



COSCO SHIPPING Ports Limited 中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1199)



**EXPANDING GLOBAL PRESENCE
AND IMPLEMENTING LEAN OPERATIONS
ACCELERATING HIGH-QUALITY
DEVELOPMENT BY INCREASING EFFICIENCY**

2022 ANNUAL REPORT

GLOBAL
NETWORK

GROWTH

EXPLORE



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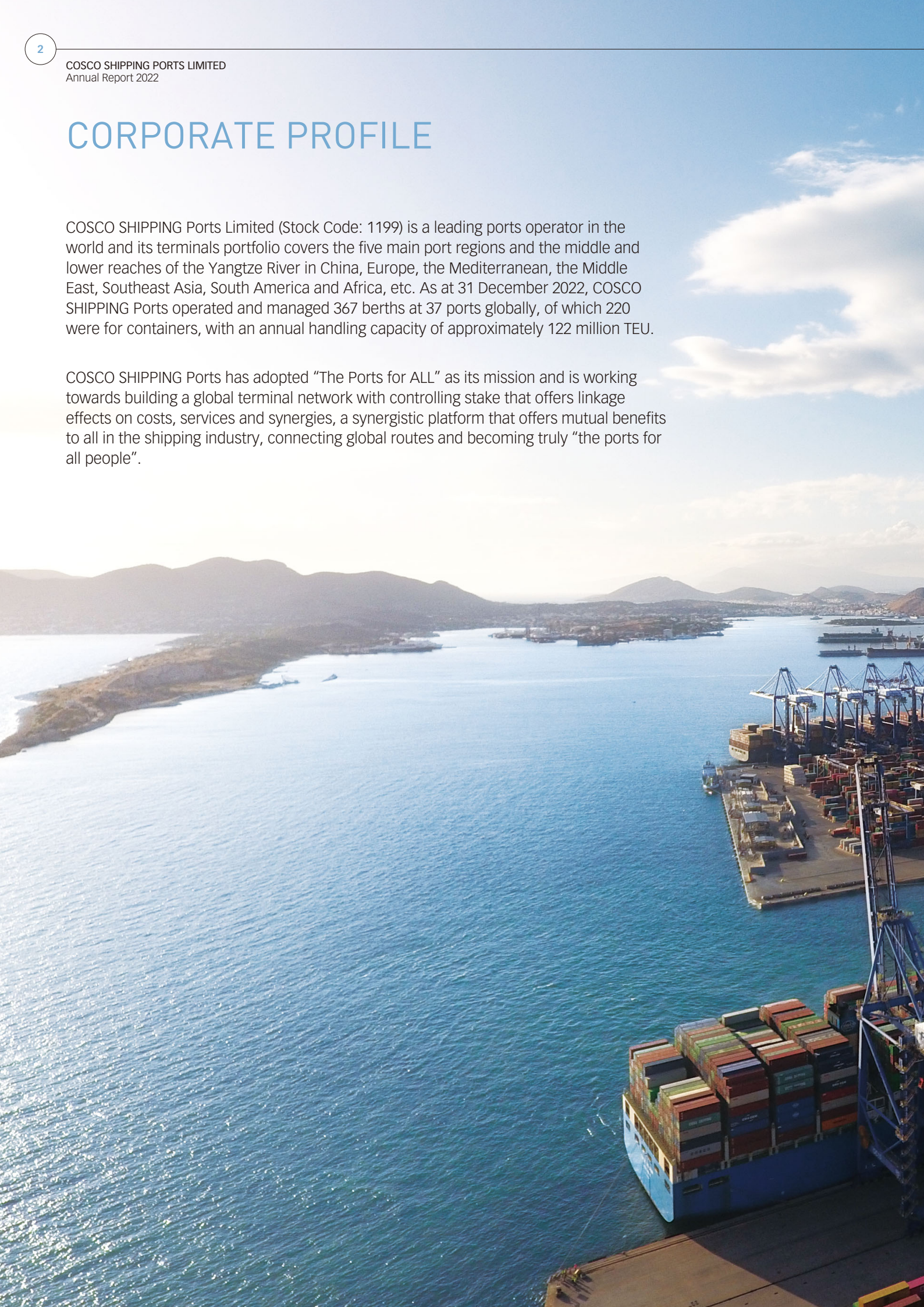
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CORPORATE PROFILE

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 and the middle and lower reaches of the Yangtze River in China, Europe, the Mediterranean, the Middle East, Southeast Asia, South America and Africa, etc. As at 31 December 2022, 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.

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”.



Corporate Profile



OUR HISTORY

1994

- Listed on the Stock Exchange of Hong Kong



1996

- Changed company name from Florens Group Limited to COSCO Pacific Limited

2016

- Changed company name to COSCO SHIPPING Ports Limited after completion of its reorganisation in March

2017

- Invested in Wuhan Yangluo Terminal and a multi-modal transportation center project
- Invested in NPH Group (now known as CSP Spain Related Companies). NPH Group was principally engaged in the businesses of the operation of two container terminals, namely CSP Valencia Terminal and CSP Bilbao Terminal, and two facilitative rail terminals
- Invested in Nantong Tonghai Terminal



2018

- Strategic investment by the Port of Zeebrugge in CSP Zeebrugge Terminal to further deepen cooperation
- Entered into a subscription agreement with Navis, for its N4 terminal operating system
- Offered concession terms by the Port of Zeebrugge for CSP Zeebrugge Terminal



Our History

2019

- CSP Zeebrugge Terminal went live with Navis N4
- Invested in CSP Chancay Terminal
- Invested in Beibu Gulf area to participate in Guangxi ports integration & further strengthen cooperation

2020

- The first batch of 5G driverless container vehicles, a joint project of COSCO SHIPPING Ports with Dongfeng Corporation and China Mobile, was officially delivered



- CSP Abu Dhabi CFS completed phase one construction, and put into operation after formal acceptance by the local government authorities
- Piraeus Terminal celebrated its first tenth year anniversary. Over the past decade, the throughput of Piraeus Terminal increased from 680,000 TEU to 4.9 million TEU, marking it a model of cooperation along the Belt and Road Initiative

2021

- 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



- COSCO SHIPPING Ports celebrated the 5th anniversary of reorganisation
- Wuhan Yangluo International Port Water-Rail Intermodal Container Transport Project commenced operation
- COSCO SHIPPING Ports successfully launched Green Finance Framework, demonstrating the Company's commitment in driving green development

2022

- COSCO SHIPPING Ports and the Port of Zeebrugge held an online signing ceremony and agreed to extend the concession of CSP Zeebrugge Terminal by 15 years to 2055
- COSCO SHIPPING Ports had been selected as constituent stock of Hang Seng Corporate Sustainability Benchmark Index

MAJOR EVENTS

JANUARY

- On 26 January, COSCO SHIPPING Ports and the Port of Zeebrugge, Belgium, held an online signing ceremony and agreed to extend the concession of CSP Zeebrugge Terminal by 15 years to 2055

FEBRUARY

- Awarded "Best Port Operator (Ports Sector)", "Best Investor Relations Company (Ports Sector)", "Most Sustainable Company (Ports Sector)" and "Best CSR Company (Ports Sector)" by International Business Magazine



MARCH

- On 3 March, CSP Abu Dhabi Terminal won three awards, namely Customer Happiness, Service Digitalisation & Process Automation, Artificial Intelligence & Big Data, at the MAFNOOD award ceremony of the Abu Dhabi Port Authority Group in the United Arab Emirates



Major Events

APRIL

- Awarded “Most Innovative Port Operator” by International Finance Magazine
- Awarded “Best Container Operator of the Year” and “Most Socially Responsible Port Operator” by Global Business Outlook Magazine
- Awarded “Best Port Operator” and “Best Investor Relations Company Hong Kong” by Finance Derivative Magazine
- “ESG Awards 2022 – Best in ESG Awards – Middle Market Capitalisation” from BDO Limited



JUNE

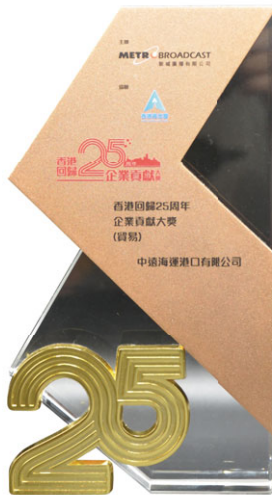
- On 15 June, CSP Wuhan Terminal entered into an operation and cooperation framework agreement on Yangluo International Port with Wuhan Port Group Co., Ltd. Yang Zhijian, Chairman of the Board and Zhu Tao, Managing Director of COSCO SHIPPING Ports, Tu Shanfeng, Chairman of the Board and Wang Xiwei, General Manager of Hubei Port Group Co., Ltd., and Liu Ning, General Manager of COSCO SHIPPING Lines (Wuhan) Co., Ltd. attended and witnessed the signing ceremony



Major Events

JULY

- The Enterprise Asset Management (EAM) system of Tianjin Container Terminal was officially launched and operated smoothly, which promoted the smart port construction and lean operation management of Tianjin Container Terminal to a higher level through the digitalisation of equipment and material management
- On 29 July, the whole "5G Smart Port 2.0" concept of COSCO SHIPPING Ports was presented at the exhibition site of the 2nd Global Digital Economy Conference in the form of a simulated sand table, and the applications including "5G+ Beidou port driverless container vehicles", "5G dedicated network in ports" allowed the audience to have a more intuitive experience of the smart ports. The "5G port machinery remote control" operation console at the exhibition site was connected to Xiamen Ocean Gate Terminal in real time through 5G technology, and the on-site terminal operation in Xiamen was completed remotely in Beijing, which brought about an immersive viewing experience to the audience
- Awarded "HKSAR 25th Anniversary Enterprise Outstanding Contribution Awards (Trade)" by Metro Broadcast



AUGUST

- On 1 August, the EAM systems of both Guangzhou South China Oceangate Terminal and CSP Wuhan Terminal under COSCO SHIPPING Ports were officially launched and operated smoothly. The global terminal equipment and material management system of COSCO SHIPPING Ports has been further centralised, integrated and standardised to a better level
- On 26 August, being the 6th anniversary of the reorganisation of COSCO SHIPPING Ports, the Company took "The Ports for ALL" as its mission and persisted with the dual drivers of "building a global terminal network" and "lean operations", focusing on "integration, digital intelligence, and green and low carbon" as its development direction
- The first sea-rail express service was officially launched by CSP Spain Related Companies. It avoids port congestion in Northwest Europe through stable freight train services and provides an alternative less time-consuming transportation option with lower carbon emission for customers
- The 5G smart port project of Tianjin Container Terminal was selected as "Top 10 5G Application Cases" by 2022 World 5G Convention and won the Second-class Award in the design competition



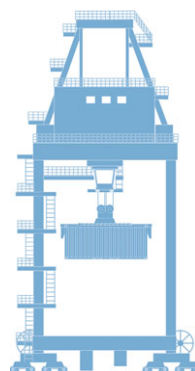
Major Events

SEPTEMBER

- COSCO SHIPPING Ports has been selected as a constituent stock of Hang Seng Corporate Sustainability Benchmark Index since 5 September
- On 8 September, the 22nd China International Fair for Investment and Trade opened in Xiamen as scheduled, and the golden key was opened again. In the exhibition area, COSCO SHIPPING Ports focused on displaying the development ideas, business models and latest progress of 5G smart ports, including 5G port machinery remote control, smart port development history, digital twin platforms, smart port sand table, VR driver simulation training, etc., to present the real scene of the port with models + digitalisation, allowing the audience to experience the port in an immersive way, and also facilitating the experience and discussion of visiting customers and partners

OCTOBER

- Awarded “Excellence Award for H Share & Red Chip Entries – Annual Reports Awards” by Hong Kong Management Association
- Awarded “Excellence Award for Cover Design of Annual Reports” in the selection of ARC Awards International



NOVEMBER

- Awarded “Best Corporate Governance and ESG Awards 2022 – Special Mention” by the Hong Kong Institute of Certified Public Accountants



DECEMBER

- As the first overseas greenfield terminal in which the Company has a controlling stake and container freight station of COSCO SHIPPING Ports, the annual throughput of CSP Abu Dhabi Terminal exceeded one million TEU for the first time in 2022. The first phase of CSP Abu Dhabi CFS accumulated a handling volume of more than 16,000 TEU since its operation in November 2021, marking its further step towards becoming a hub port in the Middle East
- On 30 December, COSCO SHIPPING Ports entered into an equity transfer agreement with Xiamen Haitou Supply Chain in relation to the acquisition of 56% equity interests in Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd. This acquisition provides a broad space for the Company to develop its port logistics extension business and enhance its competitiveness, which is of great strategic significance to the Company’s long-term development. Through the development of supply chain business, the Company is committed to building a comprehensive network of ports and logistics businesses with linkage effects, and creating a win-win sharing platform for shipping upstream and downstream industries



FINANCIAL HIGHLIGHTS

	2022 US\$	2021 US\$	Change %
Revenue	1,441,273,000	1,208,252,000	+19.3
Operating profit after finance income and finance costs	152,085,000	171,075,000	-11.1
Share of profits less losses of joint ventures and associates	308,024,000	329,390,000	-6.5
Profit attributable to equity holders of the Company	305,163,000	354,652,000	-14.0
	US cents	US cents	%
Basic earnings per share	9.08	10.70	-15.1
Dividend per share	3.632	4.280	-15.1
– First interim dividend	2.128	2.120	+0.4
– Second interim dividend	1.504	2.160	-30.4
Payout ratio	40%	40%	Not applicable
	US\$	US\$	%
Consolidated total assets	11,310,812,000	12,033,310,000	-6.0
Consolidated total liabilities	4,687,221,000	5,092,671,000	-8.0
Consolidated total equity	6,623,591,000	6,940,639,000	-4.6
Capital and reserves attributable to the equity holders of the Company	5,518,355,000	5,818,019,000	-5.2
Consolidated net debts	1,793,457,000	1,959,555,000	-8.5
	%	%	ppt
Return on equity holders of the Company	5.4	6.2	-0.8
Return on total assets	2.6	3.0	-0.4
Net debt-to-total-equity ratio	27.1	28.2	-1.1
Interest coverage	4.6 times	5.5 times	Not applicable
Dividend yield	4.6	4.9	-0.3

Financial Highlights

Five-Year Financial Summary

2018 2019 2020 2021 2022

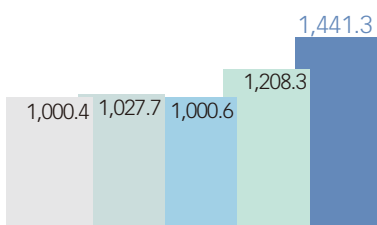
REVENUE

US\$ million

US\$

1,441.3

million



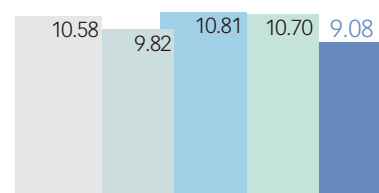
EARNINGS PER SHARE

US cents

US

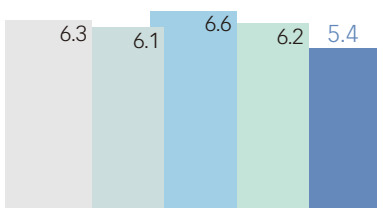
9.08

cents

RETURN ON EQUITY HOLDERS
OF THE COMPANY

%

5.4%

DIVIDEND PER SHARE AND
PAYOUT RATIO

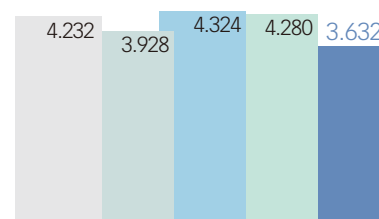
US cents

US

3.632

cents

40% 40% 40% 40% 40%

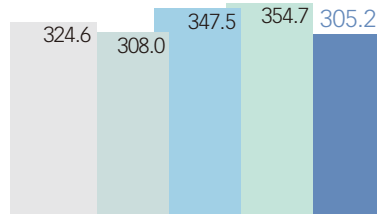
NET PROFIT ATTRIBUTABLE
TO EQUITY HOLDERS
OF THE COMPANY

US\$ million

US\$

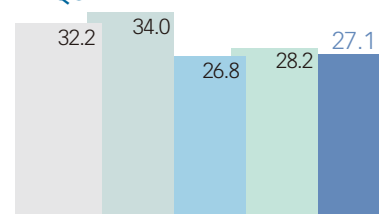
305.2

million

NET DEBT-TO-TOTAL-EQUITY
RATIO

%

27.1%



CHAIRMAN'S STATEMENT



2022 was a year during which COSCO SHIPPING Ports rose to the challenge and advanced with vigour. In the face of risks including sluggish global economic growth, high inflation and escalating geopolitical conflicts, we actively promoted the strategies of “building a global terminal network and lean operations”, and adhered to the new development path featuring “digital, smart and low-carbon transformation and integrated development”. We expanded our global business with the spirit of keeping integrity and innovation, created brand new business models with the empowerment of digital technology, and pooled together development strengths with the deep coordination of the industrial chain. We gradually developed from the accumulation of quantity to a qualitative leap, and from “point breakthrough” to “the improvement of comprehensive ability”. We have entered a sound development track characterised by “improving efficiency and quality and pursuing progress while ensuring stability”.

A stylized, handwritten signature in black ink, consisting of several fluid, connected strokes.

YANG Zhijian
Chairman

Chairman's Statement



COSCO SHIPPING Ports accelerated high-quality transformation and upgrading with a focus on the whole chain development of “shipping + ports + logistics” and on the basis of optimising its main business of ports. In the past year, the efficiency of the synergistic innovation of port and shipping has been significantly improved, great progress has been made in the building of global terminal network, new services have been introduced to digital supply chain services and remarkable results have been achieved in the construction of smart and low-carbon ports.

We actively responded to the trend of digital and smart development to set new development direction for the future and drive our innovation and upgrading. The “5G Smart Port Intelligent Cargo Loading and Unloading Demonstration Area Project” of Xiamen Ocean Gate Terminal was granted the winner award under the category of technological innovation and application of BRICS Solutions for Sustainable

Development Goals Awards 2022. The “World’s First Automatic Upgrading and Reconstruction of Traditional Terminal Project” of Tianjin Container Terminal was selected as one of the 2022 “World 5G Convention Top 10 Application Cases”, and provided a “Chinese solution” for the smart upgrading and reconstruction of traditional terminals.

Meanwhile, driven by data, guided by capability and supported by management and services, we put efforts into promoting the improvement and unification of information systems such as the Terminal Operating System (TOS), the Management Information System (MIS) and the Enterprise Asset Management (EAM). We introduced shore power systems for all the container berths of domestic terminals in which we have controlling stakes, with a focus on the goals of “carbon peaking and carbon neutrality”.

Chairman's Statement

CAPITALISING ON GLOBAL GROWTH OPPORTUNITIES AND OPTIMISING TERMINAL ASSET PORTFOLIO

By capitalising on growth opportunities, the Group identified potential projects and tapped into strategic terminals in which it has controlling stakes and highly profitable non-subsidiary terminals. For example, in recent years, the Group has increased its equity interest in Tianjin Container Terminal to make it a subsidiary terminal. As the terminal further promoted the synergy of the hub-and-spoke and transshipment networks in the Bohai Rim region, we will continue to build it into an international shipping hub in Northern China. In addition, Beibu Gulf Terminal, a newly acquired terminal in which the Group has a shareholding, continued to contribute to the growth of economy and trade in Southwest China and Southeast Asia, which also improved the profitability of our terminal portfolio as a whole.

We continued to grasp the opportunities to expand our global terminal network, with a focus on emerging markets such as Southeast Asia, the Middle East and Africa, and actively participated in the integration of domestic terminal resources, aiming to optimise and adjust our terminal structure to improve asset quality, enhance the regional diversification of our terminal asset portfolio, and build a global terminal network that develops in a balanced way. Thus, we are able to provide shipping companies with a low-cost and highly-efficient package of terminal services and promote the growth of container volume and revenue. Emerging markets are full of potential and

it is expected that the Regional Comprehensive Economic Partnership (RCEP) will continue to create new growth potentials. According to data from the General Administration of Customs of China, in 2022, the growth rate of China's imports and exports to ASEAN reached 15%, which ASEAN continued to be China's largest trading partner, accounting for 15.5% of China's total foreign trade value.

CONTINUING TO STRENGTHEN 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. To boost revenue, 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. In terms of cost reduction, terminals in which the Group has controlling stake actively controlled the cost per TEU, identified the segments and processes for cost optimisation, and strived to enhance the cost competitiveness; continuously deepened the promotion of Center of Excellence (COE) team empowerment, reduced cost and increased efficiency, and controlled the cost per TEU.

Chairman's Statement

ENHANCING SYNERGIES AND COOPERATION WITH SHIPPING ALLIANCES

The Group will continue to create a win-win situation for the synergies of port and shipping and actively leverage the synergies of dual-brand with COSCO SHIPPING Lines. We worked actively to expand other shipping company customers, with closer communication with major shipping companies and greater efforts to procure the shipping fleets of major shipping alliances to increase their calls at our terminals, thus continuously optimising our customer portfolio. The container volume from the OCEAN Alliance accounted for approximately 50% of the container volume of eight major terminals in which the Group has controlling stakes, of which approximately 30% was the volume of containers from the dual-branded fleet of COSCO SHIPPING Lines and approximately 25% was the volume of containers from 2M+THE Alliance. We not only further capitalised on the synergies with our parent company and the OCEAN Alliance, but also captured every opportunity to work with major shipping companies and ports operators to deliver a win-win outcome. We also continued to increase our throughput, ramped up port operation capabilities rapidly and bolstered customer service capabilities.

GREEN AND LOW-CARBON APPLICATIONS FOR SUSTAINABLE DEVELOPMENT

Smart and green terminals are a new development trend for the port industry. The Company has devoted more effort on technical transformation and innovation and upgrading to accelerate our transition to green and low-carbon development. With the goal of achieving carbon neutrality by no later than 2060, the Company will continue to optimise the energy usage of its ports and proactively explore the application of clean energy sources, including photovoltaic energy and wind power, in its terminals.

The sustainable development efforts of COSCO SHIPPING Ports have been recognised by the market. During the year, the Company was successfully included in the constituent stocks of the Hang Seng Corporate Sustainability Benchmark Index, and won a total of 14 awards in the area of sustainable development, including the "Best Corporate Governance and ESG Awards 2022 – Special Mention" by the Hong Kong Institute of Certified Public Accountants. The Company was also awarded the "Caring Company" logo for four consecutive years. These fully demonstrated the recognition of the Company by all sectors of the society. The Company will actively accelerate its sustainable development and share the results with its stakeholders.

Chairman's Statement

DIVIDEND

The Board of Directors declared a second interim dividend of US1.504 cents per share. This is a cash distribution with a scrip dividend alternative. Together with the first interim dividend of US2.128 cents per share, it brings the total dividend for 2022 to US3.632 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

Looking forward to this year, although there are still various difficulties and challenges facing global economic recovery, it also ushers in unprecedented development opportunities, such as China's resilient economic development, the new wave of globalised development, the accelerated rise of

emerging industries, and the opportunities for the port and shipping industries to jointly promote the transformation and upgrading of supply chains. We will firmly seize the opportunities brought about by the "dual-circulation" development strategy in the 14th Five-Year Plan. With the expansion and further maturity of the domestic market and the increasing domestic demand for goods, domestic demand for the shipping industry will continue to increase. At the same time, foreign demand and import and export businesses will continue to grow, leading to a vast room for development in the domestic and foreign trade sector. To this end, we must treat and solve problems with the perspective and approach of development, firmly develop the awareness of striving for the top-class, build comprehensive competitiveness, and further consolidate and strengthen our global leading advantages.

2023 is an important year for COSCO SHIPPING Ports to achieve higher-quality development. We will continue to promote the dual drivers of "building global terminal network" and "lean operations", upgrade the three major supports of "integration, digital intelligence, and green and low-carbon", deepen systematic thinking, coordinate the growth of scale and efficiency, focus on synergy and capacity improvement, facilitate the acceleration of innovation and transformation, and speed up our development towards the goal of "building a customer-centric global leading comprehensive ports operator".

Chairman's Statement

BOARD AND CORPORATE GOVERNANCE

Under the leadership of the Board of Directors, COSCO SHIPPING Ports has firmly consolidated the governance system with higher standards, providing an important guarantee for the Company's resilient and sustainable development. On the one hand, the Company has intensified the implementation of the operation and management concept of managing according to law and winning with integrity, consolidated and optimised the compliance management mechanism, and strengthened the cultivation of integrity and compliance culture. On the other hand, the Company has attached great importance to risk management and control, implemented risk assessment and prevention, continuously improved the risk prevention and control system, and strictly carried out the investigation and rectification of potential risks, so as to strengthen the solid defense for sustainable and high-quality development. The Board of Directors plays an active role in uniting the Company in implementing its development strategy, tapping into markets and improving the Company's operating efficiency against the backdrop of uncertain macroeconomic conditions, and it is committed to further improving the Company's governance, laying a solid foundation for the stable and healthy development of the Group.

The pioneering achievements we made in 2022 reflect the diligence and wisdom of the staff of COSCO SHIPPING Ports, and are a vivid epitome of the vigorous business development of COSCO SHIPPING Ports. On behalf of the Board of Directors and the management of the Company, I would like to pay high tribute to all staff of the Company, and sincerely 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 trust from our various stakeholders and shareholders.

YANG Zhijian

Chairman

29 March 2023

MANAGING DIRECTOR'S REPORT



The recurring global pandemic overlapped with geopolitical conflicts and supply chain disruption presented huge challenges to global economic and trade activities and raised risks of global stagflation. Amid the complex and ever-changing external environment, the Group adhered to the goals under the 14th Five-Year Plan, pursued the strategy of lean operations persistently, expanded across the global markets and capitalised on the synergies to further improve itself in the areas of sales and marketing, terminal operations and management, green, low-carbon and digital transformation, business extension and supply chain project expansion.

ZHU Tao
Managing Director

Managing Director's Report



In 2022, the business volume of the Group maintained steady growth with the total throughput increasing by 0.6% YoY to 130,107,074 TEU and the total equity throughput increasing by 5.5% YoY to 42,069,050 TEU. 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 2022, the Group's terminal portfolio covered the five main port regions and the middle and lower reaches of the Yangtze River in China, as well as the key hubports in Europe, the Mediterranean, the Middle East, Southeast Asia, South America and Africa, etc., operated and managed 46 terminals at 37 ports, with a total annual handling capacity of approximately 122 million TEU.

CONTINUE TO DEEPEN LEAN OPERATIONS TO STABLY PROMOTE GLOBAL TERMINAL NETWORK

The Group adopted a series of measures to optimise business and strengthen business marketing. Terminals in which the Group has a controlling stake proactively improved the revenue per TEU through demonstrations of synergistic effects between the dual-branded shipping fleets with COSCO SHIPPING Lines. The Group vigorously expanded the external customer base and frequently communicated with shipping companies. We continued to focus on the promotion of the COE team to empower the optimisation of the production operation process and equipment operation and maintenance management of terminals with a controlling stake, and the enhancement of terminal operation capability.

Managing Director's Report

Meanwhile, we remained steadfastly committed to building a well-balanced global terminal network, prudently seized development opportunities with an eye on projects with growth potential around the globe to strengthen our global network of terminals and to meet the needs of shipping alliances with comprehensive service. Looking forward, we will continue to grasp the opportunities to expand our global terminal network and focus on emerging markets such as Southeast Asia, the Middle East and Africa to enhance the regional diversification of our terminal asset portfolio.

VIGOROUSLY IMPLEMENTING REFORM AND INNOVATION TO PROMOTE PORT TRANSFORMATION AND UPGRADING

COSCO SHIPPING Ports achieved impressive progress in port transformation and upgrading with digital transformation proceeding apace. The MIS system has generally connected the TOS data and SAP data of all terminals with controlling stake, and all the visual management tools of which were launched. The EAM system was launched and put into operation in all domestic terminals with controlling stakes and CSP Abu Dhabi Terminal, which became crucial to accomplish the full life cycle management of production equipment and reduce the cost of equipment operation and maintenance for the terminals.

In terms of smart port construction, the pilot demonstration zone of smart port of Xiamen Ocean Gate Terminal has extended from single-way stevedoring to multi-way stevedoring; the driverless container vehicles project was relived and promoted in CSP Wuhan Terminal; CSP Abu Dhabi Terminal initiated the introduction of driverless container vehicles in the Middle East; and the automation upgrading project of Tianjin Container Terminal was completed.

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

Terminals in which the Group has controlling stake are actively developing terminal extended

businesses with the aim of developing a ports supply chain platform that extends to both upstream and downstream industries and providing more value-added services to customers, thereby further enhancing profitability.

We have been proactively expanding businesses in relation to port supply chain logistics and port logistics park project, and building port supply chain platforms. We achieved remarkable achievements in business extension and supply chain projects. For example, CSP Abu Dhabi CFS continued to deepen cooperation with major customers such as SAIC Motor and Hisense, while proactively expanding overseas warehouse business. CSP Zeebrugge CFS worked at full capacity in its self-operated range, which was mainly used for overseas transit warehouses and terminal unpacking business, including the photovoltaic project in Europe and Cainiao International's overseas warehouses. These new projects have gathered new momentum for the development of the Group's port extended businesses.

In terms of new supply chain projects, Xiamen Haitou Supply Chain entered into an equity transfer agreement on 30 December. On the one hand, this acquisition was conducive to further expanding the service scope and capabilities of Xiamen Ocean Gate Terminal, as well as enhancing and maximising its advantages of a hub port. On the other hand, Xiamen Ocean Gate Terminal's berth capacity, sea-rail combined transport function, and technological empowerment will also help provide an abundant and powerful resource support to the target company's future business as a positive interaction, so as to enhance the Company's comprehensive logistics service capabilities in Xiamen and its surrounding area as a whole, improve market competitiveness, form a competitive port logistics supply chain network, and provide customers with one-stop high quality services. This acquisition provides a broad space for the Group to develop its port logistics extension business and enhance its competitiveness, which is of great strategic significance to our long-term development. Through the development of supply chain business, we are committed to building a comprehensive network of ports and logistics business with linkage effects in the future, and creating a win-win sharing platform for shipping upstream and downstream industries.

Managing Director's Report

COMMITTED TO CREATING VALUE FOR SHAREHOLDERS AND ENHANCING CORPORATE GOVERNANCE STANDARDS

By optimising the quality of our existing terminal assets, the Group is able to enhance corporate profitability and generate sustainable free cash flow. At the same time, we are fully aware of the importance of asset allocation and therefore take a prudent approach to asset allocation. We will continue to give full play to our low leverage advantage, identify projects with promising development potential and constantly improve our global terminal asset portfolio allocation. In terms of financial asset management, we continue to optimise our control over cash liquidity, increase additional interest income while further reducing interest expenses, striving to maximise return on capital amid high inflation.

We believe that good corporate governance is the key for the Group to promote high-quality and sustainable development. We build a business environment which upholds integrity to effectively enhance the intrinsic value of each share and maintain good relations with existing shareholders and potential investors through continuous improvement of risk management. We have always adhered to the highest ethical standards, followed good corporate governance codes and all applicable laws and regulations, and shaped a professional, transparent, open and accountable corporate image, thus demonstrating a commitment to corporate social responsibility to stakeholders and the society, hoping to achieve sustainable business operations and enhance corporate value.

PROSPECTS

2023 is a transitional year for the Group to implement the "14th Five-Year Plan". Leveraging on COSCO SHIPPING Ports' leading position in the global ports operator industry, we will continue to grasp strategic development opportunities and insist on "building a global terminal network" and "lean operations"; to accelerate the development of information technology and seize the opportunity of digital development; promote the construction of smart ports and stick to innovation-driven development; continue to promote the development of supply chain business, explore new development opportunities and build a customer-centric supply chain service system.

Looking ahead, COSCO SHIPPING Ports will continue to focus on building a global terminal network, accelerating its expansion of port resources in Southeast Asia, Africa and South America and improving its global port resources layout to provide efficient and high quality services to the shipping alliances. We will continue to accelerate the pace of all-round transformation and upgrade and firmly promote the implementation of the strategic plans established in the "14th Five-Year Plan", setting sail vigorously to strive to develop world-class ports.

ZHU Tao

Managing Director
29 March 2023

CORPORATE STRUCTURE

Corporate Structure



TERMINAL BUSINESS

Bohai Rim

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

Yangtze River Delta

30%	Shanghai Pudong Terminal
20%	Shanghai Mingdong Terminal
20%	Ningbo Yuan Dong Terminal
55%	Lianyungang New Oriental Terminal
39.04%	Taicang Terminal
51%	Nantong Tonghai Terminal
84.94%	CSP Wuhan Terminal

Overseas

100%	Piraeus Terminal
90%	CSP Zeebrugge Terminal
40%	CSP Abu Dhabi Terminal
51%	CSP Valencia Terminal
39.51%	CSP Bilbao Terminal
60%	CSP Chancay Terminal
20%	Suez Canal Terminal
26%	Kumport Terminal
20%	Antwerp Terminal
49%	COSCO-PSA Terminal
4.23%	Busan Terminal
13.33%	Seattle Terminal
17.85%	Euromax Terminal
20%	Red Sea Gateway Terminal
40%	Vado Reefer Terminal
40%	Vado Container Terminal

Pearl River Delta

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

Southwest Coast

9.82%	Beibu Gulf Port
30.32%	Beibu Gulf Terminal
20%	Chisha Terminal

Southeast Coast and Others

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



STRATEGY & OUTLOOK

STRATEGY

Capitalising on global economic growth to optimise terminal portfolio

- Continuing to develop a global terminals portfolio by identifying potential projects in emerging market and port resources consolidation in China
- Diversifying a balanced network between the terminals in which the Company has controlling stakes with strategic value and the terminals in which the Company has a shareholding which are highly-profitable as well as greenfield and brownfield projects
- Disposing terminals without strategic value to enhance enterprise value

Further implementing lean operations management to boost quality and efficiency

- 3 keys to success in lean operations management:
 - Revenue expansion – capitalising on global network and switching from single terminal service to network marketing to provide shipping companies with budget and efficient service in order to increase our bargaining power. Actively collaborating with other ports operators to raise throughput and improve overall efficiency
 - Cost reduction – focusing on financial control and featuring “cost per TEU” to enhance terminal operations and management
 - Headquarters’ empowerment – setting up COE team to closely monitor, enhancing and evaluating port operations and management efficiency

Strategy & Outlook

OUTLOOK

Challenges

- Weakening global economic growth with ongoing destocking
- Increasing risks of geopolitical conflict
- Further interest rate hike and continued USD appreciation

Opportunities

- RCEP and emerging markets opportunities
- Dual circulation with both growing exports and an emphasis on expanded domestic demand
- Long term opportunities for overseas terminals development as well as for domestic ports consolidation
- Further strengthening the performance of the terminals in which the Company has controlling stakes with strategic value and continuing to enhance the global ports network and to optimise our terminal portfolio, especially increasing the exposure of Southeast Asia, the Middle East, Africa and South America
- Strong relationships and bargaining power with shipping companies on the back of our successful sales and marketing management
- Good prospect on the back of our successful lean operations management to improve asset quality and profitability of the terminals in which the Company has controlling stakes
- Expecting our equity throughput volume growth will be in line with the industry average in 2023

OPERATIONAL REVIEW

MARKET REVIEW

In 2022, the COVID-19 pandemic, rising global inflation, and geopolitical conflicts intertwined with trade frictions, brought uncertainties to the global economy. Macroeconomic environment was confronted with challenges, but China's export and import maintained steady growth. According to the General Administration of Customs of China, the total value of China's imports and exports of goods in 2022 was RMB42.07 trillion, an increase of 7.7% over 2021. Among them, exports amounted to RMB23.97 trillion, up by 10.5% YoY, while imports amounted to RMB18.1 trillion, up by 4.3% YoY. The total value of China's imports and exports exceeded RMB40 trillion for the first time in 2022, maintaining a steady growth rate on top of the high base amount in 2021 and achieving a new record in terms of scale, thereby keeping its position as the No.1 country in the world in terms of merchandise trade for the sixth consecutive year.

OVERALL PERFORMANCE

Despite challenges casted over global trade, in 2022, COSCO SHIPPING Ports continuously implemented lean operations strategy and the total throughput of the Group increased by 0.6% YoY to 130,107,074 TEU (2021: 129,286,375 TEU).

The total throughput from terminals in which the Group has controlling stake increased by 35.3% YoY to 31,627,734 TEU (2021: 23,374,915 TEU), accounting for 24.3% of the Group's total, and the total throughput from non-controlling terminals decreased by 7.0% YoY to 98,479,340 TEU (2021: 105,911,460 TEU), accounting for 75.7% of the Group's total. The Group's total equity throughput increased by 5.5% YoY to 42,069,050 TEU in 2022 (2021: 39,874,105 TEU).

	2022 (TEU)	2021 (TEU)	Change (%)
Total Throughput	130,107,074	129,286,375	+0.6
Throughput from terminals in which the Group has controlling stake ^{Note}	31,627,734	23,374,915	+35.3
Throughput from the Group's non-controlling terminals ^{Note}	98,479,340	105,911,460	-7.0
Equity Throughput	42,069,050	39,874,105	+5.5
Equity throughput from terminals in which the Group has controlling stake ^{Note}	18,869,824	14,687,376	+28.5
Equity throughput from the Group's non-controlling terminals ^{Note}	23,199,226	25,186,729	-7.9

Note: In 2021, the Company completed the acquisition of additional equity interest in Tianjin Container Terminal to make it a subsidiary and completed the disposal of Tianjin Euroasia Terminal. Tianjin Container Terminal had become a terminal in which the Group has controlling stakes since December 2021. Therefore, throughput of this terminal was included in the throughput from the terminals in which the Group has controlling stakes since December. After the disposal of Tianjin Euroasia Terminal in December 2021, throughput of this terminal was no longer included in the Group's non-controlling terminals.

Operational Review

CHINA

Total throughput of the terminals in China decreased by 0.9% YoY to 98,338,099 TEU in 2022 (2021: 99,275,231 TEU) and accounted for 75.6% of the Group's total. Total equity throughput of terminals in China increased by 8.5% YoY to 29,382,264 TEU (2021: 27,087,286 TEU), accounting for 69.8% of the Group's total equity throughput.

Bohai Rim

Total throughput of the Bohai Rim region increased by 0.7% YoY to 43,120,988 TEU in 2022 (2021: 42,835,185 TEU) and accounted for 33.1% of the Group's total. Total equity throughput of the Bohai Rim region increased by 26.5% YoY to 11,958,004 TEU (2021: 9,449,239 TEU) and accounted for 28.4% of the Group's total equity throughput. Dalian Container Terminal actively strengthened sales and marketing, and expanded the domestic trade services, its total throughput increased by 22.1% YoY to 4,377,050 TEU (2021: 3,584,188 TEU). Total throughput of Tianjin Container Terminal decreased by 1.9% YoY to 8,481,293 TEU (2021: 8,642,445 TEU).



Operational Review

Yangtze River Delta

Total throughput of the Yangtze River Delta region decreased by 9.4% YoY to 13,986,956 TEU in 2022 (2021: 15,436,773 TEU) and accounted for 10.8% of the Group's total. Total equity throughput of the Yangtze River Delta region decreased by 6.3% YoY to 3,976,608 TEU (2021: 4,243,965 TEU) and accounted for 9.4% of the Group's total equity throughput. The throughput of Shanghai Mingdong Terminal decreased by 20.0% YoY to 5,477,740 TEU (2021: 6,845,534 TEU), which is mainly due to COVID-19 pandemic in the region. As Nantong Tonghai Terminal actively strengthened sales and marketing and continued to enhance synergy with the liners of the parent company while proactively introducing new shipping routes from other shipping companies, its total throughput increased by 11.8% YoY to 1,623,027 TEU (2021: 1,452,334 TEU).

Southeast Coast and Others

Total throughput of Southeast Coast and Others increased by 3.9% YoY to 6,392,128 TEU in 2022 (2021: 6,149,785 TEU) and accounted for 4.9% of the Group's total. Total equity throughput of Southeast Coast and Others increased by 4.8% YoY to 3,642,358 (2021: 3,477,010 TEU) and accounted for 8.7% of the Group's total equity throughput. Xiamen Ocean Gate Terminal actively grasped the opportunity of strong demand in the European and American shipping routes in the first half of 2022, and provided customers with efficient operation services, so its throughput increased by 7.9% YoY to 2,741,179 TEU (2021: 2,541,035 TEU).

Pearl River Delta

Total throughput of the Pearl River Delta region decreased by 3.6% YoY to 27,817,027 TEU in 2022 (2021: 28,841,688 TEU) and accounted for 21.4% of the Group's total. Total equity throughput of the Pearl River Delta region decreased by 3.8% YoY to 8,036,580 TEU (2021: 8,349,734 TEU) and accounted for 19.1% of the Group's total equity throughput. The throughput of Guangzhou South China Oceangate Terminal decreased by 2.6% YoY to 5,747,136 TEU (2021: 5,902,426 TEU). However, with good prospect on the back of economic growth in the Guangdong-Hong Kong-Macau Greater Bay Area, it will create new momentum for growth in the Pearl River Delta region.

Southwest Coast

Total throughput of the Southwest Coast region increased by 16.8% YoY to 7,021,000 TEU in 2022 (2021: 6,011,800 TEU), accounting for 5.4% of the Group's total throughput, which was mainly due to the increased trade between China and Southeast Asia. On 1 January 2022, the RCEP officially came into effect. As the most convenient access to the sea from western region of China to ASEAN countries, the business volume in the southwest region centered on Beibu Gulf area is growing rapidly. Total equity throughput of the Southwest Coast region increased by 12.8% YoY to 1,768,714 TEU (2021: 1,567,334 TEU) and accounted for 4.2% of the Group's total equity throughput.

OVERSEAS

Total throughput of the overseas region increased by 5.9% YoY to 31,768,975 TEU in 2022 (2021: 30,011,144 TEU) and accounted for 24.4% of the Group's total. Total equity throughput of overseas region decreased by 0.8% YoY to 12,686,786 TEU (2021: 12,786,819 TEU) and accounted for 30.2% of the Group's total equity throughput. As CSP Zeebrugge Terminal strengthened synergy with OCEAN Alliance and actively introduced new shipping routes and ad-hoc call volume from third-party customers, its total throughput increased by 15.0% YoY to 1,070,762 TEU (2021: 931,447 TEU). Driven by the synergy with the liners of the parent company and other members in the OCEAN Alliance, total throughput of CSP Abu Dhabi Terminal increased by 46.1% YoY to 1,018,668 TEU (2021: 697,236 TEU).

Operational Review

PROSPECTS

In its World Economic Outlook report released on 30 January 2023, the International Monetary Fund (IMF) revised upwards its forecasts for global economic growth in 2023, indicating that the economy is showing signs of resilience. With the forecast for China's economic growth rebounding to 5.2% in 2023, an increase of 2.2 percentage points YoY, China's economic recovery is expected to help stabilise the global supply chain and contribute to global economic growth. New potential usually lies in emerging markets, according to data from the General Administration of Customs of China, in 2022, China's imports and exports to ASEAN grew by 15% annually, while those to the member countries of RCEP grew by 7.5% YoY. According to a United Nations Conference on Trade and Development (UNCTAD) study, the RCEP will boost exports from member countries by more than 10% over the next three years, bringing new opportunities for the port industry.

Looking ahead to 2023, COSCO SHIPPING Ports will continue to adhere to the 14th Five-Year Plan, improve operational efficiency, expand across the global markets and capitalise on the synergies to further improve in fields such as sales and marketing, port operations and management, green, low-carbon and digital transformation, business extension and supply chain project expansion, so as to promote high quality development.

The Company will continue to improve its global terminal network, actively explore investment and development opportunities in emerging and regional markets, identify projects with high potential growth, tap into strategic terminals in which it has controlling stakes and highly profitable non-controlling terminals to build a balanced global terminal network.

The Company will proactively keep on deepening its customer service and marketing strategies, focusing on customer needs; increasing revenue per container and enhancing the profitability of its terminals. In the meantime, the Company will strengthen and optimise cost control measures at terminals through digital upgrade. All domestic terminals in which the Group has controlling stakes and the overseas CSP Abu Dhabi Terminal have been equipped and commissioned with EAM system, which has become an important tool for terminals to carry out production equipment life-cycle management and reduce equipment operation and maintenance costs.

The Company will continue to promote digital transformation; push forward the construction of smart ports, promote achievements in automated terminal construction, accelerate the large-scale application of driverless container vehicles operations; and speed up green and low-carbon port building.

The Company will vigorously promote the development of supply chain businesses and rely on its existing port resources to develop and construct supply chain bases in port areas. Also, it will develop a customer-centric supply chain service system, capitalise on its global layout to explore the market needs of enterprises, and provide supply chain service products with its own characteristics. Through the development of supply chain businesses, the Company is committed to establishing an integrated network with a port-logistics linkage effect, thereby creating a synergistic platform that offers maximise mutual benefits to all in the shipping industry.

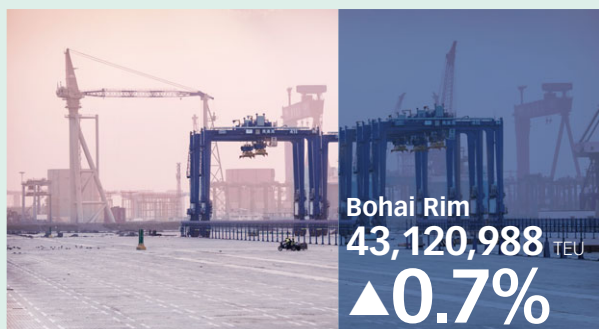
Operational Review

China

Total Throughput
98,338,099 TEU
▼0.9%

Overseas

Total Throughput
31,768,975 TEU
▲5.9%



QPI	26,820,000	+13.1%
Dalian Container Terminal	4,377,050	+22.1%
Dalian Dagang Terminal	24,415	+20.3%
Tianjin Container Terminal	8,481,293	-1.9%
Yingkou Terminals ^{Note 1}	2,071,278	-10.1%
Jinzhou New Age Terminal	717,056	-2.5%
Qinhuangdao New Harbour Terminal	629,896	-1.8%



Yantian Terminals	13,572,909	-4.2%
Guangzhou Terminals ^{Note 2}	11,517,330	-0.8%
Hong Kong Terminals ^{Note 3}	2,726,788	-11.3%

Notes:

- Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.
- Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Guangzhou Nansha Stevedoring Terminal.
- Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.
- Throughput of the terminal was included since April 2022. Therefore, the figure of the terminal for the year ended 31 December 2022 was the throughput of the terminal from April to December 2022.
- 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.

Operational Review



Shanghai Pudong Terminal	2,600,529	+0.0%
Shanghai Mingdong Terminal	5,477,740	-20.0%
Ningbo Yuan Dong Terminal	3,053,395	+0.4%
Lianyungang New Oriental Terminal	945,448	-6.4%
Taicang Terminal	220,348	-54.9%
Nantong Tonghai Terminal	1,623,027	+11.8%
CSP Wuhan Terminal ^{Note 4}	66,469	N/A



Piraeus Terminal	4,352,059	-7.3%
CSP Zeebrugge Terminal	1,070,762	+15.0%
CSP Spain Related Companies	3,430,787	-5.3%
CSP Abu Dhabi Terminal	1,018,668	+46.1%
COSCO-PSA Terminal	5,129,902	+8.5%
Vado Reefer Terminal	64,852	-3.6%
Euromax Terminal	2,644,039	-0.5%
Kumport Terminal	1,208,865	-3.1%
Suez Canal Terminal	3,785,317	+3.8%
Red Sea Gateway Terminal ^{Note 5}	2,751,157	+103.1%
Antwerp Terminal	2,107,791	-4.3%
Seattle Terminal	277,626	-5.1%
Busan Terminal	3,704,778	-2.8%
Vado Container Terminal ^{Note 6}	222,372	+291.9%



Xiamen Ocean Gate Terminal	2,741,179	+7.9%
Quan Zhou Pacific Terminal	1,340,389	+6.8%
Jinjiang Pacific Terminal	262,683	-18.7%
Kao Ming Terminal	2,047,877	+0.9%



Beibu Gulf Port	7,021,000	+16.8%
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- 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.
- Total throughput of bulk cargo, excluding the throughput of Beibu Gulf Port, for the year ended 31 December 2022 was 433,346,347 tons (2021: 395,611,837 tons), representing an increase of 9.5%. Total throughput of automobile for the year ended 31 December 2022 was 790,241 vehicles (2021: 826,977 vehicles), representing a decrease of 4.4%. Throughput of reefer of Vado Reefer Terminal for the year ended 31 December 2022 was 355,754 pallets (2021: 375,917 pallets), representing a decrease of 5.4%.

Operational Review

Terminal Portfolio (As of 31 December 2022)

Terminal company	Share holdings	Target number of berths	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		26	15,092,400	
		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
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	84.94%	4	772,400	6.4
		4	4,200,000 tons	6.4

Operational Review

Terminal Portfolio (As of 31 December 2022)

Terminal company	Share holdings	Target number of berths	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	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	
		102	287,400,000 tons	
Beibu Gulf Port ^{Note 1}	9.82%	18	10,800,000	N/A
		100	268,400,000 tons	N/A
Beibu Gulf Terminal	30.32%	6	3,600,000	15.1
Chisha Terminal	20%	2	19,000,000 tons	25

Note:

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

Operational Review

Terminal Portfolio (As of 31 December 2022)

Terminal company	Share holdings	Target number of berths	Designed annual handling capacity (TEU)	Depth (m)
Overseas		78	45,660,000	
		2	6,200,000 tons	
		2	600,000 pallets	
Piraeus Terminal	100%	8	6,200,000	14.5-19.5
CSP Zeebrugge Terminal	90%	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	4.23%	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/ Designed annual handling capacity				
		241	139,502,400	
Target total number of bulk berths/ Designed annual handling capacity				
		181	552,390,000 tons	
Target total number of automobile berths/ Designed annual handling capacity				
		3	780,000 vehicles	
Target total number of reefer berths/ Designed annual handling capacity				
		2	600,000 pallets	

Operational Review

The Ports for ALL



China

Terminal Coverage **22 Ports**Target No. of Container Berths **163**Designed Annual Handling Capacity **93,842,400 TEU**

Overseas

Terminal Coverage **15 Ports**Target No. of Container Berths **78**Designed Annual Handling Capacity **45,660,000 TEU**

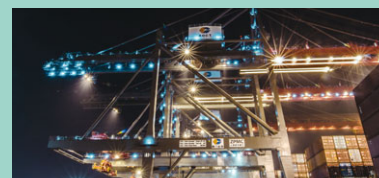
Bohai Rim

Percentage of total designed annual handling capacity **21.3%**Target No. of container berths **64****29,750,000 TEU**
Designed annual handling capacity

Yangtze River Delta

Percentage of total designed annual handling capacity **10.8%**Target No. of container berths **26****15,092,400 TEU**
Designed annual handling capacity

Southeast Coast and Others

Percentage of total designed annual handling capacity **6.5%**Target No. of container berths **15****9,000,000 TEU**
Designed annual handling capacity

Pearl River Delta

Percentage of total designed annual handling capacity **18.4%**Target No. of container berths **34****25,600,000 TEU**
Designed annual handling capacity

Southwest Coast

Percentage of total designed annual handling capacity **10.3%**Target No. of container berths **24****14,400,000 TEU**
Designed annual handling capacity

Overseas

Percentage of total designed annual handling capacity **32.7%**Target No. of container berths **78****45,660,000 TEU**
Designed annual handling capacity

FINANCIAL REVIEW

Economic activity around the world continued to be repeatedly affected by the pandemic in 2022, and coupled with the uncertainties that are still hanging over the global economy, COSCO SHIPPING Ports recorded a profit attributable to equity holders of the Company of US\$305,163,000 in 2022 (2021: US\$354,652,000), decreased by 14.0% 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 re-measurement 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. Excluding the one-off items, the profit attributable to equity holders of the Company in 2022 decreased by 8.2% YoY. In addition, the Company was allocated the convertible bonds of Beibu Gulf Port on a pro rata basis in 2021 in which a decrease of US\$11,120,000 YoY in the after-tax fair value changes was accounted for. Excluding the above exceptional items, the profit attributable to equity holders of the Company for 2022 decreased by 5.0% YoY.

Excluding the above exceptional items, profit from the terminals in which the Group has controlling stakes and non-controlling terminals amounted to US\$442,218,000 in total in 2022 (2021: US\$418,815,000) increased by 5.6% YoY, in which, profit from terminals in which the Group has controlling stakes amounted to US\$136,519,000 (2021: US\$88,835,000), increased by 53.7% YoY. With the effectiveness of the approach of "Revenue Increase and Cost Reduction as well as Lean Operations", profit contribution from operating terminals in which the Group has controlling stakes increased YoY. Profit from terminals in which the Group has controlling stakes was mainly attributable to Piraeus Terminal, Xiamen Ocean Gate Terminal and Guangzhou South

China Oceangate Terminal. The profit recorded by Piraeus Terminal in 2022 was US\$41,580,000 (2021: US\$31,762,000), increased by 30.9% YoY, which was mainly benefited from the increase in the proportion of local containers and the increase in tariffs. Throughput of Xiamen Ocean Gate Terminal in 2022 increased by 7.9% YoY, and the profit of the terminal in 2022 amounted to US\$37,297,000 (2021: US\$27,947,000), increased by 33.5% YoY. Due to the increase in storage revenue and benefited from the decrease in tax rate of Guangzhou South China Oceangate Terminal, its profit for the year amounted to US\$26,249,000 (2021: US\$22,706,000), increased by 15.6% YoY. Throughput of CSP Zeebrugge Terminal in 2022 increased by 15.0% YoY, together with the increase in tariffs, its profit in 2022 amounted to US\$8,766,000 (2021: US\$4,593,000), increased significantly by 90.9% YoY. The profit of CSP Spain Related Companies for the year amounted to US\$10,305,000 (2021: US\$7,623,000), increased by 35.2% YoY. In addition, in December 2021, the Group completed the acquisition of additional equity interests in Tianjin Container Terminal to make it a subsidiary, the profit of the terminal amounted to US\$11,140,000 (2021: loss of US\$295,000) has been included in the profit from terminals in which the Group has controlling stakes in 2022.

In respect of non-controlling terminals, the profit recorded in 2022 was US\$305,699,000 (2021: US\$329,980,000), decreased by 7.4% YoY. In particular, the share of profit of Sigma Enterprises Limited and Watrus Limited and their subsidiaries (collectively "Yantian Terminal Related Companies") decreased by US\$12,714,000 YoY, while the share of profit of Shanghai Mingdong Terminal decreased by US\$5,597,000 YoY. In addition, the total share of profit of COSCO-HIT Terminal and COSCO-HPHT ACT Limited ("COSCO-HPHT"), which held Asia Container Terminal, decreased by US\$7,672,000 YoY.

Financial Review

FINANCIAL ANALYSIS

Revenues

In 2022, throughput of terminals in which the Group has controlling stakes increased by 35.3% YoY, and revenues of the Group amounted to US\$1,441,273,000 (2021: US\$1,208,252,000), increased by 19.3% YoY. During the year, revenues of several terminals recorded a notable increase. In particular, although throughput of Piraeus Terminal decreased by 7.3% YoY, it recorded a revenue of US\$306,684,000 (2021: US\$281,481,000), increased by 9.0% YoY, as a result of higher proportion of local containers and higher tariffs, as well as the increase in storage revenue; Xiamen Ocean Gate Terminal recorded a revenue of US\$144,631,000 (2021: US\$128,383,000), increased by 12.7% YoY; CSP Zeebrugge Terminal recorded a revenue of US\$68,614,000 (2021: US\$50,815,000), increased by 35.0% YoY. In addition, Tianjin Container Terminal recorded a revenue of US\$182,543,000 (December 2021: US\$14,769,000) in 2022, increased by US\$167,774,000 YoY.

Cost of Sales

Cost of sales mainly comprised operating expenses of terminals in which the Group has controlling stakes. Cost of sales was US\$1,011,595,000 in 2022 (2021: US\$883,107,000), increased by 14.5% YoY. Benefiting from our efforts in cost control, the increase in cost of sales was lower than the increase in revenue despite general throughput from terminals in which the Group has controlling stakes increased YoY. Amongst which, due to the increase in concession fees driven by the increase in revenue, Piraeus Terminal recorded a cost of US\$231,467,000 (2021: US\$219,361,000), increased by 5.5% YoY; Xiamen Ocean Gate Terminal recorded a cost of US\$71,748,000 (2021: US\$69,710,000), increased by 2.9% YoY; CSP Zeebrugge Terminal recorded a cost of US\$47,961,000 (2021: US\$37,904,000), increased by 26.5% YoY. In addition, Tianjin Container Terminal recorded a cost of US\$122,254,000 (December 2021: US\$13,320,000) in 2022, increased by US\$108,934,000 YoY.

Administrative Expenses

Administrative expenses in 2022 were US\$167,457,000 (2021: US\$138,977,000), increased by 20.5% YoY, which included administrative expenses of US\$30,810,000 (December 2021: US\$1,896,000) recorded by Tianjin Container Terminal in 2022, increased by US\$28,914,000 YoY.

Other Operating (Expenses)/Income, Net

Net other operating expenses were US\$871,000 in 2022 (2021: a net income of US\$85,142,000), a net decreased of US\$86,013,000 YoY was recorded. 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 re-measurement of previously held 16.01% interests in Tianjin Container Terminal at fair value. The Company was allocated the convertible bonds of Beibu Gulf Port on a pro-rata basis according to its shareholding in Beibu Gulf Port in 2021, in which its pre-tax fair value loss of US\$3,466,000 was recorded in 2022 (2021: a gain of US\$11,360,000), decreased by US\$14,826,000 YoY. Meanwhile, the Company's shareholding in Beibu Gulf Port was diluted due to the exercise of conversion rights by other convertible bond holders during the year, resulting in a dilutive effect of US\$3,215,000. Government subsidies recorded in 2022 decreased by US\$11,566,000 YoY. Exchange loss recorded in 2022 increased by US\$6,370,000 YoY.

Finance Costs

The Group's finance costs amounted to US\$126,387,000 in 2022 (2021: US\$111,503,000), increased by 13.3% YoY. The average balance of bank loans for the year amounted to US\$3,041,355,000 (2021: US\$3,025,863,000), increased by 0.5% YoY. The increase in finance costs was mainly due to the increase in the interest rate of the US dollar loan. Taking into account the capitalised interest, the average cost of bank borrowings (including the amortisation of transaction costs over bank loans and notes) was 3.40% in 2022 (2021: 2.92%).

Financial Review

Share of Profits Less Losses of Joint Ventures and Associates

The Group's share of profits less losses of joint ventures and associates for 2022 totalled US\$308,024,000 (2021: US\$329,390,000), decreased by 6.5% YoY. As container volumes decreased by 4.2% YoY and the government subsidies for the pandemic decreased YoY, share of profit of Yantian Terminals Related Companies amounted to US\$56,658,000 in 2022 (2021: US\$69,372,000), decreased by 18.3% YoY. Due to the re-emergence of the pandemic, throughput of Shanghai Mingdong Terminal decreased by 20.0% YoY, and profit for 2022 amounted to US\$4,813,000 (2021: US\$10,410,000), decreased by 53.8% YoY. Furthermore, share of profit of COSCO-HIT Terminal and COSCO-HPHT amounted to US\$9,244,000 and US\$4,341,000, respectively, in 2022 (2021: US\$12,701,000 and US\$8,556,000, respectively), decreased by 27.2% and 49.3% YoY, respectively, due to the YoY decrease in container volumes by 10.4% and 12.1%, respectively.

Taxation

Taxation for the year amounted to US\$71,262,000 (2021: US\$94,669,000), decreased by 24.7% YoY. The decrease was mainly attributable to the taxation on disposal of Tianjin Euroasia Terminal of US\$10,284,000 included in the taxation for 2021. The taxation of Guangzhou South China Oceangate Terminal decreased by US\$7,616,000 YoY as it was granted a preferential tax rate by local authorities. In addition, the taxation arising from the fair value changes of Beibu Gulf Port's convertible bonds decreased by US\$3,706,000 YoY, leading to a decrease in tax expenses.

FINANCIAL POSITION

Cash Flow

In 2022, the Group continued to receive steady cash flow income. The Group's net cash generated from operating activities amounted to US\$467,638,000 (2021: US\$409,219,000) during the year. In the 2022, the Group borrowed bank loans of US\$1,008,884,000 (2021: US\$559,667,000) and repaid loans of US\$1,215,490,000 (2021: US\$412,589,000). During the year, US\$325,553,000 (2021: US\$376,047,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment.

Financing and Credit Facilities

As at 31 December 2022, the Group's total outstanding borrowings amounted to US\$2,908,623,000 (31 December 2021: US\$3,219,610,000) and cash balance amounted to US\$1,115,166,000 (31 December 2021: US\$1,260,055,000). Banking facilities unutilised amounted to US\$698,602,000 (31 December 2021: US\$1,037,408,000).

Assets and Liabilities

As at 31 December 2022, the Group's total assets and total liabilities were US\$11,310,812,000 (31 December 2021: US\$12,033,310,000) and US\$4,687,221,000 (31 December 2021: US\$5,092,671,000), respectively. Net assets were US\$6,623,591,000 (31 December 2021: US\$6,940,639,000). As at 31 December 2022, net asset value per share of the Company was US\$1.93 (31 December 2021: US\$2.09).

As at 31 December 2022, the net debt-to-total-equity ratio (excluding lease liabilities) was 27.1% (31 December 2021: 28.2%) and the interest coverage was 4.6 times (2021: 5.5 times).

As at 31 December 2022, certain assets of the Group with an aggregate net book value of US\$137,117,000 (31 December 2021: US\$345,109,000), 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\$753,500,000 (31 December 2021: US\$916,232,000).

Financial Review

Debt analysis

	As at 31 December 2022		As at 31 December 2021	
	US\$	(%)	US\$	(%)
By repayment term				
Within the first year	787,135,000	27.1	913,187,000	28.3
Within the second year	881,396,000	30.3	435,443,000	13.5
Within the third year	95,021,000	3.3	868,585,000	27.0
Within the fourth year	105,802,000	3.6	102,091,000	3.2
Within the fifth year and after	1,039,269,000	35.7	900,304,000	28.0
	2,908,623,000*	100.0	3,219,610,000*	100.0
By category				
Secured borrowings	753,500,000	25.9	916,232,000	28.5
Unsecured borrowings	2,155,123,000	74.1	2,303,378,000	71.5
	2,908,623,000*	100.0	3,219,610,000*	100.0
By denominated currency				
US dollar borrowings	1,507,276,000	51.8	1,270,247,000	39.4
RMB borrowings	759,561,000	26.1	903,729,000	28.1
Euro borrowings	641,786,000	22.1	763,513,000	23.7
HK dollar borrowings	—	—	282,121,000	8.8
	2,908,623,000*	100.0	3,219,610,000*	100.0

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

Financial Guarantee Contracts

As at 31 December 2022 and 31 December 2021, 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 2022, 18.3% (31 December 2021: 29.2%) 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.

Financial Review

EVENTS AFTER BALANCE SHEET DATE**(a) Acquisition of 56% Interest in Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd.**

On 30 December 2022, China Shipping Terminal Development Co., Ltd. ("CSTD", a wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Xiamen Haitou Supply Chain Operation Co., Ltd. ("Xiamen Haitou Supply Chain") in relation to the sale and purchase of 56% interest in Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd. ("Xiamen Haicang Investment and Construction Management"), at a total consideration of RMB628,399,700 (equivalent to approximately US\$92,953,000). The equity transfer was completed, and the consideration was transferred to Xiamen Haitou Supply Chain by CSTD on 28 February 2023. Xiamen Haicang Investment and Construction Management has become a subsidiary of the Group since the closing date.

(b) Acquisition of 30% Interest in Xiamen Ocean Gate Container Terminal Co., Ltd.

On 22 February 2023, COSCO SHIPPING Ports (Xiamen) Limited ("CSP Xiamen", a wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Xiamen Haicang Investment Group Co., Ltd. ("Xiamen Haicang Investment") in relation to the sale and purchase of 30% interest in Xiamen Ocean Gate Terminal, at a total consideration of RMB794,489,900 (equivalent to approximately US\$117,521,000). The consideration shall be paid by CSP Xiamen to Xiamen Haicang Investment in three instalments. The first and second instalments in the amount of RMB754,765,405 (equivalent to approximately US\$111,645,000) and RMB15,889,798 (equivalent to approximately US\$2,286,000) were transferred to Xiamen Haicang Investment on 28 February 2023 and 8 March 2023 respectively. The third instalment will be settled based on the payment terms set out in the equity transfer agreement. The equity transfer was completed on 28 February 2023. Xiamen Ocean Gate Terminal has become a wholly-owned subsidiary of the Group since the closing date.

CORPORATE SUSTAINABLE DEVELOPMENT

SUSTAINABILITY APPROACH

Sustainable Development

Goals of the United Nations

The Company's Five Key Areas of Sustainable Development



Caring for our People

Providing a safe, healthy, diverse and inclusive workplace to attract and nurture talents for sustained growth.



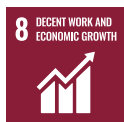
Customers First

Increasing brand awareness and expanding global terminal network to improve operational efficiency and offer high-quality customer services.



Green Development

Investing in building "green ports", minimising the environmental impacts arising from operations by targeting reduction in energy consumption and carbon neutrality, and promoting environmental awareness of employees, business partners and the public to facilitate green and low-carbon development together.



Win-win Cooperation

Incorporating sustainability criteria into supplier and business partner selection and management, and deepening strategic partnerships to enable value chain enhancement.



Investing in Communities

Upholding business ethics and ensuring operational compliance to promote the development, inclusiveness and construction of the communities where we operate in to foster a favourable business environment

Corporate Sustainable Development

ENVIRONMENTAL TARGETS FOR THE TERMINALS IN WHICH THE GROUP HAS CONTROLLING STAKES^{Note}

Greenhouse Gas (GHG) Emissions

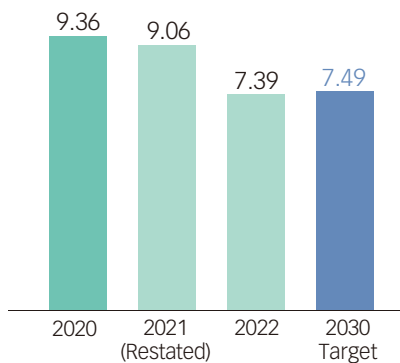
Long-term Commitment:

- To achieve carbon neutrality no later than 2060

Short-term Target:

- To reduce greenhouse gas (scope 1 and scope 2) emission intensity of the terminals by 20% in 2030, as compared with 2020

GHG EMISSION INTENSITY

(kg of CO₂e per TEU)

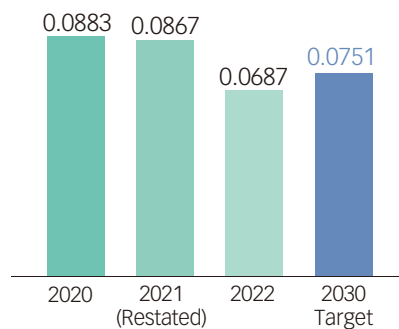
Energy Consumption

Short-term Target:

- To reduce energy consumption intensity of the terminals by 15% in 2030, as compared with 2020

ENERGY CONSUMPTION INTENSITY

(GJ per TEU)

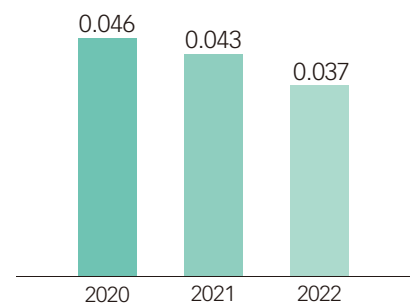


Water Consumption

Target:

- To enhance the management of water resources and improve water use efficiency

WATER CONSUMPTION INTENSITY

(m³ per TEU)

Waste

Target for Hazardous Waste:

- To maintain 100% hazard-free disposal of waste

Target for Non-hazardous Waste:

- To reduce domestic waste by terminals and, in the long term, achieve the goal of zero waste sent to the landfill

Hazardous Waste Treatment in 2022:

- 100% of hazardous waste was handled by recycling companies or material suppliers with professional qualifications

Note: CSP Chancay Terminal is under construction and the acquisition of Tianjin Container Terminal was completed in December 2021, therefore their environmental performance was not included in the environmental performance for 2020 and 2021. Tianjin Container Terminal became a terminal in which the Company has a controlling stake since December 2021, therefore its environmental performance was included in 2022.

Corporate Sustainable Development

In 2022, amidst the uncertainties caused by the volatile pandemic and disrupted logistics, the Company has remained devoted to maintaining stability and driving further growth, integrating the concept of sustainable development into its daily operations with the aim of building long term growth.

CARING FOR OUR PEOPLE

Fostering talent is the key to the Company's long term and steady development. The Company has always actively developed talent pipeline to effectively implement business strategies. During the year, the Company set up an internal training team, selected from highly experienced staff from different positions at the Company and its subsidiary terminals, to pass on their knowledge and professional skills to other employees, thus enhancing internal training and knowledge sharing.

CUSTOMERS FIRST

The Company's subsidiary terminals have promoted new shipping methods such as "land to sea" and "land to rail" in order to ensure smooth logistics and transportation. In addition, the Company launched several measures to help micro, small and medium enterprises, including waiving storage fees, streamlining customs procedures, and prioritising berthing operations, to solve potential logistical issues that micro, small and medium customers faced.

GREEN DEVELOPMENT

To advance towards our goal of carbon neutrality, the Company has promoted the construction and use of shore power systems, the upgrading of terminal equipment, and the use of new energy and clean energy in terminal areas, in order to build green ports with low carbon emission. During the year, the subsidiary terminals of the Company in China were equipped with shore power systems at all container berths and proactively increase the utilisation rate to reduce fuel consumption and carbon emissions by shipping companies.

WIN-WIN COOPERATION

The Company, together with its business partners, has built a 5G smart port demonstration area at Xiamen Ocean Gate Terminal through applications such as 5G, artificial intelligence, blockchain and big data, raising the level of digitalized services at the terminal. Furthermore, the first project in the world to fully convert a traditional container terminal to a fully automated terminal, at Tianjin Container Terminal, has been successfully completed. The Company will use its successful experience in building automated terminal and implement it at other subsidiary terminals as and when appropriate.

INVESTING IN COMMUNITIES

On the strength of its global network of terminals, the Company supports the economic and social development of the areas in which it operates through investments, and the construction and upgrading of terminals, creating job opportunities for local residents. At the same time, the Company encourages its subsidiary terminals to donate to charity and engage in charitable activities to give back to the local communities and fulfil the concept of corporate social responsibility.

INVESTOR RELATIONS

COSCO SHIPPING Ports places great importance on investor relations and enhances communications with investors regularly. 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 releasing monthly terminal throughput and quarterly results voluntarily, to fulfill more strict and transparent standards of disclosure.

In 2022, the Group has actively implemented the strategy of enhancing global terminal network and lean operations. We place a high priority on investor relations to let investors and shareholders understand the Group's business operations and development strategy. The Investor Relations Department is committed to enhancing communications with shareholders, investors and analysts; answers investors' enquiries on time; actively arranges investor presentations, results announcement conference calls and press conferences to let investors have a better understanding of the Company's business operation; publishes sustainability report to enhance corporate governance.

STRENGTHENING COMMUNICATIONS WITH INVESTORS

As a leading global terminal operator, investors and analysts are interested in the Company's business and developments. The Company has regularly arranged a series of events, including roadshows, press conferences, investor presentations, investor meetings, results announcement conference calls, etc. COSCO SHIPPING Ports endeavours to let the market fully understand its financial results, business strategies and growth prospects 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 2022, 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 2022, the Group held meetings with around 190 funds, and communicated with around 250 investors and analysts from China, the United Kingdom, the United States, Australia, Singapore, etc. The Group actively arranged events and joined investor conferences to strengthen communications with shareholders, investors and analysts.

Investor Relations

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 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, the Investor Relations Department has arranged investor and analyst conference calls 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 COSCO SHIPPING Ports' 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 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

The Investor Relations Department formulates disclosure policy, 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.

Investor Relations

AWARDS

Efforts that COSCO SHIPPING Ports continuously made in enhancing effective communications with shareholders and investors were highly recognised by the market in 2022; the Company received a number of awards in the field of investor relations offered by various organizations. In February 2022, the Company was awarded “Best Investor Relations Company (Ports sector) Hong Kong” from International Business Magazine; in April, the Company was awarded “Best Investor Relations Company Hong Kong” from Finance Derivative Magazine for the fourth consecutive year.

While continuously expanding our business and enhancing operational efficiency, the Company views sustainability as the cornerstone of business development and has been actively integrating the concept of sustainable development with its long-term business development in order to create long-term value for shareholders. The achievements of the Company in environmental, social and corporate

governance (ESG) are also highly recognised by the market in recent years. In April 2022, the Company was awarded “Most Socially Responsible Port Operator” from Global Business Outlook for the second consecutive year and also awarded “ESG Awards 2022 – Best in ESG Awards – Middle Market Capitalisation” from BDO Limited; in September, the Company was selected as a constituent stock of Hang Seng Corporate Sustainability Benchmark Index.

The Company also places great importance on the contents and designs of interim, annual and sustainability reports and the efforts were recognised by the market by several times, 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. Sustainability Report was awarded “Cover Design Honors” from ARC Awards. The Company was also awarded “Sustainability and Social Responsibility Reporting Awards 2022 (Special Mention)” from HKICPA.

INVESTOR RELATIONS EVENTS

2022	INVESTOR RELATIONS EVENTS
January	UBS “The 22nd Greater China Seminar” Investor Forum Morgan Stanley “China Cyclical Corporate Day 2022” Daiwa Investors group meeting CGS-CIMB Investors group meeting
March	2021 Annual Results Announcement Investor Presentation 2021 Post Annual Results Roadshow
April	2022 First Quarter Post-results Conference call 2022 First Quarter Post-results Roadshow
May	J.P. Morgan Global China Summit
June	HSBC “16th Annual Transport & Logistics Conference” BofA Securities “2022 Innovative China Conference” Citibank “Pan-Asia Regional Investor Conference 2022” Daiwa “Autos, Transport and Industrials Conference 2022”
August	2022 Interim Results Announcement Investor Presentation 2022 Post Interim Results Roadshow
October	2022 Third Quarter Post-results Conference call 2022 Third Quarter Post-results Roadshow Daiwa Investors group meeting
November	Citibank “China Investor Conference 2022” BofA Securities “2022 China Conference”

Investor Relations

MARKET CAPITALISATION

As at 31 December	2018	2019	2020	2021	2022
Closing price (HK\$)	7.70	6.38	5.39	6.77	6.20
Market capitalisation (in HK\$ million)	23,971	20,173	17,869	22,445	21,332

SHARE PRICE PERFORMANCE

(HK\$)	2021	2022
Highest	7.21	6.98
Lowest	5.39	3.87
Average	6.20	5.67
Closing price on 31 December	6.77	6.20
Monthly average trading volume (shares)	9,489,298	6,235,934
Monthly average trading value (in HK\$ million)	58.29	34.95
Total number of shares issued (shares)	3,315,296,374	3,440,657,627
Market capitalisation on 31 December (in HK\$ million)	22,445	21,332

ANALYST COVERAGE

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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
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UBS Securities Co. Limited	Robin XU	bin.xu@ubssecurities.com
UOB Kay Hian	Roy CHEN	roychen@uobkayhian.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 Abu Dhabi CFS Ltd	CSP Abu Dhabi CFS
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 Container Terminal Co., Ltd.	Dalian Dagang Terminal
Euromax Terminal Rotterdam B.V.	Euromax Terminal
Fangchenggang Chisha Terminal Co., Ltd.	Chisha Terminal
Guangxi Beibu Gulf International Container Terminal Co., Ltd	Beibu Gulf 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

Abbreviations

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 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 Company Limited	CSP Wuhan Terminal
Xiamen Ocean Gate Container Terminal Co., Ltd.	Xiamen Ocean Gate 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
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, and to establishing, with the development concept of "The Ports for ALL", a synergistic platform that creates maximum value for the stakeholders. The Company pursues the corporate purpose of "Satisfying Customers and Creating Wealth for Shareholders", and strives to achieve the strategic objective of "Becoming a World-class Comprehensive Ports Operator". To this end, the Company adheres to the management philosophy of lawful management and succeeding with integrity, and fully exerts its leading functions as the forerunner in the industry by formulating development strategies that balance the interests of all parties. Besides, the Company persists with the mission of "Creating Value for Shareholders and Providing Quality Services to Customers" by actively practicing its corporate social responsibility and environmental protection awareness, so as to demonstrate its corporate value of "integrity and responsibility, customer oriented, openness and innovation, striving for excellence, solidarity in good faith, and prospering through diligence", and to inherit and develop its corporate culture of "creating value through global integration; pursuing excellence through embracing diversity; staying humble and diligent for success". Under the encouragement and promotion of the board of directors of the Company (the "Board"), all directors lead by example and all employees act with discipline and integrity, and continually uphold 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, and has gained extensive market recognition from the stakeholders for its high level of transparency and good corporate governance. In 2022, the Company has received the following recognitions from reputable organisations:

- "Best Shipping Port Operator 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" from International Business Magazine
- "Best Container Operator of the year" and "Most Socially Responsible Port Operator" from Global Business Outlook Magazine
- "Best Port Operating Company" and "Best Sustainable Company (Port Sector)" from Finance Derivative Magazine
- "ESG Awards 2022 – Best in ESG Awards-Middle Market Capitalization" from BDO Limited
- "Most Innovative Port Operator" from International Finance Magazine
- "HKSAR 25th Anniversary Enterprise Outstanding Contribution Awards (Trade)" from Metro Broadcast
- "Cover Design Honors" from ARC Awards
- "Excellence Award for H Share & Red Chip Entries – Annual Reports Awards" from The Hong Kong Management Association
- "Best Corporate Governance and ESG Awards 2022 – Special Mention" from HKICPA

Corporate Governance Report

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 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 2022, it has fully complied with the code provisions of the Corporate Governance Code.

The Corporate Governance Code had been amended on 1 January 2022. Major amendments of the Corporate Governance 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. On 1 January 2023, to be consistent with the latest amendment of Chapter 17 "Share Schemes" of the Corporate Governance Code, the Corporate Governance Code was further amended that the terms of reference of the Remuneration Committee should include reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. To implement the highest level of corporate governance practices and conduct, the Company had adopted the code provisions under the amended Corporate Governance Code.

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 the major recommended best practices in the Corporate Governance Code with which the Company continued to comply during the year ended 31 December 2022:

Recommended Best Practice D.1.5

Recommended best practice D.1.5 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 29 April 2022 and 27 October 2022, respectively, on a voluntary basis. The Company considers the publication of quarterly results a regular compliance practice.

Recommended Best Practice D.2.8

Recommended best practice D.2.8 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 2022. 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.

Corporate Governance Report

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 that are 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; (ii) establishing shareholders communication policy; and (iii) establishing mechanism on how the Board obtains independent advice, and reviewing such policy(ies) and mechanism(s) on a regular basis to ensure their effectiveness.

The Board reviews and approves the Company's annual budget and business plans, which serve as the 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 clear corporate governance procedures in place to ensure that all directors fully understand their duties and responsibilities.

All newly appointed directors are required to attend a comprehensive programme which includes management presentations on the Group's businesses, strategic plans and objectives. A comprehensive orientation package including 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 is provided. Information included in the programme and orientation package are updated from time to time and in accordance with the changes in the relevant laws and regulations.

Board Composition

As at 29 March 2023 (the date on which the Board approved this report), the Board consisted of ten members. Among them, three are executive directors, two are non-executive directors and five are independent non-executive directors, including Mr. YANG Zhijian¹ (Chairman), Mr. ZHU Tao¹ (Managing Director), Mr. ZHANG Wei², Mr. CHEN Dong², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. LAM Yiu Kin³, Prof. CHAN Ka Lok³ and Mr. YANG Liang Yee Philip³.

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 the section headed "About CSP – Leadership – Board of Directors" on the Company's website (<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.

Corporate Governance Report

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. YANG Zhijian, 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 in a timely manner. Mr. ZHU Tao, 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 the directors. The Board held four regular Board meetings during the financial year ended 31 December 2022 at quarterly intervals to approve the 2021 final results, 2022 interim results and 2022 first and third quarterly results of the Company. The average attendance rate was 87.45%. Independent non-executive directors of the Company 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 Chief Accountant 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.

Corporate Governance Report

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 Company 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 shall ask the directors whether they have any objections or any questions to raise for discussion on each agenda item, ensuring that each director can present his/her independent views on the spot. The above measures form the mechanisms which ensure independent views are available to the Board. The Board is of the view that such mechanisms ensure that the directors have chance to speak and express their independent views, and considers that such mechanisms are effective.

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.

Corporate Governance Report

Set out below are the details of all directors' attendance at the Board meetings and general meetings during the year ended 31 December 2022 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 2022

	No. of Board meetings attended/held	Attendance rate of Board meetings (%)	No. of general meetings attended/held	Attendance rate of general meetings (%)
Directors				
Mr. YANG Zhijian ¹ (Chairman) (Appointed on 10 May 2022)	2/2	100	2/2	100
Mr. ZHU Tao ¹ (Managing Director) (Appointed on 28 June 2022)	2/2	100	1/1	100
Mr. ZHANG Wei ²	3/4	75	0/2	0
Mr. CHEN Dong ²	1/4	25	0/2	0
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
Ex-directors				
Mr. FENG Boming ¹ (Chairman) (Resigned on 28 April 2022)	1/1	100	N/A	N/A
Mr. ZHANG Dayu ¹ (Managing Director) (Resigned on 28 June 2022)	2/2	100	1/1	100
Mr. DENG Huangjun ¹ (Resigned on 1 April 2022)	1/1	100	N/A	N/A

1 Executive director

2 Non-executive director

3 Independent non-executive director

During the year ended 31 December 2022, the Chairman held one meeting with the independent non-executive directors without the presence of other directors pursuant to code provision C.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 as additional directors or to fill in casual vacancies on the Board for the Board's consideration, and for making recommendations to the shareholders regarding any directors proposed for re-election at general meetings.

Corporate Governance Report

Details of the selection process of new directors and a summary of work performed by the Nomination Committee in 2022 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 confirmations from all directors that they have given sufficient time and attention to the affairs of the Company during the year ended 31 December 2022. 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 identity 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 2022:

Directors' Participation in Continuous Professional Development Programmes in 2022

	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. YANG Zhijian ¹ (Chairman) (Appointed on 10 May 2022)	✓	✓	✓
Mr. ZHU Tao ¹ (Managing Director) (Appointed on 28 June 2022)	✓	✓	✓
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	✓	✓	✓
Ex-directors			
Mr. FENG Boming ¹ (Chairman) (Resigned on 28 April 2022)	✓	✓	
Mr. ZHANG Dayu ¹ (Managing Director) (Resigned on 28 June 2022)	✓	✓	✓
Mr. DENG Huangjun ¹ (Resigned on 1 April 2022)	✓	✓	

1 Executive director

2 Non-executive director

3 Independent non-executive director

Corporate Governance Report

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, 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 2022. No incidents of non-compliance were identified by the Company in 2022.

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, 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.

Corporate Governance Report

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 of 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 under the section headed "About CSP – Leadership – Board Committees" on the Company's website (<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. They have regular, scheduled meetings every year and report to the Board on a regular basis. All businesses transacted at committee meetings are meticulously recorded and well maintained, and minutes of committee 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 2022, the Executive Committee held a total of 7 meetings and executed 12 sets of written resolutions. Relevant minutes and written resolutions recorded in detail all matters resolved, including key factors considered for decision making. A committee member presents a summary report on the business resolved by the committee to the Board at Board meetings. All directors of the Company can inspect the minutes and written resolutions of the committee meetings at any time, and request for copies of the minutes and written resolutions from the General Counsel & Company Secretary.

Corporate Governance Report

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 commercial areas, etc.

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 2022, 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 2022 included 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 2022

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

Corporate Governance Report

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 adopts model (ii) as set out in the code provision E.1.2(c) of the Corporate Governance Code, under which the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive directors and senior management. The Remuneration Committee also makes recommendations to the Board on the policy and structure for all directors' and senior management's remuneration. 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, individual performance 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 2022:

- conducted annual review and made recommendations to the Board on the remuneration packages of all directors and members of senior management
- reviewed and made recommendations to the Board on the remuneration of newly appointed directors and senior management
- reviewed whether exercise conditions for share options granted were fulfilled and considered the adjustment on the list of selected peer benchmark enterprises for annual appraisal, and made recommendations to the Board
- considered and approved the retention arrangement for share options which were granted but not vested

Attendance Record of Remuneration Committee Members in 2022

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
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. YANG Zhijian ² (Appointed on 10 May 2022)	1/1	100
Mr. SHI Guoqiang	2/2	100
Ex-member		
Mr. FENG Boming ² (Resigned on 28 April 2022)	1/1	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.

Corporate Governance Report

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 2022 and early 2023, the work performed by the Nomination Committee included the following:

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

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 2023, the Nomination Committee nominated and the Board recommended that Mr. ZHU Tao (the Managing Director), being a new director appointed after the last annual general meeting, and Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu and Mr. YANG Liang Yee Philip (the Independent Non-executive Directors), 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 2022

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. Adrian David LI Man Kiu ¹ (Chairman)	2/2	100
Dr. FAN HSU Lai Tai, Rita ¹	2/2	100
Mr. YANG Zhijian ² (Appointed on 10 May 2022)	1/1	100
Ex-member		
Mr. FENG Boming ² (Resigned on 28 April 2022)	1/1	100

¹ Independent non-executive director

² Executive director, Chairman of the Board

Corporate Governance Report

Nomination Policy

The Board adopts 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, and aims 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 additional director 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 the 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 consider factors including the candidate’s reputation for integrity, accomplishment and experience, in particular, in the industry of the Company’s business, diversity represented in the Board, his/her ability to exercise independent judgement, 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 adopts a Board Diversity Policy which aims at setting out the principles and approaches 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 are 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 should not be comprised of members of a single gender.

Corporate Governance Report

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

Board Diversity

1. Designation	Executive Director (3)	Non-executive Director (2)	Independent Non-executive Director (5)
2. Gender	Male (9)	Female (1)	
3. Ethnicity	Chinese (10)		
4. Age group	40–50 (3)	51–60 (2)	Over 60 (5)
5. Length of service (years)	Over 10 (3)	3–10 (5)	Less than 3 (2)
6. Skills, knowledge and professional experience <small>Note 1</small>	Terminal operation and management (5)	Accounting and financing (4)	Banking (1)
	Law (2)	Management and commercial (1)	Capital management and investor relations (1)
7. Academic background	University (10)		

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 2022 and early 2023, the Environmental, Social and Governance Committee performed the following work in relation to reviewing the implementation of environmental, social and governance measures of the Company:

- reviewed the report on stakeholder engagement and materiality assessments for 2022 and make recommendations to the Board
- reviewed the setting of environmental targets of the Company and measures adopted for the implementation of such targets
- reviewed the Company's sustainability work done for 2022
- monitored and reviewed emerging sustainability-related disclosure requirements (including GRI Universal Standards 2021 released by the Global Reporting Initiative), and made recommendations on how to address the current and emerging disclosure requirements
- reviewed the Company's corporate governance policies and practices and made 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 A.2.1 of the Corporate Governance Code

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Attendance Record of Environmental, Social and Governance Committee Members in 2022

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Prof. CHAN Ka Lok ¹ (Chairman)	2/2	100
Mr. YANG Liang Yee Philip ¹	2/2	100
Mr. YANG Zhijian ² (Appointed on 10 May 2022)	0/1	0
Ex-member		
Mr. FENG Boming ² (Resigned on 28 April 2022)	1/1	100

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 12 members, including executive directors, members of senior management and management members. 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 2022

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. YANG Zhijian ¹ (Chairman)(Appointed on 10 May 2022)	0/2	0
Mr. ZHU Tao ² (Appointed on 28 June 2022)	1/1	100
Mr. ZHAO Fengnian (Appointed on 19 October 2022)	N/A	N/A
Mr. CHEN Dong	2/2	100
Mr. SHI Guoqiang	2/2	100
Mr. YU Danwei	2/2	100
Mr. LI Jie	2/2	100
Ms. HUANG Li	2/2	100
Mr. LI Wei	2/2	100
Ms. YAO Li	2/2	100
Mr. WANG Shenyuan (Appointed on 19 October 2022)	N/A	N/A
Mr. XIE Manding	2/2	100
Ex-members		
Mr. FENG Boming ¹ (Chairman)(Resigned on 28 April 2022)	N/A	N/A
Mr. ZHANG Dayu ² (Resigned on 28 June 2022)	1/1	100
Mr. DENG Huangjun ³ (Resigned on 1 April 2022)	N/A	N/A
Ms. ZHOU Lan (Resigned on 10 June 2022)	1/1	100
Ms. WANG Min (Resigned on 1 April 2022)	N/A	N/A

1 Executive director, Chairman of the Board

2 Executive director, Managing Director

3 Executive director

Corporate Governance Report

7. Risk Management Committee of the Company

The Risk Management Committee of the Company, led by an executive director, comprises seven members, including executive directors, members of senior management and management members. It is responsible for identifying and minimizing 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 2022

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. ZHU Tao ¹ (Chairman) (Appointed on 28 June 2022)	2/2	100
Mr. ZHAO Fengnian (Appointed on 19 October 2022)	1/1	100
Ms. HUNG Man, Michelle	4/4	100
Mr. CHEN Dong	4/4	100
Mr. ZHU Hanliang	3/4	75
Mr. YU Danwei	3/4	75
Mr. LI Jie	3/4	75
Ex-members		
Mr. ZHANG Dayu ¹ (Chairman) (Resigned on 28 June 2022)	2/2	100
Mr. DENG Huangjun ² (Resigned on 1 April 2022)	1/1	100
Ms. ZHOU Lan (Resigned on 10 June 2022)	2/2	100

1 Executive director, Managing Director

2 Executive director

Corporate Governance Report

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 124 to 129 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

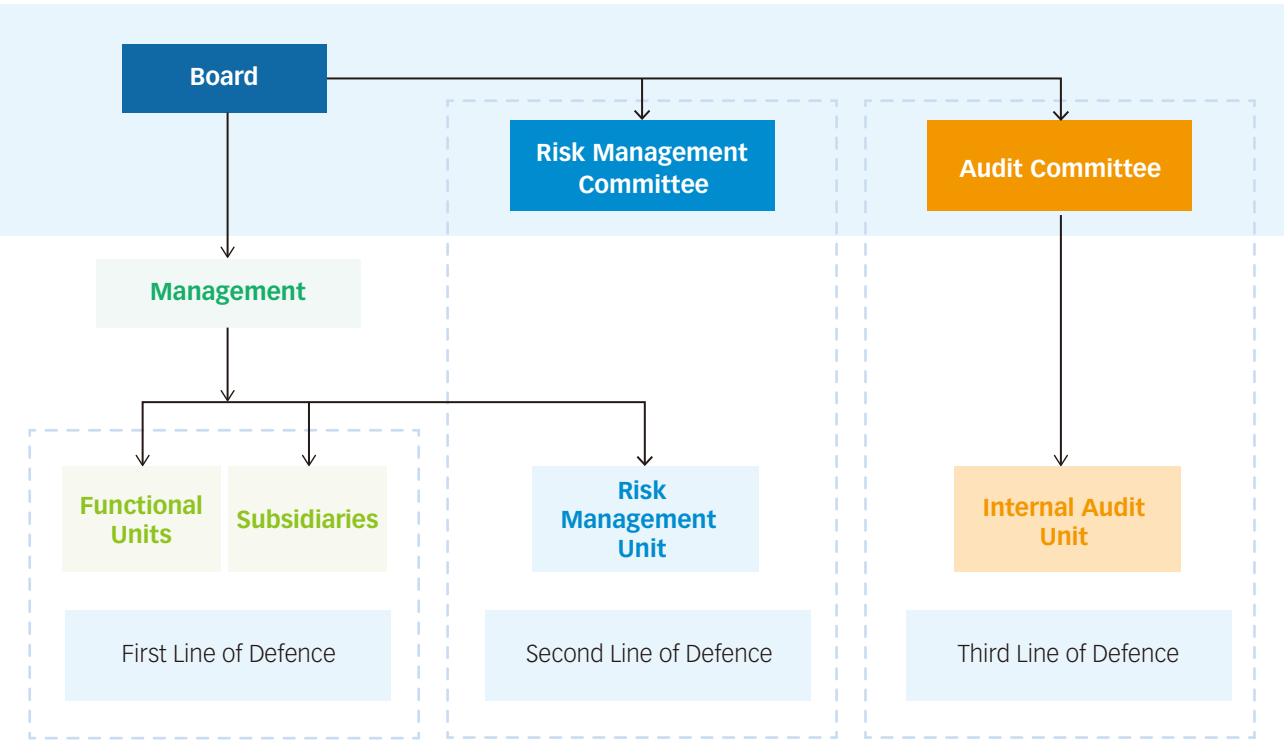
The Board is fully responsible for assessing and determining the continuous effectiveness of the risk management and internal control systems of the Company in an effort to safeguard the interests of its shareholders. Based on its control environment, risk assessment and corresponding strategies, supervision 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.

Corporate Governance Report

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



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

The Board	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Review the effectiveness of the risk management and internal control systems of the Company, ensure that the management has performed its duties of establishing effective systems, and report to the Board on the conclusion of the review
Risk Management Committee	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Implement, maintain and continuously monitor the risk management and internal control systems of the Company Provide the Board with 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	<ul style="list-style-type: none"> Coordinate 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 Coordinate the drafting and implementation of the routine and annual work plans on risk management and internal control Coordinate risk assessment by functional units and subsidiaries, and prepare the annual risk assessment report for the Company Coordinate the evaluation on the effectiveness of the internal control by functional units and subsidiaries, and prepare the annual evaluation report on internal control Coordinate, liaise, 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

Corporate Governance Report

Functional Units and Subsidiaries	<ul style="list-style-type: none"> • 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 routine works on risk management and internal control
Internal Audit Unit	<ul style="list-style-type: none"> • 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 the supervisory

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The risk management procedures include the following major tasks:

Objective establishment	<ul style="list-style-type: none"> Establish strategic, operational, reporting, compliance and other relevant objectives based on the risk tolerance levels of the Company, while fully taking into account the impact of various risks during the process
Risk identification	<ul style="list-style-type: none"> All functional units and subsidiaries to 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> All functional units and subsidiaries choose corresponding strategies to address risks based on risk assessment results and the causes of such risks Prepare solutions to each types of or each individual major risk based on the risk reaction strategies Design practical risk control activities and effectively implement corresponding solutions to risk management
Supervision and improvement	<ul style="list-style-type: none"> 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 control standard. 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.

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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 control aspects, including financial, operational, environmental, social and governance, compliance and risk management, etc.

The Board is ultimately responsible for the effectiveness of the internal control and risk management systems of the Company. The Risk Management Committee, 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, 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.

With a view that a controlled environment lays the foundation for other components in the internal control system, the Company has defined its overall business structure and compiled an instruction manual to supervise the business processes and activities involved therein. Apart from establishing 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 2023. Under the unified planning 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 businesses involved in future operation and development was carried out through interviews and questionnaires. By envisaging potential concerns in an all-rounded manner, countermeasures were formulated against the risks on a case-by-case basis. After considering the interviews with both the management of the Company and the responsible persons of the Company, and the conclusions on the questionnaires on risk evaluation, the Company's risk category framework and risk database for 2023 were established, including 5 first-grade risks, 44 second-grade risks and 111 third-grade risks. The identified top five major risks of the Company were the risks relating to international macroeconomic and political situation, energy price fluctuations, prevention and control of pandemic, exchange rate fluctuations, and talent reserve.

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. At the same time, major risk tracking and monitoring forms are prepared every quarter, with various risk prediction and response work performed accordingly, so as to resolve major business risks.


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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to international macroeconomic and political situation	<p>As a “barometer” of macroeconomic situation, ports are closely related to macroeconomic performance. With the trade war, the continuing conflict between Russia and Ukraine, the slowing down of world economic growth and the recurrence of the COVID-19 pandemic, the growth rate of international trade has slowed down. The demand for port throughput is weakening, there has been a change in the high production input and output especially in the coastal hub ports and has brought uncertainty to the Company’s production and operation. On the other hand, changes in domestic and international political environment, including geopolitics, ethnicity and religion, energy and resources, may affect the implementation of the Company’s strategies and the normal implementation of the Company’s operating plans.</p>	<ul style="list-style-type: none"> Continue to pay attention to the changes in the macroeconomic and political situation, strengthen the research on the global regional investment and trade market and domestic and foreign ports, and properly make pre-control management. Strengthen international cooperation, expand overseas markets, establish contacts with all stakeholders, and maintain communication and coordination mechanisms in depth and breadth. Strengthen communication with other industrial clusters in COSCO SHIPPING Group, make full use of the internal resources of the Group, actively seek cooperation with other associate organizations, and enhance the comprehensive service capability of the Company. Strengthen the lean management of terminals, improve the service quality of ports, and further refine and improve various operational service standards, so as to increase the market competitiveness and customer stickiness of ports and continuously stabilize and expand markets. 	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to energy price fluctuations	<p>During this transition period of changing global energy structure from traditional energy to new energy, an increasing fragility of the energy market is expected in the future. Unstable energy supply, sharp price fluctuation and rising electricity price will directly lead to the increase of the operating costs of major businesses of terminals such as operation of production equipment, cargo loading and unloading and stockpiling, hence an apparent increase in the auxiliary production costs of ports, including port equipment maintenance, port auxiliary production structures, port lighting, drainage, heating and ventilation and air conditioning, etc., which will have a negative impact on the realization of the Company's annual budget revenue target and reduce the Company's overall profitability.</p>	<ul style="list-style-type: none"> • Provided that service quality is ensured, reasonably arrange port operation process and allocate the machinery involved in the loading and unloading operation, minimize intermediate operational procedures, control the energy consumption of single-container operation, hence reducing the impact of energy price fluctuations the operations of ports. • Adjust and optimize the energy structure of ports in respect of planning, design, loading and unloading equipment, technology and auxiliary production facilities of ports, and improve staff's technical competence and energy-saving awareness. • Promote the construction of green and smart ports, promote automation and intelligent construction of ports in a planned way, improve the efficiency of operations of ports, and reduce the use of traditional energy and carbon emissions by using clean energy. 	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to prevention and control of pandemic	With the frequent outbreak of global public health emergencies, if we fail to adjust and implement relevant policies according to the pandemic prevention and control arrangements of the national health system in a timely manner, the pandemic may spread, and as a result, our operation may be affected. The wide spread of pandemic among crane operators, truck drivers, customs officers and other personnel at terminals and stockyards would lead to insufficient labor supply, which may in turn lead to the extended time of goods stocked at ports and low port logistics operation efficiency. As a result, normal business activities may be materially affected.	<ul style="list-style-type: none"> Fully consider the comprehensive impact of pandemic on the Company's operating activities, establish and constantly improve the emergency plans and response mechanisms for epidemic prevention and control, and effectively reduce the impact and losses that pandemic may cause to the Company's production and operation. Make reasonable use of burden alleviating policies, strengthen the safeguard in terms of capital, labor and logistics, reduce or waive administrative fees such as miscellaneous port fees provided that such reduction or waiver is controllable, and improve the market competitiveness of the prices of operating units of ports. 	

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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to exchange rate fluctuations	<p>As affected by the pandemic and the international financial turmoil, the world economic environment has been impacted. Since 2020, the United States has implemented fiscal and monetary stimulus on a large scale. Under the triple-effect of strong growth, high inflation and tight labor market, the Federal Reserve Board had to speed up the tightening of monetary policy and raised interest rates seven times since March 2022, making it the year having the most interest rates hikes in the United States since the end of the Cold War. Many currencies depreciated sharply against the US dollar, which induced capital flight and resulted in significant volatility in the global exchange rates. The Company has many overseas investment businesses, which were affected by the unpredictability of the exchange rate fluctuations. Insufficient assessment on the impact of exchange rate fluctuations on the investment revenue in the investment feasibility study would result in deviation from the expected investment targets.</p>	<ul style="list-style-type: none"> • Cultivate and strengthen the awareness of exchange rate risk prevention, and establish an exchange rate risk prevention and management mechanism and improve the same. • Fully consider the factors of exchange rate changes in the investment feasibility study and investment contract negotiation, and depending on the situation, incorporate exchange rate risk evaluation into the project investment analysis system in a progressive manner. • Reasonably adjust the contribution from investment businesses in the budget as per the change in exchange rates to avoid major deviation from the budget as a result of rates uncertainty. 	

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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to talent reserve	<p>The Company is in the critical period of the "14th Five-Year Plan". The new format, new model and new situation require the Company to have excellent talent resources. A gap between the demand and the Company's talent reserves in digital development, supply chain development, finance and business compliance and other aspects and the Company's demand for talents, would upset the needs of the Company's existing businesses and future development. At the same time, influenced by multiple factors, such as internal integration of the Group, cross-region coordination between the two headquarters, aggregated wages and staffing restrictions, the human resource structure may be unbalanced and it is difficult to introduce and develop talents, upsetting the fulfillment of or the efficiency in achieving the Company's strategic objectives.</p>	<ul style="list-style-type: none"> Sort out the list of talent demand in key fields, make the scientific human resource planning in line with the Company's development strategy, and formulate annual talent recruitment plans in time. Fully leveraged on the platform advantages of central enterprises and listed companies, establish a market-oriented talent introduction mechanism, and provide competitive salaries and benefits. Improve the training assessment mechanism, stimulate team vitality, provide employees with more opportunities to contact and learn from industry experts, and enhance their professional abilities. At the same time, establish and improve the employee incentive mechanism according to the Group's strategic deployment, and give full play to the subjective initiative. 	

Corporate Governance Report


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 aspect as below:

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to global warming	<ul style="list-style-type: none"> According to the World Meteorological Organization, the likelihood of the average global annual temperature breaching the 1.5°C limit of the Paris Agreement is increasing with time. This is fuelled by ever-rising greenhouse gas concentration and accumulated heat, and global warming while other long-term climate change trends are expected to continue. China has established the goal of reaching peak carbon emissions and achieving carbon neutrality. The countries or regions where the terminals operate in have also pledged carbon neutrality, which pose challenges to the energy structure transformation, energy saving and emission reduction of ports and terminals. The International Maritime Organization has released strategies to reduce greenhouse gas emissions from ships, requiring shipping companies to calculate their attained Energy Efficiency Existing Ship Index and Carbon Intensity Indicator to reduce the carbon intensity of the shipping industry by 40% by 2030 compared to the 2008 baseline, which may create a higher demand for shipping companies for green supporting facilities at ports and terminals. 	<ul style="list-style-type: none"> Accelerate the construction of intelligent, automated and digital terminals, promote the diesel-to-electricity conversion of terminal facilities, and facilitate higher operational efficiency, intelligent deployment and time management by optimizing the structure of energy use and recycling energy as well as building a digital management platform to achieve energy saving and emission reduction at subsidiary terminals. Proactively promote the use of green and low-carbon technologies, explore the application of new energy sources such as solar photovoltaics, wind energy and liquefied natural gas in terminals to replace fossil fuels, and accelerate the construction of green ports. Monitor the energy saving and emission reduction strategies of the shipping industry and shipping companies, expand the construction of green and low-carbon infrastructure and encourage domestic subsidiary terminals to promote and increase the coverage and utilization rate of shore power to assist ships in reducing air pollutants and greenhouse gas emissions during berthing. 	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to extreme weather and climate events	<ul style="list-style-type: none"> Extreme heatwaves, drought and devastating flooding affected millions of people around the world and cost billions of dollars, according to the Provisional State of the Global Climate in 2022 report issued by the World Meteorological Organization. At the same time, sea levels are at record highs, posing a long-term and significant threat to coastal and low-lying areas. Given that ports and terminals are located in coastal areas, and the Company's terminal network covers many regions around the world, including areas with high temperatures or environments vulnerable to floods and typhoons, frequent occurrence of extreme weather and climate events may cause higher risks to the operational safety of terminals. 	<ul style="list-style-type: none"> Improve emergency planning and the ability to deal with extreme weather, ensure the safety of personnel, equipment and facilities, implement a robust roster system during important periods and holidays to effectively reduce the impact of extreme weather on the Company's production and operation. Be well-prepared for typhoon and flooding, enhance the implementation and sense of responsibility of safety management personnel, and clarify the responsibility for typhoon prevention. Monitor windy and gusty weather, issue safety warnings to the affected terminals in a timely manner, monitor local weather changes closely, prepare in advance and take effective preventive measures to avoid impact on the Company's production and operation. 	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to anti-corruption policies	<ul style="list-style-type: none"> China has reaffirmed its commitment to deepen anti-corruption culture, establish the coordination mechanism for cross-border anti-corruption governance, and strengthen the prevention and control of corporate integrity risks and compliance of enterprises abroad. The Company's terminal portfolio covers regions all over the world, and therefore cultural, political and legal differences may pose a greater challenge to its anti-corruption and corporate governance system. 	<ul style="list-style-type: none"> Strengthen anti-corruption system by developing anti-corruption and whistleblowing management policies to further regulate work processes. Enhance anti-corruption trainings by coordinating and organizing domestic and overseas subsidiary terminals to carry out education and trainings through various methods such as system studies, case studies, seminars and integrity education courses, taking local affairs into consideration, to enhance the corporate culture of integrity. Strengthen case studies and alerts, pay close attention to important fields, key positions and important festive seasons where and when corruption is more likely to occur, and carry out publicity and education on integrity and honesty. 	

The report regarding risk management and internal control of the Company for 2022 was reviewed by the Risk Management Committee and the Audit Committee and submitted to the Board for approval, forming the basis for the Board's assessment of the effectiveness of the risk management and internal control systems for the year 2022.

Corporate Governance Report

Internal Control System and Mechanism

The Company invited external consultants to evaluate the effectiveness of internal control as at 31 December 2022. Pursuant to the accreditation standard on internal control weaknesses, no material weaknesses nor important weaknesses on the internal control of the Company were identified during the reporting period. The features of the Company's internal control mechanism are as follows:

1. The Group has a clear organisational structure in place detailing the lines of authority and control responsibilities in each business unit, which is beneficial for the delegation of authority, proper determination of duties and better accountability. Certain specific matters are not delegable 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 where appropriate 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 loss
 - Reviewing and evaluating the completeness, 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

Corporate Governance Report

5. The Company has established the “Whistleblowing Management Rules” and system which is applicable to the Group, so as to allow all members (including directors, senior management and employees at all levels) or any member of the Group or other persons having any dealings with the Group (such as customers and suppliers) may report, with name or anonymity, any illegal, unethical practices or irregularities in the operation and management of the Group to the Chairman of the Audit Committee or the Audit and Supervision Department of the Company. The Company shall provide a confirmation of receipt within 15 working days, or wherever reasonably practicable, upon receipt of a reasonable whistleblowing report, to request for further information or evidence (if necessary), and where appropriate, status of the investigation. Based on the results of the investigation and the seriousness of the violation, member(s) who are found in violation of the rules and regulations shall be subject to strict disciplinary actions in accordance with the applicable rules. Where the responsible person is in violation of local laws or regulations, the Company shall refer the case to the judicial authority and pursue legal responsibilities. The Whistleblowing Policy is set out in the section headed under “About CSP – Corporate Governance – Policies and Guidelines” on the Company’s website (<https://ports.coscoshipping.com>).
6. The Company has established the “Anti-corruption Rules” which aims at upholding honesty, integrity and fairness for all members the Group. Such rules set out essential basic behaviours that all members must follow, and the principles for receipt of interest and report on conflict of interest. Any member who violates these Rules shall be investigated and treated in a strict manner in accordance with the relevant internal regulations of the Company or subsidiary companies. In order to promote and support anti-corruption, both the Company and its subsidiaries promote a corporate culture that promotes honesty and integrity. The directors and management of the Company and its subsidiaries shall insist on leading by example and take the lead in action to comply with the laws, regulations and rules of the Company and the subsidiaries. At the same time, members are encouraged to abide by the laws and the ethical conducts during daily work of the Company, and to assist members in dealing with conflicts of interests and resisting temptation of improper benefits in a proper manner during the course of work. Regular trainings on clean practices are held to further enhance corporate integrity management and promote the establishment of a non-corrupt working culture. The Anti-corruption Policy is set out in the section headed under “About CSP – Corporate Governance – Policies and Guidelines” on the Company’s website (<https://ports.coscoshipping.com>).
7. 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

Corporate Governance Report

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 2022, 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 2022 was normal, and there were no significant risk events.

In 2022, the Company launched the yearly theme of strengthening compliance management, regularly sorted out and summarized the compliance management of the Company, and carried out several rounds of comprehensive and systematic self-inspections of compliance risks by focusing on the compliance risks related to the daily operations of the Company and its subsidiaries and the potential risks related to violations of laws and regulations. After screening, neither the Company nor its subsidiaries have any compliance risks or any violation of laws and regulations.

In November 2022, 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. In addition, the Company established three standards, namely, company risk assessment standards, internal control defect determination standards and compliance management evaluation standards, set risk scoring standards, clarified internal control defect determination standards and compliance management evaluation standards, and further improved the internal control and risk control management system.

The audit projects for 2022 covered 14 terminals, including 8 terminal companies in which the Group has controlling stakes. The audit carried out in the terminal companies in which the Group has controlling stakes focused on major risks during operations, the establishment and implementation of internal control, risk prevention and control mechanism, including the situation of accounts receivable management and customer credit rating, etc. The audit carried out in non-controlling terminals focused on returns on investments, assets management and significant capital expenditures, etc.

Corporate Governance Report

During 2022, the Internal Audit Unit completed a total of 15 audit assignments. All the internal audit reports were reviewed and approved by the Audit Committee. All internal audit work scheduled for the year 2022 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 abides by laws and regulations, continuously promotes its legal governance in an orderly manner, effectively strengthens the standards and achievements of the Company's legal governance work. The relevant work is coordinated and strategised by the legal governance steering group and implemented by the working group. Meanwhile, the Board and the Audit Committee review the legal governance report on a bi-annual basis, continuously providing strong support for the Company's legal and compliant operation and development. In 2022, the Company continued to enhance the concept of legal governance, strengthen internal rules, improve work organization, provide compliance trainings, strengthen legal risks prevention for investment and financing projects, strictly implement major contract management, legal disputes management and international sanctions compliance management, as well as implemented the below measures to improve legal risks prevention and control system: (1) formulated and issued the "Compliance Management Rules" to further clarify and refine compliance management responsibilities, and provide directional guidance for carrying out various compliance management work; (2) further strengthened the participation of the Company's risk control team in the decision-making of risk control, internal control and compliance work, gave full play to its important role as the "first line of defense", and steadily improved the overall standards of risk control and internal control management; (3) carried out multiple risk investigations, formulated systematic and daily risk prevention and control measures and contingency response mechanisms, further enhancing risk prevention and control capabilities; (4) further strengthened the risk prevention work of overseas terminal companies and paid close attention to updates for international sanctions, and notified overseas terminal companies of major sanctions lists and bill updates related to the shipping industry and the Company's business locations in a timely manner, guiding and urging each controlling terminal to strictly implement risk investigation and control measures to ensure that the Company has no major risk events throughout the year; and (5) continued to strengthen antitrust compliance management, revised and improved the "Antitrust Compliance Guidance Manual" according to the revision of relevant laws and regulations, provided relevant trainings on antitrust topics for the management and employees of the Company and each controlling terminal to improve the antitrust compliance awareness of all employees. During the year, no significant incidents of violation of laws and regulations occurred.

Corporate Governance Report

AUDITOR'S REMUNERATION AND RELATED MATTERS

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 services do not involve any management or decision-making functions for and on behalf of the Group, no self-assessments are carried out, and that there is no promotional effect to the Group.

For the year ended 31 December 2022, 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:

	2022 US\$	2021 US\$
Nature services		
Audit services	1,076,000	1,136,000
Audit related services	296,000	308,000
Non-audit services:		
– Financial advisory services	41,000	–
– Tax related services	198,000	259,000

DIVERSITY

Status on Board diversity is set out in the section headed “Board Diversity Policy” above.

Regarding diversity in workforce (including senior management), as at 31 December 2022, male workers and female workers accounted for 84% and 16%, respectively, of the total number of workers of the Group.

As a leading ports operator in the world, COSCO SHIPPING Ports has an international team composed of members from different countries with different genders, age, cultural backgrounds, knowledge and professional experience. The Group pursues a gender diversity approach as part of its good management practices to ensure an inclusive workforce. In respect of staff recruitment, the Group has put in place established management rules and procedures to ensure meritocracy-oriented recruitment. During the recruitment process, the Group attracts candidates with different backgrounds and experiences based on the consistent selection criteria and according to the principle of meritocracy, regardless of gender, to ensure that only experience and qualifications are relevant to job requirements. In regard to the promotion, redesignation and training of staff, the Group has also established relevant administrative rules with clear criteria to provide employees with equal opportunities and ensure no subjectivity, differential treatment or discrimination is involved in such decisions. The Group also reviews the relevant administrative rules and criteria from time to time to ensure that the management of the Company is in compliance with the laws and regulations.

Due to the industry characteristics of port operation, male dominated the supply of manpower in traditional labour markets. Recently, the Group has continued to proceed and improve terminal automation. Being the first totally automated container terminal in China, Xiamen Ocean Gate Terminal has ridden on the achievement of remote control and introduced a team of female operators and set up the first fully automated “Women Team” in China, with a view of bringing female’s strengths of meticulousness and rigour in modern workplace and their own potential into play, thus broadening the employment and promotion path for female in the port industry. The Group recognises that gender diversity not only enables better corporate development, but also allows for better commitment to social responsibility. Therefore, as we strive to build a terminal network with controlling stake, deepen lean operations and promote technological innovation, we continue to promote gender diversity within the Group to build a high performing and diversified team of excellence.

Corporate Governance Report

SHAREHOLDERS' RIGHTS**General Meeting**

The Company views its general meetings ("General Meetings"), including the annual general meeting and special general meetings, as a forum for shareholders to communicate with the Board and senior management. All directors and senior management attend the meeting to the best of their availability. 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 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 one (21) clear business days' notice of the annual general meeting and fourteen (14) 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 (<https://ports.coscoshipping.com>) under section headed "About CSP – Corporate Governance – Policies and Guidelines".

Corporate Governance Report

SHAREHOLDINGS AND SHAREHOLDERS' INFORMATION

Share Capital (as at 31 December 2022)

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\$344,065,762.7 comprising 3,440,657,627 shares of a par value of HK\$0.1 each

Type of Shareholders (as at 31 December 2022)

Type of shareholders	No. of shares held	% of the total number of issued shares
China COSCO (Hong Kong) Limited and its subsidiary	2,007,803,949	58.36
Other corporate shareholders	1,427,834,531	41.50
Individual shareholders	5,019,147	0.14
Total	3,440,657,627	100

Location of Shareholders (as at 31 December 2022)

Location of shareholders ¹	No. of shareholders	No. of shares held
Hong Kong	476	3,440,646,034 ²
United Kingdom	1	5,000
The People's Republic of China	1	4,000
Canada	1	2,593
Total	479	3,440,657,627

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 2,084,897,977 shares registered in the name of HKSCC Nominees Limited which may hold these shares on behalf of its clients in or outside Hong Kong.

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.

Corporate Governance Report

Memorandum of Association and Bye-laws

For the year ended 31 December 2022, the Memorandum of Association and Bye-laws of the Company were amended in response to the amendments on the listing rules on 1 January 2022, and was being approved by way of a special resolution at the annual general meeting held on 26 May 2022.

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 2022:

- communicated with institutional investors regularly
- held press conferences at the time of financial results announcements
- 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.

Key Corporate Event Dates

The following are the dates for certain key corporate events:

Event	Date
Payment of 2022 First Interim Dividend	17 November 2022
2022 Annual Results Announcement	29 March 2023
2023 First Quarter Results Announcement	26 April 2023
Closures of Register of Members	
(a) for receiving the 2022 Second Interim Dividend	18 April 2023 to 21 April 2023
(b) for attending the 2023 Annual General Meeting	19 May 2023 to 24 May 2023
Payment of 2022 Second Interim Dividend	21 June 2023
Annual General Meeting	24 May 2023
2023 Interim Results Announcement	August 2023
2023 Third Quarter Results Announcement	October 2023

DIRECTORS AND SENIOR MANAGEMENT PROFILES

DIRECTORS



YANG Zhijian
*Chairman of the Board,
Executive Director*

Mr. YANG, aged 58, has been an Executive Director and Chairman of the Board of the Company since May 2022. Mr. YANG 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 the employee representative director of China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), an executive director, the general manager and party secretary of COSCO SHIPPING Holdings Co., Ltd. (listed in Hong Kong and Shanghai), the chairman of the board and party secretary of COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines"), an executive director of Orient Overseas (International) Limited (listed in Hong Kong), the chairman of the board, chief executive officer and chairman of the executive committee of Orient Overseas Container Line Limited, and a director of several subsidiaries of COSCO SHIPPING. He previously held various positions including the head of Ocean Transportation Division of Shanghai Ocean Shipping Co., Ltd., the head of planning and cooperation office under the Corporate Planning Division and deputy general manager of marketing department of COSCO SHIPPING Lines, the deputy general manager of Hong Kong Ming Wah Shipping Co., Ltd., the general manager of the Trade Service Division and the general manager of the Asia-Pacific Trade Division of COSCO SHIPPING Lines, general manager and deputy party secretary of Shanghai PANASIA Shipping Company Limited, assistant to the general manager and deputy general manager of COSCO Logistics Co., Ltd. (currently known as COSCO SHIPPING Logistics Co., Ltd.), the deputy general manager, general manager and deputy party secretary of COSCO SHIPPING Bulk Co., Ltd., the general manager and deputy party secretary of COSCO SHIPPING Lines and the deputy party secretary of COSCO SHIPPING Holdings. Mr. YANG has over 30 years of experience in the maritime industry and has extensive experience in container shipping, logistics and bulk shipping. Mr. YANG graduated from Shanghai Maritime University with EMBA degree. He is an economist.



ZHU Tao
*Managing Director,
Executive Director*

Mr. ZHU, aged 50, has been an Executive Director and the Managing Director of the Company since June 2022. 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. He is also non-executive director of Qingdao Port International Co., Ltd. (listed in Hong Kong and Shanghai). Mr. ZHU served as business deputy manager and business manager of the Dispatching Division of the Liner Department of COSCO Container Lines Co., Ltd. ("COSCO Container Lines") (now known as COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines")), deputy head of the Business Division of the Coastal Transportation Department of COSCO Container Lines, manager of the East and South China Operating Department of Sino-Japan Trade Division of COSCO Container Lines, deputy general manager and chairman of the Labour Union of Shanghai PANASIA Shipping Company Limited ("Shanghai PANASIA"), deputy general manager of Americas Trading Division of COSCO Container Lines, general manager of COSCO Container Lines (Netherlands) B.V., supervisor of the General Manager's Office of COSCO Container Lines, general manager and deputy party secretary of Shanghai PANASIA, and deputy general manager and member of the Party Committee of COSCO SHIPPING Lines, etc. Mr. ZHU graduated from Shanghai Jiao Tong University with a Master's Degree in Business Administration. He is an economist.

Directors and Senior Management Profiles



ZHANG Wei
Non-executive Director

Mr. ZHANG, aged 56, has been a Non-executive Director of the Company since October 2016. Mr. ZHANG is an executive director and a deputy general manager of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings")(listed in Hong Kong and Shanghai), a director and the general manager 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 and COSCO SHIPPING Energy Transportation Co., Ltd. and a director of 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.



CHEN Dong
Non-executive Director

Mr. CHEN, aged 48, has been a Non-executive Director of the Company since October 2016. Mr. CHEN is 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. (listed in Hong Kong) and a director of COSCO SHIPPING Specialized Carriers Co., Ltd. (listed in Shanghai) and COSCO SHIPPING Bulk Co., Ltd. All the above companies are subsidiaries of COSCO SHIPPING. He is also a non-executive director of China Merchants Bank Co., Ltd. (listed in Hong Kong and Shanghai). 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. (both listed in Hong Kong and Shanghai). 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.

Directors and Senior Management Profiles



WONG Tin Yau,
Kelvin SBS, JP
Executive Director

Dr. WONG, aged 62, 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 of Accounting and Financial Reporting Council. 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), a member of Standing Committee on Company Law Reform (2010-2016) and a member of Operations Review Committee of Independent Commission Against Corruption (2017-2022). 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 (listed in Hong Kong) 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 JS Global Lifestyle Company Limited (listed in Hong Kong), Xinjiang Goldwind Science & Technology Co., Ltd. (dual listed in Hong Kong and Shenzhen), I.T Limited (delisted in Hong Kong on 30 April 2021) and Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (dual listed in Hong Kong and Shanghai). Dr. WONG 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 77, 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.

Directors and Senior Management Profiles



**Adrian David
Li Man Kiu BBS, JP**
*Independent
Non-executive Director*

Mr. LI, aged 49, 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 Shanghai 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 14th 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. LI was awarded the Bronze Bauhinia Star by the Government of the HKSAR in 2022 in recognition of his contributions to the community.



LAM Yiu Kin
*Independent
Non-executive Director*

Mr. LAM, aged 68, 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 and Topsports International Holdings 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 and WWPKG Holdings Company Limited, companies 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.

Directors and Senior Management Profiles



CHAN Ka Lok
*Independent
Non-executive Director*

Prof. CHAN, aged 61, 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.



**YANG Liang Yee
Philip**
*Independent
Non-executive Director*

Mr. YANG, aged 74, 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.

Directors and Senior Management Profiles

SENIOR MANAGEMENT



CHEN Yipeng
Deputy General Manager

Mr. CHEN, aged 53, has been a Deputy General Manager of the Company since June 2022. Before the appointment, he had been an Executive Assistant to Managing Director of the Company since April 2021. Mr. CHEN served as managing director of Xiamen Ocean Gate Container Terminal Co., Ltd. (a subsidiary of the Company), deputy general manager of Shanghai Ocean Industry Corporation, deputy general manager of the Asia-Pacific Trade Division of COSCO Container Lines Co., Ltd. (now known as COSCO SHIPPING Lines Co., Ltd.), marketing director of COSCO Xiamen International Freight Co., Ltd., and second officer of Shanghai Ocean Shipping Co., Ltd., etc. Mr. CHEN has over 30 years of solid work experience in the shipping and port industry and has extensive experience in container transportation and marketing management, terminal operation management and Smart Port development. Mr. CHEN graduated from Navigation College of Jimei University with Marine Navigation major and holds a Master of Business Administration degree from Xiamen University. He is a senior economist.



ZHAO Fengnian
Chief Accountant

Mr. ZHAO, aged 50, has been the Chief Accountant of the Company since June 2022. He is a member of the Investment and Strategic Planning Committee and the Risk Management Committee of the Company. Mr. ZHAO joined the COSCO group in 1995. He had been section manager of the Accounting Section of the Finance Department of Qingdao Ocean Shipping Co., Ltd. (now known as COSCO SHIPPING (Qingdao) Co., Ltd.), chief financial officer of COSCO Africa Co., Ltd. (now known as COSCO SHIPPING (Africa) Co., Ltd.), deputy manager (person-in-charge) of the Fund Management Office of the Finance Department of China Ocean Shipping (Group) Company (now known as China Ocean Shipping Co., Ltd.)/China COSCO Holdings Company Limited (now known as COSCO SHIPPING Holdings Co., Ltd.), senior manager of the Fund Management Office of the Financial Management Department of China COSCO SHIPPING Corporation Limited. Mr. ZHAO has over 20 years of solid work experience in the shipping industry and has extensive experience in financial accounting, fund management, business financing, etc. Mr. ZHAO graduated from Central University of Finance and Economics, majoring in National Economic Management. He is a senior accountant.

Directors and Senior Management Profiles



**HUNG Man,
Michelle**
*General Counsel &
Company Secretary*

Ms. HUNG, aged 53, 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 2022.

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 42 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 12 to 17 and the Financial Review on pages 36 to 40 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 10 to 11 of this annual report.

The environmental policies and performance and compliance with relevant laws and regulations are provided in the 2022 Sustainability Report of the Company, which has been published on the same date of this annual report. The English and Chinese version of the 2022 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 2022” 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 2022 are set out in the consolidated income statement on page 132 of this annual report.

The Board declared a first interim dividend of HK16.7 cents (equivalent to US2.128 cents) per share with a scrip dividend alternative, totalling HK\$564,999,000 (equivalent to US\$71,995,000), which was paid on 17 November 2022.

The Board also declared a second interim dividend of HK11.6 cents (equivalent to US1.504 cents) per share with a scrip dividend alternative, totalling HK\$399,116,000 (equivalent to US\$51,747,000), payable on 21 June 2023.

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 239 of this annual report.

DONATIONS

Charitable and other donations made by the Group during the year amounted to US\$1,520,000.

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.

Report of the Directors

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as of 31 December 2022 calculated under the Companies Act of Bermuda amounted to US\$2,494,735,000.

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. YANG Zhijian ¹ (<i>Chairman</i>)	(Appointed on 10 May 2022)
Mr. FENG Boming ¹ (<i>Chairman</i>)	(Resigned on 28 April 2022)
Mr. ZHU Tao ¹ (<i>Managing Director</i>)	(Appointed on 28 June 2022)
Mr. ZHANG Dayu ¹ (<i>Managing Director</i>)	(Resigned on 28 June 2022)
Mr. DENG Huangjun ¹	(Resigned on 1 April 2022)
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 Clause 83(2) of the Bye-laws of the Company, Mr. ZHU Tao (managing director), being a new director appointed by the Board, shall retire at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

In accordance with Clauses 84(1) and (2) of the Bye-laws of the Company, Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu and Mr. YANG Liang Yee Philip, 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 88 to 94 of this annual report.

Report of the Directors

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.

Report of the Directors

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 31,152,682 Shares (representing approximately 0.91% 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).

Report of the Directors

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 2022 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 commencing 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:

Category	Number of share options							% of total number of issued Shares	Exercise period	Notes
	Exercise price per share HK\$	Outstanding at 1 January 2022	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 2022			
Directors										
Mr. ZHU Tao	7.27	N/A	-	-	557,097	(186,071)	371,026	0.01%	19.6.2020-18.6.2023	(1), (2), (13)
Dr. WONG Tin Yau, Kelvin	7.27	1,200,000	-	-	-	(400,800)	799,200	0.02%	19.6.2020-18.6.2023	(1), (3), (13)
Ex-directors										
Mr. ZHANG Dayu	7.27	1,200,000	-	-	(1,200,000)	-	-	-	19.6.2020-18.6.2023	(1), (3), (4)
Mr. DENG Huangjun	7.27	1,200,000	-	-	(1,200,000)	-	-	-	19.6.2020-18.6.2023	(1), (3), (5)
		3,600,000	-	-	(1,842,903)	(586,871)	1,170,226			
Continuous contract employees	7.27	37,607,778	-	-	(2,252,178)	(12,445,530)	22,910,070	0.67%	19.6.2020-18.6.2023	(1), (2), (6), (7)
	8.02	604,971	-	-	-	(206,567)	398,404	0.01%	29.11.2020-28.11.2023	(8), (14)
	8.48	449,726	-	-	-	(224,525)	225,201	0.01%	29.3.2021-28.3.2024	(9), (14)
	7.27	135,143	-	-	-	(67,470)	67,673	0.00%	23.5.2021-22.5.2024	(10), (14)
	7.57	849,428	-	-	-	(424,078)	425,350	0.01%	17.6.2021-16.6.2024	(11), (14)
Others	7.27	6,294,680	-	-	4,095,081	(3,951,603)	6,438,158	0.19%	19.6.2020-18.6.2023	(1), (12), (13)
		45,941,726	-	-	1,842,903	(17,319,773)	30,464,856			
		49,541,726	-	-	-	(17,906,644)	31,635,082			

Report of the Directors

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 of the Company (the "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 share options is held by the spouse of the director (who is an employee of the Company as at the date of appointment of the director) and hence, is the interest of spouse of the director. To avoid duplication in calculation, these share options were transferred from the category of "continuous contract employees" to the category of "directors".
- (3) These options represent the personal interest held by the relevant director as a beneficial owner.
- (4) Mr. ZHANG Dayu resigned as an executive director of the Company on 28 June 2022. In this regard, the options held by Mr. ZHANG Dayu were transferred from the category of "directors" to the category of "others".
- (5) Mr. DENG Huangjun resigned as an executive director of the Company on 1 April 2022. In this regard, the options held by Mr. DENG Huangjun were transferred from the category of "directors" to the category of "others".
- (6) These 2,252,178 share options comprise 557,097 share options as described in note (2) and 1,695,081 share options transferred from the category of "continuous contract employees" to the category of "others" pursuant to the terms of the Share Option Scheme.
- (7) Amongst the 12,445,530 share options, 766,250 share options were lapsed due to resignation or retirement of the relevant employees and 11,679,280 share options were cancelled due to the unsatisfactory of the performance targets of the Company pursuant to the terms of the Share Option Scheme.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) 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.
- (12) These 4,095,081 share options included those transferred from the categories of "directors" or "continuous contract employees" to the category of "others" as mentioned under notes (4), (5) and (6).
- (13) Amongst the 3,951,603 share options, 1,166,522 share options were lapsed due to resignation or retirement of the relevant employee and 2,785,081 share options were cancelled due to the unsatisfactory of the performance targets of the Company pursuant to the terms of the Share Option Scheme.
- (14) These share options were cancelled due to the dissatisfaction of the performance targets of the Company.
- (15) No share options were granted or exercised under the Share Option Scheme during the year.

Report of the Directors

Explanation on the Exercise Conditions and Fulfillment of Exercise Conditions for 2018 Third Exercise Period and 2019 Second Exercise Period under the Share Option Scheme**(1) 2018 Third Exercise Period and 2019 Second Exercise Period has commenced**

In accordance with the Share Option Scheme, Participants may exercise their share options only after the expiry of the Restriction Period. The third exercise periods of the share options granted in 2018 ("2018 Third Exercise Period") and the second exercise periods of share options granted in 2019 ("2019 Second Exercise Period") were due in 2022. Participant of 2018 Third Exercise Period and 2019 Second Exercise Period entitled to exercise his/her share options may exercise 33.4% and 33.3% of the share options granted to him/her respectively during the respective exercise period.

(2) Exercise conditions to be fulfilled**I. 2018 Third 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 2021 should not be lower than 7.0% and the average of the selected peer benchmark enterprises^(note 1); (b) growth rate of revenue in 2021 as compared to 2017 should not be lower than 40.0% and the average of the selected peer benchmark enterprises; and (c) the Economic Value Added ("EVA") indicator accomplished for 2021 has reached the assessment target set by COSCO SHIPPING, and Δ EVA is greater than zero;
2. Events^(note 2) 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^(note 3) 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 2021.

II. 2019 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 2021 should not be lower than 6.5% and the average of the selected peer benchmark enterprises; (b) growth rate of revenue in 2021 as compared to 2018 should not be lower than 25.0% and the average of the selected peer benchmark enterprises; and (c) the EVA indicator accomplished for 2021 has reached the assessment target set by COSCO SHIPPING, and Δ EVA is greater than zero;
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 happened 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 2021.

Report of the Directors

(3) Fulfillment of exercise conditions for the exercise periods

I. Exercise conditions for 2018 Third Exercise Period have not been fulfilled

1. The Company's business performance condition: according to the audited 2021 financial statements approved at the annual general meeting of the Company held on 26 May 2022, ROE of the Company in 2021 was 6.33%, which was lower than 7.0% but not lower than the average of the selected peer benchmark enterprises of 5.11%; the growth rate of revenue in 2021 as compared to 2017 was 90.36%, which was not lower than 40.0% and the average of the selected peer benchmark enterprises of 28.78%. Meanwhile, the EVA accomplished by the Company in 2021 was RMB87.35 million (2020: RMB58.62 million) which has reached the assessment target set by COSCO SHIPPING, and Δ EVA is greater than zero;
2. Events described in article 2 under Chapter 10 of the Share Option Scheme did not happen; and
3. As the Company's business performance conditions were not fulfilled, analysis of the individual target achievement is not necessary.

II. Exercise conditions for 2019 Second Exercise Period have not been fulfilled

1. The Company's business performance condition: according to the audited 2021 financial statements approved at the annual general meeting of the Company held on 26 May 2022, ROE of the Company in 2021 was 6.33%, which was not lower than 6.5%, but lower than the average of the selected peer benchmark enterprises of 5.11%; the growth rate of revenue in 2021 as compared to 2018 was 20.78%, which was lower than 25.0%, but not lower than the average of the selected peer benchmark enterprises of 17.85%. Meanwhile, the EVA accomplished by the Company in 2021 was RMB87.35 million (2020: RMB58.62 million) which has reached the assessment target set by COSCO SHIPPING, and Δ EVA is greater than zero;
2. Events described in article 2 under Chapter 10 of the Share Option Scheme did not happened; and
3. As the Company's business performance conditions were not fulfilled, analysis of the individual target achievement is not necessary.

(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 15,257,799 Share Options under 2018 Third Exercise Period and 716,073 Share Options under 2019 Second 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.

Report of the Directors

Notes:

- Regarding the peer benchmark enterprises, COSCO SHIPPING Ports mainly focused on ports and terminals business. Based on the Global Industry Classification Standard (GICS), an industry classification indicator established jointly by Morgan Stanley and Standard & Poor which global financial institutes make reference to, COSCO SHIPPING Ports is categorised under the industry of marine ports & services. Peer benchmark enterprises of 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 2022 annual report of the Company, the list of peer benchmark enterprises composed of the following 24 enterprises:

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

Among which, (i) financial indicators of Jinzhou Port could not be compared in the financial year 2021 due to a change in accounting method; and (ii) Liaoning Port completed the acquisition of the Yingkou Harbor Company Limited in 2021, and the financial indicators and data of the financial year were affected.

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 no information is available for benchmark purposes for financial indicators of Jinzhou Port and Liaoning Port in the financial year of 2021. Therefore, the remuneration committee recommended the Board to consider and approve the exclusion of Jinzhou Port and Liaoning Port from the List of Peer Benchmark Enterprises.

Report of the Directors

After consideration, the Board approved the exclusion of Jinzhou Port and Liaoning Port from the List of Peer Benchmark Enterprises, the number of peer benchmark enterprises applicable to the Share Option Scheme was reduced from 24 to 22.

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 bribes, corruption, theft, leaking commercial and technological secrets of the listed company, conducting connected transactions which impaired the interests and reputation of the listed company, and other illegal behaviors which have material adverse impact on the image of 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 the conditions for the exercise for 2018 Third Exercise Period and 2019 Second Exercise Period were not fulfilled.

Report of the Directors

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 Non-fulfillment of the Exercise Conditions of 2018 Third Exercise Period

According to the 2021 audited financial statements being approved at the 2022 annual general meeting, the ROE in 2021 was 6.33%. The requirement on the vesting condition of 2018 Third Exercise Period under the Share Option Scheme that “the ROE in the financial year immediately preceding the vesting of Share Options (after extraordinary gains and losses) should not be lower than 7.00% 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 203 competent Participants, totaling 15,257,799 Share Options, had to be cancelled.

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

According to the 2021 audited financial statements being approved at the 2022 annual general meeting, (i) the ROE in 2021 was 6.33%. The requirement on the vesting condition of 2019 Second Exercise Period under the Share Option Scheme that “the ROE in the financial year immediately preceding the vesting of Share Options (excluding extraordinary income and loss) should not be lower than 6.50% and the average of the selected peer benchmark enterprises” was not achieved; and (ii) the growth rate of revenue in 2021 as compared to 2018 was 20.78%. The requirement on the vesting condition of 2019 Second 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. 2018) as compared to that in the financial year immediately preceding the grant date (i.e. 2021) should not be lower than 25.00% 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 11 competent Participants, totaling 716,073 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.

Report of the Directors

The conditions for the exercise for 2018 Third Exercise Period and 2019 Second Exercise Period were not fulfilled. After relevant share options being cancelled, 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 Deputy Managing Director	WONG Tin Yau, Kelvin	799,200
Deputy General Manager	CHEN Yipeng	209,364
General Counsel and Company Secretary	HUNG Man, Michelle	799,200
Other Participants	211 Participants	29,109,094
Total		30,916,858

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.

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 2022, 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\$4,703,000, while the share option expenses recognised in 2022 was a reversal of US\$1,706,000; the fair value of share options granted in 2019 was US\$67,000, while the share option expenses recognised in 2022 was a reversal of US\$71,000.

Report of the Directors

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 2022 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. ZHU Tao	Beneficial owner	Personal	8,000	0.0002%
Mr. ZHANG Wei	Beneficial owner	Personal	30,000	0.001%
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	1,418,505	0.041%

(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. YANG Zhijian	Beneficial owner	Personal	130,000 H shares	0.004%
				401,544 A shares	0.003%
	Mr. ZHU Tao	Beneficial owner	Personal	447,966 A shares	0.004%
	Mr. ZHANG Wei	Beneficial owner	Personal	323,466 A shares	0.003%
COSCO SHIPPING Development Co., Ltd.	Mr. YANG Zhijian	Beneficial owner	Personal	400,000 H shares	0.011%
	Mr. ZHU Tao	Beneficial owner	Personal	65,000 H shares	0.002%
				108,100 A shares	0.001%
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. ZHU Tao	Beneficial owner	Personal	10,000 H shares	0.0008%
	Mr. Adrian David Li Man Kiu	Beneficial owner	Personal	508,000 H shares	0.04%

Report of the Directors

(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. YANG Zhijian	Beneficial owner	Personal	1.00	815,256	0.006%	(1), (2), (3)
	Mr. ZHU Tao	Beneficial owner	Personal	1.00	656,734	0.005%	(1), (2), (3)
	Mr. ZHANG Wei	Beneficial owner	Personal	1.00	656,734	0.005%	(1), (2), (3)

Notes:

- (1) Such share options were granted on 29 May 2020 pursuant to the A-shares share option incentive scheme of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") adopted on 30 May 2019 and amended on 18 May 2020 by the shareholders of CSH and can be exercised during the period from 30 May 2022 to 28 May 2027.
- (2) Such share options have been or 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.
- (3) On 12 December 2022, the board of directors of COSCO SHIPPING Holdings resolved to adjust its reserved A share options' exercise price from RMB1.82 to RMB1.00 per A share following the 2022 interim dividend distribution plan of COSCO SHIPPING Holdings. The registration with China Securities Depository and Clearing Corporation Limited for such adjustment was completed.

Report of the Directors

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2022, the directors, namely Mr. YANG Zhijian, Mr. ZHU Tao, Mr. ZHANG Wei 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 2022, were as follows:

Name	Capacity	Nature of interests	Number of Shares/Percentage of total number of issued Shares as at 31 December 2022				Note
			Long positions	%	Short positions	%	
COSCO Investments Limited	Beneficial owner	Beneficial interest	237,803,365	6.91	–	–	(1)
China COSCO (Hong Kong) Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,997,217,949	58.05	–	–	(1)
COSCO SHIPPING Holdings Co., Ltd.	Interest of controlled corporation	Corporate interest	1,997,217,949	58.05	–	–	(1)
China Ocean Shipping Co., Ltd.	Interest of controlled corporation	Corporate interest	1,997,217,949	58.05	–	–	(1)
China COSCO SHIPPING Corporation Limited	Interest of controlled corporation	Corporate interest	1,997,217,949	58.05	–	–	(1)
Silchester International Investors LLP	Investment manager	Other interest	307,228,172	8.93	–	–	

Note:

- (1) The 1,997,217,949 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 237,803,365 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 1,759,414,584 Shares beneficially. Accordingly, China COSCO (HK)'s interest in relation to the 1,997,217,949 Shares is also recorded as COSCO SHIPPING Holdings' interest in the Company. China Ocean Shipping Co., Ltd. ("COSCO Group") held 38.22% equity interest in COSCO SHIPPING Holdings as at 31 December 2022, and accordingly, COSCO Group is deemed to have the interest of 1,997,217,949 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 1,997,217,949 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 2,007,803,949 Shares (representing approximately 58.36% of the total number of issued Shares) as at 31 December 2022, of which 237,803,365 Shares (representing 6.91% 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.

Report of the Directors

Save as disclosed above, as at 31 December 2022, 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 2022.

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	15%
Percentage of purchases attributable to the Group's five largest suppliers	54%
Percentage of revenue from sales of goods or rendering of services attributable to the Group's largest customer	30%
Percentage of revenue from sales of goods or rendering of services attributable to the Group's five largest customers	65%

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 2022, COSCO SHIPPING, a controlling Shareholder, has equity interest in (1) one of the five largest suppliers of the Group which contributed 13% of the purchases made by the Group; and (2) the largest customer of the Group.

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.

Report of the Directors

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 2022.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 50 to 87 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 2022, some of which constituted 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 the following continuing connected transactions which are not exempt from annual reporting requirement:

(1) Rental of office premises

On 27 November 2020, COSCO SHIPPING Ports Management Company Limited ("COSCO SHIPPING Ports Management") as the tenant entered into a new tenancy agreement with Wing Thye Holdings Limited ("Wing Thye") as the landlord (the "49F Tenancy Agreement") in respect of the leasing of the Unit Nos. 4901, 4902A, 4902B and 4903 situated at 49th Floor of High Block (COSCO Tower), Grand Millennium Plaza, No. 183 Queen's Road Central, No. 33 Wing Lok Street, Hong Kong (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 2022 to 31 December 2022 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). The (i) rental and (ii) management fees and other outgoings paid by COSCO SHIPPING Ports Management under the 42F Tenancy Agreement for the period from 1 January 2022 to 31 December 2022 were HK\$3,906,144 and HK\$266,328 respectively.

Report of the Directors

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.

For further details, please refer to announcement of the Company dated 27 November 2020.

(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 agreed to 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 to the Group from time to time (the “Further Financial Services”) (collectively, the “Transactions”) for the period from 1 January 2020 to 31 December 2022 (both dates inclusive).

Report of the Directors

In respect of the Deposit Transactions, the rate of interest which would 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 COSCO SHIPPING and subsidiaries held by COSCO SHIPPING as to more than 51%, companies held by COSCO SHIPPING and/or 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 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 subsidiaries held by COSCO SHIPPING as to more than 51% for the same type of deposit services. The annual 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 ended 31 December 2020, 2021 and 2022 were RMB3,000,000,000. The maximum daily aggregate amount of deposits for the year ended 31 December 2022 was RMB2,937,011,000.

The deposit interest rates offered by COSCO SHIPPING Finance to the Group were 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 did not preclude the Group from using the services of other financial institutions as it thought fit and appropriate for the benefit of the Group. Where required, the Group could solicit other reference quotations, where available, from independent third party financial institutions in respect of similar transactions for comparison and consideration. The Financial Services Master Agreement provided the Group with additional means of financing and improved the efficiency of the use of its funds through favourable interest income and costs of financing.

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.

The Deposit Transactions were subject to the reporting, annual review, announcement and independent shareholders' approval requirements and were approved by the independent shareholders of the Company at the special general meeting held on 10 December 2019. As no Further Financial Services were requested by the Group from COSCO SHIPPING Finance for the year ended 31 December 2022, no fee was charged by COSCO SHIPPING Finance for such services. 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.

As the Financial Services Master Agreement expired on 31 December 2022, and it was expected that the Group would continue to enter into transactions of similar nature to the Transactions, the Company had entered into a new financial services master agreement with COSCO SHIPPING Finance on 30 August 2022 for a term of 3 years from 1 January 2023 to 31 December 2025. The deposit transactions contemplated thereunder were similarly subject to the reporting, annual review, announcement and independent shareholders' approval requirements and were approved by the independent shareholders of the Company at the special general meeting held on 1 December 2022.

For further details, please refer to (a) the announcement of the Company dated 30 October 2019 and the circular of the Company dated 20 November 2019, and (b) the announcement of the Company dated 30 August 2022 and the circular of the Company dated 21 September 2022.

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

The Company and certain of its subsidiaries entered into the following master agreements each for a term of three years from 1 January 2022 to 31 December 2024:

- (1) COSCO SHIPPING Shipping Services and Terminal Services Master Agreement entered into between the Company and COSCO SHIPPING on 29 October 2021 in respect of the following transactions:
 - (a) Provision of terminal services by the relevant members of 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 the COSCO SHIPPING Group, 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 or ending 31 December 2022, 2023 and 2024 are RMB3,750,000,000, RMB4,220,000,000 and RMB4,870,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was RMB2,910,624,000.
 - (b) Provision of shipping services by the relevant members of the COSCO SHIPPING Group to members of the Group, being the shipping services which are related to the terminal business carried out by the Group, 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 or ending 31 December 2022, 2023 and 2024 are RMB350,000,000, RMB390,000,000 and RMB420,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was RMB88,278,000.

It was agreed that the service fees payable by the relevant members of the COSCO SHIPPING Group shall be 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 similar type of services. It was also agreed that the service fees payable by the relevant members of the Group shall be 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 similar type of services. The fees charged shall be determined with reference to the prevailing market price, being the price offered to or charged by independent third parties in respect of similar types of services in the ordinary course of business in the same or nearby service area and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.

For further details, please refer to the announcement of the Company dated 29 October 2021 and the circular of the Company dated 19 November 2021.

- (2) Maersk Shipping Services Master Agreement entered into between the Company and Maersk A/S in its own capacity and for entities trading under the names of Maersk, Safmarine, MCC Transport, Sealand and Hamburg Süd and any other future entities where Maersk A/S holds a majority ownership (collectively, “Maersk”) on 29 October 2021 in respect of the provision of shipping related services by members of the Group to Maersk, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes, provision of container storage space and terminal premises.

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The annual caps of the aggregate amount receivable by the Group from Maersk for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB819,625,000, RMB938,899,000 and RMB1,065,748,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was RMB622,400,000.

The terms on pricing under the Maersk Shipping Services Master Agreement 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.

For further details, please refer to the announcement of the Company dated 29 October 2021.

- (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 12 November 2021 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), repairing services to pontoon, leasing of assets 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 or ending 31 December 2022, 2023 and 2024 are RMB47,955,000, RMB55,149,000 and RMB63,420,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was RMB38,261,000.
 - (b) Provision of terminal related services, including but not limited to container handling services, tugboat services, information 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), shuttle bus services, inspection centre 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, leasing of assets, marketing centres 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 or ending 31 December 2022, 2023 and 2024 are RMB159,235,000, RMB178,800,000 and RMB200,017,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was RMB48,516,000.

It was agreed that the terms (including without limitation, the service fees) for the provision of services by the 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.

For further details, please refer to the announcements of the Company dated 29 October 2021 and 12 November 2021.

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- (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 12 November 2021 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, provision of vehicle for staff commuting, safety management, security services, training services, printing services, marketing centres services (which are mainly in the nature of market expansion, sales and promotion and external coordination) and tourism and recuperation services, by GZ Port Holding and its subsidiaries, branches and associates (but excluding the GZ Port Company Group) (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 or ending 31 December 2022, 2023 and 2024 are RMB24,452,000, RMB27,934,000 and RMB31,918,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2022 was RMB20,913,000.

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.

For further details, please refer to the announcements of the Company dated 29 October 2021 and 12 November 2021.

- (5) 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 29 October 2021 in respect of the following transactions:
- (a) Provision of terminal related services, including but not limited to port facility leasing and maintenance services; project construction and supervision; 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 and technology services (loading and unloading, transportation, labour arrangement and manager appointment); measuring instrument testing and weighing equipment installation verification; supply of materials, electrical machinery and equipment and other appliances and products; waste materials recycling; gas and oil 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 or ending 31 December 2022, 2023 and 2024 are RMB93,092,000, RMB87,996,000 and RMB89,446,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2022 was RMB65,788,000.
- (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; provision of shore electricity for vessels; 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 (as revised and announced by the Company on 30 December 2022) of the aggregate amount receivable by Lianyungang New Oriental from the Lianyungang Port Group for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB2,000,000, RMB3,300,000 and RMB4,300,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2022 was RMB1,050,000.

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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.

For further details, please refer to the announcements of the Company dated 29 October 2021 and 30 December 2022.

- (6) TCT Terminal Services Master Agreement entered into between Tianjin Port Container Terminal Co., Ltd. ("Tianjin Container Terminal", a subsidiary of the Company) and Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") on 28 September 2022 in respect of the following transactions:
- (a) Provision of terminal related services, including but not limited to stevedoring and ancillary services; port services for vessels (including but not limited to container service fees); port facilities, equipment and machinery leasing and maintenance; information services; labour and technical services; printing services; sales (including but not limited to gas, oil, electricity, water supply, materials and supplies); property management (including but not limited to housing rental, canteen catering services, hygiene and cleaning); pest control; engineering construction and supervision; surveying and mapping services; tender agency services; logistics services; medical examination services; safety management; training services; and all other ancillary and related services, by Tianjin Port Group and its subsidiaries, branches and associates from time to time (but excluding Tianjin Container Terminal) (collectively, the "TPG Group") to Tianjin Container Terminal. The annual caps of the aggregate amount payable by Tianjin Container Terminal to the TPG Group for such services (including the Supplies Agreements mentioned in section (4) below) for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB480,310,000, RMB527,271,000 and RMB540,274,000 respectively. The total amount for the aforesaid transactions (including those under the Supplies Agreements mentioned in section (4) below) for the year ended 31 December 2022 was RMB331,295,000.
 - (b) Provision of terminal related services, including but not limited to stevedoring; cargo storage services (excluding dangerous chemicals, dangerous goods and other items requiring licences and approvals); agency for international cargo transportation by land, sea and air; customs clearance services; inspection services; port services for vessels; cargo transportation by road (excluding dangerous goods); and all other ancillary and related services by Tianjin Container Terminal to members of the TPG Group. The annual caps of the aggregate amount receivable by Tianjin Container Terminal from the TPG Group for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB194,321,000, RMB213,767,000 and RMB264,997,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2022 was RMB125,654,000.

It was agreed that the terms (including without limitation, the service fees) for the provision of services by the members of the TPG Group shall be no less favourable to Tianjin Container Terminal (as service receiving party) than terms available to Tianjin Container Terminal from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by Tianjin Container Terminal shall be no less favourable to Tianjin Container Terminal (as service providing party) than terms offered by it to independent third parties for the relevant services. The fees for the transactions shall be determined through fair negotiation between the relevant parties based on the above principle or (if applicable) in accordance with relevant laws and regulations.

For further details, please refer to the announcement of the Company dated 28 September 2022.

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The continuing connected transactions contemplated under the Shipping and Terminal Related Services Master Agreements are part of or related to the principal business activities of the Group and are expected to either increase the revenue of the Group, and/or provide the Group with overall business and operational convenience and synergy.

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

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

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 Company Group and GZ Port Holding Group are connected persons of the Company at the subsidiary level.

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.

Tianjin Port Group owns an indirect 41.69% equity interest in Tianjin Container Terminal, a subsidiary of the Company. Accordingly, members of TPG Group are connected persons of the Company at the subsidiary level.

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 2021, whilst the transactions under the agreements numbered (2) to (4) and (6) 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 agreement numbered (5) did not constitute continuing connected transactions of the Company for the year ended 31 December 2022, since members of the Lianyungang Port Group were persons connected with an insignificant subsidiary for the relevant period under Rule 14A.09 of the Listing Rules.

(4) Amended Agreement Deposits Contract and Supplies Agreements of Tianjin Container Terminal

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 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.

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Tianjin Container Terminal entered into the following agreements with the TPG Group:

- (1) 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 cap of 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 should 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 (being the date immediately preceding the date of the Amended Agreement Deposits Contract) were approximately RMB350,000,000 and RMB255,000,000 (which did not exceed the cap of RMB380,000,000) respectively. The highest daily balance of the deposits placed (including accrued interest) by Tianjin Container Terminal with Tianjin Port Finance for the period from 21 January 2022 to 31 December 2022 under the Amended Agreement Deposits Contract was approximately RMB379,828,000. The Amended Agreement Deposits Contract expired on 31 December 2022.

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 were on terms no less favourable to Tianjin Container Terminal than those generally offered by banks in the People's Republic of China for comparable agreement deposits. Notwithstanding the entering into of the Agreement Deposits Contract and the Amended Agreement Deposits Contract, Tianjin Container Terminal could use the services of other financial institutions as it thought fit and appropriate for its benefit.

For further details, please refer to the announcements of the Company dated 10 January 2022 and 21 January 2022.

- (2) Prior to the entering into of the TCT Terminal Services Master Agreement, Tianjin Container Terminal had (including, in some cases, prior to completion of the Acquisition) entered into a total of 45 agreements (collectively the "Supplies Agreements") with 14 members of the TPG Group (collectively the "Suppliers") for the supply of certain goods and services by the Suppliers to Tianjin Container Terminal, including but not limited to stevedoring, transportation, cargo handling, equipment maintenance, materials management and operational assistance services, general cleaning and management services, labour materials supplies, natural gas and liquefied natural gas, fuel oil, electricity, electricity system operation and maintenance, etc. The annual caps of the aggregate amount payable by Tianjin Container Terminal to the Suppliers for the goods and services under the Supplies Agreement for the three years ended or ending 31 December 2022, 2023 and 2024 were estimated to be RMB274,123,000, RMB11,094,000 and RMB11,094,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2022 was RMB235,359,000.

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The fees and charges payable under the Supplies Agreements shall be no less favourable to Tianjin Container Terminal than those it could have obtained from independent third parties (if any) for the same or similar types of goods and services.

Subsequent to the announcement of the Company dated 1 June 2022, the transactions under the Supplies Agreement have been included under the TCT Terminal Services Master Agreement numbered (6) in the above section headed “(3) Master agreements relating to shipping and terminal related services transactions” and will be covered by the TCT Terminal Services Master Agreement thereafter.

For information on the Suppliers and details of the terms of the Supplies Agreements, please refer to the announcement of the Company dated 1 June 2022.

Tianjin Port Holdings, which owns 41.69% equity interests in Tianjin Container Terminal, is a substantial shareholder of Tianjin Container Terminal and became a connected person of the Company at the subsidiary level 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 (which is the ultimate holding company of Tianjin Port Holdings)) and the Suppliers became connected persons of the Company at subsidiary level accordingly by virtue of their being associates of Tianjin Port Holdings. Accordingly, the transactions under the Agreement Deposits Contract, the Amended Agreement Deposits Contract and the Supplies Agreements constituted continuing connected transactions of the Company with connected persons at the subsidiary level under the Listing Rules, and are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

(5) Acquisition of interest in Xiamen Haicang Investment and Construction

On 30 December 2022, China Shipping Terminal Development Co., Ltd. (“CSTD”), a wholly-owned subsidiary of the Company, as purchaser entered into an equity transfer agreement with Xiamen Haitou Supply Chain Operation Co., Ltd. (“Xiamen Haitou Supply Chain”) as seller, pursuant to which Xiamen Haitou Supply Chain conditionally agreed to sell and CSTD conditionally agreed to purchase shares representing 56% of the registered share capital of Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd. (“Xiamen Haicang Investment and Construction”) at a consideration of RMB628,399,700 (the “Haitou Acquisition”).

The Haitou Acquisition provides a broad space for the Company to develop its port logistics extension business and enhance its competitiveness, which is of great strategic significance to the Company’s long-term development.

As one of the conditions precedent to the closing, CSTD entered into a joint venture agreement with Xiamen Haitou Supply Chain, which sets out the governance structure of Xiamen Haicang Investment and Construction, and the respective rights of the parties in relation to it.

Xiamen Haitou Supply Chain is an associate of Xiamen Haicang Investment Group Co., Ltd. (“Xiamen Haicang Investment”), a substantial shareholder of a subsidiary of the Company, and is therefore a connected person of the Company at the subsidiary level. The Haitou Acquisition constituted a connected transaction of the Company under the Listing Rules. The Haitou Acquisition has been completed on 28 February 2023. Upon completion, Xiamen Haicang Investment and Construction became owned as to 56% and 44% by CSTD and Xiamen Haitou Supply Chain respectively, and Xiamen Haicang Investment and Construction became an indirect subsidiary of the Company.

For further details, please refer to the announcement of the Company dated 30 December 2022.

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(6) Acquisition of interest in Xiamen Ocean Gate

On 22 February 2023, COSCO SHIPPING Ports (Xiamen) Limited ("CSPX"), a wholly-owned subsidiary of the Company, as purchaser entered into an equity transfer agreement ("Xiamen Ocean Gate Equity Transfer Agreement") with Xiamen Haicang Investment as seller, pursuant to which Xiamen Haicang Investment conditionally agreed to sell and CSPX conditionally agreed to purchase shares representing 30% of the registered share capital of Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate") at a consideration of RMB794,489,900 (the "Xiamen Ocean Gate Acquisition"). As of 22 February 2023, Xiamen Ocean Gate is owned as to 70% and 30% by CSPX and Xiamen Haicang Investment respectively.

Xiamen Ocean Gate Acquisition will further strengthen the Company's leading position in the PRC, which is in line with the Company's strategy of enhancing control over terminal assets.

Pursuant to the Xiamen Ocean Gate Equity Transfer Agreement, the consideration shall be paid in three instalments by CSPX to Xiamen Haicang Investment. The first instalment in the amount of RMB754,765,405 has been paid on 28 February 2023, and the Xiamen Ocean Gate Acquisition has been completed on 28 February 2023. The second instalment in the amount of RMB15,889,798 has been paid on 8 March 2023, and the third instalment will be paid on time in accordance with the terms of the agreement. Upon completion of the Xiamen Ocean Gate Acquisition, Xiamen Ocean Gate became an indirect wholly-owned subsidiary of the Company.

As disclosed above, Xiamen Haicang Investment is a substantial shareholder of a subsidiary of the Company, and is therefore a connected person of the Company at the subsidiary level. The Xiamen Ocean Gate Acquisition constituted a connected transaction of the Company under the Listing Rules.

For further details, please refer to the announcement of the Company dated 22 February 2023.

(7) 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.

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PPA became a subsidiary of COSCO 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.

For further details, please refer to the announcement of the Company dated 17 August 2016.

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 the 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 nearby area in the ordinary course of business, and evaluate if the transactions are no less favourable to the relevant member of the Group than those it could have obtained from independent third parties for similar types of goods and/or services.
- (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 their 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 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 to it 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, such member shall inform the relevant personnel in 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 such member not to enter any further transactions which would cause the Designated Amount to be exceeded; (b) increase the Designated Amount allocated to such member by reducing the Designated Amount(s) allocated to other member(s); or (c) if the accumulative annual transaction amount of the Group will exceed 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.

Report of the Directors

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 conducted by the Group during the year and opined that the transactions 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 2022 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.

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

YANG Zhijian

Chairman

Hong Kong, 29 March 2023

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 130 to 238, comprise:

- the consolidated balance sheet as at 31 December 2022;
- 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 2022, 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.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Recoverability of carrying amounts of terminal assets, investments in joint ventures and associates</p> <p>Refer to notes 3.8, 5(a), 7, 9, 10, 11 and 12 to the consolidated financial statements.</p> <p>The Group is involved in terminals operation through subsidiaries, investments in joint ventures and associates in Hong Kong, Mainland China, Europe and other regions.</p> <p>As at 31 December 2022, there were terminal assets with a total carrying value of property, plant and equipment of US\$3,837 million, right-of-use assets of US\$1,017 million, intangible assets of US\$385 million, investments in joint ventures with a total carrying amount of US\$1,036 million, and investments in associates with a total carrying amount of US\$3,262 million.</p> <p>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.</p>	<p>Our procedures to evaluate the Group's assessments of recoverability of carrying amounts of terminal assets, investments in joint ventures and associates included:</p> <ul style="list-style-type: none"> understood the management's 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 judgements involved in determining the assumptions to be applied; evaluated the Group's assessment as to whether any impairment indications exists in respect of the terminal assets, investments in joint ventures and associates; evaluated the appropriateness of the value-in-use model adopted for the impairment assessments; evaluated the outcome of prior period assessment of management's forecast to assess the effectiveness of management's estimation process; 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;

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>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.</p> <p>Management has concluded that there was no impairment in respect of the terminal assets, investments in joint ventures and associates as at 31 December 2022.</p> <p>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.</p>	<ul style="list-style-type: none"> involved our internal valuation experts to assess the reasonableness of the discount rates in the impairment assessments 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; evaluated management's sensitivity of a reasonably possible change in the key assumptions adopted in the discounted cash flow calculation to the recoverable amounts; and 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. <p>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.</p>

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment assessment of goodwill</p> <p>Refer to notes 3.7(a), 5(b) and 10 to the consolidated financial statements.</p> <p>As at 31 December 2022, the Group had a balance of goodwill of US\$165 million.</p> <p>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.</p> <p>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.</p>	<p>Our procedures to evaluate the Group's impairment assessment of goodwill included:</p> <ul style="list-style-type: none"> understood the management's assessment process of impairment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and judgements involved in determining the assumptions to be applied; evaluated the appropriateness of the value-in-use model adopted for the impairment assessments; evaluated the outcome of prior period assessment of management's forecast to assess the effectiveness of management's estimation process; 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; evaluated management's sensitivity of a reasonably possible change in the key assumptions adopted in the discounted cash flow calculation to the recoverable amounts; and assessed the adequacy of the disclosures related to impairment of goodwill in the context of the applicable financial reporting framework. <p>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.</p>

Independent Auditor's Report

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.

Independent Auditor's Report

- 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 Wong Nim Tsz Elizabeth.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2023

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

	Note	2022 US\$'000	2021 US\$'000
Assets			
Non-current assets			
Property, plant and equipment	7	3,837,374	3,953,801
Right-of-use assets	9	1,016,981	1,086,887
Investment properties	8	9,535	10,054
Intangible assets	10	384,739	426,121
Joint ventures	11	1,036,280	1,154,633
Loans to a joint venture	11	–	23,083
Associates	12	3,262,155	3,422,897
Loans to associates	12	100,251	107,643
Financial asset at fair value through profit or loss	13	53,338	61,922
Financial assets at fair value through other comprehensive income	14	139,557	161,902
Deferred tax assets	15	82,048	95,071
Derivative financial instruments	26	2,344	–
Other non-current assets		19,329	7,649
		9,943,931	10,511,663
Current assets			
Inventories	16	19,354	20,111
Trade and other receivables and contract assets	17	222,723	237,637
Current tax recoverable		5,908	3,844
Derivative financial instruments	26	3,730	–
Restricted bank deposits	37(c)	45,849	33,214
Cash and cash equivalents	37(c)	1,069,317	1,226,841
		1,366,881	1,521,647
Total assets		11,310,812	12,033,310
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	19	44,172	42,574
Reserves		5,474,183	5,775,445
		5,518,355	5,818,019
Non-controlling interests		1,105,236	1,122,620
Total equity		6,623,591	6,940,639

Consolidated Balance Sheet

	Note	2022 US\$'000	2021 US\$'000
Liabilities			
Non-current liabilities			
Deferred tax liabilities	15	128,566	140,788
Lease liabilities	9	738,703	748,459
Long term borrowings	21	2,121,488	2,306,423
Loans from non-controlling shareholders of subsidiaries	22	66,263	70,591
Derivative financial instruments	26	–	2,991
Put option liability	25	239,039	232,263
Pension and retirement liabilities	27	11,255	11,828
Other long term liabilities	23	37,642	46,942
		3,342,956	3,560,285
Current liabilities			
Trade and other payables and contract liabilities	24	464,421	521,630
Current tax liabilities		45,530	51,696
Current portion of lease liabilities	9	47,179	42,450
Current portion of long term borrowings	21	465,247	653,680
Short term borrowings	21	321,888	259,507
Derivative financial instruments	26	–	3,423
		1,344,265	1,532,386
Total liabilities		4,687,221	5,092,671
Total equity and liabilities		11,310,812	12,033,310

On behalf of the Board

YANG Zhijian*Executive Director and Chairman of the Board***ZHU Tao***Executive Director and Managing Director*

The accompanying notes on pages 138 to 238 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 December 2022

	Note	2022 US\$'000	2021 US\$'000
Revenues	6	1,441,273	1,208,252
Cost of sales		(1,011,595)	(883,107)
Gross profit		429,678	325,145
Administrative expenses		(167,457)	(138,977)
Other operating income	28	35,407	94,937
Other operating expenses		(36,278)	(9,795)
Operating profit	29	261,350	271,310
Finance income	30	17,122	11,268
Finance costs	30	(126,387)	(111,503)
Operating profit (after finance income and costs)		152,085	171,075
Share of profits less losses of			
– joint ventures	11	75,078	83,195
– associates	12	232,946	246,195
Profit before taxation		460,109	500,465
Taxation	31	(71,262)	(94,669)
Profit for the year		388,847	405,796
Profit attributable to:			
Equity holders of the Company		305,163	354,652
Non-controlling interests		83,684	51,144
		388,847	405,796
Earnings per share for profit attributable to equity holders of the Company			
– Basic	32	US9.08 cents	US10.70 cents
– Diluted	32	US9.08 cents	US10.70 cents

The accompanying notes on pages 138 to 238 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2022

	2022 US\$'000	2021 US\$'000
Profit for the year	388,847	405,796
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Exchange differences from retranslation of financial statements of subsidiaries attributable to the non-controlling interests	(74,568)	–
Share of other comprehensive (loss)/income of an associate		
– other reserves	(8,526)	3,330
Changes in the fair value of financial assets at fair value through other comprehensive income ("FVOCI"), net of tax	(7,418)	103
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates attributable to equity holders of the Company	(506,040)	52,076
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	9,300	3,775
Share of other comprehensive (loss)/income of joint ventures and associates		
– exchange reserves	(8,567)	3,398
– other reserves	1,293	(91)
Other comprehensive (loss)/income for the year, net of tax	(594,526)	50,298
Total comprehensive (loss)/income for the year	(205,679)	456,094
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(219,217)	396,220
Non-controlling interests	13,538	59,874
	(205,679)	456,094

The accompanying notes on pages 138 to 238 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2022

	Share capital US\$'000	Share premium US\$'000	Share option reserve US\$'000	Capital reserve US\$'000	Contributed surplus US\$'000	Financial assets at 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 2022	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
Profit for the year	-	-	-	-	-	-	-	-	-	305,163	305,163	83,684	388,847
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	-	-	-	-	-	-	-	(506,040)	-	-	(506,040)	(74,568)	(580,608)
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	(7,413)	-	-	-	-	(7,413)	(5)	(7,418)
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	4,873	-	4,873	4,427	9,300
Share of other comprehensive loss of joint ventures and associates	-	-	-	-	-	-	-	(8,567)	(7,233)	-	(15,800)	-	(15,800)
Total comprehensive loss for the year	-	-	-	-	-	(7,413)	-	(514,607)	(2,360)	305,163	(219,217)	13,538	(205,679)
Issue of shares on settlement of scrip dividends	1,598	84,751	-	-	-	-	-	-	-	-	84,751	-	86,349
Acquisition of additional interest in a subsidiary	-	-	-	(2,259)	-	-	-	-	-	-	(2,259)	(1,214)	(3,473)
Share based compensation	-	-	(1,778)	-	-	-	-	-	-	-	(1,778)	-	(1,778)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(103)	(103)
Remeasurement of retirement benefit obligation	-	-	-	-	-	-	-	-	(158)	-	(158)	(199)	(357)
Capital injection from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	31,205	31,205
Put option liability movement	-	-	-	-	-	-	-	-	-	(6,776)	(6,776)	-	(6,776)
Share of reserve of joint ventures and associates	-	-	-	(12,223)	-	-	-	-	-	-	(12,223)	-	(12,223)
Dividends paid to equity holders of the Company	-	-	-	-	-	-	-	-	-	(71,609)	(71,609)	-	(71,609)
- 2021 second interim	-	-	-	-	-	-	-	-	-	(71,993)	(71,993)	-	(71,993)
- 2022 first interim	-	-	-	-	-	-	-	-	-	(71,993)	(71,993)	-	(71,993)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(60,611)	(60,611)
	1,598	84,751	(1,778)	(14,482)	-	(7,413)	-	(514,607)	(2,518)	154,785	(301,262)	(17,384)	(317,048)
At 31 December 2022	44,172	2,001,907	4,760	(251,782)	115	(147)	10,699	(483,298)	72,653	4,119,276	5,474,183	1,105,236	6,623,591
Representing:													
Share capital	44,172	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	-	2,001,907	4,760	(251,782)	115	(147)	10,699	(483,298)	72,653	4,067,529	5,422,436		
2022 second interim dividend declared	-	-	-	-	-	-	-	-	-	51,747	51,747		
	44,172	2,001,907	4,760	(251,782)	115	(147)	10,699	(483,298)	72,653	4,119,276	5,474,183		

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	Financial assets at 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 interest in a subsidiary	-	-	-	-	-	-	-	-	-	(935)	(935)	935	-
Share based compensation	-	-	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	-	-	-	-	-	-	-	-	-	(74,793)	(74,793)	-	(74,793)
- 2020 second interim	-	-	-	-	-	-	-	-	-	(70,284)	(70,284)	-	(70,284)
- 2021 first interim	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-

The accompanying notes on pages 138 to 238 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 December 2022

	Note	2022 US\$'000	2021 US\$'000
Cash flows from operating activities			
Cash generated from operations	37(a)	532,528	445,463
Interest received		13,640	17,970
Tax refund		2,743	3,913
Tax paid		(81,273)	(58,127)
Net cash generated from operating activities		467,638	409,219
Cash flows from investing activities			
Dividends received from joint ventures		80,045	79,572
Dividends received from associates		156,001	123,391
Dividends received from listed and unlisted financial assets at fair value through other comprehensive income ("FVOCI")		2,800	2,686
Dividends received from a former joint venture		–	1,867
Government subsidies related to property, plant and equipment		4,771	9,298
Investments in associates		(9,360)	(171,137)
Investments in a financial asset at fair value through profit or loss ("FVPL")		–	(50,484)
Net cash paid for purchase of a subsidiary		(372)	(140,231)
Purchase of property, plant and equipment and intangible assets		(325,553)	(376,047)
Proceeds from disposal of property, plant and equipment and intangible assets		7,209	724
Repayment of loans to an associate		1,648	1,729
Proceeds from disposal of a subsidiary and a joint venture		–	84,138
Proceeds from disposal of an associate		–	37,332
Proceeds from disposal of a financial asset at FVOCI		42	–
Return of investment from an associate		6,461	363
Net cash used in investing activities		(76,308)	(396,799)

Consolidated Cash Flow Statement

	Note	2022 US\$'000	2021 US\$'000
Cash flows from financing activities			
Capital injection from non-controlling shareholders of subsidiaries		–	21,260
Dividends paid to equity holders of the Company		(57,453)	(144,565)
Dividends paid to non-controlling shareholders of subsidiaries		(60,611)	(35,967)
Interest paid		(90,243)	(77,595)
Increase in restricted bank balance		(12,635)	(1,990)
Loans drawn down	37(d)	1,008,884	559,667
Loans repaid	37(d)	(1,215,490)	(412,589)
Draw down of loan from non-controlling shareholders of subsidiaries	37(d)	10,075	81,327
Repayment of loans from non-controlling shareholders of subsidiaries	37(d)	(11,561)	(52,791)
Draw down of loans from an associate and a joint venture	37(d)	42,361	21,305
Repayment of loans from an associate	37(d)	(54,252)	–
Other incidental borrowing costs paid		(1,847)	(2,370)
Principal elements of lease payments	37(d)	(18,894)	(19,346)
Payment of lease interest	37(d)	(25,103)	(26,535)
Acquisition of additional interest in a subsidiary		(3,473)	–
Net cash used in financing activities		(490,242)	(90,189)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		1,226,841	1,310,289
Exchange differences		(58,612)	(5,679)
Cash and cash equivalents at 31 December		1,069,317	1,226,841
Analysis of cash and cash equivalents			
Time deposits, bank balances and cash		1,069,317	1,226,841

The accompanying notes on pages 138 to 238 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 29 March 2023.

2 BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2022 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”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622. 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.

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 and improvements to existing standards

In 2022, the Group has adopted the following amendments and improvements to existing standards issued by the HKICPA which are mandatory for the financial year beginning on 1 January 2022:

Amendments

AG 5 (Revised)	Merger Accounting for Common Control Combinations
HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 (Amendment)	Reference to the Conceptual Framework
HKFRS 16 (Amendment)	COVID-19-Related Rent Concessions beyond 2021

Annual Improvements 2018-2020 Cycle

HKAS 41 (Amendment)	Taxation in Fair Value Measurements
HKFRS 1 (Amendment)	Subsidiary as a First-time Adopter
HKFRS 9 (Amendment)	Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities
HKFRS 16 (Amendment)	Lease Incentives

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION (CONTINUED)**2.1 Adoption of amendments and improvements to existing standards (Continued)**

The adoption of these amendments and improvements 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.

2.2 New standard, interpretation and amendments to existing standards that are not yet effective for the year ended 31 December 2022 and have not been early adopted by the Group

The HKICPA has issued the following new standard, interpretation and amendments to existing standards which are not yet effective for the year ended 31 December 2022:

		Effective for accounting periods beginning on or after
New standard, interpretation, and amendments		
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendment)	Non-current Liabilities with Covenants	1 January 2024
HKAS 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
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)	Lease Liability in a Sale and Leaseback	1 January 2024
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendment)	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	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 2024

The Group has not early adopted the above new standard, interpretation and amendments to existing standards and will apply these new standard, interpretation and amendments as and when they become effective. The Group has already commenced an assessment of the related impact of these new standard, interpretation and amendments 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.

Notes to 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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.1 Group accounting (Continued)****(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.

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 or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.1 Group accounting (Continued)****(f) Joint ventures/associates (Continued)**

The initial accounting on the acquisition of a joint venture and an associate involves 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.

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 or loss or transferred to another category of equity specified/ permitted by applicable HKFRSSs. 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 or transferred to another category of equity specified/permitted by applicably HKFRSSs.

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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.1 Group accounting (Continued)****(f) Joint ventures/associates (Continued)**

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.

3.3 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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.3 Foreign currency translation (Continued)****(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.

(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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.4 Property, plant and equipment (Continued)**

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:

Leasehold 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.

3.5 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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.5 Leases (Continued)**

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.

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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.5 Leases (Continued)**

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.

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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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 ventures 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.

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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

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 HKFRS 9 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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.9 Investments and other financial assets (Continued)****(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.

(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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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 hedged 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.

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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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).

3.15 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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3.19 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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.20 Current and deferred taxation (Continued)****(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.

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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.21 Employee benefits (Continued)****(a) Retirement benefit costs (Continued)*****Defined benefit retirement schemes (Continued)***

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.

(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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

3.23 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.

Notes to the Consolidated Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Notes to the Consolidated Financial Statements

4 FINANCIAL RISK MANAGEMENT (CONTINUED)**4.1 Financial risk factors (Continued)****(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\$4,790,000 (2021: increased/decreased by US\$4,067,000) as a result of the translation of those Non-Functional Currency Items.

(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\$4,000,000 (2021: US\$4,644,000).

A 10% increase/decrease in the price of the financial assets at FVOCI would increase/decrease the other comprehensive income by US\$10,622,000 (2021: increase/decrease US\$12,322,000).

Notes to the Consolidated Financial Statements

4 FINANCIAL RISK MANAGEMENT (CONTINUED)**4.1 Financial risk factors (Continued)****(a) Market risk (Continued)****(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\$6,098,000 (2021: US\$4,839,000).

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% (2021: 0.61% and 1.22%) and the variable rates of the loan are between 2% and 2.5% (2021: 1.75% and 2.25%) above the 6-month Euro Interbank Offered Rate ("EURIBOR").

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:

	2022	2021
	US\$'000	US\$'000
Interest rate swaps		
Carrying amount (assets)	6,074	–
Carrying amount (liabilities)	–	6,414
Notional amount	194,811	282,325
Maturity date	2023-2024	2022-2024
Hedge ratio	1.1	1.1
Change in fair value of outstanding hedging instruments since 1 January	8,941	3,775
Change in value of hedged item used to determine hedge effectiveness	(8,941)	(3,775)

Notes to the Consolidated Financial Statements

4 FINANCIAL RISK MANAGEMENT (CONTINUED)**4.1 Financial risk factors (Continued)****(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 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.

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 2022, approximately 60% (2021: 62%) 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.

Notes to the Consolidated Financial Statements

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(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.

	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 2022				
Bank and other borrowings	880,843	954,335	729,867	732,488
Lease liabilities	47,897	43,943	120,497	1,175,686
Loans from non-controlling shareholders of subsidiaries	11,635	67,612	—	—
Loans from a joint venture	32,802	—	—	—
Loans from an associate	8,714	—	—	—
Trade and other payables	399,486	—	—	—
Put option liability	—	—	—	280,000
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

Notes to the Consolidated Financial Statements

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2022, the net debt-to-total equity ratio is 27.1% (2021: 28.2%).

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.

4.3 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).

Notes to the Consolidated Financial Statements

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The following table presents the Group's financial instruments that are measured at fair value at 31 December 2022 and 2021:

As at 31 December 2022

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Assets				
Financial asset at FVPL	53,338	–	–	53,338
Financial assets at FVOCI	117,719	–	21,838	139,557
Derivative financial instruments				
– interest rate swap	–	6,074	–	6,074

As at 31 December 2021

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

(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.

Notes to the Consolidated Financial Statements

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (Continued)

(b) Valuation techniques used to determine fair value (Continued)

As at 31 December 2022, 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.

The movements in financial assets included in level 3 are as follows:

Unlisted financial assets at FVOCI

	2022 US\$'000
At 1 January	25,956
Fair value gain recognised in OCI	(2,011)
Translation differences	(2,107)
At 31 December	21,838

The valuation technique and inputs used in the fair value measurements within Level 3 are summarised as follows:

Description	Fair value at		Valuation techniques	Unobservable inputs
	31 December 2022 US\$'000	31 December 2021 US\$'000		
Unlisted equity securities:				
Port business	21,838	25,956	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.

Notes to the Consolidated Financial Statements

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 recognised 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.

Notes to the Consolidated Financial Statements

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**(c) Taxation (Continued)**

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.

(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.

6 REVENUES AND SEGMENT INFORMATION

Revenues recognised during the year are as follows:

	2022 US\$'000	2021 US\$'000
Terminal operations income related to rendering of port and related services	1,441,273	1,208,252

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.

Revenues of single major customers which individually contribute 10% or more of total revenue of the Group amount to US\$432,620,000, US\$187,314,000 and US\$144,393,000 (2021: US\$340,650,000, US\$133,042,000 and US\$167,608,000), respectively.

Additions to non-current assets comprise additions to property, plant and equipment, intangible assets and right-of-use assets.

Notes to the Consolidated Financial Statements

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 2022				
Segment assets	10,587,122	887,245	(163,555)	11,310,812
Segment assets include:				
Joint ventures	1,036,280	–	–	1,036,280
Associates	3,262,155	–	–	3,262,155
Financial asset at FVPL	53,338	–	–	53,338
Financial assets at FVOCI	139,557	–	–	139,557
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

Notes to the Consolidated Financial Statements

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 2022				
Revenues – total sales	1,441,273	–	–	1,441,273
Segment profit/(loss) attributable to equity holders of the Company	436,403	(131,240)	–	305,163
Segment profit/(loss) includes:				
Finance income	4,453	19,742	(7,073)	17,122
Finance costs	(84,639)	(48,821)	7,073	(126,387)
Share of profits less losses of				
– joint ventures	75,078	–	–	75,078
– associates	232,946	–	–	232,946
Taxation	(56,223)	(15,039)	–	(71,262)
Depreciation and amortisation	(244,010)	(5,155)	–	(249,165)
Other non-cash expenses	(4,362)	(1)	–	(4,363)
Additions to non-current assets	(352,524)	(953)	–	(353,477)

Notes to the Consolidated Financial Statements

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 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)

Notes to the Consolidated Financial Statements

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.

	2022 US\$'000	2021 US\$'000
Terminals and related businesses		
– Mainland China (excluding Hong Kong)	703,564	525,536
– Europe	682,085	645,081
– Others	55,624	37,635
	1,441,273	1,208,252

(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.

	Subsidiaries and corporate US\$'000	Joint ventures and associates US\$'000	Total US\$'000
2022			
Mainland China (excluding Hong Kong)	2,765,650	3,251,275	6,016,925
Europe	1,395,507	61,342	1,456,849
Others	1,106,801	985,818	2,092,619
	5,267,958	4,298,435	9,566,393
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

Notes to the Consolidated Financial Statements

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 2022	2,784,605	6,924	1,738,973	474,816	5,005,318
Exchange differences	(205,412)	(459)	(137,390)	(22,048)	(365,309)
Additions	12,570	511	34,304	296,353	343,738
Acquisition of a subsidiary	–	–	7	–	7
Disposals	(2,703)	(18)	(8,640)	(431)	(11,792)
Transfers	23,264	143	60,923	(97,319)	(12,989)
At 31 December 2022	2,612,324	7,101	1,688,177	651,371	4,958,973
Accumulated depreciation and impairment					
At 1 January 2022	465,863	4,213	580,550	891	1,051,517
Exchange differences	(44,885)	(298)	(56,521)	–	(101,704)
Depreciation charge for the year	76,655	506	102,088	–	179,249
Disposals	(363)	(17)	(7,107)	–	(7,487)
Transfers	699	–	(675)	–	24
At 31 December 2022	497,969	4,404	618,335	891	1,121,599
Net book value					
At 31 December 2022	2,114,355	2,697	1,069,842	650,480	3,837,374

Notes to the Consolidated Financial Statements

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 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

Notes:

- As at 31 December 2022, certain other property, plant and equipment with an aggregate net book value of US\$137,117,000 (2021: US\$296,667,000) were pledged as security for banking facilities granted to the Group (note 21(g)).
- During the year, there were no (2021: US\$9,054,000) transfer of right-of-use assets to property, plant and equipment at the time of expiry of lease term.
- During the year, interest expenses of US\$9,115,000 (2021: US\$6,685,000) were capitalised in construction in progress (note 30).
- As at 31 December 2022, a freehold land amounting to US\$100,475,000 (2021: US\$100,475,000) was included in land and buildings outside Hong Kong.

Notes to the Consolidated Financial Statements

8 INVESTMENT PROPERTIES

	2022 US\$'000	2021 US\$'000
At 1 January	10,054	9,996
Exchange differences	(519)	58
At 31 December	9,535	10,054

Notes:

- (a) The Group measured investment properties at fair value. The investment property amounted to US\$5,095,000 as at 31 December 2022 (2021: US\$5,565,000) was revalued on an open market value basis by Kroll (HK) Limited (2021: 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 2022 and 2021, 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 2022 and 2021. 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 2022, capitalisation rate of 8.0% (2021: 8.0%) 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 2022, unit price of HK\$28,175 (2021: HK\$26,127) per square feet is used in the direct comparison method.

Notes to the Consolidated Financial Statements

9 LEASES

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2022 US\$'000	2021 US\$'000
Right-of-use assets		
Concession	647,921	673,727
Buildings	19,016	17,333
Plant and machinery	919	1,041
Land use rights (note i)	349,125	394,786
	1,016,981	1,086,887
Lease liabilities		
Current	47,179	42,450
Non-current	738,703	748,459
	785,882	790,909

Notes:

- (i) The Group has land lease arrangements with the PRC government.
- (ii) As at 31 December 2021, certain concession and land use rights with aggregate net book value of US\$48,442,000 were pledged as security for banking facilities granted to the Group (note 21(g)).

Additions to the right-of-use assets during 2022 financial year were US\$5,662,000 (2021: US\$45,094,000). Increase of the right-of-use assets due to extension of lease and remeasurement during 2022 financial year were US\$26,077,000 (2021: Decrease of US\$115,000). Additions of US\$38,000 (2021: US\$22,709,000) and US\$374,000 (2021: US\$20,655,000) in 2022 related to concession and land lease arrangement with the local governments respectively.

Acquisition of a subsidiary during the year increased right-of-use assets by US\$7,333,000 (2021: US\$145,582,000 (note 39)).

Notes to the Consolidated Financial Statements

9 LEASES (CONTINUED)**(b) Amounts recognised in the consolidated income statement**

The consolidated income statement shows the following amounts relating to leases:

	Note	2022 US\$'000	2021 US\$'000
Depreciation charge of right-of-use assets			
Concession		26,023	27,088
Buildings		9,853	6,418
Plant and machineries		176	347
Land use rights		11,023	6,518
	29	47,075	40,371
Interest expense (included in finance costs)		26,212	26,310
Expense relating to short-term leases			
(included in cost of sales and administrative expenses)		5,291	4,786
Expense relating to leases of low-value assets			
that are not shown above as short-term leases			
(included in administrative expenses)		60	1,441
Expense relating to variable lease payments not included			
in lease liabilities (included in cost of sales)		86,396	80,046

The total cash outflow for leases in 2022 was US\$135,744,000 (2021: US\$132,154,000).

(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\$795,000 and US\$75,000 (2021: US\$724,000 and US\$90,000) 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).

Notes to the Consolidated Financial Statements

10 INTANGIBLE ASSETS

	Computer software		Computer systems under development		Concession		Customer relationships		Goodwill		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	39,032	33,232	2,687	3,661	262,202	282,757	47,560	50,843	172,991	181,674	524,472	552,167
Exchange differences	(2,375)	(1,066)	(155)	(260)	(13,736)	(21,113)	(2,797)	(3,283)	(7,689)	(10,593)	(26,752)	(36,315)
Additions	866	3,161	3,200	2,384	11	96	-	-	-	-	4,077	5,641
Acquisition of a subsidiary (note 39)	-	1,403	20	-	-	-	-	-	-	1,910	20	3,313
Disposals	(295)	-	-	-	-	-	-	-	-	-	(295)	-
Transfers	2,947	2,302	(2,937)	(3,098)	312	462	-	-	-	-	322	(334)
At 31 December	40,175	39,032	2,815	2,687	248,789	262,202	44,763	47,560	165,302	172,991	501,844	524,472
Accumulated amortisation												
At 1 January	20,447	16,209	-	-	62,805	49,738	15,099	11,650	-	-	98,351	77,597
Exchange differences	(1,002)	(361)	-	-	(1,908)	(3,374)	(858)	(341)	-	-	(3,768)	(4,076)
Amortisation for the year	4,770	4,536	4	-	14,687	16,441	3,380	3,790	-	-	22,841	24,767
Disposals	(295)	-	-	-	-	-	-	-	-	-	(295)	-
Transfer	(24)	63	-	-	-	-	-	-	-	-	(24)	63
At 31 December	23,896	20,447	4	-	75,584	62,805	17,621	15,099	-	-	117,105	98,351
Net book value												
At 31 December	16,279	18,585	2,811	2,687	173,205	199,397	27,142	32,461	165,302	172,991	384,739	426,121

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 2022 and 2021, 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.

Forecast profitability is based on past performance and expected future changes in costs and revenue. CGU cash flow projections are based on financial forecasts covering a five to eleven year period using an estimated average revenue growth rate of 7.1% (2021: 7.2%) and average operating margin of 36.7% (2021: 41.8%) with cash flows beyond this period at 2.2% (2021: 1.9%) terminal growth rate. In general, a projection period of five years is used for developed terminals. Projection for a period of greater than five years for developing terminals may be used on the basis that these terminals require a longer period to achieve their optimal operation level and it is a more appropriate reflection of the future cash flows generated from these terminals. Future cash flows are discounted at a rate equivalent to a pre-tax rate of 11.5% (2021: 10.9%).

Assuming discount rate increased by 50 basis points, impairment charge of US\$9,707,000 would be required for the goodwill in terminals and related business segment at 31 December 2022 (2021: US\$26,446,000).

Notes to the Consolidated Financial Statements

11 JOINT VENTURES

	2022 US\$'000	2021 US\$'000
Investment in joint ventures (including goodwill on acquisitions) (note a)	893,521	1,011,874
Equity loan to a joint venture (note b)	142,759	142,759
	1,036,280	1,154,633
Loans to a joint venture—non-current (note c)	—	23,083

Notes:

- (a) The carrying amount of goodwill on acquisitions of joint ventures amounted to US\$66,304,000 (2021: US\$66,298,000), 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 (2021: US\$31,435,000) and US\$34,755,000 (2021: US\$34,749,000) respectively.
- (b) The balance is equity in nature, unsecured, interest free and has no fixed terms of repayment.
- (c) A balance of US\$23,087,000 (2021: US\$23,083,000) was 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. As at 31 December 2022, the balance was reclassified to other receivables (note 17c).
- (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) There is no joint venture that is individually material to the Group as at 31 December 2022. 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 income/(loss) US\$'000	Total comprehensive income US\$'000
2022	1,036,280	75,078	375	75,453
2021	1,154,633	83,195	(23)	83,172

- (f) There are no contingent liabilities relating to the Group's interest in joint ventures.
- (g) Details of the principal joint ventures as at 31 December 2022 are set out in note 43 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

12 ASSOCIATES

	2022 US\$'000	2021 US\$'000
Investment in associates (including goodwill on acquisitions) (note c)	3,217,155	3,377,897
Equity loan to an associate (note e)	45,000	45,000
	3,262,155	3,422,897
Loans to associates (note d)	100,251	107,643

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 Related Companies. As at 31 December 2022, the quoted market price of the Group's interest in QPI amounted to US\$979,357,000 (2021: US\$1,087,990,000).

Set out below are the summarised consolidated financial information for QPI as at and for the year ended 31 December 2022 and 2021, after fair-value adjustments upon acquisition, which is accounted for using the equity method:

Summarised consolidated balance sheet

	QPI	
	2022 US\$'000	2021 US\$'000
Non-current assets	6,259,997	6,273,269
Current assets	1,992,582	3,227,736
Non-current liabilities	(1,078,603)	(879,588)
Current liabilities	(1,247,301)	(2,538,221)

Summarised consolidated statement of comprehensive income

	QPI	
	2022 US\$'000	2021 US\$'000
Revenues	2,863,117	2,494,721
Profit attributable to equity holders for the year	664,399	626,280
The Group's share of profits of the associate	128,191	120,505

Notes to the Consolidated Financial Statements

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	
	2022	2021
	US\$'000	US\$'000
Attributable to equity holders		
Opening net assets	5,537,529	5,056,996
Profit for the year	664,399	626,280
Other comprehensive (loss)/income for the year	(42,224)	16,430
Other reserve for the year	(59,248)	(2,287)
Dividends	(247,376)	(263,736)
Exchange difference	(478,886)	103,846
Closing net assets	5,374,194	5,537,529
Interest in the associate at 19.79% (2021: 19.79%)	1,063,553	1,095,877
Fair value adjustment	81,214	92,217
Goodwill	209,037	228,315
Carrying amount	1,353,804	1,416,409

Set out below are the summarised consolidated financial information for Sigma and Watrus Related Companies as at and for the year ended 31 December 2022 and 2021, after fair-value adjustments upon acquisitions, which is accounted for using the equity method:

Summarised consolidated balance sheet

	Sigma and Watrus Related Companies	
	2022	2021
	US\$'000	US\$'000
Non-current assets	3,475,897	3,535,692
Current assets	1,162,505	1,375,343
Non-current liabilities	(96,770)	(98,961)
Current liabilities	(504,136)	(601,371)

Notes to the Consolidated Financial Statements

12 ASSOCIATES (CONTINUED)

(a) Reconciliation of summarised financial information (Continued)

Summarised consolidated statement of comprehensive income

	Sigma and Watrus Related Companies	
	2022	2021
	US\$'000	US\$'000
Revenues	1,122,138	1,207,389
Profit attributable to equity holders for the year	275,708	337,577
Group's share of profits of associates	56,658	69,372

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in these associates:

Summarised consolidated financial information

	Sigma and Watrus Related Companies	
	2022	2021
	US\$'000	US\$'000
Capital and reserves attributable to equity holders	3,046,151	3,175,455
Group's effective interest	20.55%	20.55%
Group's share of capital and reserves attributable to equity holders	625,984	652,556
Adjustment to cost of investment	46,860	46,860
Carrying amount	672,844	699,416

- (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) by way of cash and capitalisation of loan to an associate, APM Terminals Vado Holding B.V. ("Vado") respectively. The contribution was made in proportion with the shares holding percentage. The equity interest in Vado remained unchanged after the contribution.

- (c) The carrying amount of goodwill on acquisitions of associates amounted to US\$318,828,000 (2021: US\$348,065,000) mainly represented the goodwill on acquisition of equity interests in QPI, Sigma, Suez Canal Container Terminal S.A.E., Euromax Terminal Rotterdam B.V., Watrus and RSGT of US\$209,037,000 (2021: US\$228,315,000), US\$20,669,000 (2021: US\$20,669,000), US\$16,624,000 (2021: US\$16,624,000), US\$15,075,000 (2021: US\$16,017,000), US\$7,523,000 (2021: US\$7,523,000) and US\$43,813,000 (2021: US\$52,397,000) respectively.
- (d) A balance of US\$89,527,000 (2021: US\$95,120,000) is unsecured, which bears interest at the aggregate of 2.0% per annum and EURIBOR (2021: 2.0% per annum and EURIBOR), and is repayable in 2024. A balance of US\$10,724,000 (2021: US\$12,523,000) is unsecured, bears interest at 2.5% per annum above 10-year EURIBOR ICE swap rate (2021: 2.5% per annum above 10-year EURIBOR ICE swap rate) and has no fixed terms of repayment.

Notes to the Consolidated Financial Statements

12 ASSOCIATES (CONTINUED)

- (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 income/(loss) US\$'000	Total comprehensive income US\$'000
2022	1,235,507	48,097	2,468	50,565
2021	1,307,072	56,318	(68)	56,250

- (g) There are no contingent liabilities relating to the Group's interest in associates.
- (h) Details of the Group's associates as at 31 December 2022 are set out in note 44 to the consolidated financial statements.

13 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset measured at FVPL includes the following:

	2022 US\$'000	2021 US\$'000
Non-current asset		
Listed convertible bonds (note)	53,338	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 approximately RMB321,491,500 (equivalent to approximately US\$50,484,000).

During the year, fair value loss on financial asset at FVPL of US\$3,466,000 (2021: fair value gain of US\$11,360,000) was recognised in other operating expense (2021: other operating income).

Notes to the Consolidated Financial Statements

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 investments:

	2022 US\$'000	2021 US\$'000
Non-current assets		
Listed shares (note i)		
Qinhuangdao Port Co., Ltd.	6,193	7,157
Guangzhou Port Company Limited	111,526	128,789
	117,719	135,946
Unlisted investments (note ii)	21,838	25,956
	139,557	161,902

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:

	2022 US\$'000	2021 US\$'000
Hong Kong dollar	6,193	7,157
Renminbi	132,639	153,975
Euro	725	770
	139,557	161,902

Notes to the Consolidated Financial Statements

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:

	2022 US\$'000	2021 US\$'000
At 1 January	161,902	158,206
Acquisition of a subsidiary (note 39)	–	78
Fair value (loss)/gain recognised in OCI	(9,570)	213
Exchange differences	(12,775)	3,405
At 31 December	139,557	161,902

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:

	2022 US\$'000	2021 US\$'000
At 1 January	45,717	4,949
Exchange differences	67	7,933
(Credited)/charged to consolidated income statement	(208)	18,819
Charged to reserves	942	1,183
Acquisition of a subsidiary (note 39)	–	12,833
At 31 December	46,518	45,717

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 2022, the Group has unrecognised tax losses of US\$155,400,000 (2021: US\$144,149,000) to carry forward. Except for the tax losses of US\$62,511,000 (2021: US\$50,556,000) of the Group which will be expired between 2023 and 2027 (2021: between 2022 and 2026), all other tax losses have no expiry dates.

As at 31 December 2022, undistributed earnings from subsidiaries of US\$976,837,000 (2021: US\$933,754,000) 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.

Notes to the Consolidated Financial Statements

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		Total	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
At 1 January	108,541	87,875	25,641	21,146	33,826	32,441	168,008	141,462
Exchange differences	(4,013)	(558)	(210)	20	(2,588)	(1,473)	(6,811)	(2,011)
(Credited)/charged to consolidated income statement	(6,404)	6,632	2,296	4,475	(867)	2,840	(4,975)	13,947
Acquisition of a subsidiary (note 39)	-	14,592	-	-	-	-	-	14,592
(Credited)/charged to reserve	-	-	-	-	(2,152)	18	(2,152)	18
At 31 December	98,124	108,541	27,727	25,641	28,219	33,826	154,070	168,008

Deferred tax assets

	Tax losses		Future deductible finance costs		Others		Total	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
At 1 January	65,946	69,381	26,743	31,454	29,602	35,678	122,291	136,513
Exchange differences	(3,526)	(5,200)	(1,598)	(2,393)	(1,754)	(2,351)	(6,878)	(9,944)
(Charged)/credited to consolidated income statement	(2,057)	1,765	(2,855)	(2,318)	145	(4,319)	(4,767)	(4,872)
Acquisition of a subsidiary (note 39)	-	-	-	-	-	1,759	-	1,759
Charged to reserve	-	-	-	-	(3,094)	(1,165)	(3,094)	(1,165)
At 31 December	60,363	65,946	22,290	26,743	24,899	29,602	107,552	122,291

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:

	2022 US\$'000	2021 US\$'000
Deferred tax assets	82,048	95,071
Deferred tax liabilities	128,566	140,788

Notes to the Consolidated Financial Statements

15 DEFERRED TAXATION (CONTINUED)

The amounts shown in the consolidated balance sheet include the following:

	2022	2021
	US\$'000	US\$'000
Deferred tax assets to be recovered after more than 12 months	65,539	74,533
Deferred tax liabilities to be settled after more than 12 months	109,302	120,628

16 INVENTORIES

Inventories of the Group mainly include consumable parts for terminal operations at their carrying amount.

17 TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2022	2021
	US\$'000	US\$'000
Trade receivables (note a)		
– third parties	73,127	71,907
– fellow subsidiaries (note b)	22,965	18,572
– non-controlling shareholders of subsidiaries (note b)	7,042	5,167
– joint ventures (note b)	10	656
– an associate (note b)	–	5
– related companies (note b)	7,140	7,280
	110,284	103,587
Bills receivables (note a)	2,535	7,250
	112,819	110,837
Less: provision for impairment (note a)	(628)	(324)
	112,191	110,513
Prepayments	15,973	33,701
Other receivables	46,410	69,040
Contract assets	6,946	–
Loans to a joint venture (note c)	23,087	–
Amounts due from		
– fellow subsidiaries (note b)	5,001	261
– non-controlling shareholders of subsidiaries (note b)	1,001	933
– joint ventures (note d)	434	6,874
– associates (note d)	11,680	16,315
	222,723	237,637

Notes to the Consolidated Financial Statements

17 TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS (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 2022 US\$'000	Loss allowance 31 December 2022 US\$'000
Within 30 days	0.1%	82,313	120
31-60 days	0.5%	19,698	89
61-90 days	0.1%	6,553	7
Over 90 days	9.7%	4,255	412
		112,819	628

	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

As at 31 December 2022, trade receivables of US\$628,000 (2021: US\$324,000) were impaired. The amount of the provision was US\$628,000 (2021: US\$324,000) as at 31 December 2022.

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

	2022 US\$'000	2021 US\$'000
At 1 January	(324)	(573)
Exchange differences	31	(99)
Provision for impairment of trade receivables	(511)	(269)
Write back of provision for impairment of trade receivables	176	617
At 31 December	(628)	(324)

Notes to the Consolidated Financial Statements

17 TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS (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) The balances was unsecured and interest bearing at the rate of 2.1% above HIBOR per annum quoted in respect of one month's period, and repayable on or before March 2023 (note 11(c)).
- (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 and contract assets are denominated in the following currencies:

	2022	2021
	US\$'000	US\$'000
US dollar	13,319	18,750
Renminbi	76,222	106,425
Hong Kong dollar	960	1,975
Euro	114,130	105,837
Other currencies	18,092	4,650
	222,723	237,637

- (f) The carrying amounts of trade and other receivables approximate their fair values.

Notes to the Consolidated Financial Statements

18 FINANCIAL INSTRUMENTS BY CATEGORY

	2022 US\$'000	2021 US\$'000
Financial assets as per consolidated balance sheet		
Financial asset at FVPL	53,338	61,922
Financial assets at FVOCI	139,557	161,902
Financial assets at amortised cost		
Loans to a joint venture	23,087	23,083
Loans to associates	100,251	107,643
Trade and other receivables	164,671	158,656
Cash and cash equivalents	1,069,317	1,226,841
Restricted bank deposits	45,849	33,214
Other financial assets		
Derivative financial instruments	6,074	–
Total	1,602,144	1,773,261
Financial liabilities as per consolidated balance sheet		
Financial liabilities at amortised cost		
Borrowings	2,908,623	3,219,610
Loans from non-controlling shareholders of subsidiaries	76,549	113,560
Loans from a joint venture	32,329	35,290
Loan from an associate	8,619	21,958
Lease liabilities	785,882	790,909
Trade and other payables	399,486	401,231
Put option liability	239,039	232,263
Other financial liabilities		
Derivative financial instruments	–	6,414
Total	4,450,527	4,821,235

Notes to the Consolidated Financial Statements

19 SHARE CAPITAL

	2022 US\$'000	2021 US\$'000
Issued and fully paid:		
3,440,657,627 ordinary shares		
(2021: 3,315,296,374 ordinary shares) of HK\$0.10 each	44,172	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 2022	3,315,296,374	42,574
Issue of scrip dividend for 2021 second interim dividend (note a)	67,928,424	866
Issue of scrip dividend for 2022 first interim dividend (note b)	57,432,829	732
At 31 December 2022	<u>3,440,657,627</u>	<u>44,172</u>
At 1 January 2021 and 31 December 2021	<u>3,315,296,374</u>	<u>42,574</u>

Notes:

- (a) During the year ended 31 December 2022, 67,928,424 new shares were issued by the Company at HK\$5.674 per share for the settlement of 2021 second interim scrip dividend.
- (b) During the year ended 31 December 2022, 57,432,829 new shares were issued by the Company at HK\$5.088 per share for the settlement of 2022 first interim scrip dividend.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

20 SHARE-BASED PAYMENT (CONTINUED)

Movements of the share options are set out below:

Category	Note	Exercise price HK\$	For the year ended 31 December 2022 Number of share options						Exercisable period
			Outstanding at 1 January 2022	Granted during the year	Exercised during the year	Transfer from/(to) other categories during the year	Forfeited during the year	Outstanding at 31 December 2022	
Directors	(i)(ii)	7.27	1,200,000	-	-	557,097	(586,871)	1,170,226	19.6.2020-18.6.2023
Ex-directors	(i)(ii)	7.27	2,400,000	-	-	(2,400,000)	-	-	19.6.2020-18.6.2023
Continuous contract employees	(i)(ii)	7.27	37,607,778	-	-	(2,252,178)	(12,445,530)	22,910,070	19.6.2020-18.6.2023
	(i)(ii)	8.02	604,971	-	-	-	(206,567)	398,404	29.11.2020-28.11.2023
	(i)(iii)	8.48	449,726	-	-	-	(224,525)	225,201	29.3.2021-28.3.2024
	(i)(iii)	7.27	135,143	-	-	-	(67,470)	67,673	23.5.2021-22.5.2024
	(i)(iii)	7.57	849,428	-	-	-	(424,078)	425,350	17.6.2021-16.6.2024
Others	(i)(ii)	7.27	6,294,680	-	-	4,095,081	(3,951,603)	6,438,158	19.6.2020-18.6.2023
			49,541,726	-	-	-	(17,906,644)	31,635,082	

Notes to the Consolidated Financial Statements

20 SHARE-BASED PAYMENT (CONTINUED)

Category	Note	Exercise price HK\$	For the year ended 31 December 2021 Number of share options					Outstanding at 31 December 2021	Exercisable period
			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		
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)(ii)	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	

Notes to the Consolidated Financial Statements

20 SHARE-BASED PAYMENT (CONTINUED)

Notes:

- (i) 30,916,858 options were vested and exercisable as at 31 December 2022 (2021: 32,083,390).
- (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 (2021: Nil).
- (v) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2022		2021	
	Average exercise price per share HK\$	Number of share options	Average exercise price per share HK\$	Number of share options
At 1 January	7.30	49,541,726	7.31	51,805,194
Forfeited	7.30	(17,906,644)	7.54	(2,263,468)
At 31 December	7.29	31,635,082	7.30	49,541,726

Notes to the Consolidated Financial Statements

21 BORROWINGS

	2022 US\$'000	2021 US\$'000
Long term borrowings		
Secured		
– bank loans	753,500	912,405
– loan from other financial institution	–	3,827
	753,500	916,232
Unsecured		
– bank loans	1,198,015	1,619,073
– loans from other financial institutions	329,771	125,069
– notes	305,449	299,729
	1,833,235	2,043,871
	2,586,735	2,960,103
Amounts due within one year included under current liabilities	(465,247)	(653,680)
	2,121,488	2,306,423
Short term borrowings		
Unsecured		
– bank loans	206,700	240,686
– loan from other financial institution	115,188	18,821
	321,888	259,507

Notes to the Consolidated Financial Statements

21 BORROWINGS (CONTINUED)

Notes:

(a) The maturity of long term borrowings is as follows:

	2022 US\$'000	2021 US\$'000
Bank loans		
Within one year	156,966	648,033
Between one and two years	779,969	127,935
Between two and five years	530,925	1,021,123
Over five years	483,655	734,387
	1,951,515	2,531,478
Loans from other financial institutions		
Within one year	2,832	5,647
Between one and two years	101,427	7,779
Between two and five years	66,772	71,271
Over five years	158,740	44,199
	329,771	128,896
Notes (note b)		
Within one year	305,449	–
Between one and two years	–	299,729
	305,449	299,729
	2,586,735	2,960,103

(b) Details of the notes as at 31 December 2022 and 2021 are as follows:

	2022 US\$'000	2021 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	2,029	1,910
– notes issuance cost	2,241	2,109
Interest payable	5,469	–
	305,449	299,729

Notes to the Consolidated Financial Statements

21 BORROWINGS (CONTINUED)

(b) (Continued)

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. Since the notes will be due within one year, as at 31 December 2022, the notes were classified as current portion of long term borrowings. The notes were repaid in January 2023.

(c) The exposure of long term borrowings to interest rate changes and the contractual repricing dates are as follows:

	Within five years US\$'000
At 31 December 2022	
Total borrowings	2,586,735
At 31 December 2021	
Total borrowings	2,960,103

(d) The carrying amounts of the long term borrowings and short term borrowings are denominated in the following currencies:

	2022 US\$'000	2021 US\$'000
US dollar	1,507,276	1,270,247
Renminbi	759,561	903,729
Euro	641,786	763,513
Hong Kong dollar	–	282,121
	2,908,623	3,219,610

The effective interest rates per annum at the balance sheet date were as follows:

	2022				2021			
	US\$	RMB	Euro	HK\$	US\$	RMB	Euro	HK\$
Bank loans and loans from other financial institutions	3.2%	3.5%	2.2%	3.5%	1.6%	4.2%	1.9%	3.5%
Notes	4.4%	N/A	N/A	N/A	4.4%	N/A	N/A	N/A

Notes to the Consolidated Financial Statements

21 BORROWINGS (CONTINUED)

- (e) The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Bank loans and loans from other financial institution	2,121,488	2,006,694	2,140,976	2,023,116
Notes	–	299,729	–	299,571
	2,121,488	2,306,423	2,140,976	2,322,687

The fair values of the Group's non-current borrowings are determined based on cash flows discounted using a weighted average borrowing rate of 1.5% to 6.2% (2021: 1.0% to 4.6%) per annum.

- (f) The carrying amounts of short term borrowings approximate to their fair values.
- (g) As at 31 December 2022, bank loans of US\$753,500,000 granted to subsidiaries of the Group were secured by certain other property, plant and equipment of the Group (note 7(a)), and the Company's interests in subsidiaries.
- 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 granted to subsidiaries of the Group 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)), and the Company's interests in subsidiaries.
- (h) As at 31 December 2022, the Group had bank borrowings of US\$19,262,000 (2021: US\$20,383,000) with restricted deposits of US\$21,000,000 (2021: US\$26,022,000) pledged as security.
- (i) As at 31 December 2021, a loan from COSCO SHIPPING Finance of US\$3,827,000 was secured, bore interest at 5 years RMB loan prime rate less 44 basis points per annum and was fully repaid in 2022.

22 LOANS FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

As at 31 December 2022, the balance mainly included US\$65,803,000 (2021: US\$69,913,000), which was unsecured, bore interest at 1% (2021: 1%) above the 3 months EURIBOR, and repayable on or before December 2024.

23 OTHER LONG TERM LIABILITIES

	2022 US\$'000	2021 US\$'000
Deferred income	36,981	46,135
Others	661	807
	37,642	46,942

Notes to the Consolidated Financial Statements

24 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2022 US\$'000	2021 US\$'000
Trade payables (note a)		
– third parties	80,949	100,856
– fellow subsidiaries (note b)	2,433	3,935
– non-controlling shareholders of subsidiaries (note b)	1,194	4,493
– joint ventures (note b)	1,096	6,030
– an associate (note b)	417	472
– related companies (note b)	6,531	4,407
	92,620	120,193
Bills payable (note a)	3,513	–
	96,133	120,193
Accruals	53,336	35,551
Other payables	179,067	167,319
Contract liabilities (note c)	13,411	19,425
Dividend payable	5	7
Loans from a joint venture (note d)	32,329	35,290
Loans from an associate (note f)	8,619	21,958
Loans from non-controlling shareholders of subsidiaries (note e)	10,286	42,969
Amounts due to (note b)		
– fellow subsidiaries	734	256
– non-controlling shareholders of subsidiaries	66,177	77,455
– joint ventures	36	61
– related companies	4,288	1,146
	464,421	521,630

Notes:

- (a) The ageing analysis of the trade payables and bills payable based on invoice date and issuance date respectively is as follows:

	2022 US\$'000	2021 US\$'000
Within 30 days	43,952	65,884
31-60 days	23,852	18,214
61-90 days	6,368	4,780
Over 90 days	21,961	31,315
	96,133	120,193

- (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.

Notes to the Consolidated Financial Statements

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:

	2022 US\$'000	2021 US\$'000
Contract liabilities		
– expected volume discounts	2,444	10,305
– receipts in advance from customers	10,967	9,120
	13,411	19,425

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:

	2022 US\$'000	2021 US\$'000
Revenues recognised that were included in the contract liabilities balance at the beginning of the year	16,230	5,314

- (d) Loans from a joint venture of US\$32,329,000 (2021: US\$35,290,000) 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\$9,343,000 (2021: US\$11,764,000) bears interest at 3.40% per annum (2021: 3.40% per annum). Balance of US\$943,000 represents interest payable on loans from non-controlling shareholders of subsidiaries. Balance of US\$31,205,000 as at 31 December 2021 which was interest free was capitalised in proportion to the non-controlling shareholder's equity interest in the underlying subsidiary in 2022.
- (f) Loans from an associate of US\$8,619,000 (2021: US\$21,958,000) are unsecured, bear interest at 2.30% 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:

	2022 US\$'000	2021 US\$'000
US dollar	45,541	68,045
Renminbi	267,348	314,803
Euro	114,827	93,493
Hong Kong dollar	18,639	18,434
Other currencies	18,066	26,855
	464,421	521,630

- (h) The carrying amounts of trade and other payables approximate their fair values.

Notes to the Consolidated Financial Statements

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 2022, the carrying amount of the put option liability is US\$239,039,000 (2021: US\$232,263,000).

26 DERIVATIVE FINANCIAL INSTRUMENTS

	2022 US\$'000	2021 US\$'000
Assets		
Interest rate swaps	6,074	—
Less: non-current portion	(2,344)	—
Current portion	3,730	—
Liabilities		
Interest rate swaps	—	6,414
Less: non-current portion	—	(2,991)
Current portion	—	3,423

At 31 December 2022, the Group had interest rate swap agreements in place with a total notional amount of US\$194,811,000 (2021: US\$282,325,000). 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% (2021: 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 2021	(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
Add: Change in fair value of cash flow hedge recognised in OCI, net of tax	4,873
Share of OCI of an associate	313
At 31 December 2022	6,445

Notes to the Consolidated Financial Statements

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\$30,188,000 (2021: US\$24,659,000). At 31 December 2022, contributions totalling US\$1,231,000 (2021: US\$1,633,000) and US\$2,150,000 (2021: US\$2,260,000) to the defined contribution and defined benefit retirement schemes respectively were included in trade and other payables. No forfeited contributions were available as at 31 December 2022 and 2021 to reduce future contributions.

Defined benefit retirement scheme

The amounts recognised in the consolidated balance sheet were as follow:

	Current	2022 Non- current	Total	Current	2021 Non- current	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Defined benefit retirement scheme – PRC (note)	2,150	10,460	12,610	2,260	10,990	13,250
Defined benefit retirement scheme – Overseas	–	795	795	–	838	838
As at 31 December	2,150	11,255	13,405	2,260	11,828	14,088

Note:

Defined benefit retirement scheme of a PRC subsidiary

	2022 US\$'000	2021 US\$'000
Consolidated balance sheet obligations for:		
Early-retirement benefits for PRC employees	6,071	6,117
Post-retirement benefits for PRC employees	6,539	7,133
Total pension and retirement liabilities	12,610	13,250
Less: Current portion of pension and retirement liabilities included in trade and other payables	(2,150)	(2,260)
Non-current portion of pension and retirement liabilities	10,460	10,990
Charged in consolidated income statement for:		
Early-retirement benefits for PRC employees	2,842	62
Post-retirement benefits for PRC employees	217	4
	3,059	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 2022 totaled US\$12,610,000 (2021: US\$13,250,000).

Notes to the Consolidated Financial Statements

27 PENSION AND RETIREMENT LIABILITIES (CONTINUED)

Movements of the liabilities recognised in the consolidated balance sheet are as follows:

	2022			2021		
	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	6,117	7,133	13,250	–	–	–
Acquisition of a subsidiary (note 39)	–	–	–	6,264	7,295	13,559
Charged to the consolidated income statement	2,842	217	3,059	62	4	66
Charged to the consolidated statement of comprehensive income	–	383	383	–	–	–
Benefits paid	(2,354)	(592)	(2,946)	(211)	(169)	(380)
Exchange difference	(534)	(602)	(1,136)	2	3	5
As at 31 December	6,071	6,539	12,610	6,117	7,133	13,250

The amounts of retirement benefit costs recognised in the consolidated income statement comprise:

	2022			2021		
	Early retirement US\$'000	Post retirement US\$'000	Total US\$'000	Early retirement US\$'000	Post retirement US\$'000	Total US\$'000
Interest expense	137	214	351	62	4	66
Current service costs	–	3	3	–	–	–
Past service costs	2,730	–	2,730	–	–	–
Immediate recognition of actuarial gains	(25)	–	(25)	–	–	–

The principal actuarial assumptions used were as follows:

	2022		2021	
	Early retirement US\$'000	Post retirement US\$'000	Early retirement US\$'000	Post retirement US\$'000
Discount rate	2.50%	3.00%	2.50%	3.25%
Mortality rate	China Life Insurance Mortality Table (2010-2013) – CL5/CL6		China Life Insurance Mortality Table (2010-2013) – CL5/CL6	
Annual withdraw rate	N/A	N/A	0%	0%
Annual increase rate of medical insurance contribution	6%	6%	6%	6%
Annual increase rate of early-retirement basic salary, insurance and housing fund, enterprise annuity contributions for early retirees	5%	N/A	5%	N/A

Notes to the Consolidated Financial Statements

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%	(243)	254
Annual increase rate of medical insurance contribution – change by 1%	497	(399)
Annual increase rate of early-retirement basic salary, insurance and housing fund, enterprise annuity contributions for early retirees – change by 1%	111	(106)

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:

	2022 US\$'000	2021 US\$'000
Within one year	2,150	2,260
Over one year	13,520	13,787
	15,670	16,047

28 OTHER OPERATING INCOME

	2022 US\$'000	2021 US\$'000
Management fee and other service income	6,383	8,071
Dividends income from listed and unlisted financial assets at FVOCI	2,800	2,686
Rental income from		
– investment properties	1,093	1,099
– buildings	51	57
Gain on disposal of property, plant and equipment	1,388	243
Gain on disposal of a subsidiary and a joint venture	–	21,735
Gain on remeasurement of equity investments	–	10,669
Reversal of provision for inventories	–	281
Government subsidies	14,155	25,721
Exchange gain, net	–	1,274
Fair value gain on a financial asset at FVPL	–	11,360
Others	9,537	11,741
	35,407	94,937

Notes to the Consolidated Financial Statements

29 OPERATING PROFIT

Operating profit is stated after charging the followings:

	2022 US\$'000	2021 US\$'000
Charging:		
Amortisation of intangible assets	22,841	24,767
Depreciation		
– right-of-use assets (note 9(b))	47,075	40,371
– property, plant and equipment	179,249	160,982
Exchange loss, net	5,096	–
Fair value loss on a financial asset at FVPL	3,466	–
Loss on deemed disposal of an associate	3,215	–
Loss on disposal of property, plant and equipment	636	2,773
Auditor's remuneration		
– current year	1,339	1,320
– under provision in prior years	29	24
Provision for inventories	345	–
Provision for impairment of trade receivables	511	269
Rental expenses under leases of		
– land and buildings leased from third parties	1,919	653
– land and buildings leased from non-controlling shareholders of subsidiaries	183	3,052
– plant and machinery leased from third parties	3,249	2,522
– concession from a fellow subsidiary (note a)	71,966	66,317
– concession from third parties (note a)	7,588	9,008
– concession from a non-controlling shareholder of a subsidiary (note a)	6,842	4,721
Total staff costs (including directors' emoluments and retirement benefit costs)		
– wages, salaries and other benefits	426,120	349,833
– share-based payment (reversal)/expenses, net (note b)	(1,778)	1,186
	424,342	351,019

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.

Notes to the Consolidated Financial Statements

30 FINANCE INCOME AND COSTS

	2022 US\$'000	2021 US\$'000
Finance income		
Interest income on		
– bank balances and deposits	7,059	3,799
– deposits with other financial institutions	7,027	3,563
– loans to a joint venture and associates	3,036	3,906
	17,122	11,268
Finance costs		
Interest expenses on		
– bank loans	(73,317)	(65,722)
– notes wholly repayable within five years	(13,125)	(13,125)
– loans from other financial institutions	(11,601)	(1,949)
– loans from non-controlling shareholders of subsidiaries (note 22 and note 24(e))	(1,226)	(486)
– loans from a joint venture (note 24(d))	(775)	(812)
– loans from an associate (note 24(f))	(536)	(496)
– lease liabilities	(29,665)	(29,883)
Amortised amount of		
– discount on issue of notes	(119)	(140)
– transaction costs on bank loans and notes	(3,291)	(3,205)
	(133,655)	(115,818)
Less: amount capitalised in construction in progress (note 7(c))	9,115	6,685
	(124,540)	(109,133)
Other incidental borrowing costs and charges	(1,847)	(2,370)
	(126,387)	(111,503)
Net finance costs	(109,265)	(100,235)

Notes to the Consolidated Financial Statements

31 TAXATION

	2022 US\$'000	2021 US\$'000
Current taxation		
– Hong Kong profits tax	–	(15,730)
– Mainland China taxation	(48,015)	(45,047)
– Overseas taxation	(21,999)	(14,601)
– Under provision in prior years	(1,456)	(472)
	(71,470)	(75,850)
Deferred taxation credit/(charge)	208	(18,819)
	(71,262)	(94,669)

Hong Kong profits tax was provided at a rate of 16.5% (2021: 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 reconciliation between taxation in the consolidated income statement and aggregate tax expense at the domestic rates applicable to profits in respective territories concerned:

	2022 US\$'000	2021 US\$'000
Profit before taxation	460,109	500,465
Less: Share of profits less losses of joint ventures and associates	(308,024)	(329,390)
	152,085	171,075
Aggregate tax at domestic rates applicable to profits in respective territories concerned	56,499	62,533
Income not subject to taxation	(3,147)	(1,913)
Expenses not deductible for taxation purposes	7,289	4,742
Under provision in prior years	1,456	472
Effect on deferred tax balance resulting from a change in tax rate	–	598
Tax losses not recognised	(198)	1,570
Provision for withholding taxation upon distribution of profits and payment of interest	14,001	11,857
Recognition of temporary difference previously unrecognised	(3,436)	6,336
Others	(1,202)	8,474
Taxation charged	71,262	94,669

Except for the taxation of US\$2,152,000 relating to the deferred tax credited (2021: US\$110,000 charged) on the fair value changes on financial assets at FVOCI in 2022, and US\$3,006,000 (2021: US\$1,073,000) deferred tax asset relating to the cash flow hedges, there was no taxation relating to other components of OCI for the year ended 31 December 2022 and 2021.

Notes to the Consolidated Financial Statements

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.

	2022	2021
Profit attributable to equity holders of the Company	US\$305,163,000	US\$354,652,000
Weighted average number of ordinary shares in issue	3,362,046,312	3,315,296,374
Basic earnings per share	US9.08 cents	US10.70 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 2022, 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

	2022 US\$'000	2021 US\$'000
First interim dividend, paid of US2.128 cents (2021: US2.120 cents) per ordinary share	71,995	70,284
Second interim dividend, declared of US1.504 cents (2021: US2.160 cents) per ordinary share	51,747	71,611
	123,742	141,895

Note:

At a meeting held on 29 March 2023, the directors declared a second interim dividend for the year ended 31 December 2022 (in lieu of a final dividend) of HK11.6 cents (equivalent to US1.504 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 2023.

Notes to the Consolidated Financial Statements

34 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS**(a) Directors' emoluments**

The aggregate amounts of emoluments paid to directors of the Company during the year are set out as follows:

	2022	2021
	US\$'000	US\$'000
Fees	244	242
Salaries, housing and other allowances	1,313	2,113
Bonuses	15	945
Contributions to retirement benefit schemes	2	2
	1,574	3,302

Directors' fees disclosed above include US\$244,000 (2021: US\$242,000) paid to independent non-executive directors. The fees comprises, among others, an annual fee of US\$36,000 (2021: 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).

As at 31 December 2022, two directors (2021: three directors) of the Company had 1,170,226 (2021: 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 2022, no share option was exercised (2021: Nil).

Details and movements of share options granted and exercised during the year are set out in note 20 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

34 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)**(a) Directors' emoluments (Continued)**

The directors' emoluments are analysed as follows:

Year ended 31 December 2022										
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. YANG Zhijian	i	-	-	-	-	-	-	-	-	-
Mr. ZHU Tao	ii	-	167	-	13	-	-	-	-	180
Mr. ZHANG Wei		-	-	-	-	-	-	-	-	-
Mr. CHEN Dong		-	-	-	-	-	-	-	-	-
Dr. WONG Tin Yau, Kelvin		-	353	15	22	-	2	-	-	392
Dr. FAN HSU Lai Tai, Rita		52	-	-	-	-	-	-	-	52
Mr. Adrian David Li Man Kiu		59	-	-	-	-	-	-	-	59
Mr. LAM Yiu Kin		42	-	-	-	-	-	-	-	42
Prof. CHAN Ka Lok		50	-	-	-	-	-	-	-	50
Mr. YANG Liang Yee Philip		41	-	-	-	-	-	-	-	41
Mr. FENG Boming	iii	-	248	-	6	-	-	-	-	254
Mr. ZHANG Dayu	iv	-	429	-	7	-	-	-	-	436
Mr. DENG Huangjun	v	-	63	-	5	-	-	-	-	68
		244	1,260	15	53	-	2	-	-	1,574

Notes to the Consolidated Financial Statements

34 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS
(CONTINUED)

(a) Directors' emoluments (Continued)

The directors' emoluments are analysed as follows: (Continued)

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 office as director US\$'000	As management (note e) US\$'000	Total US\$'000
Mr. FENG Boming	iii	–	748	238	20	–	–	–	–	1,006
Mr. ZHANG Dayu	iv	–	673	239	20	–	–	–	–	932
Mr. DENG Huangjun	v	–	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. YANG Liang Yee Philip	40	–	–	–	–	–	–	–	–	40
		242	2,031	945	82	–	2	–	–	3,302

Note:

- (i) Appointed as Executive Director and Chairman of the Board of Directors on 10 May 2022
- (ii) Appointed as Executive Director and Managing Director on 28 June 2022
- (iii) Resigned on 28 April 2022
- (iv) Resigned on 28 June 2022
- (v) Resigned on 1 April 2022

The above analysis includes three (2021: four) directors whose emoluments were among the five highest in the Group.

Notes to the Consolidated Financial Statements

**34 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS
(CONTINUED)****(b) Five highest paid individuals**

Details of the aggregate emoluments paid to two (2021: one) individuals whose emoluments were the highest in the Group and have not been included in the directors' emoluments above are set out below:

	2022 US\$'000	2021 US\$'000
Salaries, share options, and other allowances	571	321
Bonuses	30	227
Contributions to retirement benefit schemes	4	2
	605	550

The emoluments of the above highest paid non-director individuals fell within the following bands:

	Number of individuals	
	2022	2021
Emolument bands		
US\$255,457-US\$319,322 (HK\$2,000,001-HK\$2,500,000)	1	—
US\$319,323-US\$383,186 (HK\$2,500,001-HK\$3,000,000)	1	—
US\$383,187-US\$447,050 (HK\$3,000,001-HK\$3,500,000)	—	—
US\$447,051-US\$510,914 (HK\$3,500,001-HK\$4,000,000)	—	—
US\$510,915-US\$574,779 (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.

Notes to the Consolidated Financial Statements

35 CAPITAL COMMITMENTS

The Group has the following significant capital commitments as at 31 December 2022 and 2021:

	2022 US\$'000	2021 US\$'000
Contracted but not provided for		
– Investments (note)	426,344	356,569
– Other property, plant and equipment	746,794	877,260
	1,173,138	1,233,829

The Group's share of capital commitments of the joint ventures themselves not included in the above are as follows:

	2022 US\$'000	2021 US\$'000
Contracted but not provided for	5,794	7,915

Note:

The capital commitments in respect of investments of the Group as at 31 December 2022 and 2021 are as follows:

	2022 US\$'000	2021 US\$'000
Contracted but not provided for		
Investments in:		
– Antwerp Gateway NV	51,535	53,625
– HHLA Container Terminal Tollerort GmbH	109,877	116,028
– Xiamen Haicang Investment and Construction Management	90,228	–
– Ningbo Yuan Dong Terminals Limited	71,792	78,423
– Others	40,864	40,713
	364,296	288,789
Terminal projects in:		
– Shanghai Yangshan Port Phase II	57,433	62,738
– Others	4,615	5,042
	62,048	67,780
	426,344	356,569

Notes to the Consolidated Financial Statements

36 OPERATING LEASE ARRANGEMENTS

As at 31 December 2022 and 2021, the Group had future minimum lease receipts under non-cancellable operating leases as follows:

	2022 US\$'000	2021 US\$'000
Buildings, leasehold land and land use rights		
– not later than one year	358	637
– between 1 and 2 years	17	154
– between 2 and 3 years	2	32
– between 3 and 4 years	2	3
– between 4 and 5 years	2	3
– later than five years	8	13
	389	842
Investment properties		
– not later than one year	359	260
– between 1 and 2 years	185	227
– between 2 and 3 years	–	90
	544	577
Plant and machinery		
– not later than one year	371	352
– between 1 and 2 years	172	321
– between 2 and 3 years	–	160
	543	833
	1,476	2,252

Notes to the Consolidated Financial Statements

37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to cash generated from operations

	2022 US\$'000	2021 US\$'000
Profit before taxation	460,109	500,465
Amortised amount of		
– discount on issue of notes	119	140
– transaction costs on bank loans and notes	3,291	3,205
Depreciation and amortisation	249,165	226,120
Dividends income from listed and unlisted financial assets at FVOCI	(2,800)	(2,686)
Fair value loss/(gain) on a financial asset at FVPL	3,466	(11,360)
Loss on deemed disposal of an associate	3,215	–
Gain on disposal of a subsidiary and a joint venture	–	(21,735)
Gain on remeasurement of equity investments	–	(10,669)
Interest expenses	121,130	105,788
Interest income	(17,122)	(11,268)
(Gain)/loss on disposal of property, plant and equipment, net	(752)	2,530
Other incidental borrowing costs and charges	1,847	2,370
Provision for impairment of trade receivables	511	269
Provision/(reversal of provision) for inventories	345	(281)
Share-based payment (reversal)/expense, net	(1,778)	1,186
Share of profits less losses of		
– joint ventures	(75,078)	(83,195)
– associates	(232,946)	(246,195)
Write back of provision for impairment of trade receivables	(176)	(617)
Operating profit before working capital changes	512,546	454,067
Decrease/(increase) in inventories	412	(1,108)
Decrease/(increase) in trade and other receivables	39,343	(20,682)
(Increase)/decrease in amounts due from fellow subsidiaries	(4,741)	584
Decrease/(increase) in amounts due from associates	1,131	(1,504)
(Increase)/decrease in amounts due from joint ventures	(506)	1,725
(Increase)/decrease in amounts due from non-controlling shareholders of subsidiaries	(68)	32
(Decrease)/increase in trade and other payables and contract liabilities	(6,453)	12,901
Increase/(decrease) in amounts due to fellow subsidiaries	477	(1,907)
(Decrease)/increase in amounts due to non-controlling shareholders of subsidiaries	(12,755)	209
Increase in amount due to related companies	3,142	1,146
Cash generated from operations	532,528	445,463

Notes to the Consolidated Financial Statements

37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Major non-cash transactions

	2022 US\$'000	2021 US\$'000
Addition of right-of-use assets (note 9(a))	5,662	45,094
Extension and remeasurement of right-of-use assets (note 9(a))	26,077	(115)
Capitalisation of loan to an associate to investment cost of an associate	–	38,272
Capitalisation of a loan from non-controlling shareholder of a subsidiary	31,205	–

(c) Analysis of the balances of restricted bank deposits and cash and cash equivalents

	2022 US\$'000	2021 US\$'000
Total time deposits, bank balances and cash (note i)	1,115,166	1,260,055
Restricted bank deposits included in current assets	(45,849)	(33,214)
	1,069,317	1,226,841
Representing:		
Time deposits with original maturity of three months or less	214,840	360,277
Bank balances and cash	431,348	428,239
Balances placed with other financial institutions (note iii)	423,129	438,325
	1,069,317	1,226,841

Notes:

- (i) As at 31 December 2022, the Group's cash and cash equivalents of US\$517,856,000 (2021: US\$491,160,000), denominated in Renminbi and US dollar, are placed with bank and other financial institution 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:

	2022 US\$'000	2021 US\$'000
US dollar	282,127	409,690
Renminbi	534,753	498,662
Euro	222,716	250,092
Hong Kong dollar	5,404	45,831
Other currencies	24,317	22,566
	1,069,317	1,226,841

- (iii) Balances placed with other financial institutions bear interest at prevailing market rates.

Notes to the Consolidated Financial Statements

37 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(d) Reconciliation of liabilities arising from financing activities

	Borrowings	Loans from non-controlling shareholders of subsidiaries	Loans from a joint venture and an associate	Lease liabilities	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2022	3,219,610	113,560	57,248	790,909	4,181,327
Changes of cash flows from financing activities					
Loans drawn down	1,008,884	10,075	42,361	–	1,061,320
Loans repaid	(1,215,490)	(11,561)	(54,252)	–	(1,281,303)
Principal elements of lease payment	–	–	–	(18,894)	(18,894)
Payment of lease interest	–	–	–	(25,103)	(25,103)
Other changes					
Addition of lease liabilities	–	–	–	5,662	5,662
Extension and remeasurement of right-of-use assets	–	–	–	26,077	26,077
Acquisition of a subsidiary	411	–	–	7,333	7,744
Finance cost of lease liabilities	–	–	–	29,665	29,665
Foreign exchange differences	(115,336)	(5,263)	(4,409)	(29,767)	(154,775)
Other non-cash movements	(248)	(31,205)	–	–	(31,453)
	(321,779)	(37,954)	(16,300)	(5,027)	(381,060)
Balance of interest payable	10,792	943	–	–	11,735
Balance as at 31 December 2022	2,908,623	76,549	40,948	785,882	3,812,002

Notes to the Consolidated Financial Statements

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 2021	3,047,741	85,003	34,483	826,336	3,993,563
Changes from financing cash flows					
Loans drawn down	559,667	81,327	21,305	–	662,299
Loans repaid	(412,589)	(52,791)	–	–	(465,380)
Principal elements of lease payment	–	–	–	(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

Notes to the Consolidated Financial Statements

38 RELATED PARTY TRANSACTION

The Group is controlled by COSCO SHIPPING Holdings which owns 58.36% of the Company's shares as at 31 December 2022. 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.

Notes to the Consolidated Financial Statements

38 RELATED PARTY TRANSACTION (CONTINUED)**(a) Sales/purchases of goods, services and investments**

	2022	2021
	US\$'000	US\$'000
Management fee and service fee income from (note i)		
– joint ventures	4,596	4,957
– associates	1,362	1,628
Terminal handling and storage income received from (note ii, xii)		
– fellow subsidiaries	432,620	340,650
– non-controlling shareholders of subsidiaries	118,004	97,355
Container handling and logistics service fees to non-controlling shareholders of subsidiaries (note iii, xii)	(54,206)	(13,976)
Electricity and fuel expenses paid to (note iv, xii)		
– fellow subsidiaries	(10,856)	(8,697)
– non-controlling shareholders of subsidiaries	(5,604)	(5,810)
Handling, storage and maintenance expenses to (note v, xii)		
– fellow subsidiaries	(730)	(2,812)
– a non-controlling shareholder of a subsidiary	(4,286)	(4,076)
Rental expenses paid to non-controlling shareholders of subsidiaries (note vi)	(183)	(2,169)
Rental income received from a non-controlling shareholder of a subsidiary (note vii)	1,244	1,156
Purchase of materials from fellow subsidiaries (note viii, xii)	(127)	(220)
Insurance expenses paid to a fellow subsidiary (note ix)	(958)	(1,134)
Concession fee paid to (note x, xii)		
– a fellow subsidiary	(71,966)	(66,317)
– a non-controlling shareholder of a subsidiary	(6,842)	(4,721)
Payments of lease liabilities to (note xi, xii)		
– a fellow subsidiary	(13,903)	(15,036)
– non-controlling shareholders of subsidiaries	(6,198)	(4,337)

Notes to the Consolidated Financial Statements

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\$22,031,000 (equivalent to US\$2,814,000) (2021: HK\$22,054,000 (equivalent to US\$2,838,000)) per annum.

Other management fee and service fee income charged to joint ventures and associates 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, Wuhan 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 non-controlling shareholders of subsidiaries 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 a fellow subsidiary and non-controlling shareholders of subsidiaries 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").

Notes to the Consolidated Financial Statements

38 RELATED PARTY TRANSACTION (CONTINUED)**(b) Key management compensation**

	2022 US\$'000	2021 US\$'000
Salaries, bonuses and other allowances	1,970	3,606
Contributions to retirement benefit schemes	4	4
Share-based payments	(176)	143
	1,798	3,753

Key management includes directors of the Company and three (2021: one) senior management members of the Group.

The emoluments of the senior management members fell within the following bands:

	Number of individuals 2022	Number of individuals 2021
Emolument bands		
US\$127,729-US\$255,456 (HK\$1,000,001-HK\$2,000,000)	2	—
US\$255,457-US\$319,322 (HK\$2,000,001-HK\$2,500,000)	—	—
US\$319,323-US\$383,186 (HK\$2,500,001-HK\$3,000,000)	1	—
US\$383,187-US\$447,050 (HK\$3,000,001-HK\$3,500,000)	—	—
US\$447,051-US\$510,914 (HK\$3,500,001-HK\$4,000,000)	—	—
US\$510,915-US\$574,779 (HK\$4,000,001-HK\$4,500,000)	—	1
	3	1

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.

Notes to the Consolidated Financial Statements

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)

Notes to the Consolidated Financial Statements

39 BUSINESS COMBINATIONS (CONTINUED)**Step acquisition from an associate to a subsidiary (Continued)**

Notes:

- (i) The goodwill was 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 was 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 acquisition had occurred on 1 January 2022, 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 were included in administrative expenses in the consolidated income statement and in operating cash flows in the consolidated cash flow statement.

40 EVENTS AFTER BALANCE SHEET DATE**(a) Acquisition of 56% interest in Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd**

On 30 December 2022, China Shipping Terminal Development Co., Ltd. ("CSTD", a wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Xiamen Haitou Supply Chain Operation Co., Ltd. ("Xiamen Haitou Supply Chain") in relation to the sale and purchase of 56% interest in Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd ("Xiamen Haicang Investment and Construction Management"), at a total consideration of RMB628,399,700 (equivalent to approximately US\$92,953,000). The equity transfer was completed, and the consideration was transferred to Xiamen Haitou Supply Chain by CSTD on 28 February 2023. Xiamen Haicang Investment and Construction Management has become a subsidiary of the Group since the closing date.

(b) Acquisition of 30% interest in Xiamen Ocean Gate Container Terminal Co., Ltd

On 22 February 2023, COSCO SHIPPING Ports (Xiamen) Limited ("CSP Xiamen", a wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Xiamen Haicang Investment Group Co., Ltd. ("Xiamen Haicang Investment") in relation to the sale and purchase of 30% interest in Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate Terminal"), at a total consideration of RMB794,489,900 (equivalent to approximately US\$117,521,000). The consideration shall be paid by CSP Xiamen to Xiamen Haicang Investment in three instalments. The first and second instalments in the amount of RMB754,765,405 (equivalent to approximately US\$111,645,000) and RMB15,889,798 (equivalent to approximately US\$2,286,000) were transferred to Xiamen Haicang Investment on 28 February 2023 and 8 March 2023 respectively. The third instalment will be settled based on the payment terms set out in the equity transfer agreement. The equity transfer was completed on 28 February 2023. Xiamen Ocean Gate Terminal has become a wholly-owned subsidiary of the Group since the closing date.

Notes to the Consolidated Financial Statements

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	2022 US\$'000	2021 US\$'000
Assets			
Non-current assets			
Property, plant and equipment		2,926	2,800
Subsidiaries		5,601,997	5,291,917
Amounts due from subsidiaries		131,677	140,331
		5,736,600	5,435,048
Current assets			
Other receivables		2,103	1,197
Amounts due from subsidiaries		575,355	439,272
Amount due from an associate		561	562
Amounts due from a fellow subsidiary		1,543	1,187
Cash and cash equivalents		228,832	414,612
		808,394	856,830
Total assets		6,544,994	6,291,878

Notes to the Consolidated Financial Statements

**41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY
(CONTINUED)**

	Note	2022 US\$'000	2021 US\$'000
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital		44,172	42,574
Reserves	(a)	4,501,402	4,518,140
Total equity		4,545,574	4,560,714
Liabilities			
Non-current liabilities			
Long term borrowings		766,907	468,230
Current liabilities			
Current portion of long term borrowings		–	482,037
Short term borrowings		206,580	213,238
Other payables		39,555	22,764
Current tax liabilities		20,226	30,783
Loan from a subsidiary		296,610	–
Amounts due to subsidiaries		669,542	514,112
		1,232,513	1,262,934
Total liabilities		1,999,420	1,731,164
Total equity and liabilities		6,544,994	6,291,878

On behalf of the Board

YANG Zhijian

Executive Director and Chairman of the Board

ZHU Tao

Executive Director and Managing Director

Notes to the Consolidated Financial Statements

**41 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 2022	1,917,156	414,214	6,538	2,180,232	4,518,140
Profit for the year	–	–	–	43,891	43,891
Issued of shares on settlement of scrip dividends	84,751	–	–	–	84,751
Share based compensation	–	–	(1,778)	–	(1,778)
Dividends paid to equity holders of the Company					
– 2021 second interim	–	–	–	(71,609)	(71,609)
– 2022 first interim	–	–	–	(71,993)	(71,993)
At 31 December 2022	2,001,907	414,214	4,760	2,080,521	4,501,402
Representing:					
Reserves	2,001,907	414,214	4,760	2,028,774	4,449,655
2022 second interim dividend declared	–	–	–	51,747	51,747
At 31 December 2022	2,001,907	414,214	4,760	2,080,521	4,501,402
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
Share based compensation	–	–	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

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.

Notes to the Consolidated Financial Statements

42 DETAILS OF SUBSIDIARIES

Details of the subsidiaries as at 31 December 2022 are as follows:

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest	
						2022	2021
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	RMB11,550,131,586	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	20,000 ordinary shares of US\$1 each	66.10%	66.10%
4	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\$17,000,001 divided into 17,000,001 ordinary shares	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\$5,001,000 divided into 5,001,000 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%

Notes to the Consolidated Financial Statements

42 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest	
						2022	2021
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%
1	COSCO SHIPPING Ports (Istanbul) Limited	Hong Kong	Hong Kong	Investment holding	HK\$1 divided into 1 ordinary share and US\$95,000,000 divided into 95,000,000 ordinary shares	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 and US\$61,071,000 divided into 61,071,000 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	COSCO SHIPPING Ports (Quanzhou) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US\$1	100.00%	100.00%
	COSCO SHIPPING Ports (Rotterdam) Limited	Hong Kong	Hong Kong	Investment holding	HK\$1 divided into 1 ordinary share	51.00%	51.00%
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%

Notes to the Consolidated Financial Statements

42 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest	
						2022	2021
1	COSCO SHIPPING Ports (Spain) Limited	Hong Kong	Hong Kong	Investment holding	HK\$1,000 divided into 1,000 ordinary shares and Euro70,550,000 divided into 70,550,000 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	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%
1	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	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%
2	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%

Notes to the Consolidated Financial Statements

42 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest	
						2022	2021
1	COSCO SHIPPING Ports Development Co., Limited	Hong Kong	Hong Kong	Investment holding	HK\$16,629,102,462 divided into 5,679,542,726 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	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\$236,000,000	100.00%	100.00%
1	COSCO SHIPPING Ports Management Company Limited	Hong Kong	Hong Kong	Investment holding and provision of management services	HK\$2 divided into 2 ordinary shares and US\$38,800,000 divided into 38,800,000 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	192,498 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%
	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%

Notes to the Consolidated Financial Statements

42 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest 2022	2021
	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 Logitren, S.A.	Spain	Spain	Provision of rail services	22,785 ordinary shares of Euro30 each	26.02%	—
	CSP Zeebrugge Terminal NV	Belgium	Belgium	Operation of container terminals	4,270,001 ordinary shares of Euro10 each	90.00%	85.45%
	CSP Zeebrugge CFS NV	Belgium	Belgium	Operation of container freight station	Euro6,962,000 divided into 140,362 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%	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, 3	Guangzhou Nansha CSP Supply Chain 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%

Notes to the Consolidated Financial Statements

42 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group equity interest	
						2022	2021
1	Navigator Investco Limited	Hong Kong	Hong Kong	Investment holding	HK\$1,000 divided into 1,000 ordinary shares, and US\$80,605,443.36 divided into 1,000 ordinary shares and Euro38,408,291.67 divided into 1,000 ordinary shares	51.00%	51.00%
1	Nice Grand Development Limited	Hong Kong	Hong Kong	Inactive	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	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%
	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	RMB7,485,600,000	100.00%	100.00%
1, 2	Taicang Container Terminals Holdings Limited	British Virgin Islands	British Virgin Islands	Inactive	1 ordinary share of US\$1	100.00%	100.00%
2, 3	Tianjin Port Container Terminal Co., Ltd.	PRC	PRC	Operation of terminals	RMB2,408,312,700	51.00%	51.00%
2, 3	Wuhan CSP Terminal Company Limited	PRC	PRC	Operation of terminals	RMB557,715,526	84.94%	84.94%
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%

Notes to the Consolidated Financial Statements

42 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., Guangzhou Nansha CSP Supply Chain 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., Wuhan CSP Terminal 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 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 2022 and 2021.

43 DETAILS OF JOINT VENTURES

Details of the principal joint ventures as at 31 December 2022, which principally affect the results and/or net assets of the Group, are as follows:

Name	Place of incorporation/ establishment	Principal activities	Issued share capital/ paid-up capital	Percentage of interest in ownership/voting power/profit sharing	
				2022	2021
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 Container Terminal Co., Ltd (formerly known as Dalian Dagang China Shipping Container 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%

Notes to the Consolidated Financial Statements

43 DETAILS OF JOINT VENTURES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities	Issued share capital/ paid-up capital	Percentage of interest in ownership/voting power/profit sharing	
				2022	2021
Nansha Stevedoring Corporation Limited of Port of Guangzhou	PRC	Operation of container terminals	RMB1,260,000,000	40.00%	40.00%
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%/60.00%
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%
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, 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, and is considered as a subsidiary of Euro-Asia Oceangate S.à.r.l.

Notes to the Consolidated Financial Statements

44 DETAILS OF ASSOCIATES

Details of the associates as at 31 December 2022, 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	
				2022	2021
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	RMB1,772,226,582	9.82%	10.66%
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%	17.85%
Fangchenggang Chisha Terminal Co., Limited	PRC	Operation of container terminals	RMB610,000,000	20.00%	20.00%
Global Shipping Business Network Limited	Hong Kong	Business Network Services	US\$8,000,000 divided into 8,000,000 ordinary shares	12.50%	12.50%
Guangxi Beibu Gulf International Container Terminal Co., Ltd	PRC	Operation of container terminals	RMB2,371,600,000	26.00%	26.00%
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. (note iv)	PRC	Operation of container terminals	RMB200,000,000	–	20.00%
Qingdao Port International Co., Ltd	PRC	Operation of container terminals	RMB6,491,100,000	19.79%	19.79%
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB400,000,000	30.00%	30.00%

Notes to the Consolidated Financial Statements

44 DETAILS OF ASSOCIATES (CONTINUED)

Name	Place of establishment operation	Principal activities	Issued share capital/ registered capital	Group equity interest	
				2022	2021
Red Sea Gateway Terminal Company Limited	Kingdom of Saudi Arabia	Operation of container terminals	SAR555,207,000	20.00%	20.00%
Servicios Intermodales Bilbaoport, S.L. (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 container terminals	RMB450,800,000	39.04%	39.04%
Tianjin Shengang Container Technological Development Services Co., Ltd.	PRC	Container handling	RMB3,000,000	16.83%	16.83%
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%

Note:

- (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, 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 2022 and 2021.
- (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 2022 and 2021.
- (iv) The associate was dissolved during the year.

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2022 US\$'000	2021 US\$'000	2020 US\$'000	2019 US\$'000	2018 US\$'000
Revenues	1,441,273	1,208,252	1,000,629	1,027,658	1,000,350
Operating profit after finance income and costs	152,085	171,075	135,857	116,062	147,514
Share of profits less losses of					
– joint ventures	75,078	83,195	78,219	86,359	90,969
– associates	232,946	246,195	194,501	181,095	201,483
Profit before taxation	460,109	500,465	408,577	383,516	439,966
Taxation	(71,262)	(94,669)	(34,967)	(33,566)	(66,042)
Profit for the year	388,847	405,796	373,610	349,950	373,924
Profit attributable to:					
Equity holders of the Company	305,163	354,652	347,474	308,017	324,583
Non-controlling interests	83,684	51,144	26,136	41,933	49,341
	388,847	405,796	373,610	349,950	373,924
Dividends	123,742	141,895	141,928	124,194	130,516
Basic earnings per share (US cents)	9.08	10.70	10.81	9.82	10.58
Dividend per share (US cents)	3.632	4.280	4.324	3.928	4.232

	As at 31 December				
	2022 US\$'000	2021 US\$'000	2020 US\$'000	2019 US\$'000	2018 US\$'000
Total assets	11,310,812	12,033,310	11,224,345	10,476,518	9,045,452
Total liabilities	(4,687,221)	(5,092,671)	(4,847,119)	(4,711,313)	(3,225,802)
Net assets	6,623,591	6,940,639	6,377,226	5,765,205	5,819,650

Notes:

- The consolidated results of the Group for the two years ended 31 December 2022 and the assets and liabilities of the Group as at 31 December 2022 have been extracted from the audited consolidated financial statements of the Group as set out on pages 130 to 137 of the annual report.
- The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) on 26 July 1994.

HISTORICAL STATISTICS SUMMARY

Financial statistics		2013	2014	2015 (Restated)
Consolidated income statement	US\$M			
Revenue				
Terminals		452.2	514.7	547.3
Container leasing, management, sale and related businesses		347.7	357.1	–
Container handling, transportation and storage		2.9	2.3	2.9
Elimination of inter-segment		(4.2)	(4.0)	–
Total		798.6	870.1	550.2
EBITDA		1,007.7	610.4	463.6
Depreciation & amortisation		(190.5)	(211.7)	(98.0)
EBIT		817.2	398.7	365.6
Interest expenses		(84.5)	(72.5)	(54.7)
Interest income		18.1	25.7	22.2
Profit before taxation		750.8	351.9	333.1
Operating profit after finance income and costs		180.4	180.7	112.0
Profit attributable to equity holders of the Company		702.7	292.8	429.3
Breakdown of profit attributable to equity holders of the Company				
Terminals and related businesses		186.8	221.0	286.6
Container leasing, management, sale and related businesses		125.2	95.8	82.8
Container manufacturing and related businesses		416.5	–	79.2
Net corporate finance income/(costs)		10.7	32.0	27.7
Net corporate expenses		(36.5)	(56.0)	(47.0)
Total		702.7	292.8	429.3
Consolidated balance sheet				
Consolidated total assets		7,551.3	7,616.7	8,860.6
Consolidated total liabilities		2,707.8	2,558.0	2,593.5
Consolidated net assets		4,843.5	5,058.7	6,267.1
Consolidated total debts		2,046.2	1,860.2	2,087.0
Consolidated cash balances		1,237.6	1,116.5	924.2
Consolidated net debts		808.6	743.7	1,162.8
Per share data				
Capital and reserves attributable to the equity holders of the Company per share	US\$	1.56	1.61	1.97
Basic earnings per share	US cents	24.95	10.01	14.58
Dividend per share	US cents	9.980	4.004	5.148
Net asset value per share	US\$	1.66	1.72	2.11
Net asset value per share	HK\$	12.895	13.342	16.373
Share price (as at 31 December)	US\$	1.372	1.421	1.102
	HK\$	10.64	11.02	8.54
Ratios				
P/E (as at 31 December)	Times	5.5	14.2	7.6
Dividend payout ratio	%	40.0	40.0	40.0
Return on total assets	%	9.4	3.9	5.2
Return on net assets ^{note 5}	%	15.8	6.3	8.0
Return on equity holders of the Company	%	16.5	6.3	8.1
Net debt-to-equity ratio	%	16.7	14.7	18.6
Interest coverage	Times	9.9	5.9	7.1
Other information				
Total number of shares issued (as at 31 December)	M	2,912.3	2,940.4	2,966.6
Weighted average number of ordinary shares issued	M	2,816.2	2,924.9	2,945.4
Market capitalisation (as at 31 December)	US\$M	3,996.4	4,178.3	3,268.9

Notes:

- The amount in 2016 included a conditional special cash dividend of HK80.0 cents (equivalent to US10.317 cents) per share.
- The financial figures for the year 2013 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 2013 to 2014. No separate disclosures of continuing operations and discontinued operations were made on the financial figures for the year 2013 to 2014.
- 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.
- 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 payout ratio of the year 2017.
- Return on net assets was calculated by profit for the year divided by the average of beginning and closing balance of total equity.

Historical Statistics Summary

2016	2017	2018	2019	2020	2021	2022
553.9	634.7	1,000.4	1,027.7	1,000.6	1,208.3	1,141.3
—	—	—	—	—	—	—
2.5	—	—	—	—	—	—
—	—	—	—	—	—	—
556.4	634.7	1,000.4	1,027.7	1,000.6	1,208.3	1,141.3
393.4	796.0	652.8	670.1	708.9	826.8	818.5
(98.5)	(106.8)	(147.1)	(190.1)	(200.4)	(226.1)	(249.1)
294.9	689.2	505.7	480.0	508.5	600.7	569.4
(52.1)	(56.0)	(78.0)	(108.9)	(114.6)	(111.5)	(126.4)
14.8	12.7	12.3	12.4	14.7	11.3	17.1
257.6	645.9	440.0	383.5	408.6	500.5	460.1
57.4	409.3	147.5	116.1	135.9	171.1	152.1
247.0	512.5	324.6	308.0	347.5	354.7	305.2
242.9	573.3	364.0	354.0	387.9	449.5	436.4
66.1	—	—	—	—	—	—
—	—	—	—	—	—	—
8.0	2.8	(10.4)	(14.7)	(13.8)	(18.3)	(29.1)
(70.0)	(63.6)	(29.0)	(31.3)	(26.6)	(76.5)	(102.1)
247.0	512.5	324.6	308.0	347.5	354.7	305.2
6,786.5	8,954.1	9,045.5	10,476.5	11,224.3	12,033.3	11,310.8
2,020.7	3,108.7	3,225.8	4,711.3	4,847.1	5,092.7	4,687.2
4,765.8	5,845.4	5,819.7	5,765.2	6,377.2	6,940.6	6,623.6
1,503.0	2,334.3	2,479.9	2,916.5	3,047.7	3,219.6	2,908.6
837.1	566.4	606.7	957.5	1,341.5	1,260.1	1,115.2
665.9	1,767.9	1,873.2	1,959.0	1,706.2	1,959.5	1,793.4
1.44	1.70	1.66	1.58	1.67	1.75	1.60
8.30	16.93	10.58	9.82	10.81	10.70	9.08
13.637 ^{note 1}	3.000	4.232	3.928	4.324	4.280	3.632
1.58	1.91	1.87	1.82	1.92	2.09	1.93
12.254	14.879	14.643	14.200	14.913	16.325	15.009
1.005	1.0448	0.9830	0.8192	0.6953	0.8682	0.7952
7.79	8.13	7.70	6.38	5.39	6.77	6.20
12.1	6.17	9.29	8.34	6.43	8.12	8.76
40.0 ^{note 3}	40.0 ^{note 4}	40.0	40.0	40.0	40.0	40.0
3.2	6.5	3.6	3.2	3.2	3.0	2.6
5.0	10.4	6.4	6.0	6.2	6.1	5.7
4.8	10.7	6.3	6.1	6.6	6.2	5.4
14.0	30.2	32.2	34.0	26.8	28.2	27.1
5.9	12.5	6.6	4.5	4.6	5.5	4.6
3,016.0	3,057.1	3,113.1	3,162.0	3,315.3	3,315.3	3,440.7
2,976.4	3,027.4	3,067.5	3,135.1	3,213.5	3,315.3	3,362.0
3,029.6	3,194.0	3,060.3	2,590.4	2,305.0	2,878.2	2,736.0

Historical Statistics Summary

Operational statistics	2013	2014	2015 (Restated)
Container throughput	TEU		
COSCO-HIT Terminal	1,639,275	1,639,995	1,575,858
Yantian Terminals	10,796,113	11,672,798	12,165,687
Zhangjiagang Win Hanverky Terminal	1,374,596	798,773	672,295
Shanghai Pudong Terminal	2,246,026	2,373,620	2,508,121
Qingdao Qianwan Terminal	14,981,635	16,108,145	16,995,934
COSCO-PSA Terminal	1,048,846	1,311,747	1,526,328
Yangzhou Yuanyang Terminal	449,849	481,704	482,106
Yingkou Container Terminal	1,716,106	1,716,128	1,560,138
Nanjing Longtan Terminal	2,400,370	2,495,608	2,633,753
Dalian Port Terminal	2,732,174	2,732,136	2,495,053
Tianjin Five Continents Terminal	2,300,918	2,569,695	2,570,233
Antwerp Terminal	1,370,609	1,727,116	2,015,306
Quan Zhou Pacific Terminal	1,090,660	1,160,480	1,221,692
Guangzhou South China Oceangate Terminal	4,449,311	4,647,266	4,486,627
Ningbo Yuan Dong Terminal	2,806,406	3,214,703	3,040,762
Suez Canal Terminal	3,124,828	3,400,397	2,954,080
Jinjiang Pacific Terminal	418,242	467,610	347,226
Piraeus Terminal	2,519,664	2,986,904	3,034,428
Tianjin Euroasia Terminal	1,803,407	2,004,170	2,032,389
Xiamen Ocean Gate Terminal	609,393	806,183	1,034,753
Kao Ming Terminal	1,170,704	1,333,226	1,525,359
Taicang Terminal	235,759	538,304	539,771
Asia Container Terminal	–	1,139,414	1,252,815
Dalian International Terminal	–	–	2,826,893
Dalian Dagang Terminal	–	–	15,971
Yingkou New Century Terminal	–	–	1,850,064
Jinzhou New Age Terminal	–	–	351,773
Qinhuangdao New Harbour Terminal	–	–	500,879
Shanghai Mingdong Terminal	–	–	5,668,946
Lianyungang New Oriental Terminal	–	–	3,525,770
Guangzhou Nansha Stevedoring Terminal	–	–	5,757,635
Qinzhou International Terminal	–	–	920,737
CSP Zeebrugge Terminal	–	–	268,261
Seattle Terminal	–	–	128,332
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 Container Terminal	–	–	–
CSP Wuhan Terminal	–	–	–
Total	61,284,891	67,326,122	90,485,975

Historical Statistics Summary

2016	2017	2018	2019	2020	2021	2022
1,343,859	1,920,597	1,794,152	1,688,454	1,699,256	1,442,221	1,292,411
11,696,492	12,703,733	13,159,705	13,069,120	13,348,546	14,161,034	13,572,909
675,062	735,918	761,849	657,849	48,008	—	—
2,556,220	2,650,396	2,602,151	2,550,390	2,443,406	2,600,511	2,600,529
17,499,703	—	—	—	—	—	—
1,809,428	2,044,536	3,198,874	5,011,091	5,090,751	4,727,146	5,129,902
454,104	489,108	500,340	500,599	31,841	—	—
1,586,108	1,496,050	1,338,535	1,200,159	1,258,502	1,129,894	1,015,038
2,773,005	2,881,008	2,930,391	3,000,506	—	—	—
2,683,879	2,604,631	—	—	—	—	—
2,571,772	2,580,943	2,708,817	1,906,220	—	—	—
1,922,281	2,166,096	2,230,418	2,109,308	2,270,425	2,202,433	2,107,791
1,308,652	1,384,479	1,559,899	1,588,589	1,332,207	1,255,347	1,340,389
4,781,665	5,056,257	5,164,923	5,624,830	5,753,628	5,902,426	5,747,136
2,536,182	2,980,839	3,060,010	3,010,164	3,103,386	3,040,534	3,053,395
2,547,597	2,528,647	2,609,978	3,161,084	3,783,388	3,648,393	3,785,317
364,255	495,993	425,533	498,846	443,748	323,043	262,683
3,470,981	3,691,815	4,409,205	5,158,626	4,896,886	4,696,265	4,352,059
2,232,973	2,469,753	2,717,331	2,860,127	3,060,267	3,197,096	—
1,131,197	1,501,001	1,968,613	2,061,341	2,070,159	2,541,035	2,741,179
1,728,922	1,698,187	1,745,673	1,635,045	1,599,548	2,030,360	2,047,877
513,296	520,799	561,212	403,307	400,095	488,186	220,348
1,088,891	1,568,298	1,465,047	1,378,737	1,387,558	1,630,901	1,434,377
3,182,368	2,828,933	—	—	—	—	—
21,094	24,582	22,047	22,006	21,003	20,300	24,415
1,870,076	1,515,057	1,413,894	1,180,410	1,342,018	1,174,719	1,056,240
449,016	571,113	710,746	770,037	722,981	735,208	717,056
515,482	559,330	584,701	617,257	621,862	641,336	629,896
5,900,056	6,500,062	6,252,083	6,160,365	6,246,932	6,845,534	5,477,740
3,100,243	2,872,563	2,876,355	2,819,448	1,089,116	1,009,674	945,448
5,786,311	5,800,302	5,805,069	5,708,189	5,709,482	5,705,106	5,770,194
1,138,057	1,357,005	1,371,051	1,638,621	1,599,524	—	—
277,363	316,448	392,484	483,601	609,277	931,447	1,070,762
151,534	188,455	167,824	204,068	248,370	292,473	277,626
2,084,592	3,554,512	3,758,277	3,765,904	3,759,210	3,809,888	3,704,778
665,398	1,063,335	1,258,294	1,281,850	1,217,240	1,248,131	1,208,865
653,808	2,693,337	3,054,115	2,792,987	2,454,617	2,658,175	2,644,039
—	554,028	3,622,200	3,585,276	3,387,820	3,621,188	3,430,787
—	39,455	66,565	54,430	60,256	67,252	64,852
—	12,270,000	19,320,000	21,010,000	22,010,000	23,710,000	26,820,000
—	1,324,584	9,512,744	8,525,291	4,981,782	3,584,187	4,377,050
—	—	—	2,568,105	7,866,145	8,642,445	8,481,293
—	—	264,255	1,135,840	1,405,658	1,452,334	1,623,027
—	—	—	386,258	665,500	697,236	1,018,668
—	—	—	—	421,875	—	—
—	—	—	—	3,362,302	6,011,800	7,021,000
—	—	—	—	—	1,354,374	2,751,157
—	—	—	—	—	56,743	222,372
—	—	—	—	—	—	66,469
95,071,922	100,202,185	117,365,360	123,784,335	123,824,575	129,286,375	130,107,074

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. YANG Zhijian¹ (*Chairman*)
 Mr. ZHU Tao¹ (*Managing Director*)
 Mr. ZHANG Wei²
 Mr. CHEN Dong²
 Dr. WONG Tin Yau, Kelvin¹
 Dr. FAN HSU Lai Tai, Rita³
 Mr. Adrian David Li Man Kiu³
 Mr. LAM Yiu Kin³
 Prof. CHAN Ka Lok³
 Mr. YANG Liang Yee Philip³

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

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 2 Church Street
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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
 17/F, Far East Finance Centre
 16 Harcourt Road
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LISTING INFORMATION/STOCK CODE

The Stock Exchange of Hong Kong Limited: 1199
 Bloomberg: 1199HK
 Reuters: 1199.HK



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Website: <https://ports.coscoshipping.com>



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