4,821,235**	4,634,575

19 SHARE CAPITAL

	2021 US$'000	2020 US$'000
Issued and fully paid:		
3,315,296,374 ordinary shares (2020: 3,315,296,374 ordinary shares) of HK$0.10 each	**42,574**	42,574

The movements of the issued share capital of the Company are summarised as follows:

	Number of ordinary shares	**Nominal Value US$'000**
At 1 January 2021 and 31 December 2021	**3,315,296,374**	**42,574**
At 1 January 2020	3,161,958,830	40,596
Issue of scrip dividend for 2019 final (note a)	84,415,610	1,089
Issue of scrip dividend for 2020 interim (note b)	68,921,934	889
At 31 December 2020	3,315,296,374	42,574

Notes:

(a) During the year ended 31 December 2020, 84,415,610 new shares were issued by the Company at HK$3.826 per share for the settlement of 2019 final scrip dividend.

(b) During the year ended 31 December 2020, 68,921,934 new shares were issued by the Company at HK$4.350 per share for the settlement of 2020 interim scrip dividend.

20 SHARE-BASED PAYMENT

At a special general meeting of the Company held on 8 June 2018, the shareholders of the Company approved the adoption of a share option scheme (the "2018 Share Option Scheme"). The purposes of the 2018 Share Option Scheme are to enable the Company to establish and cultivate a performance-oriented culture, under which value is created for the shareholders, and to establish an interests-sharing and restraining mechanism between the shareholders and the Company's management. No consideration was paid by the grantees for the acceptance of share options.

Under the 2018 Share Option Scheme, the exercise of the options is subject to a two-year vesting period during which a participant is not allowed to exercise any option granted. After the expiration of the two-year period, the participant may exercise the options in three equal batches in the 3rd, 4th and 5th year after the grant date respectively. Within the exercise period of the share options, and subject to the fulfilment of the vesting conditions and the exercise arrangement of the share options, grant of each share option entitles the grantee to subscribe for one share at relevant exercise price.

Vesting of share options are subject to the satisfaction of both the Company's performance targets and the participant's performance target including (1) target rate of return on net assets (after extraordinary gains and losses) in the financial year immediately preceding the vesting of the share options and compared to the average of the selected peer benchmark enterprises; (2) target growth rate of revenue in the financial year immediately preceding the vesting of the share options as compared to that in the financial year immediately preceding the grant date and compared to the average of the selected peer benchmark enterprises; (3) the economic value added indicator accomplished for the financial year immediately preceding the vesting of the share options has reached the assessment target set by COSCO SHIPPING; and (4) required appraisal grade of the participant's personal performance appraisal in the preceding financial year.

The exercise price is determined based on the principle of fair market value. The exercise price shall be the highest of the following:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the Grant Date; and

(iii) the nominal value of the Shares.

20 SHARE-BASED PAYMENT (CONTINUED)

Movements of the share options are set out below:

			For the year ended 31 December 2021 Number of share options						
Category	Note	Exercise price HK$	Outstanding at 1 January 2021	Granted during the year	Exercised during the year	Transfer (to)/from other categories during the year	Forfeited during the year	Outstanding at 31 December 2021	Exercisable period
Directors	(i)(ii)	7.27	3,600,000	–	–	–	–	3,600,000	19.6.2020-18.6.2023
Continuous contract employees	(i)(ii)	7.27	38,499,415	–	–	(465,951)	(425,686)	37,607,778	19.6.2020-18.6.2023
	(i)(ii)	8.02	604,971	–	–	–	–	604,971	29.11.2020-28.11.2023
	(i)(iii)	8.48	848,931	–	–	–	(399,205)	449,726	29.3.2021-28.3.2024
	(i)(iii)	7.27	666,151	–	–	–	(531,008)	135,143	23.5.2021-22.5.2024
	(i)(iii)	7.57	1,273,506	–	–	–	(424,078)	849,428	17.6.2021-16.6.2024
Others	(i)(ii)	7.27	6,312,220	–	–	465,951	(483,491)	6,294,680	19.6.2020-18.6.2023
			51,805,194	–	–	–	(2,263,468)	49,541,726	

20 SHARE-BASED PAYMENT (CONTINUED)

Category	Note	Exercise price	For the year ended 31 December 2020 Number of share options						Exercisable period
			Outstanding at 1 January 2020	Granted during the year	Exercised during the year	Transfer (to)/from other categories during the year	Forfeited during the year	Outstanding at 31 December 2020	
		HK$							
Directors	(i)(ii)	7.27	3,600,000	–	–	–	–	3,600,000	19.6.2020-18.6.2023
Continuous contract employees	(i)(ii)	7.27	42,172,743	–	–	(1,819,613)	(1,853,715)	38,499,415	19.6.2020-18.6.2023
	(i)(ii)	8.02	851,966	–	–	–	(246,995)	604,971	29.11.2020-28.11.2023
	(i)(iii)	8.48	848,931	–	–	–	–	848,931	29.3.2021-28.3.2024
	(i)(iii)	7.27	666,151	–	–	–	–	666,151	23.5.2021-22.5.2024
	(i)(iii)	7.57	1,273,506	–	–	–	–	1,273,506	17.6.2021-16.6.2024
Others	(i)(ii)	7.27	4,492,607	–	–	1,819,613	–	6,312,220	19.6.2020-18.6.2023
			53,905,904	–	–	–	(2,100,710)	51,805,194	

20 SHARE-BASED PAYMENT (CONTINUED)

Notes:

(i) 16,126,978 options were vested and exercisable as at 31 December 2021 (2020: 16,439,893).

(ii) The share options were granted on 19 June 2018 and 29 November 2018 under the 2018 Share Option Scheme at an exercise price of HK$7.27 and HK$8.02 respectively. According to the provisions of the 2018 Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. 33.3%, 33.3% and 33.4%.

(iii) The share options were granted on 29 March 2019, 23 May 2019 and 17 June 2019 under the 2018 Share Option Scheme at an exercise price of HK$8.48, HK$7.27 and HK$7.57 respectively. According to the provisions of the 2018 Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. 33.3%, 33.3% and 33.4%.

(iv) No share options were exercised under the 2018 Share Option Scheme during the year (2020: Nil).

(v) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2021		2020	
	Average exercise price per share HK$	**Number of share options**	Average exercise price per share HK$	Number of share options
At 1 January	**7.31**	**51,805,194**	7.31	53,905,904
Forfeited	**7.54**	**(2,263,468)**	7.36	(2,100,710)
At 31 December	**7.30**	**49,541,726**	7.31	51,805,194

21 BORROWINGS

	2021 US$'000	2020 US$'000
Long term borrowings		
Secured		
– bank loans	**912,405**	1,046,013
– loan from other financial institution	**3,827**	6,866
	916,232	1,052,879
Unsecured		
– bank loans	**1,619,073**	1,622,633
– loans from other financial institutions	**125,069**	–
– notes	**299,729**	299,431
	2,043,871	1,922,064
	2,960,103	2,974,943
Amounts due within one year included under current liabilities	**(653,680)**	(226,651)
	2,306,423	2,748,292
Short term borrowings		
Unsecured		
– bank loans	**240,686**	30,652
– loan from other financial institution	**18,821**	42,146
	259,507	72,798

21 BORROWINGS (CONTINUED)

Notes:

(a) The maturity of long-term borrowings is as follows:

	2021 US$'000	2020 US$'000
Bank loans		
Within one year	**648,033**	226,651
Between one and two years	**127,935**	656,473
Between two and five years	**1,021,123**	1,008,372
Over five years	**734,387**	777,150
	2,531,478	2,668,646
Loans from other financial institutions		
Within one year	**5,647**	–
Between one and two years	**7,779**	1,839
Between two and five years	**71,271**	5,027
Over five years	**44,199**	–
	128,896	6,866
Notes (note b)		
Between one and two years	**299,729**	–
Between two and five years	**–**	299,431
	299,729	299,431
	2,960,103	2,974,943

(b) Details of the notes as at 31 December 2021 and 2020 are as follows:

	2021 US$'000	2020 US$'000
Principal amount	**300,000**	300,000
Discount on issue	**(2,040)**	(2,040)
Notes issuance cost	**(2,250)**	(2,250)
Net proceeds received	**295,710**	295,710
Accumulated amortised amounts of		
– discount on issue	**1,910**	1,770
– notes issuance cost	**2,109**	1,951
	299,729	299,431

10-year notes with principal amount of US$300,000,000 were issued by a subsidiary of the Company to investors on 31 January 2013. The notes carried a fixed interest yield of 4.46% per annum and were issued at a price of 99.320 per cent of their principal amount with a fixed coupon rate of 4.375% per annum, resulting in a discount on issue of US$2,040,000. The notes bear interest from 31 January 2013, payable semi-annually in arrears on 31 January and 31 July of each year, commencing on 31 July 2013. The notes are guaranteed unconditionally and irrevocably by the Company and listed on the Stock Exchange. Unless previously redeemed or repurchased by the Company, the notes will mature on 31 January 2023 at their principal amount. The notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting the taxes of certain jurisdictions.

21 BORROWINGS (CONTINUED)

(c) The exposure of long term borrowings to interest rate changes and the contractual repricing dates are as follows:

	Less than 1 year US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
At 31 December 2021				
Total borrowings	**653,680**	**1,527,837**	**778,586**	**2,960,103**
At 31 December 2020				
Total borrowings	226,651	1,971,142	777,150	2,974,943

(d) The carrying amounts of the long term borrowings and short term borrowings are denominated in the following currencies:

	2021 US$'000	2020 US$'000
US dollar	**1,270,247**	1,119,283
Renminbi	**903,729**	763,015
Euro	**763,513**	881,667
Hong Kong dollar	**282,121**	283,776
	3,219,610	3,047,741

The effective interest rates per annum at the balance sheet date were as follows:

	2021				2020			
	US$	**RMB**	**Euro**	**HK$**	US$	RMB	Euro	HK$
Bank loans and loans from other financial institutions	**1.6%**	**4.2%**	**1.9%**	**3.5%**	2.3%	4.3%	1.9%	3.5%
Notes	**4.4%**	**N/A**	**N/A**	**N/A**	4.4%	N/A	N/A	N/A

(e) The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amounts		**Fair values**	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000
Bank loans and loans from other financial institutions	**2,006,694**	2,448,861	**2,023,116**	2,409,949
Notes	**299,729**	299,431	**299,571**	299,142
	2,306,423	2,748,292	**2,322,687**	2,709,091

The fair values of the Group's non-current borrowings are determined based on cash flows discounted using a weighted average borrowing rate of 1.0% to 4.6% (2020: 1.0% to 4.7%) per annum.

21 BORROWINGS (CONTINUED)

(f) The carrying amounts of short term borrowings approximate to their fair values.

(g) As at 31 December 2021, bank loans and a loan from other financial institution, namely COSCO SHIPPING Finance Co., Ltd ("COSCO SHIPPING Finance"), a fellow subsidiary of the Group, of US$916,232,000 (2020: US$1,052,879,000) granted to subsidiaries of the Company were secured by certain other property, plant and equipment of the Group (note 7(a)), certain concession and land use rights of the Group (note 9(a)(ii)), the Company's interests in subsidiaries.

(h) As at 31 December 2021, the Group had bank borrowings of US$20,383,000 (2020: US$22,138,000) with US$26,022,000 (2020: US$23,702,000) pledged as restricted deposits as security.

(i) As at 31 December 2021, a loan from COSCO SHIPPING Finance of US$3,827,000 (2020: US$6,866,000), which is secured, bears interest at 5 years RMB loan prime rate less 44 basis points per annum and repayable in 2025.

22 LOANS FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

As at 31 December 2021, balance of US$678,000 (2020: US$737,000) was unsecured, bore interest at 3% (2020: 3%) above the 6 months EURIBOR, and repayable on or before July 2023.

As at 31 December 2021, balance of US$69,913,000 (2020: Nil) was unsecured, bore interest at 1% (2020: Nil) above the 3 months EURIBOR, and repayable on or before December 2024.

23 OTHER LONG TERM LIABILITIES

	2021 **US$'000**	2020 US$'000
Deferred income	**46,135**	45,410
Others	**807**	2,647
	46,942	48,057

24 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2021 US$'000	2020 US$'000
Trade payables (note a)		
– third parties	**100,856**	55,639
– fellow subsidiaries (note b)	**3,935**	2,476
– non-controlling shareholders of subsidiaries (note b)	**4,493**	3,179
– joint ventures (note b)	**6,030**	185
– an associate (note b)	**472**	–
– related companies (note b)	**4,407**	1,430
	120,193	62,909
Accruals	**35,551**	34,342
Other payables	**167,319**	229,440
Contract liabilities (note c)	**19,425**	11,789
Dividend payable	**7**	7
Loans from a joint venture (note d)	**35,290**	34,483
Loans from an associate (note f)	**21,958**	–
Loans from non-controlling shareholders of subsidiaries (note e)	**42,969**	84,266
Amounts due to (note b)		
– fellow subsidiaries	**256**	2,162
– non-controlling shareholders of subsidiaries	**77,455**	77,247
– joint ventures	**61**	245
– related companies	**1,146**	–
	521,630	536,890

Notes:

(a) The ageing analysis of the trade payables based on invoice date is as follows:

	2021 US$'000	2020 US$'000
Within 30 days	**65,884**	37,068
31-60 days	**18,214**	9,387
61-90 days	**4,780**	5,172
Over 90 days	**31,315**	11,282
	120,193	62,909

(b) The balances are unsecured and interest free. Trading balances have similar credit periods granted as those of other third party suppliers while the other balances have no fixed terms of repayment.

24 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

(c) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	2021 US$'000	2020 US$'000
Contract liabilities		
– expected volume discounts	**10,305**	4,950
– receipts in advance from customers	**9,120**	6,839
	19,425	11,789

Revenues recognised in relation to contract liabilities

The following table shows how much of the revenues recognised in the current year relates to carried-forwards contract liabilities:

	2021 US$'000	2020 US$'000
Revenues recognised that were included in the contract liabilities balance at the beginning of the year	**5,314**	9,207

(d) Loans from a joint venture of US$35,290,000 (2020: US$34,483,000) are unsecured, bear interest at 2.30% per annum and are repayable within twelve months.

(e) Loans from non-controlling shareholders of subsidiaries are unsecured and repayable within twelve months. Balance of US$31,205,000 (2020: US$45,952,000) is interest free. Balance of US$11,764,000 (2020: US$38,314,000) bears interest at 3.40% per annum (2020: 3.92% per annum).

(f) Loans from an associate of US$21,958,000 (2020:Nil) are unsecured, bear interest at 2.3% per annum and are repayable within twelve months.

(g) The carrying amounts of trade and other payables and contract liabilities are denominated in the following currencies:

	2021 US$'000	2020 US$'000
US dollar	**68,045**	81,060
Renminbi	**314,803**	275,970
Euro	**93,493**	110,737
Hong Kong dollar	**18,434**	21,769
Other currencies	**26,855**	47,354
	521,630	536,890

(h) The carrying amounts of trade and other payables approximate their fair values.

25 PUT OPTION LIABILITY

A put option liability was recognised in relation to the put option granted to the non-controlling shareholder of COSCO SHIPPING Ports Chancay Peru S.A. ("CSP Chancay Terminal") to sell 40% interests in CSP Chancay Terminal to the Group. Such put option is exercisable any time during a 5-year period from the commercial operation date at the lower of fair market value and price caps set for each of the 5 consecutive years after the commencement of the terminal operation.

The exercise price of the put option is determined using market approach with key inputs applied including the projected financial position and EBITDA of CSP Chancay Terminal using management's business plans and market multiples. As at 31 December 2021, the carrying amount of the put option liability is US$232,263,000 (2020: US$225,679,000).

26 DERIVATIVE FINANCIAL INSTRUMENTS

	2021 US$'000	2020 US$'000
Interest rate swaps	**6,414**	11,461
Less: non-current portion	**(2,991)**	(7,752)
Current portion	**3,423**	3,709

At 31 December 2021, the Group had interest rate swap agreements in place with a total notional amount of US$282,325,000 (2020: US$301,933,000). The swaps are used to hedge the exposure to changes in the cash flow of its bank loans with variable rates referred to the EURIBOR in an average band of between 0.61% and 1.22% (2020: 0.61% and 1.22%). The hedge of the interest rate swaps was assessed to be effective.

The Group's hedging reserves included in other reserves of the consolidated statement of changes in equity:

	Interest rate swap US$'000
At 1 January 2020	(874)
Add: Change in fair value of cash flow hedge recognised in OCI, net of tax	(109)
Share of OCI of an associate	161
At 31 December 2020	(822)
Add: Change in fair value of cash flow hedge recognised in OCI, net of tax	2,100
Share of OCI of an associate	(19)
At 31 December 2021	1,259

27 PENSION AND RETIREMENT LIABILITIES

The Group operates a number of defined benefit and defined contribution retirement schemes in the main countries in which the Group operates. The retirement benefit costs charged to the consolidated income statement represent contributions payable by the Group to the retirement benefit schemes and amounted to US$24,659,000 (2020: US$13,648,000). As at 31 December 2021, contributions totalling US$1,633,000 (US$2,097,000) and US$2,260,000 (2020: Nil) to the defined contribution and defined benefit retirement schemes were included in trade and other payables. No forfeited contributions were available as at 31 December 2021 and 2020 to reduce future contributions.

Defined benefit retirement scheme

The amounts recognised in the consolidated balance sheet were as follow:

	2021			2020		
	Current US$'000	**Non-current US$'000**	**Total US$'000**	Current US$'000	Non-current US$'000	Total US$'000
Defined benefit retirement scheme – PRC (note)	**2,260**	**10,990**	**13,250**	–	–	–
Defined benefit retirement scheme – Overseas	**–**	**838**	**838**	–	3,006	3,006
As at 31 December	**2,260**	**11,828**	**14,088**	–	3,006	3,006

Note:

Defined benefit retirement scheme of a PRC subsidiary

	2021 US$'000	2020 US$'000
Consolidated balance sheet obligations for:		
Early-retirement benefits for PRC employees	**6,117**	–
Post-retirement benefits for PRC employees	**7,133**	–
Total pension and retirement liabilities	**13,250**	–
Less: Current portion of pension and retirement liabilities included in trade and other payables	**(2,260)**	–
Non-current portion of pension and retirement liabilities	**10,990**	–
Expensed in consolidated income statement for:		
Early-retirement benefits for PRC employees	**62**	–
Post-retirement benefits for PRC employees	**4**	–
	66	–

The Group recognised liabilities for the present value of the unfunded obligations relating to retirement benefits payable to certain normal retired or early retired employees in the consolidated balance sheet. The liability related to the benefit obligations for eligible retired employees existing at year end is calculated by independent actuaries, using the projected unit credit method. The actuarial liabilities of early retirement and post retirement as at 31 December 2021 totalled US$13,250,000 (2020: Nil).

27 PENSION AND RETIREMENT LIABILITIES (CONTINUED)

Movements of the liabilities recognised in the consolidated balance sheet are as follows:

	2021			2020		
	Early retirement US$'000	**Post retirement US$'000**	**Total US$'000**	Early retirement US$'000	Post retirement US$'000	Total US$'000
As at 1 January	**–**	**–**	**–**	–	–	–
Acquisition of a subsidiary (note 39)	**6,264**	**7,295**	**13,559**	–	–	–
Charged to the consolidated income statement	**62**	**4**	**66**	–	–	–
Benefits paid	**(211)**	**(169)**	**(380)**	–	–	–
Exchange difference	**2**	**3**	**5**	–	–	–
As at 31 December	**6,117**	**7,133**	**13,250**	–	–	–

The amounts of retirement benefit costs recognised in the consolidated income statement comprise:

	2021			2020		
	Early retirement US$'000	**Post retirement US$'000**	**Total US$'000**	Early retirement US$'000	Post retirement US$'000	Total US$'000
Interest expense	**62**	**4**	**66**	–	–	–
Current service cost	**–**	**–**	**–**	–	–	–
Past service cost	**–**	**–**	**–**	–	–	–

The principal actuarial assumptions used were as follows:

	2021		2020	
	Early retirement US$'000	**Post retirement US$'000**	Early retirement US$'000	Post retirement US$'000
Discount rate	**2.50%**	**3.25%**	–	–
Mortality rate	**China Life Insurance Mortality Table (2010-2013) – CL5/CL6**		–	–
Annual withdraw rate	**0%**	**0%**	–	–
Annual increase rate of medical insurance contribution	**6%**	**6%**	–	–
Annual increase rate of pre-retirement basic salary, insurance and housing fund, enterprise annuity contributions for internal retirees	**5%**	**N/A**	–	–

27 PENSION AND RETIREMENT LIABILITIES (CONTINUED)

The sensitivity of the defined benefit obligations to changes in the principal assumptions is:

	Impact on defined benefit obligations	
	Increase in assumption US$'000	**Decrease in assumption US$'000**
Discount rate – change by 0.25%	(270)	281
Annual increase rate of medical insurance contribution – change by 1%	555	(456)
Annual increase rate of pre-retirement basic salary, insurance and housing fund, enterprise annuity contributions for internal retirees – change by 1%	122	(119)

Expected contributions to the defined benefit retirement scheme for the year ending 31 December 2022 are US$5,451,000.

The defined benefit retirement scheme caused many risks to the Group, and the primary risk is the fluctuation of the interest rates of government bonds. Decreasing in interest rates of government bonds results in increasing in the defined benefit obligation.

The expected maturity analysis of the undiscounted defined benefit obligation is as follows:

	2021 US$'000	2020 US$'000
Within one year	**2,260**	–
Over one year	**10,990**	–
	13,250	–

28 OTHER OPERATING INCOME

	2021 US$'000	2020 US$'000
Management fee and other service income	**8,071**	7,431
Dividends income from listed and unlisted financial assets at FVOCI	**2,686**	2,321
Rental income from		
– investment properties	**1,099**	729
– buildings	**57**	54
Gain on disposal of property, plant and equipment	**243**	428
Gain on disposal of subsidiaries	**–**	71,150
Gain on disposal of an associate	**–**	9,951
Gain on disposal of a subsidiary and a joint venture	**21,735**	–
Gain on remeasurement of equity investments	**10,669**	9,896
Reversal of provision for inventories	**281**	–
Government subsidies	**25,721**	10,079
Exchange gain, net	**1,274**	16,125
Fair value gain on a financial asset at FVPL	**11,360**	–
Others	**11,741**	6,719
	94,937	134,883

29 OPERATING PROFIT

Operating profit is stated after charging the followings:

	2021 US$'000	2020 US$'000
Charging:		
Amortisation of intangible assets	**24,767**	23,190
Depreciation		
– right-of-use assets (note 9(b))	**40,371**	36,337
– property, plant and equipment	**160,982**	140,917
Loss on disposal of property, plant and equipment	**2,773**	3,212
Auditor's remuneration		
– current year	**1,320**	1,282
– under/(over) provision in prior years	**24**	(1)
Provision for inventories	**–**	105
Provision for impairment of trade receivables	**269**	413
Provision for impairment of construction in progress	**–**	891
Rental expenses under leases of		
– land and buildings leased from third parties	**653**	372
– land and buildings leased from non-controlling shareholders of subsidiaries	**3,052**	2,579
– plant and machinery leased from third parties	**2,522**	2,057
– concession from a fellow subsidiary (note a)	**66,317**	60,286
– concession from third parties (note a)	**9,008**	8,211
– concession from a non-controlling shareholder of a subsidiary (note a)	**4,721**	2,511
Total staff costs (including directors' emoluments and retirement benefit costs)		
– wages, salaries and other benefits	**349,833**	294,239
– share option expenses (note b)	**1,186**	1,889
	351,019	296,128

Notes:

(a) The amounts represent variable lease payments linked to revenues/throughput.

(b) It represents the amounts of benefit in kind provided to the Company's directors and the Group's employees in respect of the Company's share options granted. Details of the share options are set out in note 20 to the consolidated financial statements.

30 FINANCE INCOME AND COSTS

	2021 US$'000	2020 US$'000
Finance income		
Interest income on		
– bank balances and deposits	**3,799**	5,945
– deposits with other financial institutions	**3,563**	3,112
– loans to joint ventures and associates	**3,906**	4,419
– loans to a former subsidiary	**–**	1,214
	11,268	14,690
Finance costs		
Interest expenses on		
– bank loans	**(65,722)**	(70,193)
– notes wholly repayable within five years	**(13,125)**	(13,125)
– loans from other financial institutions	**(1,949)**	(440)
– loans from non-controlling shareholders of subsidiaries (note 22 and note 24(e))	**(486)**	(1,539)
– loans from a joint venture (note 24(d))	**(812)**	(761)
– loans from an associate (note 24(f))	**(496)**	(353)
– lease liabilities	**(29,883)**	(28,352)
Amortised amount of		
– discount on issue of notes	**(140)**	(119)
– transaction costs on bank loans and notes	**(3,205)**	(3,177)
	(115,818)	(118,059)
Less: amount capitalised in construction in progress (note 7(c))	**6,685**	5,945
	(109,133)	(112,114)
Other incidental borrowing costs and charges	**(2,370)**	(2,536)
	(111,503)	(114,650)
Net finance costs	**(100,235)**	(99,960)

31 TAXATION

	2021 US$'000	2020 US$'000
Current taxation		
– Hong Kong profits tax	**(15,730)**	(9,891)
– Mainland China taxation	**(45,047)**	(38,108)
– Overseas taxation	**(14,601)**	(11,462)
– (Under)/over provision in prior years	**(472)**	1,249
	(75,850)	(58,212)
Deferred taxation (charge)/credit	**(18,819)**	23,245
	(94,669)	(34,967)

Hong Kong profits tax was provided at a rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

Below is a numerical reconciliation between taxation in the consolidated income statement and aggregate tax expense at the domestic rates applicable to profits in respective territories concerned:

	2021 US$'000	2020 US$'000
Profit before taxation	**500,465**	408,577
Less: Share of profits less losses of joint ventures and associates	**(329,390)**	(272,720)
	171,075	135,857
Aggregate tax at domestic rates applicable to profits in respective territories concerned	**62,533**	44,798
Income not subject to taxation	**(1,913)**	(1,476)
Expenses not deductible for taxation purposes	**4,742**	864
Under/(over) provision in prior years	**472**	(1,249)
Utilisation of previously unrecognised tax losses	**–**	(63)
Effect on deferred tax balance resulting from a change in tax rate	**598**	–
Tax losses not recognised	**1,570**	2,080
Provision for/(release of) withholding taxation upon distribution of profits and payment of interest	**11,857**	(6,664)
Recognition of temporary difference previously unrecognised	**6,336**	(2,806)
Others	**8,474**	(517)
Taxation charged	**94,669**	34,967

Except for the taxation of US$110,000 relating to the deferred tax provided on the fair value gain on financial assets at FVOCI in 2021 (the taxation of US$6,084,000 relating to the deferred tax reversed on the fair value loss on financial assets at FVOCI in 2020), and US$1,073,000 (2020: US$419,000) deferred tax asset relating to the cash flow hedges, there was no taxation relating to components of OCI for the year ended 31 December 2021 and 2020.

32 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Ordinary shares were issued upon the distribution of scrip dividend in 2020, and no ordinary shares were issued in 2021. As a result, the weighted average number of ordinary shares in issue as at 31 December 2021 were same as the number of ordinary shares in issue as at 31 December 2020 (note 19).

	2021	2020
Profit attributable to equity holders of the Company	**US$354,652,000**	US$347,474,000
Weighted average number of ordinary shares in issue	**3,315,296,374**	3,213,469,814
Basic earnings per share	**US10.70 cents**	US10.81 cents

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year, after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no considerations as if all outstanding dilutive share options granted by the Company had been exercised.

For the year ended 31 December 2021, the outstanding share options granted by the Company did not have any dilutive effect on the earnings per share, and the diluted earnings per share is equal to the basic earnings per share.

33 DIVIDENDS

	2021 **US$'000**	2020 US$'000
First interim dividend, paid of US2.120 cents (2020: US2.068 cents) per ordinary share	**70,284**	67,135
Second interim dividend, declared of US2.160 cents (2020: US2.256 cents) per ordinary share	**71,611**	74,793
	141,895	141,928

Note:

At a meeting held on 30 March 2022, the directors declared a second interim dividend for the year ended 31 December 2021 (in lieu of a final dividend) of HK17.0 cents (equivalent to US2.160 cents) per ordinary share. The dividend will be payable in cash and with a scrip dividend alternative. The second interim dividend declared is not reflected as dividend payable in these consolidated financial statements but will be reflected as an appropriation of retained profits for the year ending 31 December 2022.

34 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments paid to directors of the Company during the year are set out as follows:

	2021 **US$'000**	2020 US$'000
Fees	**242**	240
Salaries, housing and other allowances	**2,113**	2,117
Bonuses	**945**	392
Contributions to retirement benefit schemes	**2**	2
	3,302	2,751

Directors' fees disclosed above include US$242,000 (2020: US$240,000) paid to independent non-executive directors. The fees comprises, among others, an annual fee of US$36,000 (2020: US$36,000) paid to each independent non-executive director and fees paid to them for acting as chairman or members of the committees established under the Board (as applicable).

The bonuses paid in 2021 include bonuses for both 2020 and 2021.

As at 31 December 2021, three directors (2020: three directors) of the Company had 3,600,000 (2020: 3,600,000) share options which are exercisable at HK$7.27 per share granted by the Company on 19 June 2018 under the 2018 Share Option Scheme. No consideration was paid by the directors for the acceptance of share options.

For the year ended 31 December 2021, no share option was exercised (2020: Nil).

Details and movements of share options granted and exercised during the year are set out in note 20 to the consolidated financial statements.

34 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

The directors' emoluments are analysed as follows:

		Year ended 31 December 2021								
Name of directors	Note	Fees US$'000	Salary US$'000	Discretionary bonuses US$'000	Housing and other allowances US$'000	Estimated money value of other benefits US$'000	Contributions to retirement benefit schemes US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	As management (note e) US$'000	Total US$'000
Mr. FENG Boming		–	748	238	20	–	–	–	–	1,006
Mr. ZHANG Dayu		–	673	239	20	–	–	–	–	932
Mr. DENG Huangjun		–	254	235	20	–	–	–	–	509
Mr. ZHANG Wei		–	–	–	–	–	–	–	–	–
Mr. CHEN Dong		–	–	–	–	–	–	–	–	–
Dr. WONG Tin Yau, Kelvin		–	356	233	22	–	2	–	–	613
Dr. FAN HSU Lai Tai, Rita		53	–	–	–	–	–	–	–	53
Mr. Adrian David LI Man Kiu		59	–	–	–	–	–	–	–	59
Mr. LAM Yiu Kin		42	–	–	–	–	–	–	–	42
Prof. CHAN Ka Lok		48	–	–	–	–	–	–	–	48
Mr. WANG Haimin	i	–	–	–	–	–	–	–	–	–
Mr. FAN Ergang	ii	–	–	–	–	–	–	–	–	–
Mr. YANG Liang Yee, Philip	iii	40	–	–	–	–	–	–	–	40
		242	2,031	945	82	–	2	–	–	3,302

34 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

The directors' emoluments are analysed as follows: (Continued)

		Year ended 31 December 2020								
Name of directors	Note	Fees US$'000	Salary US$'000	Discretionary bonuses US$'000	Housing and other allowances US$'000	Estimated money value of other benefits US$'000	Contributions to retirement benefit schemes US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	As management (note e) US$'000	Total US$'000
Mr. FENG Boming		–	749	39	20	–	–	–	–	808
Mr. ZHANG Dayu		–	675	122	20	–	–	–	–	817
Mr. DENG Huangjun		–	255	123	20	–	–	–	–	398
Mr. ZHANG Wei (張煒)		–	–	–	–	–	–	–	–	–
Mr. CHEN Dong		–	–	–	–	–	–	–	–	–
Dr. WONG Tin Yau, Kelvin		–	356	108	22	–	2	–	–	488
Dr. FAN HSU Lai Tai, Rita		53	–	–	–	–	–	–	–	53
Mr. Adrian David LI Man Kiu		59	–	–	–	–	–	–	–	59
Mr. LAM Yiu Kin		43	–	–	–	–	–	–	–	43
Prof. CHAN Ka Lok		40	–	–	–	–	–	–	–	40
Mr. WANG Haimin	i	–	–	–	–	–	–	–	–	–
Mr. FAN Ergang	ii	18	–	–	–	–	–	–	–	18
Mr. YANG Liang Yee, Philip	iii	27	–	–	–	–	–	–	–	27
		240	2,035	392	82	–	2	–	–	2,751

Note:

(i) Resigned on 13 March 2020

(ii) Resigned on 20 March 2020

(iii) Appointed as an Independent Non-executive Director on 29 April 2020

The above analysis includes four (2020: four) directors whose emoluments were among the five highest in the Group.

34 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS (CONTINUED)

(b) Management's emoluments

Details of the aggregate emoluments paid to one (2020: one) individual whose emoluments were the highest in the Group and have not been included in the directors' emoluments above are set out below:

	2021 **US$'000**	2020 US$'000
Salaries, share options, and other allowances	**321**	322
Bonuses	**227**	109
Contributions to retirement benefit schemes	**2**	2
	550	433

The emoluments of the highest paid individual fell within the following bands:

	Number of individuals	
	2021	2020
Emolument bands		
US$385,973-US$450,302 (HK$3,000,001-HK$3,500,000)	**–**	1
US$450,303-US$514,630 (HK$3,500,001-HK$4,000,000)	**–**	–
US$514,631-US$578,959 (HK$4,000,001-HK$4,500,000)	**1**	–

(c) During the year, no emolument had been paid by the Group to the directors or the five highest paid individuals as compensation for loss of office. During the year, no directors waived or agreed to waive any emoluments.

(d) No significant transactions, arrangements and contracts in relation to the group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(e) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings and included salaries, discretionary bonuses, employer's contributions to retirement benefit schemes and housing allowance.

35 CAPITAL COMMITMENTS

The Group has the following significant capital commitments as at 31 December 2021 and 2020:

	2021 US$'000	2020 US$'000
Contracted but not provided for		
– Investments (note)	**282,047**	362,437
– Other property, plant and equipment	**877,260**	328,776
	1,159,307	691,213

The Group's share of capital commitments of the joint ventures themselves not included in the above are as follows:

	2021 US$'000	2020 US$'000
Contracted but not provided for	**7,915**	4,296

Note:

The capital commitments in respect of investments of the Group as at 31 December 2021 and 2020 are as follows:

	2021 US$'000	2020 US$'000
Contracted but not provided for		
Investments in:		
– Antwerp Gateway NV	**53,625**	56,796
– Tianjin Euroasia	**–**	107,588
– Vado	**1,268**	14,906
– HHLA Container Terminal Tollerort GmbH	**41,506**	–
– Others	**117,868**	116,917
	214,267	296,207
Terminal projects in:		
– Shanghai Yangshan Port Phase II	**62,738**	61,304
– Others	**5,042**	4,926
	67,780	66,230
	282,047	362,437

36 OPERATING LEASE ARRANGEMENTS

As at 31 December 2021 and 2020, the Group had future minimum lease receipts under non-cancellable operating leases as follows:

	2021 US$'000	2020 US$'000
Buildings, leasehold land and land use rights		
– not later than one year	**637**	1,364
– between 1 and 2 years	**154**	117
– between 2 and 3 years	**32**	117
– between 3 and 4 years	**3**	6
– between 4 and 5 years	**3**	4
– later than five years	**13**	16
	842	1,624
Investment properties		
– not later than one year	**260**	104
– between 1 and 2 years	**227**	4
– between 2 and 3 years	**90**	–
	577	108
Plant and machinery		
– not later than one year	**352**	77
– between 1 and 2 years	**321**	–
– between 2 and 3 years	**160**	–
	833	77
	2,252	1,809

37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to cash generated from operations

	2021 **US$'000**	2020 US$'000
Profit before taxation	**500,465**	408,577
Amortised amount of		
– discount on issue of notes	**140**	119
– transaction costs on bank loans and notes	**3,205**	3,177
Depreciation and amortisation	**226,120**	200,444
Dividends income from listed and unlisted financial assets at FVOCI	**(2,686)**	(2,321)
Fair value gain on a financial asset at FVPL	**(11,360)**	–
Gain on disposal of a subsidiary and a joint venture	**(21,735)**	–
Gain on disposal of subsidiaries	**–**	(71,150)
Gain on disposal of an associate	**–**	(9,951)
Gain on remeasurement of equity investments	**(10,669)**	(9,896)
Interest expenses	**105,788**	108,818
Interest income	**(11,268)**	(14,690)
Loss on disposal of property, plant and equipment, net	**2,530**	2,784
Other incidental borrowing costs and charges	**2,370**	2,536
Provision for impairment of trade receivables	**269**	413
Provision for impairment of construction in progress	**–**	891
Provision for inventories	**–**	105
Receivables written off during the year as uncollectible	**–**	(654)
Reversal of provision for inventories	**(281)**	–
Share-based payment expense	**1,186**	1,889
Share of profits less losses of		
– joint ventures	**(83,195)**	(78,219)
– associates	**(246,195)**	(194,501)
Write back of provision for impairment of trade receivables	**(617)**	(137)
Operating profit before working capital changes	**454,067**	348,234
Increase in inventories	**(1,108)**	(2,610)
Increase in trade and other receivables	**(20,682)**	(14,974)
Decrease/(increase) in amounts due from fellow subsidiaries	**584**	(464)
Increase in amounts due from associates	**(1,504)**	(3,040)
Decrease in amounts due from joint ventures	**1,725**	1,644
Decrease/(increase) in amounts due from non-controlling shareholders of subsidiaries	**32**	(43)
Increase in trade and other payables and contract liabilities	**12,901**	19,599
(Decrease)/increase in amounts due to fellow subsidiaries	**(1,907)**	295
Increase in amounts due to non-controlling shareholders of subsidiaries	**209**	3,450
Increase in amount due to related companies	**1,146**	–
Increase in other long term liabilities	**–**	2,167
Cash generated from operations	**445,463**	354,258

37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Major non-cash transactions

	2021 US$'000	2020 US$'000
Acquisition of 26% equity interests in an associate by contribution of 40% equity interests in another associate (note 12(b))	**–**	389,063
Addition of right-of-use assets (note 9)	**45,094**	22,686
Capitalisation of loan to an associate to investment cost of an associate (note 17(c))	**38,272**	–

(c) Analysis of the balances of cash and cash equivalents

	2021 US$'000	2020 US$'000
Total time deposits, bank balances and cash (note i)	**1,260,055**	1,341,513
Restricted bank deposits included in current assets	**(33,214)**	(31,224)
	1,226,841	1,310,289
Representing:		
Time deposits with original maturity of three months or less	**360,277**	579,539
Bank balances and cash	**428,239**	304,081
Balances placed with other financial institutions (note iii)	**438,325**	426,669
	1,226,841	1,310,289

Notes:

(i) As at 31 December 2021, cash and cash equivalents of US$491,160,000 (2020: US$484,305,000) of the Group denominated in Renminbi and US dollar with bank and other financial institution accounts operating in the PRC where exchange controls apply.

(ii) The carrying amounts of time deposits, bank balances and cash are denominated in the following currencies:

	2021 US$'000	2020 US$'000
US dollar	**409,690**	711,844
Renminbi	**498,662**	362,196
Euro	**250,092**	178,840
Hong Kong dollar	**45,831**	51,910
Other currencies	**22,566**	5,499
	1,226,841	1,310,289

(iii) Balances placed with other financial institutions bear interest at prevailing market rates.

37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(d) Reconciliation of liabilities arising from financing activities

	Borrowings US$'000	Loans from non-controlling shareholders of subsidiaries US$'000	Loans from a joint venture and an associate US$'000	Lease liabilities US$'000	Total US$'000
Balance as at 1 January 2021	3,047,741	85,003	34,483	826,336	3,993,563
Changes from financing cash flows					
Loans drawn down	559,667	–	–	–	559,667
Loans repaid	(412,589)	–	–	–	(412,589)
Addition of loans from non-controlling shareholders of subsidiaries, net of repayment	–	28,536	–	–	28,536
Loans from an associate	–	–	21,305	–	21,305
Principal elements of lease payments	–	–	–	(19,346)	(19,346)
Payment of lease interest	–	–	–	(26,535)	(26,535)
Other changes					
Addition of lease liabilities	–	–	–	22,883	22,883
Acquisition of a subsidiary	74,302	–	–	1,633	75,935
Finance cost of lease liabilities	–	–	–	29,883	29,883
Foreign exchange adjustments	(52,287)	21	1,460	(43,272)	(94,078)
Other non-cash movements	2,776	–	–	(673)	2,103
	171,869	28,557	22,765	(35,427)	187,764
Balance as at 31 December 2021	3,219,610	113,560	57,248	790,909	4,181,327

37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(d) Reconciliation of liabilities arising from financing activities (Continued)

	Borrowings US$'000	Loans from non-controlling shareholders of a subsidiary US$'000	Loans from a joint venture and an associate US$'000	Lease liabilities US$'000	Total US$'000
Balance as at 1 January 2020	2,916,450	93,168	49,454	770,373	3,829,445
Changes from financing cash flows					
Loans drawn down	744,277	–	–	–	744,277
Loans repaid	(740,932)	–	–	–	(740,932)
Repayment of loans from non-controlling shareholder of a subsidiary	–	(10,984)	–	–	(10,984)
Loans from a joint venture and an associate	–	–	50,659	–	50,659
Repayment of loans from a joint venture and an associate	–	–	(68,841)	–	(68,841)
Principal elements of lease payments	–	–	–	(25,294)	(25,294)
Payment of lease interest	–	–	–	(14,358)	(14,358)
Other changes					
Addition of lease liabilities	–	–	–	21,116	21,116
Finance cost of lease liabilities	–	–	–	28,352	28,352
Foreign exchange adjustments	124,538	2,819	3,211	48,503	179,071
Other non-cash movements	3,408	–	–	(2,356)	1,052
	131,291	(8,165)	(14,971)	55,963	164,118
Balance as at 31 December 2020	3,047,741	85,003	34,483	826,336	3,993,563

38 RELATED PARTY TRANSACTION

The Group is controlled by COSCO SHIPPING Holdings which owns 50.23% of the Company's shares as at 31 December 2021. The parent company of COSCO SHIPPING Holdings is COSCO, and the parent company of COSCO is COSCO SHIPPING.

COSCO SHIPPING is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. PRC government related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government, are also defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING and its subsidiaries, other government related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO SHIPPING as well as their close family members.

For the purpose of the related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO SHIPPING group companies for the interests of financial statements' users, although certain of those transactions which are individually or collectively not significant, and are exempted from disclosure upon adoption of HKAS 24 (Revised). The Directors believe that the information of related party transactions has been adequately disclosed in the consolidated financial statements.

In addition to those disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year.

38 RELATED PARTY TRANSACTION (CONTINUED)

(a) Sales/purchases of goods, services and investments

	2021 US$'000	2020 US$'000
Management fee and service fee income from (note i)		
– joint ventures	**4,957**	5,223
– associates	**1,628**	1,267
– an investee company	**–**	213
Terminal handling and storage income received from (note ii, xii)		
– fellow subsidiaries	**340,650**	268,409
– non-controlling shareholders of subsidiaries	**97,355**	89,242
Container handling and logistics service fees to non-controlling shareholders of subsidiaries (note iii, xii)	**(13,976)**	(3,180)
Electricity and fuel expenses paid to (note iv, xii)		
– fellow subsidiaries	**(8,697)**	(6,059)
– non-controlling shareholders of subsidiaries	**(5,810)**	(4,931)
Handling, storage and maintenance expenses to (note v, xii)		
– fellow subsidiaries	**(2,812)**	(4,172)
– a non-controlling shareholder of a subsidiary	**(4,076)**	(3,541)
Rental expenses paid to a non-controlling shareholder of a subsidiary (note vi, xii)	**(2,169)**	(2,823)
Rental income received from a non-controlling shareholder of a subsidiary (note vii)	**1,156**	316
Purchase of materials from fellow subsidiaries (note viii, xii)	**(220)**	(1,638)
Insurance expenses paid to a fellow subsidiary (note ix)	**(1,134)**	(749)
Concession fee paid to (note x, xii)		
– a fellow subsidiary	**(66,317)**	(60,286)
– a non-controlling shareholder of a subsidiary	**(4,721)**	–
Payments of lease liabilities to (note xi, xii)		
– fellow subsidiaries	**(15,036)**	(16,510)
– a non-controlling shareholder of a subsidiary	**(4,337)**	(2,474)
Proceeds from partial disposal of a subsidiary to an associate (note xiii)	**–**	59,276

38 RELATED PARTY TRANSACTION (CONTINUED)

(a) Sales/purchases of goods, services and investments (Continued)

Notes:

(i) The Group provided advisory and management services to COSCO-HIT Terminals (Hong Kong) Limited, a joint venture of the Group, during the year. Management fee was charged and agreed at HK$22,054,000 (equivalent to US$2,838,000) (2020: HK$22,121,000 (equivalent to US$2,851,000)) per annum.

Other management fee and service fee income charged to joint ventures, associates and an investee company were agreed between the Group and the respective parties in concern.

(ii) The terminal related service income received from fellow subsidiaries and non-controlling shareholders of subsidiaries in relation to the cargoes shipped from/to Quanzhou, Jinjiang, Xiamen, Nansha, Lianyungang, Jinzhou, Nantong and Tianjin were charged at rates by reference to rates as set out by the Ministry of Communications of the PRC.

The terminal related service income received from fellow subsidiaries in relation to the cargoes shipped from/to Piraeus Ports, Zeebrugge, Spain and Abu Dhabi were charged at rates as mutually agreed.

(iii) The fees paid to non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(iv) Electricity and fuel expenses paid to fellow subsidiaries and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(v) Handling, storage and maintenance expenses paid to fellow subsidiaries and a non-controlling shareholder of a subsidiary were charged at rates as mutually agreed.

(vi) Rental expenses for short-term and low value leases paid to a non-controlling shareholder of a subsidiary were charged at rates as mutually agreed.

(vii) Rental income received from a non-controlling shareholder of a subsidiary were charged at rates as mutually agreed.

(viii) The purchase of materials from fellow subsidiaries were conducted at terms as set out in the agreements entered into between the Group and the respective parties in concern.

(ix) Insurance expenses paid to a fellow subsidiary were charged at rates as mutually agreed.

(x) Concession fee paid to a fellow subsidiary and a non-controlling shareholder of a subsidiary were charged and mutually agreed at a variable annual concession fee based on the aggregate revenue of the terminals.

(xi) The payments of lease liabilities to fellow subsidiaries and a non-controlling shareholder of a subsidiary were charged at rates as mutually agreed.

(xii) The transactions represent continuing connected transactions which has complied with the disclosure requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (“the Listing Rules”).

(xiii) On 23 April 2020, the Company sold 6,667 shares representing 33.335% equity interests in COSCO SHIPPING Ports (Abu Dhabi) Limited, a wholly owned subsidiary of the Company, to QPI, an associate of the Group, for a consideration of US$59,276,000.

38 RELATED PARTY TRANSACTION (CONTINUED)

(b) Key management compensation

	2021 US$'000	2020 US$'000
Salaries, bonuses and other allowances	**3,606**	3,102
Contributions to retirement benefit schemes	**4**	5
Share-based payments	**143**	306
	3,753	3,413

Key management includes directors of the Company and one (2020: two) senior management members of the Group.

The emoluments of the senior management members fell within the following bands:

	Number of individuals 2021	Number of individuals 2020
Emolument bands		
US$128,658-US$257,314 (HK$1,000,001-HK$2,000,000)	**–**	1
US$257,315-US$321,643 (HK$2,000,001-HK$2,500,000)	**–**	–
US$321,644-US$385,972 (HK$2,500,001-HK$3,000,000)	**–**	–
US$385,973-US$450,302 (HK$3,000,001-HK$3,500,000)	**–**	1
US$450,303-US$514,630 (HK$3,500,001-HK$4,000,000)	**–**	–
US$514,631-US$578,959 (HK$4,000,001-HK$4,500,000)	**1**	–
	1	2

39 BUSINESS COMBINATIONS

Step acquisition from an associate to a subsidiary

On 3 December 2021, the Group completed a further acquisition of 34.99% equity interests in Tianjin Port Container Terminal Co., Ltd. ("TCT"), a terminal operating company in the PRC, for a consideration of approximately RMB1,247,710,000 (equivalent to approximately US$195,584,000). TCT became a subsidiary of the Group with 51% interest and the results of it is consolidated into the Group's financial statements commencing from the acquisition date.

Upon the step-up acquisition, the Group remeasured the fair value of its pre-existing interest in TCT at the acquisition date and recognised a gain of US$10,669,000 on the remeasurement of the Group's pre-existing interest in TCT to acquisition date fair value in the consolidated income statement.

39 BUSINESS COMBINATIONS (CONTINUED)

Step acquisition from an associate to a subsidiary (Continued)

Details of net asset acquired are as follows:

	US$'000
Purchase consideration	195,584
Fair value of pre-existing interest in TCT at the date of acquisition	89,491
Fair value of net assets acquired shown as below	(283,165)
Goodwill	1,910

The assets and liabilities of the acquired terminal operation as at the date of acquisition were as follows:

	Fair value US$'000
Property, plant and equipment	463,290
Right-of-use asset	145,582
Intangible assets	1,403
An associate	1,282
Financial assets at FVOCI	78
Deferred tax assets	1,759
Inventories	3,869
Trade and other receivables	18,106
Cash and cash equivalents	55,353
Deferred tax liabilities	(14,592)
Lease liabilities	(1,633)
Borrowings	(74,302)
Pension and retirement liabilities	(13,559)
Other long term liabilities	(504)
Trade and other payables and contract liabilities	(30,905)
Total identifiable net assets acquired	555,227
Less: non-controlling interests	(272,062)
	283,165
Purchase consideration settled in cash	(195,584)
Cash and cash equivalents in acquired terminal operation	55,353
Net cash outflow on acquisition	(140,231)

39 BUSINESS COMBINATIONS (CONTINUED)

Step acquisition from an associate to a subsidiary (Continued)

Notes:

(i) The goodwill is attributable to the anticipated profitability of the acquired business. It will not be deductible for tax purposes.

(ii) Acquired receivables

The fair value of acquired trade receivables is US$17,368,000. The gross contractual amount for trade receivables due is US$17,490,000, of which US$122,000 is expected to be uncollectible.

(iii) Non-controlling interests

The Group recognises the non-controlling interests in TCT at its proportionate share of the acquired net identifiable assets.

(iv) Revenue and profit contribution

The acquired terminal operation contributed approximately US$14,769,000 revenue and net loss of approximately US$1,172,000 for the year ended 31 December 2021 since the date of acquisition. If the acquisitions had occurred on 1 January 2021, the Group's consolidated revenue and profit for the year ended 31 December 2021 would have increased approximately by US$178,927,000 and increased approximately by US$10,978,000.

(v) Acquisition-related costs

Acquisition-related costs of US$139,000 that were not directly attributable to the issue of acquisitions are included in administrative expenses in the consolidated income statement and in operating cash flows in the consolidated cash flow statement.

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	2021 US$'000	2020 US$'000
Assets			
Non-current assets			
Property, plant and equipment		**2,800**	2,655
Subsidiaries		**5,291,917**	5,223,807
Amounts due from subsidiaries		**140,331**	57,526
		5,435,048	5,283,988
Current assets			
Other receivables		**1,197**	733
Amounts due from subsidiaries		**439,272**	667,152
Amount due from an associate		**562**	–
Amount due from a fellow subsidiary		**1,187**	–
Cash and cash equivalents		**414,612**	730,586
		856,830	1,398,471
Total assets		**6,291,878**	6,682,459

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

	Note	**2021 US$'000**	2020 US$'000
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**42,574**	42,574
Reserves	(a)	**4,518,140**	4,571,663
Total equity		**4,560,714**	4,614,237
Liabilities			
Non-current liabilities			
Long term borrowings		**468,230**	950,643
Current liabilities			
Current portion of long term borrowings		**482,037**	154,862
Short term borrowings		**213,238**	–
Other payables		**22,764**	23,996
Current tax liabilities		**30,783**	15,015
Amounts due to subsidiaries		**514,112**	923,706
		1,262,934	1,117,579
Total liabilities		**1,731,164**	2,068,222
Total equity and liabilities		**6,291,878**	6,682,459

On behalf of the Board

FENG Boming
Executive Director and Chairman of the Board

ZHANG Dayu
Executive Director and Managing Director

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note: (a) Reserve movement of the Company

	Share premium US$'000	Contributed surplus (note) US$'000	Share option reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2021	**1,917,156**	**414,214**	**5,352**	**2,234,941**	**4,571,663**
Profit for the year	**–**	**–**	**–**	**90,368**	**90,368**
Fair value of share options granted	**–**	**–**	**1,186**	**–**	**1,186**
Dividends paid to equity holders of the Company					
– 2020 second interim	**–**	**–**	**–**	**(74,793)**	**(74,793)**
– 2021 first interim	**–**	**–**	**–**	**(70,284)**	**(70,284)**
At 31 December 2021	**1,917,156**	**414,214**	**6,538**	**2,180,232**	**4,518,140**
Representing:					
Reserves	**1,917,156**	**414,214**	**6,538**	**2,108,621**	**4,446,529**
2021 second interim dividend declared	**–**	**–**	**–**	**71,611**	**71,611**
At 31 December 2021	**1,917,156**	**414,214**	**6,538**	**2,180,232**	**4,518,140**
At 1 January 2020	1,838,778	414,214	3,467	2,260,625	4,517,084
Profit for the year	–	–	–	105,576	105,576
Issue of shares on settlement of scrip dividends	78,378	–	–	–	78,378
Fair value of share options granted	–	–	1,885	–	1,885
Dividends paid to equity holders of the Company					
– 2019 final	–	–	–	(64,125)	(64,125)
– 2020 interim	–	–	–	(67,135)	(67,135)
At 31 December 2020	1,917,156	414,214	5,352	2,234,941	4,571,663
Representing:					
Reserves	1,917,156	414,214	5,352	2,160,148	4,496,870
2020 second interim dividend declared	–	–	–	74,793	74,793
At 31 December 2020	1,917,156	414,214	5,352	2,234,941	4,571,663

Note:

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued share capital and the net asset value of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders.

41 DETAILS OF SUBSIDIARIES

Details of the subsidiaries as at 31 December 2021 are as follows:

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest 2021	Group equity interest 2020
2	Cheer Dragon Investment Limited	Hong Kong	Hong Kong	Investment holding	HK$3 divided into 3 ordinary shares	**66.67%**	66.67%
2, 3	China Shipping Terminal Development Co., Limited	PRC	PRC	Investment holding	RMB11,150,131,586	**100.00%**	100.00%
1	COSCO Pacific Limited	British Virgin Islands	Hong Kong	Provision of treasury services	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO Ports (Nansha) Limited	British Virgin Islands	British Virgin Islands	Investment holding	10,000 ordinary shares of US$1 each	**66.10%**	66.10%
5	COSCO SHIPPING Ports (Abu Dhabi) Limited	British Virgin Islands	Hong Kong	Investment holding	US$20,000 divided into 20,000 ordinary shares	**44.45%**	44.45%
1, 2	COSCO SHIPPING Ports (Abu Dhabi CFS) Limited	British Virgin Islands	British Virgin Islands	Investment holding	US$1 divided into 1 ordinary share	**100.00%**	100.00%
1	COSCO SHIPPING Ports (ACT) Limited	British Virgin Islands	Hong Kong	Investment holding	40,000,001 ordinary shares of US$40,000,001	**100.00%**	100.00%
2	COSCO SHIPPING Ports (Antwerp) NV	Belgium	Belgium	Investment holding	Euro61,500 divided into 2 shares with no face value	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Belgium) Limited	Hong Kong	Hong Kong	Investment holding	HK$1 divided into 1 ordinary share and US$7,000,000 divided into 7,000,000 ordinary shares	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Chancay) Limited	British Virgin Islands	British Virgin Islands	Investment holding	US$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (CHT) Limited	British Virgin Islands	British Virgin Islands	Investment holding	2 ordinary shares of US$1 each	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Dalian) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Dalian RoRo) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Fangchenggang) Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Greece) S.à r.l.	Luxembourg	Luxembourg	Investment holding	Euro512,500 divided into 20,500 shares of Euro25 each	**100.00%**	100.00%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest 2021	2020
1	COSCO SHIPPING Ports (Istanbul) Limited	Hong Kong	Hong Kong	Investment holding	HK$1 divided into 1 ordinary share	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Jinjiang) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Nansha) Supply Chain Company Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Nantong) Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Ningbo) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Port Said) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Pudong) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Quanzhou) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Rotterdam) Limited	Hong Kong	Hong Kong	Investment holding	HK$1 divided into 1 ordinary share	**51.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Singapore) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Spain) Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
	COSCO SHIPPING Ports (Spain) Holdings, S.L.	Spain	Spain	Investment holding	23,147,944 ordinary shares of Euro1 each	**51.00%**	51.00%
	COSCO SHIPPING Ports (Spain) Terminals, S.L.U.	Spain	Spain	Investment holding	36,250,000 ordinary shares of Euro1 each	**51.00%**	51.00%
1	COSCO SHIPPING Ports (Tianjin) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2, 4	COSCO SHIPPING Ports (Tianjin Euroasia) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**–**	100.00%
1	COSCO SHIPPING Ports (Vado) Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares and Euro17,000,000 into 17,000,000 ordinary shares	**100.00%**	100.00%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest 2021	2020
1, 2	COSCO SHIPPING Ports (Xiamen) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Yangshan) Limited	British Virgin Islands	British Virgin Islands	Inactive	1 ordinary share of US$1 each	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Yantian) Limited	British Virgin Islands	British Virgin Islands	Investment holding	50,000 ordinary shares of US$1 each	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Yingkou) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Zeebrugge CFS) Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
	COSCO SHIPPING Ports Chancay Peru S.A.	Peru	Peru	Operation of terminals	698,520,318 ordinary shares of Sol 1 each	**60.00%**	60.00%
1	COSCO SHIPPING Ports Development Co., Limited	Hong Kong	Hong Kong	Investment holding	HK$15,120,435,795 divided into 5,679,542,725 ordinary shares	**100.00%**	100.00%
1	COSCO SHIPPING Ports Finance (2013) Company Limited	British Virgin Islands	Hong Kong	Financing	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports Finance (2018) Company Limited	British Virgin Islands	British Virgin Islands	Inactive	US$1 divided into 1 ordinary share	**100.00%**	100.00%
1, 2, 3	COSCO SHIPPING Ports Investments (Shanghai) Co., Ltd.	PRC	PRC	Investment holding	US$147,000,000	**100.00%**	100.00%
1	COSCO SHIPPING Ports Management Company Limited	Hong Kong	Hong Kong	Provision of management services	HK$2 divided into 2 ordinary shares	**100.00%**	100.00%
	CSP Abu Dhabi CFS Limited	Abu Dhabi Free Zone, United Arab Emirates	Abu Dhabi Free Zone, United Arab Emirates	Operation of container freight station	150 ordinary shares of AED1,000 each	**100.00%**	100.00%
	CSP Abu Dhabi Terminal L.L.C.	Abu Dhabi, United Arab Emirates	Abu Dhabi, United Arab Emirates	Operation of terminals	150,000 ordinary shares of AED1 each	**40.00%**	40.00%
	CSP Guinea Terminal Management SARL	Guinea	Guinea	Provision of management services	9,300 ordinary shares of GNF1,000,000 each	**100.00%**	100.00%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest	
						2021	2020
	CSP Iberian Bilbao Terminal, S.L.	Spain	Spain	Operation of container terminals	30,694,951 ordinary shares of Euro0.43 each	**39.51%**	39.51%
	CSP Iberian Rail Services, S.L.U.	Spain	Spain	Provision of rail terminals services	7,160,000 ordinary shares of Euro1 each	**51.00%**	51.00%
	CSP Iberian Valencia Terminal, S.A.U.	Spain	Spain	Operation of container terminals	170,912,783 ordinary shares of Euro0.29 each	**51.00%**	51.00%
	CSP Iberian Zaragoza Rail Terminal, S.L.	Spain	Spain	Operation of rail terminals	3,000 ordinary shares of Euro1 each	**30.60%**	30.60%
	CSP Zeebrugge Terminal NV	Belgium	Belgium	Operation of container terminals	3,500,001 ordinary shares of Euro10 each	**85.45%**	85.45%
	CSP Zeebrugge CFS NV	Belgium	Belgium	Operation of freight station	Euro4,062,000 divided into 81,895 ordinary shares	**100.00%**	100.00%
1	Golden Creation Development Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
1	Grand Dragon Investment Enterprise Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	–
2, 3	Guangzhou South China Oceangate Container Terminal Company Limited	PRC	PRC	Operation of container terminals	RMB1,928,293,400	**39.00%**	39.00%
2	Guangzhou Nansha CSP Supply Co., Ltd.	PRC	PRC	Logistics	RMB200,000,000	**100.00%**	100.00%
2, 3	Jinjiang Pacific Ports Development Co., Ltd.	PRC	PRC	Operation of terminals	US$49,900,000	**80.00%**	80.00%
2, 3	Jinzhou New Age Container Terminal Co., Ltd.	PRC	PRC	Operation of terminals	RMB320,843,634	**51.00%**	51.00%
2, 3	Lianyungang New Oriental International Terminals Co., Ltd.	PRC	PRC	Operation of terminals	RMB470,000,000	**55.00%**	55.00%
	Maltransinter, S.A.U.	Spain	Spain	Inactive	14,000 ordinary shares of Euro1,000 each	**51.00%**	51.00%
2, 3	Nantong Tonghai Port Co., Ltd.	PRC	PRC	Operation of terminals	RMB790,000,000	**51.00%**	51.00%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest 2021	2020
1	Navigator Investco Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000, and US$80,605,443.36 divided into 2,000 ordinary shares and Euro 38,408,291.67 divided into 490 ordinary shares	**51.00%**	51.00%
1	Nice Grand Development Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
1	Ocean Bridge International Ports Management Company Limited	Hong Kong	Hong Kong	Provision of management and consultancy services	HK$1,000,000 divided into 1,000,000 ordinary shares	**51.00%**	51.00%
1	Piraeus Container Terminal Single Member S.A.	Greece	Greece	Operation of container terminals	Euro77,299,800	**100.00%**	100.00%
2, 3	Quan Zhou Pacific Container Terminal Co., Ltd.	PRC	PRC	Operation of terminals	US$80,770,000	**82.35%**	82.35%
1	Sound Joyce Enterprises Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
1	Sagtransinter, S.L.U	Spain	Spain	Inactive	13,631,405 ordinary shares of Euro1 each	**51.00%**	51.00%
2, 3	Shanghai China Shipping Terminal Development Co., Ltd.	PRC	PRC	Investment holding	RMB7,322,000,000	**100.00%**	100.00%
1	Taicang Container Terminals Holdings Limited	British Virgin Islands	British Virgin Islands	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
2, 3, 6	Tianjin Port Container Terminal Co., Ltd.	PRC	PRC	Operation of terminals	RMB2,408,312,700	**51.00%**	N/A
2, 3	Wuhan CSP Terminal Company Limited	PRC	PRC	Operation of terminals	RMB557,715,526	**84.94%**	70.00%
2.3	Xiamen CSP Supply Chain Co., Limited	PRC	PRC	Logistics	RMB68,000,000	**100.00%**	100.00%
2, 3	Xiamen Ocean Gate Container Terminal Co., Ltd.	PRC	PRC	Operation of container terminals	RMB1,813,680,000	**70.00%**	70.00%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

Notes:

1 Shares held directly by the Company.

2 Subsidiaries not audited by PricewaterhouseCoopers.

3 China Shipping Terminal Development Co., Limited, COSCO SHIPPING Ports Investments (Shanghai) Co., Ltd. and Xiamen CSP Supply Chain Co. Ltd. are wholly foreign owned enterprises. Guangzhou South China Oceangate Container Terminal Company Limited, Jinjiang Pacific Ports Development Co., Ltd., Jinzhou New Age Container Terminal Co., Ltd., Lianyungang New Oriental International Terminals Co., Ltd., Quan Zhou Pacific Container Terminal Co., Ltd., Shanghai China Shipping Terminal Development Co., Ltd., CSP Wuhan Company Limited, Xiamen Ocean Gate Container Terminal Co., Ltd., Tianjin Port Container Terminal Co., Ltd. and Nantong Tonghai Port Co., Ltd. are sino-foreign equity joint ventures established in the PRC.

4 Subsidiaries sold during the year.

5 The directors of the Company considered that the Group has control over COSCO SHIPPING Ports (Abu Dhabi) Limited through its representatives on the board of directors of COSCO SHIPPING Ports (Abu Dhabi) Limited and therefore classified COSCO SHIPPING Ports (Abu Dhabi) Limited as a subsidiary as at 31 December 2021 and 2020.

6 Tianjin Port Container Terminal Co., Ltd. was reclassified from an associate to a subsidiary due to further acquisition during the year (note 39).

42 DETAILS OF JOINT VENTURES

Details of the principal joint ventures as at 31 December 2021, which principally affect the results and/or net assets of the Group, are as follows:

Name	Place of incorporation/ establishment	Principal activities	Paid-up capital	Percentage of interest in ownership/voting power/profit sharing	
				2021	2020
Asia Container Terminals Holdings Limited	Cayman Islands	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**20.00%**	20.00%
Conte-Rail, S.A.	Spain	Operation of rail terminals	45,000 ordinary shares of Euro34.3 each	**25.50%**	25.50%
COSCO-HIT Terminals (Hong Kong) Limited	Hong Kong	Operation of container terminals	HK$20 divided into 2 "A" ordinary shares HK$20 divided into 2 "B" ordinary shares HK$40 divided into 4 non-voting 5% deferred shares	**50.00%**	50.00%
COSCO-HPHT ACT Limited (note i)	British Virgin Islands	Investment holding	1,000 ordinary shares of US$1 each	**50.00%**	50.00%
COSCO-PSA Terminal Private Limited	Singapore	Operation of container terminals	SGD286,213,000	**49.00%/ 50.00%/ 49.00%**	49.00%/ 50.00%/ 49.00%
Dalian Dagang China Shipping Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB7,500,000	**35.00%**	35.00%
Euro-Asia Oceangate S.à.r.l. (note ii)	Luxembourg	Investment holding	US$40,000	**40.00%**	40.00%
Lianyungang Port Railway International Container Multimodal Transport Co., Ltd.	PRC	Logistics	RMB3,400,000	**30.00%**	30.00%
Nansha Stevedoring Corporation Limited of Port of Guangzhou	PRC	Operation of container terminals	RMB1,260,000,000	**40.00%**	40.00%

42 DETAILS OF JOINT VENTURES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities	Paid-up capital	Percentage of interest in ownership/voting power/profit sharing 2021	2020
Ningbo Yuan Dong Terminals Limited	PRC	Operation of container terminals	RMB2,500,000,000	**20.00%**	20.00%
Piraeus Consolidation and Distribution Centre S.A.	Greece	Storage, consolidation and distribution	Euro1,000,000	**50.00%/ 60.00%/ 50.00%**	50.00%/ 60.00%/ 50.00%
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	PRC	Operation of iron ore terminal	RMB1,400,000,000	**25.00%/ 22.22%/ 25.00%**	25.00%/ 22.22%/ 25.00%
Shanghai Pudong International Container Terminals Limited	PRC	Operation of container terminals	RMB1,900,000,000	**30.00%**	30.00%
Tianjin Port Euroasia International Container Terminal Co., Ltd. (note iii)	PRC	Operation of container terminals	RMB1,260,000,000	**–**	30.00%/ 28.60%/ 30.00%
Xiamen Haicang Free Trade Port Zone Container Inspection Co., Ltd.	PRC	Container stevedoring, storage, inspection and auxiliary services	RMB10,000,000	**22.40%/ 33.33%/ 22.40%**	22.40%/ 33.33%/ 22.40%
Yingkou Container Terminals Company Limited	PRC	Operation of container terminals	RMB8,000,000	**50.00%/ 57.14%/ 50.00%**	50.00%/ 57.14%/ 50.00%
Yingkou New Century Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB40,000,000	**40.00%**	40.00%

Notes:

(i) COSCO-HPHT ACT Limited effectively holds 80% equity interest in Asia Container Terminal Limited, which engages in the operation, management and development of container terminals in Hong Kong, and is considered as a subsidiary of COSCO-HPHT ACT Limited.

(ii) Euro-Asia Oceangate S.à.r.l. effectively holds 65% equity interest in Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş., which engages in container terminal operations in Turkey, and is considered as a subsidiary of Euro-Asia Oceangate S.à.r.l.

(iii) The joint venture was sold during the year.

43 DETAILS OF ASSOCIATES

Details of the associates as at 31 December 2021, which principally affect the results and/or net assets of the Group, are as follows:

Name	Place of establishment operation	Principal activities	Issued share capital/ registered capital	Group equity interest 2021	Group equity interest 2020
Antwerp Gateway NV	Belgium	Operation of container terminals	Euro17,900,000	**20.00%**	20.00%
APM Terminals Vado Holdings B.V. (note i)	Netherlands	Investment holding	10 ordinary shares of Euro100 each	**40.00%**	40.00%
Beibu Gulf Port Co., Ltd.	PRC	Operation of terminals	RMB1,634,616,854	**10.66%**	10.65%
COSCO Shipping Terminals (USA) LLC	USA	Investment holding	US$200,000	**40.00%**	40.00%
Dalian Automobile Terminal Co., Ltd.	PRC	Construction and operation of automobile terminals	RMB320,000,000	**24.00%**	24.00%
Dalian Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB3,480,000,000	**19.00%**	19.00%
Damietta International Port Company S.A.E	Egypt	Operation of container terminals	20,000,000 ordinary shares of US$10 each	**20.00%**	20.00%
Dawning Company Limited	British Virgin Islands	Investment holding	200 "A" shares of US$1 each and 800 "B" shares of US$1 each	**20.00%**	20.00%
Euromax Terminal Rotterdam B.V.	Netherlands	Operation of container terminals	65,000 "A" shares of Euro1 each and 35,000 "B" shares of Euro1 each	**17.85%**	35.00%
Fangchenggang Chisha Terminal Co., Limited	PRC	Operation of container terminals	RMB310,000,000	**20.00%**	20.00%
Global Shipping Business Network Limited (note iv)	Hong Kong	Business Network Services	US$8,000,000 divided into 8,000,000 ordinary shares	**12.50%**	–
Guangxi Beibu Gulf International Container Terminal Co., Ltd	PRC	Operation of container terminals	RMB2,371,600,000	**26.00%**	26.00%
Guangxi New Corridor International Container Terminal Co., Ltd (note v)	PRC	Operation of container terminals	RMB10,000,000	**–**	25.00%
Kao Ming Container Terminal Corp.	Taiwan	Operation of container terminals	TWD6,800,000,000	**20.00%**	20.00%
Lianyungang Xinsanly Container Service Co., Ltd	PRC	Container inspection and auxiliary services	RMB1,000,000	**22.00%**	22.00%
Ningbo Meishan Bonded Port New Harbour Terminal Operating Co., Ltd.	PRC	Operation of container terminals	RMB200,000,000	**20.00%**	20.00%
Qingdao Port International Co., Ltd	PRC	Operation of container terminals	RMB6,036,724,000	**19.79%**	19.79%
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB400,000,000	**30.00%**	30.00%

43 DETAILS OF ASSOCIATES (CONTINUED)

Name	Place of establishment operation	Principal activities	Issued share capital/ registered capital	Group equity interest 2021	2020
Red Sea Gateway Terminal Company Limited (note vi)	Kingdom of Saudi Arabia	Operation of container terminals	SAR555,207,000	**20.00%**	–
Servicios Intermodales Bilbaoport, S.L. (note ii)	Spain	Container storage and transportation	860,323 ordinary shares of Euro0.57 each	**5.53%**	5.53%
Shanghai Mingdong Container Terminals Limited	PRC	Operation of container terminals	RMB4,000,000,000	**20.00%**	20.00%
Sigma Enterprises Limited (note iii)	British Virgin Islands	Investment holding	2,005 "A" shares of US$1 each and 8,424 "B" shares of US$1 each	**16.49%**	16.49%
Suez Canal Container Terminal S.A.E.	Egypt	Operation of container terminals	1,856,250 ordinary shares of US$100 each	**20.00%**	20.00%
Taicang International Container Terminal Co., Ltd.	PRC	Operation of terminals	RMB450,800,000	**39.04%**	39.04%
Tianjin Port Container Terminal Co., Ltd (note vii)	PRC	Operation of container terminals	RMB2,408,312,700	**N/A**	16.01%
Tianjin Shengang Container Technological Development Services Co., Ltd.	PRC	Container handling	RMB3,000,000	**16.83%**	N/A
Wattrus Limited (note iii)	British Virgin Islands	Investment holding	32 "A" shares of US$1 each and 593 "B" shares of US$1 each	**5.12%**	5.12%

Notes:

(i) APM Terminals Vado Holdings B.V. holds 100% equity interest in Reefer Terminal S.p.A. and Vado Gateway S.p.A., which engages in container terminal operations in Italy, and are considered as subsidiaries of APM Terminals Vado Holdings B.V.

(ii) The directors of the Company considered that the Group has significant influence over Servicios Intermodales Bilbaoport, S.L. through its representatives on the board of directors of the company with 16.67% voting rights and therefore classified it as an associate as at 31 December 2021 and 2020.

(iii) The directors of the Company considered that the Group has significant influence over Sigma and Wattrus through its representatives on the boards of directors of Sigma and Wattrus with 20% voting rights respectively and therefore classified Sigma and Wattrus as associates as at 31 December 2021 and 2020.

(iv) The associate was newly set up during the year.

(v) The associate was dissolved during the year.

(vi) In July 2021, the Group acquired 20.00% equity interest in Red Sea Gateway Terminal Company Limited and attained significant influence through its voting right on the boards of directors of the Company.

(vii) Tianjin Port Container Terminal Co., Ltd. was reclassified from an associate to a subsidiary due to further acquisition during the year (note 39).

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenues	**1,208,252**	1,000,629	1,027,658	1,000,350	634,710
Operating profit after finance income and costs	**171,075**	135,857	116,062	147,514	409,290
Share of profits less losses of					
– joint ventures	**83,195**	78,219	86,359	90,969	86,531
– associates	**246,195**	194,501	181,095	201,483	150,037
Profit before taxation	**500,465**	408,577	383,516	439,966	645,858
Taxation	**(94,669)**	(34,967)	(33,566)	(66,042)	(94,709)
Profit for the year	**405,796**	373,610	349,950	373,924	551,149
Profit attributable to:					
Equity holders of the Company	**354,652**	347,474	308,017	324,583	512,454
Non-controlling interests	**51,144**	26,136	41,933	49,341	38,695
	405,796	373,610	349,950	373,924	551,149
Dividends	**141,895**	141,928	124,194	130,516	91,370
Basic earnings per share (US cents)	**10.70**	10.81	9.82	10.58	16.93
Dividend per share (US cents)	**4.280**	4.324	3.928	4.232	3.000

	As at 31 December				
	2021	2020	2019	2018	2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Total assets	**12,033,310**	11,224,345	10,476,518	9,045,452	8,954,080
Total liabilities	**(5,092,671)**	(4,847,119)	(4,711,313)	(3,225,802)	(3,108,706)
Net assets	**6,940,639**	6,377,226	5,765,205	5,819,650	5,845,374

Notes:

1 The consolidated results of the Group for the year ended 31 December 2021 and the assets and liabilities of the Group as at 31 December 2021 have been extracted from the audited consolidated financial statements of the Group as set out on pages 126 to 133 of the annual report.

2 The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) on 26 July 1994.

HISTORICAL STATISTICS SUMMARY

Financial statistics		2012	2013	2014
Consolidated income statement	US$M			
Revenue				
Terminals		398.5	452.2	514.7
Container leasing, management, sale and related businesses		336.2	347.7	357.1
Container handling, transportation and storage		3.7	2.9	2.3
Elimination of inter-segment		(2.9)	(4.2)	(4.0)
Total		735.5	798.6	870.1
EBITDA		618.3	1,007.7	610.4
Depreciation & amortisation		(167.9)	(190.5)	(211.7)
EBIT		450.4	817.2	398.7
Interest expenses		(77.3)	(84.5)	(72.5)
Interest income		9.2	18.1	25.7
Profit before taxation		382.3	750.8	351.9
Operating profit after finance income and costs		159.3	180.4	180.7
Profit attributable to equity holders of the Company		342.2	702.7	292.8
Breakdown of profit attributable to equity holders of the Company				
Terminals and related businesses		189.0	186.8	221.0
Container leasing, management, sale and related businesses		139.5	125.2	95.8
Container manufacturing and related businesses		61.9	416.5	–
Net corporate finance income/(costs)		(1.9)	10.7	32.0
Net corporate expenses		(46.3)	(36.5)	(56.0)
Total		342.2	702.7	292.8
Consolidated balance sheet				
Consolidated total assets		7,363.9	7,551.3	7,616.7
Consolidated total liabilities		3,146.5	2,707.8	2,558.0
Consolidated net assets		4,217.4	4,843.5	5,058.7
Consolidated total debts		2,601.7	2,046.2	1,860.2
Consolidated cash balances		849.3	1,237.6	1,116.5
Consolidated net debts		1,752.4	808.6	743.7
Per share data				
Capital and reserves attributable to the equity holders of the Company per share	US$	1.42	1.56	1.61
Basic earnings per share	US cents	12.51	24.95	10.01
Dividend per share	US cents	5.004	9.980	4.004
Net asset value per share	US$	1.51	1.66	1.72
Net asset value per share	HK$	11.732	12.895	13.342
Share price (as at 31 December)	US$	1.424	1.372	1.421
	HK$	11.04	10.64	11.02
Ratios				
P/E (as at 31 December)	Times	11.4	5.5	14.2
Dividend payout ratio	%	40.0	40.0	40.0
Return on total assets	%	4.9	9.4	3.9
Return on net assets	%	8.5	15.5	5.9
Return on equity holders of the Company	%	9.0	16.5	6.3
Net debt-to-equity ratio	%	41.6	16.7	14.7
Interest coverage	Times	5.9	9.9	5.9
Other information				
Total number of shares issued (as at 31 December)	M	2,786.1	2,912.3	2,940.4
Weighted average number of ordinary shares issued	M	2,735.1	2,816.2	2,924.9
Market capitalisation (as at 31 December)	US$M	3,968.5	3,996.4	4,178.3

Notes:
1 The amount in 2016 included a conditional special cash dividend of HK80.0 cents (equivalent to US10.317 cents) per share.
2 The financial figures for the year 2012 to 2014 were extracted from the 2015 annual report. No retrospective adjustment for the common control combinations during the year were made on the financial figures for the year 2012 to 2014. No separate disclosures of continuing operations and discontinued operations were made on the financial figures for the year 2012 to 2014.
3 The conditional special cash dividend of HK80.0 cents (equivalent to US10.317 cents) per share was excluded in the calculation of dividend payout ratio of the year 2016.
4 One-off exceptional items related to the completion of the subscription of non-circulating domestic shares in QPI and the disposal of equity interests in Qingdao Qianwan Container Terminal Co., Ltd. was excluded in the calculation of dividend layout ratio of the year 2017.

Historical Statistics Summary

2015 (Restated)	2016	2017	2018	2019	2020	**2021**
547.3	553.9	634.7	1,000.4	1,027.7	1,000.6	**1,208.3**
–	–	–	–	–	–	**–**
2.9	2.5	–	–	–	–	**–**
–	–	–	–	–	–	**–**
550.2	556.4	634.7	1,000.4	1,027.7	1,000.6	**1,208.3**
463.6	393.4	796.0	652.8	670.1	708.9	**826.8**
(98.0)	(98.5)	(106.8)	(147.1)	(190.1)	(200.4)	**(226.1)**
365.6	294.9	689.2	505.7	480.0	508.5	**600.7**
(54.7)	(52.1)	(56.0)	(78.0)	(108.9)	(114.6)	**(111.5)**
22.2	14.8	12.7	12.3	12.4	14.7	**11.3**
333.1	257.6	645.9	440.0	383.5	408.6	**500.5**
112.0	57.4	409.3	147.5	116.1	135.9	**171.1**
429.3	247.0	512.5	324.6	308.0	347.5	**354.7**
286.6	242.9	573.3	364.0	354.0	387.9	**449.5**
82.8	66.1	–	–	–	–	**–**
79.2	–	–	–	–	–	**–**
27.7	8.0	2.8	(10.4)	(14.7)	(13.8)	**(18.3)**
(47.0)	(70.0)	(63.6)	(29.0)	(31.3)	(26.6)	**(76.5)**
429.3	247.0	512.5	324.6	308.0	347.5	**354.7**
8,860.6	6,786.5	8,954.1	9,045.5	10,476.5	11,224.3	**12,033.3**
2,593.5	2,020.7	3,108.7	3,225.8	4,711.3	4,847.1	**5,092.7**
6,267.1	4,765.8	5,845.4	5,819.7	5,765.2	6,377.2	**6,940.6**
2,087.0	1,503.0	2,334.3	2,479.9	2,916.5	3,047.7	**3,219.6**
924.2	837.1	566.4	606.7	957.5	1,341.5	**1,260.1**
1,162.8	665.9	1,767.9	1,873.2	1,959.0	1,706.2	**1,959.5**
1.97	1.44	1.70	1.66	1.58	1.67	**1.75**
14.58	8.30	16.93	10.58	9.82	10.81	**10.70**
5.148	13.637[note 1]	3.000	4.232	3.928	4.324	**4.280**
2.11	1.58	1.91	1.87	1.82	1.92	**2.09**
16.373	12.254	14.879	14.643	14.200	14.913	**16.325**
1.102	1.005	1.0448	0.9830	0.8192	0.6953	**0.8682**
8.54	7.79	8.13	7.70	6.38	5.39	**6.77**
7.6	12.1	6.17	9.29	8.34	6.43	**8.12**
40.0	40.0[note 3]	40.0[note 4]	40.0	40.0	40.0	**40.0**
5.2	3.2	6.5	3.6	3.2	3.2	**3.0**
7.6	4.5	9.7	5.6	5.3	5.7	**5.3**
8.1	4.8	10.7	6.3	6.1	6.6	**6.2**
18.6	14.0	30.2	32.2	34.0	26.8	**28.2**
7.1	5.9	12.5	6.6	4.5	4.6	**5.5**
2,966.6	3,016.0	3,057.1	3,113.1	3,162.0	3,315.3	**3,315.3**
2,945.4	2,976.4	3,027.4	3,067.5	3,135.1	3,213.5	**3,315.3**
3,268.9	3,029.6	3,194.0	3,060.3	2,590.4	2,305.0	**2,878.2**

Operational statistics		2012	2013	2014
Container throughput	TEU			
COSCO-HIT Terminal		1,683,748	1,639,275	1,639,995
Yantian Terminal		10,666,758	10,796,113	11,672,798
Zhangjiagang Win Hanverky Terminal		1,228,935	1,374,596	798,773
Shanghai Pudong Terminal		2,151,297	2,246,026	2,373,620
Qingdao Qianwan Terminal		14,045,503	14,981,635	16,108,145
COSCO-PSA Terminal		1,232,954	1,048,846	1,311,747
Yangzhou Yuanyang Terminal		401,003	449,849	481,704
Yingkou Container Terminal		1,600,094	1,716,106	1,716,128
Nanjing Longtan Terminal		2,035,617	2,400,370	2,495,608
Dalian Port Terminal		2,216,353	2,732,174	2,732,136
Tianjin Five Continents Terminal		2,180,184	2,300,918	2,569,695
Antwerp Terminal		1,101,163	1,370,609	1,727,116
Quan Zhou Pacific Terminal		1,201,279	1,090,660	1,160,480
Guangzhou South China Oceangate Terminal		4,230,574	4,449,311	4,647,266
Ningbo Yuan Dong Terminal		2,402,554	2,806,406	3,214,703
Suez Canal Terminal		2,863,167	3,124,828	3,400,397
Jinjiang Pacific Terminal		358,836	418,242	467,610
Piraeus Terminal		2,108,090	2,519,664	2,986,904
Tianjin Euroasia Terminal		1,705,667	1,803,407	2,004,170
Xiamen Ocean Gate Terminal		271,449	609,393	806,183
Kao Ming Terminal		–	1,170,704	1,333,226
Taicang Terminal		–	235,759	538,304
Asia Container Terminal		–	–	1,139,414
International Terminal Dalian		–	–	–
Dagang Terminal		–	–	–
Yingkou New Century Terminal		–	–	–
Jinzhou New Age Terminal		–	–	–
Qinhuangdao New Harbour Terminal		–	–	–
Shanghai Mingdong Terminal		–	–	–
Lianyungang New Oriental Terminal		–	–	–
Guangzhou Nansha Stevedoring Terminal		–	–	–
Qinzhou International Terminal		–	–	–
CSP Zeebrugge Terminal		–	–	–
Seattle Terminal		–	–	–
Busan Terminal		–	–	–
Kumport Terminal		–	–	–
Euromax Terminal		–	–	–
CSP Spain Related Companies		–	–	–
Vado Reefer Terminal		–	–	–
QPI		–	–	–
Dalian Container Terminal		–	–	–
Tianjin Container Terminal		–	–	–
Nantong Tonghai Terminal		–	–	–
CSP Abu Dhabi Terminal		–	–	–
Beibu Gulf Terminal		–	–	–
Beibu Gulf Port		–	–	–
Red Sea Gateway Terminal		–	–	–
Vado Gateway S.P.A.		–	–	–
Total		55,685,225	61,284,891	67,326,122

2015 (Restated)	2016	2017	2018	2019	2020	**2021**
1,575,858	1,343,859	1,920,597	1,794,152	1,688,454	1,699,256	**1,442,221**
12,165,687	11,696,492	12,703,733	13,159,705	13,069,120	13,348,546	**14,161,034**
672,295	675,062	735,918	761,849	657,849	48,008	**–**
2,508,121	2,556,220	2,650,396	2,602,151	2,550,390	2,443,406	**2,600,511**
16,995,934	17,499,703	–	–	–	–	**–**
1,526,328	1,809,428	2,044,536	3,198,874	5,011,091	5,090,751	**4,727,146**
482,106	454,104	489,108	500,340	500,599	31,841	**–**
1,560,138	1,586,108	1,496,050	1,338,535	1,200,159	1,258,502	**1,129,894**
2,633,753	2,773,005	2,881,008	2,930,391	3,000,506	–	**–**
2,495,053	2,683,879	2,604,631	–	–	–	**–**
2,570,233	2,571,772	2,580,943	2,708,817	1,906,220	–	**–**
2,015,306	1,922,281	2,166,096	2,230,418	2,109,308	2,270,425	**2,202,433**
1,221,692	1,308,652	1,384,479	1,559,899	1,588,589	1,332,207	**1,255,347**
4,486,627	4,781,665	5,056,257	5,164,923	5,624,830	5,753,628	**5,902,426**
3,040,762	2,536,182	2,980,839	3,060,010	3,010,164	3,103,386	**3,040,534**
2,954,080	2,547,597	2,528,647	2,609,978	3,161,084	3,783,388	**3,648,393**
347,226	364,255	495,993	425,533	498,846	443,748	**323,043**
3,034,428	3,470,981	3,691,815	4,409,205	5,158,626	4,896,886	**4,696,265**
2,032,389	2,232,973	2,469,753	2,717,331	2,860,127	3,060,267	**3,197,096**
1,034,753	1,131,197	1,501,001	1,968,613	2,061,341	2,070,159	**2,541,035**
1,525,359	1,728,922	1,698,187	1,745,673	1,635,045	1,599,548	**2,030,360**
539,771	513,296	520,799	561,212	403,307	400,095	**488,186**
1,252,815	1,088,891	1,568,298	1,465,047	1,378,737	1,387,558	**1,630,901**
2,826,893	3,182,368	2,828,933	–	–	–	**–**
15,971	21,094	24,582	22,047	22,006	21,003	**20,300**
1,850,064	1,870,076	1,515,057	1,413,894	1,180,410	1,342,018	**1,174,719**
351,773	449,016	571,113	710,746	770,037	722,981	**735,208**
500,879	515,482	559,330	584,701	617,257	621,862	**641,336**
5,668,946	5,900,056	6,500,062	6,252,083	6,160,365	6,246,932	**6,845,534**
3,525,770	3,100,243	2,872,563	2,876,355	2,819,448	1,089,116	**1,009,674**
5,757,635	5,786,311	5,800,302	5,805,069	5,708,189	5,709,482	**5,705,106**
920,737	1,138,057	1,357,005	1,371,051	1,638,621	1,599,524	**–**
268,261	277,363	316,448	392,484	483,601	609,277	**931,447**
128,332	151,534	188,455	167,824	204,068	248,370	**292,473**
–	2,084,592	3,554,512	3,758,277	3,765,904	3,759,210	**3,809,888**
–	665,398	1,063,335	1,258,294	1,281,850	1,217,240	**1,248,131**
–	653,808	2,693,337	3,054,115	2,792,987	2,454,617	**2,658,175**
–	–	554,028	3,622,200	3,585,276	3,387,820	**3,621,188**
–	–	39,455	66,565	54,430	60,256	**67,252**
–	–	12,270,000	19,320,000	21,010,000	22,010,000	**23,710,000**
–	–	1,324,584	9,512,744	8,525,291	4,981,782	**3,584,187**
–	–	–	–	2,568,105	7,866,145	**8,642,445**
–	–	–	264,255	1,135,840	1,405,658	**1,452,334**
–	–	–	–	386,258	665,500	**697,236**
–	–	–	–	–	421,875	**–**
–	–	–	–	–	3,362,302	**6,011,800**
–	–	–	–	–	–	**1,354,374**
–	–	–	–	–	–	**56,743**
90,485,975	95,071,922	100,202,185	117,365,360	123,784,335	123,824,575	**129,286,375**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. FENG Boming[1] *(Chairman)*
Mr. ZHANG Dayu[1] *(Managing Director)*
Mr. DENG Huangjun[1]
Mr. ZHANG Wei[2]
Mr. CHEN Dong[2]
Dr. WONG Tin Yau, Kelvin[1]
Dr. FAN HSU Lai Tai, Rita[3]
Mr. Adrian David LI Man Kiu[3]
Mr. LAM Yiu Kin[3]
Prof. CHAN Ka Lok[3]
Mr. YANG Liang Yee Philip[3]

1 Executive Director
2 Non-executive Director
3 Independent Non-executive Director

GENERAL COUNSEL & COMPANY SECRETARY

Ms. HUNG Man, Michelle

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Fax: +852 2907 6088
Website: https://ports.coscoshipping.com

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered PIE Auditor
22nd Floor
Prince's Building
Hong Kong

SOLICITORS

Holman Fenwick Willan
Linklaters
Paul Hastings
Woo, Kwan, Lee & Lo

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Development Bank
China Merchant Bank
DBS Bank Ltd
Industrial and Commercial Bank of China (Asia) Limited
ING Bank N.V.

PRINCIPAL REGISTRAR AND TRANSFER OFFICE IN BERMUDA

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

BRANCH REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

LISTING INFORMATION/STOCK CODE

The Stock Exchange of Hong Kong Limited: 1199
Bloomberg: 1199HK
Reuters: 1199.HK

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Stock Code: 1199

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