中遠海運發展股份有限公司

COSCO SHIPPING Development Co.,Ltd.

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

Stock Code: 2866

ANNUAL REPORT 2020

SHIPPING FINANCIAL SERVICE PLATFORM

Company Profile

COSCO SHIPPING Development Co., Ltd. (the "Company" or "COSCO SHIPPING Development"), formerly known as China Shipping Container Lines Company Limited, is a subsidiary of China COSCO SHIPPING Corporation Limited ("China COSCO SHIPPING" or "COSCO SHIPPING") specialized in integrated supply-chain financial services. The Company was established in 1997, with head office in Shanghai, the People's Republic of China (the "PRC"), and is listed in both Hong Kong and Shanghai. The registered capital of the Company is RMB11,608 million.

The Company aims to bring into play the advantages in shipping logistics industry and integrated shipping industry chain resources with shipping finance as the foundation; to develop industrial cluster with shipping and leasing, container manufacturing, investment and services for the related industries as the core; and to develop into a "one-stop" shipping financial service platform by combining industry with finance, integrating various financial functions, and synergy of various businesses, featuring market mechanism, differentiated advantages and international vision.

The Company is among the top global players in the industry with the shipping capacity of its container fleet and the scale of its container leasing business. As at 31 December 2020, the Company's container fleet had 77 container vessels, with a total capacity of 587,500 TEU; 5 bulk cargo vessels, with a total capacity of 466,900 DWT; 2 wood pulp carriers, with a total capacity of 123,900 DWT; over 90 LNG vessels, heavy crane vessels and oil tankers; and an inventory of containers of approximately 3.78 million TEU. In terms of other industry leasing businesses, the Company focuses on the development of financial leasing businesses in the areas of medical services, education, new energy, construction and industrial equipment. In terms of container manufacturing business, Shanghai Universal Logistics Equipment Co., Ltd., a subsidiary of the Company, attained an annual manufacturing capacity of 550,000 TEU. The Company also focuses on the development of investment and service business, takes good advantage of its experience in the shipping industry as well as the existing resources of the financial service industry to promote the integration of industry and finance, optimize its business models and achieve the synergetic development of its shipping finance business.

Guided by the concept of "Excellence" and followed the mission of "Finance aids industry and development creates value", the Company will strive to become an outstanding industry financial services provider with "Integrity, efficiency, proactiveness and mutual benefit" as its core values.

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Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Wang Daxiong *(Chairman)*
Mr. Liu Chong
Mr. Xu Hui

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cai Hongping
Ms. Hai Chi Yuet
Mr. Graeme Jack
Mr. Lu Jianzhong
Ms. Zhang Weihua

SUPERVISORS

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

EXECUTIVE COMMITTEE

Mr. Wang Daxiong *(Chairman)*
Mr. Liu Chong
Mr. Xu Hui

INVESTMENT STRATEGY COMMITTEE

Mr. Wang Daxiong *(Chairman)*
Mr. Liu Chong
Mr. Huang Jian
Mr. Liang Yanfeng
Mr. Ip Sing Chi
Mr. Cai Hongping
Ms. Hai Chi Yuet

RISK CONTROL COMMITTEE

Ms. Zhang Weihua *(Chairman)*
Mr. Cai Hongping
Mr. Lu Jianzhong

AUDIT COMMITTEE

Mr. Lu Jianzhong *(Chairman)*
Mr. Cai Hongping
Mr. Huang Jian

REMUNERATION COMMITTEE

Mr. Cai Hongping *(Chairman)*
Ms. Hai Chi Yuet
Mr. Graeme Jack

NOMINATION COMMITTEE

Ms. Hai Chi Yuet *(Chairman)*
Mr. Wang Daxiong
Mr. Cai Hongping

CHIEF ACCOUNTANT

Mr. Lin Feng

BOARD SECRETARY

Mr. Cai Lei

JOINT COMPANY SECRETARIES

Mr. Cai Lei
Ms. Ng Sau Mei

AUTHORISED REPRESENTATIVES

Mr. Wang Daxiong
Mr. Cai Lei

LEGAL ADDRESS IN THE PRC

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Shanghai
The PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

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Ernst & Young

DOMESTIC AUDITOR

ShineWing Certified Public Accountants LLP

LEGAL ADVISERS

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

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China
Industrial and Commerce Bank of China
China Development Bank
Agricultural Bank of China
China Merchants Bank
The Export-Import Bank of China
ING Bank N.V.
Bank of Communications
Shanghai Pudong Development Bank
China Construction Bank

TELEPHONE NUMBER

86 (21) 6596 6105

FAX NUMBER

86 (21) 6596 6498

COMPANY WEBSITE

http://development.coscoshipping.com

H SHARE LISTING PLACE

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

LISTING DATE

16 June 2004

NUMBER OF H SHARES IN ISSUE

3,676,000,000 H Shares

BOARD LOT (H SHARES)

1,000 Shares

HONG KONG STOCK EXCHANGE STOCK CODE

02866

A SHARE LISTING PLACE

Shanghai Stock Exchange

LISTING DATE

12 December 2007

NUMBER OF A SHARES IN ISSUE

7,932,125,000 A Shares

BOARD LOT (A SHARES)

100 Shares

SHANGHAI STOCK EXCHANGE STOCK CODE

601866

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

Financial Highlights

COMPARISON OF 2020 AND 2019 KEY FINANCIAL FIGURES BY CHART FORM

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

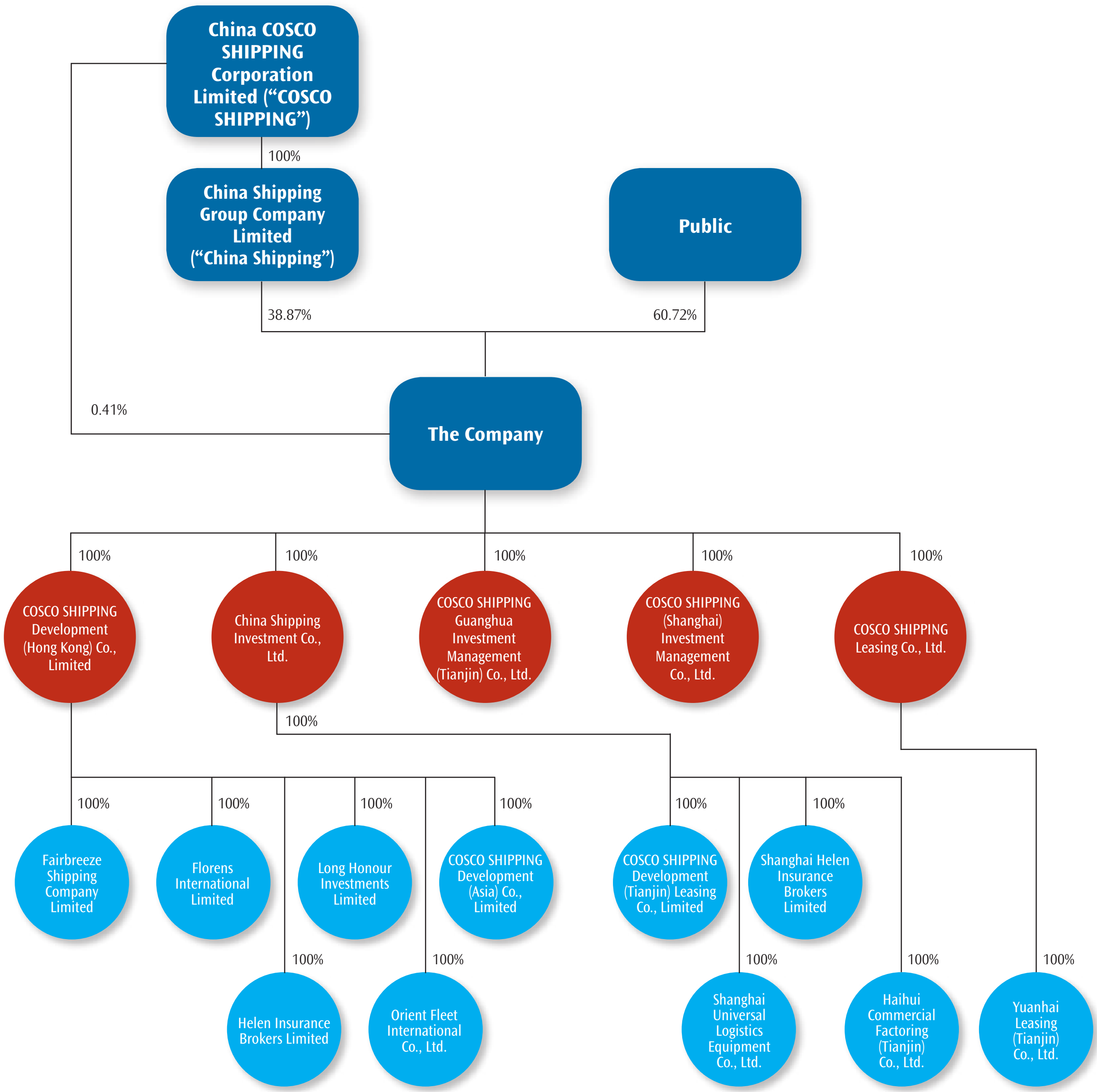
	2020	2019 (Restated)	Change
	RMB'000	RMB'000	%
Revenue	**14,421,919**	9,665,682	49%
Operating profit	**2,033,704**	2,116,623	-4%
Profit before income tax from continuing operations	**1,760,958**	867,602	103%
Profit for the year from a discontinued operation	**688,086**	1,076,880	-36%
Profit for the year attributable to owners of parent	**2,130,271**	1,744,733	22%
Basic earnings for the year per share	**RMB0.1556**	RMB0.1285	21%
Gross profit margin (continuing operations)	**25%**	25%	-2%
Profit margin before income tax (continuing operations)	**12%**	9%	36%
Gearing ratio	**402%**	416%	-4%

Consolidated Assets and Liabilities
(Under HKFRS)

	2020	2019	Change
	RMB'000	RMB'000	%
Total assets	**146,038,794**	144,494,119	1%
Non-current assets	**108,904,338**	114,693,373	-5%
Current assets	**37,134,456**	29,800,746	25%
Total liabilities	**121,668,786**	120,286,401	1%
Current liabilities	**64,867,475**	54,271,559	20%
Net current liabilities	**(27,733,019)**	(24,470,813)	13%
Net assets	**24,370,008**	24,207,718	1%

Corporate Structure

The following chart shows the simplified corporate and shareholding structure of the Company and its principal subsidiaries as at 31 December 2020:



Particulars of the subsidiaries, associated companies and joint ventures of the Company are contained in Note 1 to the consolidated financial statements.

Chairman's Statement

In early 2020, the COVID-19 pandemic swept the world and hit the global economy hard. Major developed economies were affected by the lingering pandemic and saw slow recovery. In contrast, China quickly brought the pandemic under control and resumed work and production steadily, making it the first to break the shackle of COVID-19 and achieve recovery. In the second half of the year, the gradual resumption of work and production and the economic stimulus policies adopted by some countries boosted global trade to a certain extent. As a result, the shipping market picked up rapidly amid robust transportation demand, bringing good market opportunities for the recovery of the upstream and downstream shipping industry chain.

Faced with the downward pressure on macro-economy and the continuous spread of COVID-19 abroad, the Company persisted in reform and innovation, deepened the improvement of quality and efficiency, and had highly motivated staff work against the headwinds. Thanks to these, the Company saw an improving business landscape and continuous growth in economic efficiency.

In 2020, the Company recorded a revenue of RMB14.422 billion, an increase of 49% from 2019, and a net profit attributable to owners of the parent of RMB2.130 billion, an increase of 22% from 2019. The basic earnings per share amounted to RMB0.1556.

The Board proposed a final dividend of RMB0.056 per share.

REVIEW OF OPERATIONS

In 2020, the Company confidently made coordinated efforts to withstand the test of the market, seized market opportunities to implement the strategy of industry-finance integration, and endeavored to make new breakthroughs in the field of shipping finance. The Company also made continuous efforts to explore new business models, tap and integrate new competitive advantages, and continuously improve high-quality development.

I. THE LEASING SEGMENT ACHIEVED WIN-WIN RESULTS IN THE INDUSTRIAL CHAIN BASED ON INDUSTRY-FINANCE INTEGRATION

1. Vessel Leasing Business Leveraged Industrial Chain Advantages to Expand into New Business Areas

We continued to "integrate industry and finance and facilitate industry development with finance for synergy", and made breakthroughs in extending financial services in the shipping industry chain. In 2020, the Company partnered with COSCO SHIPPING Specialized Carriers Co., Ltd. and COSCO SHIPPING Heavy Industry Co., Ltd. ("COSCO SHIPPING Heavy Industry") to manufacture and lease out 10 multi-purpose vessels; and cooperated with COSCO SHIPPING Bulk Co., Ltd. and COSCO SHIPPING Heavy Industry on the operating lease of 16 bulk carriers designated to serve Aluminum Corporation of China Limited in Guinea, thus expanding the Company's leasing fleet and facilitating the development of its principal shipping business. In addition to managing its existing business, the Company steadily developed external markets and extended to major transportation-related lease business, in an effort to create new profit growth drivers.

2. *Container Leasing Business Exerted In-house Synergy to Innovate in Business Models*

Faced with the significant changes in market environment in 2020, the Company's container leasing business drew on in-house synergy to increase revenue and cut expenditure amid market headwinds in the first half of the year through early business development and revitalization of ground containers; and seized market opportunities in the second half of the year to capitalize on the outstanding advantages and market influence of its industrial chain, thus achieving good returns. Meanwhile, the Company innovated in business models, explored new modes of cooperation with big clients, and expanded new container trading business and mobile warehousing business, in an effort to improve returns on assets.

3. *Other Leasing Businesses Focused on Improving Quality and Efficiency and Deepening SOE Reform*

The Company is committed to enhancing efficiency by specialization, by going deep, improving efficiency and ensuring returns in the field of financial leasing. In 2020, COSCO SHIPPING Leasing Co., Ltd., a subsidiary of the Company, successfully introduced external strategic investors, marking a major breakthrough in equity diversification and mixed ownership reform. This further consolidated its superior competitive position in the industry and helped it realize transformation and upgrading, which in turn will enhance the long-term investment return of COSCO SHIPPING Development.

II. CONTAINER MANUFACTURING SEGMENT IMPROVED MANAGEMENT CAPABILITIES TO MEET MARKET DEMAND

In 2020, under the severity of the global pandemic, the market experienced a structural shortage of containers. The Company closely followed market dynamics, pursued economies of scale and synergy, enhanced management efficiency, and strengthened cost control. While ensuring production continuity and achieving good economic returns, the Company exerted its industry influence to provide important logistics support services for international and domestic dual circulation. In the meantime, the Company made efforts to explore diversified development by strengthening product R&D and expanding container business in the fields of environmental protection, healthcare, special logistics, agriculture and scientific research etc., with a view to improving its comprehensive competitiveness.

In January 2021, the Company convened a board meeting to consider and approve the "Proposal of COSCO SHIPPING Development Co., Ltd. on Issuing Shares to Purchase Assets and Raise Ancillary Funds and Related Party Transaction", with an aim to further integrate the Group's container manufacturing assets, optimize production capacity, enhance technological capabilities, and facilitate synergy between leasing and manufacturing. The transaction will, in advance, honor the commitment made by the controlling shareholder in 2019 to inject acquired container manufacturing assets into the Company in three years, and give a strong impetus for the Company to achieve its strategic objectives for the 14th Five-Year Plan period. This is a response to the expectations of the capital market, and will effectively enhance the interests of shareholders.

III. INVESTMENT AND SERVICES SEGMENT FURTHER DEVELOPED INDUSTRY CHAIN FINANCE AND INNOVATED IN INDUSTRY-FINANCE INTEGRATION MODEL

The Company continuously promoted the development of industry chain finance in various sub-sectors by intensifying the integration of industry chain resources based on the shipping logistics business to maximize the advantages in facilitating industry development with finance. In 2020, the Company innovated in industry-finance integration model and introduced external resources to jointly create products, manage assets and optimize operations. In addition, it revitalized its existing financial assets and concentrated on shipping finance, and achieved good returns on a number of investment projects. By creating a one-stop supply chain finance service platform, the Company can provide more comprehensive financial solutions and enhance the ability of its finance segment to serve its principal shipping business.

IV. PROMOTING AN ACTIVE DIVIDEND DISTRIBUTION POLICY TO SAFEGUARD THE INTERESTS OF INVESTORS

The Company is dedicated to safeguarding the interests of investors and promoting its long-term sustainable development. As such, it has paid cash dividends for two consecutive years to share its development achievements with shareholders. In 2020, the Company completed the dividend distribution to A-share and H-share investors for 2019 by distributing a total of approximately RMB520 million of cash dividends to all shareholders. The Company will continue to reward investors with an active and stable dividend distribution policy.

V. STRENGTHENING THE RISK MANAGEMENT SYSTEM UNDER THE COVID-19 PANDEMIC TO IMPROVE INTERNAL CONTROL CAPABILITIES

In 2020, in an active response to the impact of the COVID-19 pandemic, the Company carried out special screening of COVID-19-related risks, strengthened compliance risk control for all business segments, and conducted risk assessment on major finance and investment projects. Meanwhile, the Company continuously promoted the construction of the rule of law, strictly controlled legal compliance risks, effectively implemented risk limit management, reinforced credit risk management, improved the sanctions compliance and anti-monopoly compliance management systems, carried out contract investigation and contract lifecycle management, and improved the major emergency response mechanism, so as to enhance internal control capabilities in all aspects. In 2020, all business segments were operating soundly with controllable risks.

VI. PRACTICING SOCIAL RESPONSIBILITY AND PROMOTING SUSTAINABLE DEVELOPMENT

In 2020, faced with the complex and severe environment at home and abroad, the Company adhered to its original intention in shipping finance and pursued high-quality development based on the dual circulation development pattern. The Company tapped scientific research and medical needs, strengthened innovation and R&D, and designed and manufactured special containers such as Antarctic scientific expedition containers and intelligent medical containers; upheld the concept of green development, constantly improved the environmental management system, and took effective measures to address climate change; honored its social responsibility by facilitating regional economic and social development and supporting targeted assistance projects to help with poverty alleviation. With a firm belief that sustainable development is the "golden key" to solve the current global problems, the Company integrates the concept of sustainable development into its core strategy and operations, and promotes the development of the real economy with shipping finance.

OUTLOOK

In 2021, the global economy will gradually recover, and China's economy will steadily continue its positive growth. The supply-demand balance in the shipping market is expected to improve, and the global trade landscape will see structural changes. Financial market regulation is moving towards a well-established risk control mechanism with tightening financial policies. In the future, the normalization of epidemic prevention and control and changes in economic policies of major economies will present new uncertainties, and global economy and trade will reach a new balance. Currently, the sound momentum of the new economy, the ongoing advancement of high-tech industries, and the construction of a dual circulation development pattern will bring many opportunities for the upstream and downstream of the shipping industry chain. In this context, the shipping finance ecosystem empowered by supply chain finance is expected to improve gradually.

Through efforts made during the 13th Five-Year Plan period, COSCO SHIPPING Development has made great progress in its shipping finance business, especially in industry-finance integration. The Company made new breakthroughs in combining leasing and manufacturing and combining leasing and shipping, and saw its supply chain finance platform take shape, marking achievements in shipping finance investment. In 2021, the Company will thoroughly implement the new development concept and accelerate the construction of a new development pattern to fit into the dual circulation strategy, build a new ecosystem and develop a first-class enterprise. To this end, the Company will focus on the principal shipping and logistics business to build an integrated supply chain finance service platform, and resolutely empower the principal business with industry-finance integration, so as to enhance the ability of value creation and achieve high-quality development during the 14th Five-Year Plan period.

In terms of shipping and industry-related leasing segment, the Company will deepen the integration of industry and finance, build industry influence, integrate resources and leverage its professional and platform advantages to develop external business; capitalize on the industrial chain advantages of the container leasing and manufacturing business to strengthen synergy between leasing and manufacturing, increase the proportion of reefer and special containers, and reinforce market-oriented development and international expansion; promote new modes of cooperation with big clients and extend the container leasing industry chain to increase profit growth drivers.

In terms of container manufacturing segment, the Company will promote the project of issuing shares to purchase assets and raise supporting funds, with a view to optimizing production capacity, increasing product diversification and maximizing synergy. The Company will extend the container industry chain, actively expand into markets, strengthen industry benchmarking, improve management practices, enhance quality and efficiency, and speed up technology R&D to enhance comprehensive competitiveness, so as to develop a leading company with high intelligence and a high capacity utilization rate.

In terms of investment and services segment, the Company will provide industry-finance services based on the principal shipping business, build an innovative investment platform, promote the development of industrial funds to empower the principal business, explore and develop industry-finance business, and further enhance the advantages of its integrated supply chain finance services. As to investment management business, the Company will, with a focus on "facilitating industry development with finance", constantly optimize asset allocation, uphold diversified investment strategies, explore and research the fields of major transportation and technological innovation, and tap investment opportunities to improve investment returns.

In addition, the Company will continue to improve the risk management infrastructure, promote the implementation of a comprehensive risk management system, and strengthen risk management for financial investment and leasing business. In the meantime, the Company will further improve its safety production system and reinforce epidemic prevention and control measures, so as to create a safe environment for its production and operations.

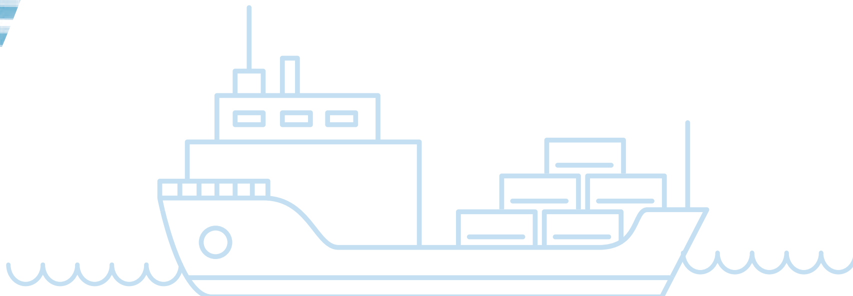
The extraordinary year of 2020 has created a new starting point for 2021, and the new journey of the 14th Five-Year Plan is around the corner. COSCO SHIPPING Development will uphold its original intention in shipping finance and its new mission, embrace innovation to secure new achievements, and grasp opportunities of the times to develop into an excellent financial service provider in the shipping industry with COSCO SHIPPING characteristics.

Chairman
Wang Daxiong

Shanghai, the People's Republic of China
30 March 2021


COSCO SHIPPING

Management Discussion and Analysis



Management Discussion and Analysis

OPERATING ENVIRONMENT

In the first half of 2020, the global economy was in the doldrums due to the COVID-19 pandemic. In the second half of the year, global trade picked up as the pandemic was well under control in China and some countries adopted economic stimulus policies. Given strong market demand and limited turnover of containers under the pandemic, the shipping market enjoyed a rapid recovery.

Currently, the global economy is gradually recovering, and China's economy is growing steadily. Digital technology is widely used and has huge room for growth. Yet, financial regulatory policies are tightening, and the uncertainty of relations between major economies remains, which will lead to a new landscape for global economy and trade.

FUTURE DEVELOPMENT STRATEGY OF THE COMPANY

1. STRATEGIC POSITION

COSCO SHIPPING Development will integrate shipping logistics-related resources including cargo source, capital, information, and equipment and fully leverage its advantages in the shipping industry to serve and empower the shipping logistics industry, expand the capital flow value of the shipping logistics ecosystem, and develop into an excellent industrial finance operator with COSCO SHIPPING characteristics.

2. DEVELOPMENT GOALS

With a focus on integrated logistics industry, the Company will develop container manufacturing, container leasing and shipping leasing business as the core business and shipping supply chain finance services as auxiliary business, with a view to pursuing industry-finance integrated development underpinned by investment. Leveraging the advantage of its container industry chain, the Company will explore container-based Fintech integrating the flow of goods, capital and information and provide one-stop supply chain finance services covering logistics, financing and risk management, in an effort to empower its shipping logistics ecosystem, enhance the loyalty of industry chain customers and create value for customers. With market-oriented approaches, professional strengths and an international vision, the Company aspires to grow into an excellent financial operator in the shipping industry with COSCO SHIPPING characteristics.

3. DEVELOPMENT PLANS

(1) Shipping leasing and container leasing business

The vessel leasing business focuses on the operating lease or finance lease of various vessels, such as container vessels and dry bulk cargo vessels. The Company will, based on its existing business, gradually set up a high-level professional investment and financing team and strengthen the synergy between "leasing and manufacturing, leasing and trading, and leasing and shipping", so as to become a first-class domestic ship owner leasing enterprise. In the short term, the Company will optimize the current business model of industry-finance integration for the fleet and build a leading management platform for shipping equipment leasing within the Group focusing on shipping leasing assets such vessels and port equipment. In the long run, it is to gradually increase the proportion of external business and work out a "one-stop" business model leveraging COSCO SHIPPING's advantages of full industrial chain deployment, in an attempt to establish a unique competitive edge in the industry.

The container leasing business, as an integral part of the container industry chain, mainly involves container leasing and trading of various kinds. The Company will leverage its unique leasing-manufacturing coordination capability and influence in the global container industry, strengthen inter-industry cooperation for win-win results, and extend business along the container industry chain, to develop into a world-leading leasing company with unique competitive edges. In the short term, the Company will follow the guideline of "consolidating core businesses while seizing market opportunities", strengthen the development on special container and reefer container business, study smart container leasing, improve the coordination between "manufacturing and leasing" and between "leasing and shipping", promote the dual model of lease and sale, strengthen value creation capabilities, and generate synergy. In the long term, the Company will strive to seize market opportunities, actively enhance asset quality, optimize its contract portfolios, and improve its capital structure so as to enhance the rate of return.

(2) Container manufacturing business

In respect of container manufacturing, the Company will focus on industrial collaboration, intelligent manufacturing and diversified development, guarantee the container supply security of the principal shipping business, and coordinate with the shipping finance business of the industry-finance platform while creating value for the industry, in a drive to achieve high-quality development of the container manufacturing segment. The Company will promote the integration of assets and improve quality and efficiency, improve the synergy in the container industry chain, strengthen dry container manufacturing, enhance the development on special container and reefer container business, explore the research and development of smart containers, and branch out into peripheral equipment of containers centering on the application scenarios of containers. We will improve and maintain the industry's healthy operating environment, with an aim to develop ourselves into a world-class container manufacturing company with strong technological edge and high capacity utilization and profitability.

(3) Supply chain finance services

The Company will uncover market demands, constantly explore the financial services business opportunities in the supply chain, accelerate the construction of risk control data model for medium and small enterprises, seize opportunities to expand the market share of international commercial factoring business, effectively tap into the advantages of integrated services (comprising leasing, factoring, small loans, insurance and industrial funds), focus on customers in shipping logistics industry, strive to improve the financial ecology of the shipping logistics supply chain for smooth integration of industry and finance and capital operation, provide one-stop supply chain finance services covering logistics, finance and risk management to boost industry stickiness, improve bargaining power, and enhance the value of cargo source.

(4) *Investment management*

We will give equal weight to strategic value and financial returns, adhere to the principal business of shipping logistics, aim at integration of industry and finance utilizing investment measures, continuously focus on investment areas, optimize investment portfolios, strengthen asset operation, effectively control the fluctuation risks of portfolios and increase investment gains to smooth out the shipping business cycle. The Company will maintain its investment focus and make full use of capital to attract and integrate high-quality assets, intellectual property and resources based on the application scenarios of shipping, port and logistics industries, and then provide intelligence and capital injection services for the "digitalised, networked and intelligent" development of the shipping logistics industry, in an effort to boost industry upgrading.

MAJOR RISKS AND COUNTERMEASURES

1. MACROECONOMIC RISKS

At present, the world is undergoing seismic changes at an accelerated pace, with increased fluctuation sources and risk triggers, sudden and perplexing changes, complicated and sensitive surrounding environment, arduous and onerous tasks of reform, development and stabilization, and more and greater predictable and unpredictable risks and challenges. As the Company transforms into an integrated financial service platform that leverages its experience in the shipping industry to focus on shipping and other industrial leasing businesses, with an extensive business network at home and abroad, it has broad exposure to macroeconomic environment both domestically and globally. To tackle the macroeconomic uncertainties, the Company has built and kept improving its risk monitoring and management system to guarantee operation and asset security.

2. CREDIT RISK

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

3. MARKET RISK

This refers to the risk of the Company's unexpected losses arising from unfavourable movements in interest rates, exchange rates, prices of equity or fixed-income product, etc. While building up and improving its market risk management mechanism, the Company has formulated market risk management policy, qualitative and quantitative monitoring standards, determined market risk limits, and defined the management responsibilities and functional division for departments responsible for market risk.

4. CAPITAL LIQUIDITY RISK

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

5. STRATEGY RISK

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

6. COMPANY-WIDE CONCENTRATION RISK

The fact that the individual risks or risk portfolios of the Company's business units are concentrated within the Company may directly or indirectly lead to heightened concentration or convergence of single types. The Company will set its company-wide concentration risk limits based on factors such as its overall risk appetite and tolerance, size of capital, assets and liabilities, transaction types (e.g. investment asset classes etc.), counterparty characteristics, trading risk rating (e.g. credit rating etc.), and perform concentration risk limit management.

7. RISK OF INDUSTRY COMPETITION

The leasing industry in which the Company operates after its transformation is known for fierce competition in terms of rent, leasing terms, customer services and reliability. With its market-oriented system, differentiated strengths and international vision, the Company will focus on shipping finance and give full play to its advantages in shipping logistics to establish a "one-stop" financial service platform which combines industry with finance, facilitates industry development with finance and seeks synergy of multiple businesses, so as to cope with market competition in an active manner.

FINANCIAL REVIEW OF THE GROUP

The Group recorded operating revenue of RMB14,421,919,000 for 2020, representing an increase of 49.2% as compared with RMB9,665,682,000 of last year; total profit before income tax from continuing operations amounted to RMB1,760,958,000, representing an increase of 103.0% as compared with RMB867,602,000 of last year; profit attributable to owners of the parent of the Company for the year amounted to RMB2,130,271,000, representing an increase of 22.1% as compared with RMB1,744,733,000 of last year.

Analysis of segment results is as follows:

Unit: RMB'000

	Revenue			Cost		
Segment	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
		(Restated)	*(%)*		*(Restated)*	*(%)*
Shipping and industry-related leasing business	**7,750,919**	6,472,806	19.7	**4,795,194**	4,019,459	19.3
Container manufacturing business	**8,130,266**	4,582,700	77.4	**7,548,865**	4,582,348	64.7
Investment and financial service business	**190,821**	124,649	53.1	**43,494**	39,218	10.9
Offset amount	**(1,650,087)**	(1,514,473)	9.0	**(1,552,621)**	(1,438,838)	7.9
Total	**14,421,919**	9,665,682	49.2	**10,834,932**	7,202,187	50.4

1. ANALYSIS OF SHIPPING AND INDUSTRY-RELATED LEASING BUSINESS

1) *Operating Revenue*

The Group recorded leasing revenue of RMB7,750,919,000 for 2020, representing an increase of 19.7% compared with RMB6,472,806,000 of last year, which accounted for 53.7% of the total revenue of the Group. The increase was mainly due to the impact of the further expansion of the market-oriented vessel finance leasing project during the year.

Revenue from vessel leasing and related business amounted to RMB674,560,000, representing an increase of 13.4% as compared with RMB594,599,000 of last year, of which revenue from vessel operating leasing amounted to RMB96,506,000, and revenue from vessel finance leasing amounted to approximately RMB578,054,000.

Revenue from container leasing business amounted to RMB4,362,594,000, representing an increase of 28.1% as compared with RMB3,405,190,000 of last year. The increase was mainly due to the increase in the revenue from the container leasing segment as the Company leveraged the synergy between leasing and manufacturing to proactively explore the market and seized the market opportunities of shortage in repositioned containers in shipping routes across Europe and the USA to accelerate sales of second-hand containers and proactively reduce inventory of second-hand containers in Europe and the USA during the year.

Revenue from other industry-related finance leasing amounted to RMB2,713,765,000, representing an increase of 9.7% as compared with RMB2,473,017,000 of last year. The increase in revenue from other industry-related finance leasing was mainly due to the increase in revenue from finance leasing attributable to the growth of the finance leasing business during the Period.

2) Operating Costs

Operating costs of the leasing business mainly include depreciation of self-owned containers, net carrying value of sale of containers returned upon expiry and financing costs of leased-in vessels and containers. Operating costs of the leasing business for 2020 amounted to RMB4,795,194,000, representing an increase of 19.3% as compared with RMB4,019,459,000 of last year.

2. ANALYSIS OF CONTAINER MANUFACTURING BUSINESS

1) Operating Revenue

In 2020, the Group's container manufacturing business realized operating revenue of RMB8,130,266,000, representing an increase of 77.4% as compared with RMB4,582,700,000 of last year, which accounted for 56.4% of the total revenue of the Group. Such substantial increase was mainly due to the increase in both sales volume and price of containers as a result of shortage in repositioned containers in shipping routes across Europe and the USA and buoyant demands in the domestic container market caused by the COVID-19 pandemic. During the Period, the aggregate container sales was 605,600TEU, representing an increase of 50.3% as compared with 402,943TEU of last year.

2) Operating Costs

The operating costs of the container manufacturing business mainly consist of raw material costs, employee compensation and depreciation expenses. The operating costs amounted to RMB7,548,865,000 in 2020, representing an increase of 64.7% as compared with RMB4,582,348,000 of last year. Such year-on-year increase in costs was mainly due to the increase in production costs such as materials and labor as the sales volume of containers increased during the year.

3. ANALYSIS OF INVESTMENT AND FINANCIAL SERVICE BUSINESS

1) Operating Revenue

In 2020, the financial services business realized revenue of RMB190,821,000, representing an increase of 53.1% as compared with RMB124,649,000 of last year and accounting for 1.3% of the Group's total revenue.

2) Operating Costs

The operating costs in 2020 were RMB43,494,000, representing an increase of 10.9% as compared with RMB39,218,000 of last year.

3) Investment Income

In 2020, the income from investment business was RMB2,225,892,000, representing a decrease of 26.8% as compared with RMB3,038,796,000 of last year. Such decrease in income was mainly attributable to the narrowed margin of the fair value of investments at fair value through profit or loss held by the Group as compared with last year.

GROSS PROFIT

Due to the above reasons, the Group recorded gross profit of RMB3,586,987,000 for 2020 (2019: gross profit of RMB2,463,495,000).

SIGNIFICANT SECURITIES INVESTMENT

During the year ended 31 December 2020, the Company's equity investments in associates and joint ventures generated a profit of RMB1,980,374,000, which was mainly attributable to the profits from China Everbright Bank Co., Ltd., China International Marine Containers (Group) Co., Ltd. and China Bohai Bank Co., Ltd. for the Period.

1. *Shareholdings in Other Listed Companies*

Stock code	Company name	Investment cost *(RMB)*	Shareholding at the beginning of the Period *(%)*	Shareholding at the end of the Period *(%)*	Book value at the end of the Period *(RMB)*	Gain during the Period *(RMB)*	Changes in other reserve during the Period *(RMB)*	Gain from disposal *(RMB)*	Dividends received during the Period *(RMB)*	Accounting ledger	Sources of the shareholding
09668	China Bohai Bank Co., Ltd.	5,749,379,000	13.67	11.12	9,230,792,000	894,894,000	(107,732,000)	–	–	Investment in associates	Purchase
000039/02039	China International Marine Containers (Group) Co., Ltd.	1,313,596,000	22.71	4.69	1,964,084,000	302,789,000	(72,088,000)	219,316,000	97,634,000	Investment in associates	Purchase
601818	China Everbright Bank Co., Ltd.	3,398,255,000	1.38	1.34	4,565,752,000	468,470,000	(18,759,000)	–	154,936,000	Investment in associates	Purchase
600643	Shanghai AJ Group Co., Ltd.	25,452,000	0.22	0.22	26,583,000	(6,469,000)	–	–	884,000	Financial assets at fair value through profit or loss	Purchase
000617	CNPC Capital Company Limited	539,115,000	0.97	0.06	493,270,000	(150,841,000)	–	44,299,000	10,812,000	Financial assets at fair value through profit or loss	Purchase
600390	Minmetals Capital Co., Ltd.	1,155,438,000	3.94	3.17	996,139,000	(143,572,000)	–	107,337,000	11,274,000	Financial assets at fair value through profit or loss	Purchase
Total		**12,181,235,000**	/	/	**17,276,620,000**	**1,365,271,000**	**(198,579,000)**	**370,952,000**	**275,540,000**		

2. *Shareholdings in Financial Enterprises*

Name of investee	Investment amount *(RMB)*	Shareholding at the beginning of the Period *(%)*	Shareholding at the end of the Period *(%)*	Book value at the end of the Period *(RMB)*	Gain during the Period *(RMB)*	Changes in other reserve during the Period *(RMB)*	Gain from disposal *(RMB)*	Dividends received during the Period *(RMB)*	Accounting ledger	Sources of the shareholding
Bank of Kunlun Co., Ltd.	1,077,153,000	3.74	3.74	1,363,118,000	108,833,000	(10,827,000)	–	54,614,000	Investment in associates	Purchase
Shanghai Life Insurance Co., Ltd.	998,400,000	16.00	16.00	1,046,003,000	38,966,000	18,966,000	–	–	Investment in associates	Purchase
CIB Fund Management Co., Ltd.	100,000,000	10.00	10.00	350,966,000	44,460,000	–	–	10,000,000	Investment in associates	Purchase
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	125,000,000	25.00	25.00	127,589,000	(6,449,000)	–	–	–	Investment in joint ventures	Purchase
Chinese Enterprise Elephant Financial Information Services Company Limited	20,000,000	12.50	12.50	22,767,000	3,869,000	–	–	–	Investment in associates	Purchase
Shanghai COSCO SHIPPING Microfinance Company Limited	90,000,000	45.00	45.00	92,817,000	1,282,000	–	–	–	Investment in associates	Purchase
COSCO SHIPPING Finance Company Limited ("COSCO SHIPPING Finance")	1,934,677,000	23.38	23.38	2,119,197,000	116,957,000	(3,497,000)	–	78,634,000	Investment in associates	Purchase
Total	**4,345,230,000**	**/**	**/**	**5,112,457,000**	**307,918,000**	**4,642,000**	**–**	**143,248,000**		

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

Name of Investee	Exchange	Principal businesses
China Bohai Bank Co., Ltd.	Hong Kong Stock Exchange	Bank business
Bank of Kunlun Co., Ltd.	/	Bank business
Shanghai Life Insurance Co., Ltd.	/	Insurance business
CIB Fund Management Co., Ltd.	/	Fund management business
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	/	Leasing business
Chinese Enterprise Elephant Financial Information Services	/	Financial information service
Shanghai COSCO SHIPPING Microfinance Company Limited	/	Loan extending and other business
COSCO SHIPPING Finance Company Limited	/	Bank business
China International Marine Containers (Group) Co., Ltd. ("CIMC")	Shenzhen Stock Exchange/ Hong Kong Stock Exchange	Manufacturing and sales of containers
Shanghai AJ Group Co., Ltd.	Shanghai Stock Exchange	Investment in industries and other financial business
China Everbright Bank Co., Ltd.	Shanghai Stock Exchange	Bank business
Minmetals Capital Co., Ltd.	Shanghai Stock Exchange	Integrated financial business
CNPC Capital Company Limited	Shenzhen Stock Exchange	Integrated financial business

The stock market was volatile in 2020. The Company expects that the investment portfolio of the Group (including the above major investments) will be subject to, among other things, the movement of interest rates, market factors and macroeconomic factors. Moreover, the market value of individual shares will be affected by relevant companies' financial results, development plan as well as the prospects of the industry where they operate. To mitigate relevant risks, the Group will take appropriate measures in due course and adjust its investment strategies in response to the changes in market conditions.

IMPAIRMENT OF SIGNIFICANT ASSETS

In accordance with the relevant provisions of the HKFRSs, the Company had conducted impairment testing for the fixed-assets within the scope of the consolidated financial statements as at 31 December 2020, and made impairment provisions accordingly based on the principle of prudence in order to truly reflect the Company's financial conditions and operating results as at 31 December 2020.

In 2020, the Group made provision for impairment of fixed assets in the aggregate amount of RMB722,793,000, mainly comprising (i) the provision for impairment of RMB417,294,000 made due to the estimated discounted present value of the lease receivables as at the lease commencement date being lower than the book value of the vessels as a result of the decline in the exchange rate of the U.S. dollar following the change in the lease method of certain self-owned vessels pursuant to the vessel leasing service master agreement dated 30 October 2020 entered into by the Company; and (ii) the provision for impairment of RMB270,123,000 made due to the estimated disposal price of scrapped containers of the Group being lower than the book value in light of the piling up of scrapped containers in North America and the unfavourable prospects for disposal of scrapped containers in the market.

INCOME TAX

From 1 January 2020 to 31 December 2020, the corporate income tax ("CIT") rate applicable to the Company and its other subsidiaries in the PRC was 25%.

Pursuant to the relevant new CIT regulations, the profits derived from the Company's offshore subsidiaries shall be subject to applicable CIT when dividends were declared by such offshore subsidiaries. The Company uses an applicable tax rate in accordance with relevant regulations to pay CIT on profits of the offshore subsidiaries.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

For the year ended 31 December 2020, the Group's selling, administrative and general expenses were RMB1,373,487,000, representing an increase of 16.5% as compared with 2019.

OTHER GAINS, NET

For the year ended 31 December 2020, other gains of the Group were RMB155,593,000, representing a decrease in gains of approximately RMB763,642,000 as compared with other gains of RMB919,235,000 for 2019, which was mainly attributable to the narrowed margin of fair value of the securities held by the parent of the Company as compared with last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT FOR THE YEAR

In 2020, the profit attributable to owners of the parent of the Company for the year was RMB2,130,271,000, representing an increase of 22.1% as compared with RMB1,744,733,000 for 2019.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

ANALYSIS OF LIQUIDITY AND BORROWINGS

The Group's principal sources of liquidity are cash flow from operating business and short-term bank borrowings. The Group's cash is mainly used for expenses of operating cost, repayment of loans, construction of new vessels, procurement of containers, and support of the Group's financial leasing business. During the Period, the Group's net operating cash inflow was RMB9,749,088,000. As at 31 December 2020, the Group's cash and bank balances were RMB12,046,801,000.

As at 31 December 2020, the Group's total bank loans and other borrowings were RMB92,780,679,000, of which RMB47,252,731,000 is repayable within one year. The Group's long-term bank loans are mainly used to finance the procurement of containers, the acquisition of financial lease assets and replenishment of liquidity.

As at 31 December 2020, the Group's RMB-denominated bonds payable amounted to RMB17,559,660,000, and all proceeds raised from the bonds were used for the replenishment of liquidity and the repayment of loans.

The Group's RMB borrowings at fixed interest rates amounted to RMB21,741,271,000. USD borrowings at fixed interest rates amounted to USD518,360,000 (equivalent to approximately RMB3,382,246,000), RMB borrowings at floating interest rates amounted to RMB11,999,787,000, and USD borrowings at floating interest rates amounted to USD8,529,997,000 (equivalent to approximately RMB55,657,375,000). The Group's borrowings are settled in RMB or USD while its cash and cash equivalents are also primarily denominated in RMB and USD.

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

NET CURRENT LIABILITIES

As at 31 December 2020, the Group's net current liabilities amounted to RMB27,733,019,000. Current assets mainly include: the current portion of the finance lease receivables of RMB18,296,935,000, inventories of RMB962,410,000, trade and notes receivables of RMB2,445,764,000, prepayments and other receivables of RMB1,054,541,000, factoring receivables of RMB1,083,635,000, the current portion of financial assets at fair value through profit or loss of RMB654,224,000, cash and cash equivalents of RMB12,046,801,000, and pledged deposits of RMB590,146,000. Current liabilities mainly include: trade payables of RMB3,100,895,000, other payables and accruals of RMB4,771,247,000, contract liabilities of RMB162,354,000, tax payables of RMB198,482,000, the current portion of bank and other borrowings of RMB47,252,731,000, the current portion of corporate bonds of RMB9,272,114,000, and current portion of lease liabilities of RMB100,998,000.

CASH FLOWS

For the year of 2020, the Group's net cash inflow generated from operating activities was RMB9,749,088,000, denominated principally in RMB and USD, representing an increase of RMB1,325,023,000 as compared with that of RMB8,424,065,000 in 2019. Cash and cash equivalents balances at the end of 2020 increased by RMB2,411,705,000 year-on-year, mainly reflecting the fact that the net cash inflow generated from operating activities was more than the net cash outflow used in financing activities and the net cash outflow used in investing activities. The cash outflow used in financing activities of the Group during the year was mainly used for the payment of interest in bank loans and commercial bills and such proceeds were used mainly for the purposes of short-term operation and purchase and construction of containers.

The following table provides the information regarding the Group's cash flow for the years ended 31 December 2020 and 31 December 2019:

Unit: RMB

	2020	2019
Net cash generated from operating activities	**9,749,088,000**	8,424,065,000
Net cash used in investing activities	**(4,883,807,000)**	(10,383,969,000)
Net cash used in financing activities	**(1,971,428,000)**	(3,715,251,000)
Impact of exchange rate movement on cash	**(482,148,000)**	61,057,000
Net increase/(decrease) in cash and cash equivalents	**2,411,705,000**	(5,614,098,000)

NET CASH GENERATED FROM OPERATING ACTIVITIES

For the year ended 31 December 2020, the net cash inflow generated from operating activities was RMB9,749,088,000, representing an increase of RMB1,325,023,000 as compared with that of RMB8,424,065,000 for 2019. Overall, cash flow of operating activities maintained a stable and positive trend.

NET CASH USED IN INVESTING ACTIVITIES

For the year ended 31 December 2020, the net cash outflow used in investing activities was RMB4,883,807,000, representing a decrease of RMB5,500,162,000 as compared with that of RMB10,383,969,000 for 2019. It was mainly because the Group stepped up its effort in asset revitalization during the year and recovered a large amount of capital arising from the disposal of equity and financial assets such as CIMC and China Railway Signal & Communication Corporation Limited.

NET CASH USED IN FINANCING ACTIVITIES

For the year ended 31 December 2020, the net cash outflow used in financing activities was RMB1,971,428,000, representing a decrease of RMB1,743,823,000 as compared with the net cash inflow generated from financing activities of RMB3,715,251,000 for 2019. For the year of 2020, the Group's new bank and other borrowings and corporate bonds amounted to RMB72,009,961,000, repayment of bank and other borrowings, corporate bonds, perpetual bonds and lease obligation principal amounted to RMB69,450,604,000, the payment of interest amounted to RMB3,644,897,000, and the payment of dividend and interest in perpetual debt amounted to RMB843,824,000.

TRADE AND NOTES RECEIVABLES

As at 31 December 2020, the Group's balance of trade and notes receivables was RMB2,445,764,000, representing an increase of RMB1,334,764,000 as compared with last year, of which note receivables increased by RMB371,225,000 and trade receivables increased by RMB963,539,000.

GEARING RATIO ANALYSIS

As at 31 December 2020, the Company's net gearing ratio (i.e. net debts over shareholders' equity) was 402%, lower than 416% of last year. Net gearing ratio had a slight decrease as compared with that of last year.

FOREIGN EXCHANGE RISK ANALYSIS

Revenues and costs of the Group's shipping-related leasing business and container manufacturing operations are settled or denominated in USD. As a result, the impact on the net operating revenue due to RMB exchange rate fluctuation can be offset by each other to a certain extent. During the Period, the Group recorded an exchange loss of RMB126,820,000 for the Period which was mainly due to fluctuations of the USD exchange rate in 2020; the increase in exchange difference which was charged to equity attributable to shareholders of the parent of the Company amounted to RMB684,783,000. The Group will continue to monitor the exchange rate fluctuation of RMB and major international settlement currencies, reduce the loss arising from exchange rate fluctuation, and take appropriate measures to mitigate the Group's foreign exchange risk when necessary.

CAPITAL EXPENDITURES

For the year ended 31 December 2020, the Group's expenditures on the acquisition of container vessels, vessels under construction and containers, and other expenditures amounted to RMB6,717,118,000; expenditures on the acquisition of finance lease assets amounted to RMB24,695,677,000.

CAPITAL COMMITMENTS

As at 31 December 2020, the Group had RMB7,028,381,000 in capital commitment to property, plant and equipment which had been contracted but not provided for, and RMB423,215,000 in equity investment commitment.

PLEDGE

As at 31 December 2020, certain container vessels and containers with net carrying value of approximately RMB25,232,185,000 (2019: RMB25,765,286,000), finance lease receivables of RMB24,367,438,000 (2019: RMB24,015,141,000) and pledge deposits of RMB279,603,000 (2019: RMB237,539,000) of the Group were pledged for the grant of bank credit and issuance of bonds.

SUBSEQUENT EVENTS

On 30 March 2021, the Board proposed the payment of a final dividend of RMB0.056 per share (inclusive of applicable tax) for the year ended 31 December 2020, totalling approximately RMB645,596,000 calculated based on 11,528,497,997 shares, being the number of issued shares of the Company of 11,608,125,000 as at 30 March 2021 deducting 79,627,003 A shares repurchased by the Company, which is subject to the approval of shareholders of the Company at the forthcoming annual general meeting (the "AGM") of the Company.

CONTINGENT LIABILITIES

As at 31 December 2020, there were no significant contingent liabilities for the Group.

EMPLOYEES, TRAINING AND BENEFITS

As at 31 December 2020, the Group had 7,964 employees, and the total staff costs for the Period (including staff remuneration, welfare cost and social insurance fees etc.) amounted to approximately RMB2,036,763,000 (including outsourced labour costs).

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

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

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 December 2020, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

DIVIDEND

The Board proposed to distribute a final dividend of RMB0.056 per share (inclusive of applicable taxes) for the year ended 31 December 2020 (2019: RMB0.045 per share), subject to the approval of shareholders of the Company at the forthcoming AGM. The final dividend will be denominated and declared in RMB, payable to the holders of A shares and H shares of the Company in RMB and Hong Kong dollars, respectively within two months after the approval at the AGM.

The Company will, in due course, disclose further details including, among other things, the expected timetable and arrangements of closure of register of members of H shares by the Company, and the proposal to distribute final dividend.

EXECUTIVE DIRECTORS

MR. WANG DAXIONG (王大雄), AGED 60

Chairman of the Company and Chairman of COSCO SHIPPING Investment Holdings Co., Ltd. (formerly known as China Shipping (Hong Kong) Holdings Co., Ltd.), Mr. Wang served as a non-executive director of the Company from June 2004 to June 2014, concurrently as chairman of COSCO Shipping Captive Insurance Co., Ltd. from October 2017 to February 2020, as a non-executive director of China Merchants Securities Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600999 and on the Hong Kong Stock Exchange under the stock code of 6099) from September 2016, as a non-executive director of China Merchants Bank Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600036 and on the Hong Kong Stock Exchange under the stock code of 3968) from November 2016. He served as the deputy general manager and a member of the Party leadership group of China Shipping (Group) Company Limited from May 2010 to March 2014, as the vice president, a member of the Party leadership group and the chief accountant of China Shipping Group Company Limited from April 2005 to May 2010, as vice president and chief accountant of China Shipping Group Company Limited from December 2004 to April 2005, as vice president of China Shipping Company Limited from February 2001 to December 2004; as the chief accountant of China Shipping Company Limited from August 2000 to 2001 February, as the chief accountant and member of Party Committee of China Shipping Company Limited from January 1998 to August 2000, and as the chief of the finance department and chief accountant of Guangzhou Maritime Transport (Group) Co., Ltd. from January 1996 to January 1998. Mr. Wang began his career in the shipping industry in 1983 after he graduated from Shanghai Maritime University majoring in shipping finance. Mr. Wang holds an EMBA degree from Shanghai University of Finance and Economics and is a senior accountant.

MR. LIU CHONG (劉沖), AGED 50

Executive Director and general manager of the Company, a non-executive director of China Everbright Bank Co., Ltd. (listed on the Hong Kong Stock Exchange under the stock code of 6818 and listed on the Shanghai Stock Exchange under the stock code of 601818), vice-chairman of China International Marine Containers (Group) Co., Ltd (listed on the Hong Kong Stock Exchange under the stock code of 2039 and listed on the Shenzhen Stock Exchange under the stock code of 000039), and a non-executive director of China Cinda Asset Management Co., Ltd. (listed on the Hong Kong Stock Exchange under the stock code of 1359), Mr. Liu previously served as the deputy general manager of China Shipping Investment Co., Ltd. and China Shipping Logistics Co., Ltd., and chief accountant of China Shipping (Hainan) Haisheng Shipping Co., Ltd., the chief of capital management division of China Shipping Group Company Limited, the chief accountant of China Shipping Container Lines Co., Ltd. and general manager of China Shipping Investment Co., Ltd. Mr. Liu graduated from Sun Yatsen University majoring in economics, and is a senior accountant.

MR. XU HUI (徐輝), AGED 58

Party secretary, Deputy general manager and executive Director of the Company, Mr. Xu started his shipping career in 1982, and was appointed as a non-executive Director of the Company from October 2005 to June 2013. Mr. Xu held the posts of chief engineer of Oil Tanker Company of Shanghai Shipping (Group) Company, assistant to general manager and guidance chief director of Shanghai Haixing Shipping Company, deputy director of the technical department of Shanghai Haixing Shipping Company, an oil tanker company, director of the technical department of Shanghai Shipping (Group) Company, deputy general manager and member of the Party leadership group of Oil Tanker Company of China Shipping Development Company Limited, deputy general manager, member of the Party leadership group, general manager and Party secretary of Shanghai Shipping (Group) Company, and general manager and Party secretary of China Shipping & Sinopec Suppliers Co., Ltd. He served as the Party secretary and deputy general manager of China Shipping Tanker Company Limited from August 2015 to March 2016. Mr. Xu graduated from Jimei Navigation College majoring in ship management, and is a senior political engineer and chief engineer.

NON-EXECUTIVE DIRECTORS

MR. HUANG JIAN (黃堅), AGED 51

Non-executive Director of the Company, Mr. Huang has been serving as the general manager of the capital operation department of China COSCO Shipping Corporation Ltd. since September 2016. He previously held positions at the financial department and administrative department of a number of companies, and has financial-related management experience. His experience includes: serving as a director of Shanghai Rural Commercial Bank Co., Ltd from June 2018, as a director of COSCO Marine Property Captive Insurance Co., Ltd. from August 2017; a director of Lanhai Medical Investment Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600896) from May 2017, as a non-executive director of China Merchants Securities Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600999 and on the Hong Kong Stock Exchange under the stock code of 6099) from August 2012, as a director of COSCO Shipping Technology Co., Ltd. (listed on the Shenzhen Stock Exchange under the stock code of 002401) from December 2017 to March 2019; as deputy general manager (in charge of work) of the capital operations department of China COSCO Shipping Corporation Ltd. from February to August 2016; as deputy general manager of the finance department of COSCO Group from February 2012 to February 2016; as the chief financial officer and general manager of the finance department of COSCO Americas from November 2006 to February 2012; as the vice president and the general manager of the finance department of COSCO Logistics (Americas) Inc. (formerly known as Intermodal Bridge Services Inc.) from September 2004 to November 2006. He worked at COSCO Group, and the last position was the chief of capital office and the finance department from July 1996 to September 2004. He worked at the finance department of Shenzhen Ocean Shipping Co., Ltd. from July 1993 to July 1996. He obtained a bachelor of economics with a major in auditing from the Capital University of Economics and Business (formerly known as Beijing Institute of Finance and Trade) and a master's degree in business administration from Beijing University of Technology respectively in July 1992 and March 2002. He was qualified as an accountant and senior accountant by the Ministry of Finance in May 1997 and December 2015 respectively.

MR. LIANG YANFENG (梁岩峰), AGED 55

Non-executive Director of the Company, chairman and deputy secretary of the Party Committee of COSCO SHIPPING Heavy Industry Co., Ltd., Mr. Liang graduated from Tsinghua University with a master's degree in law and an executive master of business administration (EMBA) degree. He is a senior economist and a member of the Senior Professional and Technical Qualification Examination Committee for Economics of the Ministry of Transport. Mr. Liang previously served as the deputy general manager of the human resources department and the director of staff management of China Ocean Shipping (Group) Company; the general manager, a member of Party Committee and the director of COSCO Talent Service Centre of COSCO Human Resources Development Company. He also served as the general manager of capital operations division of China Ocean Shipping (Group) Company. He was the standing committee member of Luzhou Municipal Committee of the Communist Party of China and the deputy mayor (temporary) of Luzhou Municipal Government, Sichuan Province; the deputy general manager and general manager of COSCO SHIPPING International Holdings Limited, the vice president and a member of Party Committee of COSCO (Hong Kong) Group Limited; secretary of Party Committee and the deputy general manager of Dalian Ocean Shipping Company Limited; and the general manager and deputy secretary of Party Committee of COSCO Shipyard Group Co., Ltd.

MR. IP SING CHI (葉承智), AGED 67

Non-executive Director of the Company, the group managing director of Hutchison Port Holdings Limited and the chairman of Yantian International Container Terminals Limited, Mr. Ip Sing Chi is also an executive director of Hutchison Port Holdings Management Pte. Limited (the trustee-manager of Hutchison Port Holdings Trust listed in Singapore), a non-executive director of Orient Overseas (International) Limited (listed on the Hong Kong Stock Exchange under the stock code of 00316), an independent non-executive director of Piraeus Port Authority S.A. (a company listed in Greece under the stock code of PPA) and a non-independent non-executive director of Westports Holdings Berhad (a listed company in Malaysia under the stock code of 5246). He was the founding chairman (2000-2001) of the Hong Kong Container Terminal Operators Association Limited and served as a non-executive director of Tradelink Electronic Commerce Limited (listed on the Hong Kong Stock Exchange under the stock code of 00536), an external director of NMM Co. Ltd (formerly known as Hyundai Merchant Marine Co.,Ltd.) (a company listed in Korea under the stock code of 11200), an independent non-executive director of COSCO SHIPPING Ports Limited (listed on the Hong Kong Stock Exchange under the stock code of 01199) and an independent non-executive director of COSCO SHIPPING Energy Transportation Co., Ltd. (listed on the Hong Kong Stock Exchange under the stock code of 1138) from June 2014 to June 2020. Besides, Mr. Ip was a member of the Hong Kong Port Development Council from 2009 to December 2014 with over 35 years of experience in the shipping industry. Mr. Ip holds a Bachelor of Art degree.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. CAI HONGPING (蔡洪平), AGED 66

Independent non-executive Director of the Company, an independent non-executive director of China Eastern Airlines Corporation Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600115 and on the Hong Kong Stock Exchange under the stock code of 0670), an external director of China National Machinery Industry Corporation, an independent non-executive director of Shanghai Pudong Development Bank Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600000) and Chairman of AGIC Capital, Mr. Cai worked for the Industrial and Transportation Management Committee of the Shanghai Government and Shanghai Petrochemical (Sinopec Shanghai Petrochemical Company Limited, listed on the Hong Kong Stock Exchange under the stock code of 338, listed on the Shanghai Stock Exchange under the stock code of 600688 and listed on the New York Stock Exchange under the stock code of SHI) from 1987 to 1991, and participated in the entire process of the listing of the first batch of H shares of Shanghai Petrochemical in Hong Kong and the United States. From 1992 to 1996, he served as a member of the Overseas Listing Team for Chinese Enterprises under the Economic Restructuring Committee of the State Council and the chairman of the Joint Committee of Board Secretaries for H Share Companies in China. From 1996 to 1997, he was the general manager of the investment banking division of Peregrine Asia. He served as a joint director of the investment banking division of Peregrine Asia from 1997 to 2006, the chairman of the investment banking division of UBS AG in Asia from 2006 to 2010, and the executive chairman of Deutsche Bank in the Asia Pacific region from 2010 to 2015. Mr. Cai served as an independent director of Minmetals Development Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600058) from December 2015 to May 2019. Mr. Cai, a Hong Kong citizen, is a holder of a bachelor's degree and graduated from Fudan University in Shanghai majoring in journalism.

MS. HAI CHI YUET (奚治月), AGED 66

Independent non-executive Director of the Company, Ms. Hai has more than 30 years of work experience in the shipping logistics industry. She has served as the advisor to Hutchison Port Holdings Limited since 2016. Ms. Hai served as the managing director of COSCO-HIT Terminals (Hong Kong) Limited, the managing director of Yantian International Container Terminals Limited, the chief executive officer of Hutchison Port Holdings Trust and the advisor to Hutchison Port Holdings Trust. Ms. Hai also participates in public service, including being a member of the Election Committee for the Chief Executive of Hong Kong Special Administrative Region, Transport Subsector. She also served as a member of Hong Kong Port Development Advisory Group and the president of Shenzhen Ports Association. In 2011, Ms. Hai was awarded as Shenzhen Honourable Citizen. Ms. Hai graduated from York University, Toronto, Canada and The University of Hong Kong, obtaining a bachelor's degree in business administration and a master's degree in Buddhism studies respectively.

MR. GRAEME JACK, AGED 70

Independent non-executive Director of the Company, Mr. Graeme Jack has over 40 years' experience in finance and auditing. He worked at PricewaterhouseCoopers for 33 years and retired as a partner. In addition to the Company, he is currently an independent non-executive director of The Greenbrier Companies Inc., Hutchison Port Holdings Trust and Hutchison China MediTech Ltd. He holds a bachelor's degree in commerce, and is a fellow member of the Hong Kong Institute of Certified Public Accountants – Practising and an associate member of The Institute of Chartered Accountants in Australia and New Zealand.

MR. LU JIANZHONG (陸建忠), AGED 66

Independent non-executive Director of the Company, Mr. Lu graduated from the department of accounting of Shanghai University of Finance and Economics with a bachelor's degree in economics in January 1983. He started his career in the field of finance in the same year. Mr. Lu was a lecturer and an Associate Professor of Finance and Accounting at the Shanghai Maritime University from September 1986 to August 1997. He served as a certified accountant and a partner of the audit department of PricewaterhouseCoopers Zhong Tian LLP from September 1997 to June 2012. From July 2012 to September 2016, Mr. Lu served as a partner of Shanghai De'an Certified Public Accountants LLP, the marketing director of Daxin Certified Public Accountants LLP and a partner of Zhongxinghua Certified Public Accountants LLP. Mr. Lu has served as a certified accountant at Da Hua Certified Public Accountants LLP since October 2016. Mr. Lu is also an independent director of each of Hangzhou Hikvision Digital Technology Co., Ltd. (listed on the Shenzhen Stock Exchange under the stock code of 002415), Changshu Fengfan Power Equipment Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 601700) and Ningbo Lehui International Engineering Equipment Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 603076) and Shanghai Xinnanyang Only Education & Technology Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600661), an enterprise mentor for the Master of Professional Accounting (MPACC)/ the Master of Auditing programs (Maud) of Antai College of Economics and Management of Shanghai Jiao Tong University and an external expert of the Asset Securitization Task Group under the Economic Research Center of the State Council. He is a member of Jiusan Society in the PRC.

MS. ZHANG WEIHUA (張衛華), AGED 59

Independent non-executive director of the Company, Ms. Zhang graduated from the Faculty of Business, University of Southern Queensland in Australia with a master's degree in business. She was a compliance director at China Merchants Securities Co., Ltd. (listed on the Shanghai Stock Exchange under the stock code of 600999) cum chairperson of the board of supervisors of China Merchants Fund Management Co., Ltd. Ms. Zhang previously held a number of positions, including chief auditor, assistant to president and general manager of the audit department of China Merchants Securities Co., Ltd. and assistant to the general manager of the securities business department of the head office China Merchants Bank.

MEMBERS OF SUPERVISORY COMMITTEE

MR. YE HONGJUN (葉紅軍), AGED 58

Supervisor of the Company and the chief legal consultant of China COSCO SHIPPING Corporation Limited, Mr. Ye worked in Beijing Communications Management Institute for Executives and served in the MOC, the deputy department head, the department head and the deputy section chief of the Legal Section, the deputy section chief of the Price Regulatory Section of the Water Transport Department and the section chief of the Regulation Section of the Water Transport Department. He served as the assistant to the head of the Maritime Safety Administration of the MOC and the director of the Domestic Shipping Management Division of the Waterway Transportation Bureau of the MOT. Mr. Ye received a master's degree in law from Fudan University.

MS. ZHU MEI (朱媚), AGED 52

Supervisor of the Company. Ms. Zhu began to work in July 1990. She graduated from Shanghai Maritime University with a master degree, and obtained a Master of Business Administration degree from Fudan University. Ms. Zhu has previously worked in the general manager's office of Shanghai Shipping (Group) Company, the transport department of China Shipping (Group) Company, China Shipping Development Co., Ltd. Oil Tanker Company and the board of director's office/general manager's office of China Shipping (Group) Company. During her tenure as the General Party Branch Secretary and the Vice Principal of the Party School of China Shipping (Group) Company and the deputy dean of the Group Management Cadre College. During her tenure, she took temporary posts as a member of the Municipal Party Committee, a member of the Standing Committee and the deputy mayor of the Municipal Government of Lincang, Yunnan Province. Currently, she serves as a full-time outside director of COSCO SHIPPING (Shanghai) Co. Ltd. and COSCO SHIPPING Seafarer Management Co., Ltd.

MR. ZHAO XIAOBO (趙小波), AGED 35

Employee supervisor of the Company. He obtained a bachelor's degree in financial management from the China Youth University of Political Studies in July 2009 and a master's degree in national economics from the University of Shanghai for Science and Technology in March 2013. He joined the Communist Party of China in December 2007 and started working in July 2009. Mr. Zhao holds the title of senior accountant. He had previously served as a supervisor, senior supervisor, assistant manager and deputy manager of the financial management department of China Shipping Investment/Shanghai Universal Logistics Equipment Co., Ltd.. Mr. Zhao currently serves as the deputy manager of financial management department of Shanghai Universal and the chief accountant of Orient International Containers (Guangzhou).

JOINT COMPANY SECRETARY

MR. CAI LEI (蔡磊), AGED 41

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

SENIOR MANAGEMENT

MR. MING DONG (明東), AGED 50

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

MR. LIN FENG (林鋒), AGED 45

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

MS. DU HAIYING (杜海英), AGED 45

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

The Board submits its annual report together with the audited consolidated financial statements for the year ended 31 December 2020 (the "Year").

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

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

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

RESULTS

The operation results of the Group for the Year are set out in the consolidated statement of profit or loss on page 104 of this Annual Report.

BUSINESS REVIEW

Business review of the Group for the year ended 31 December 2020, an analysis of the Group's performance for the Year using key financial metrics, recent development, a discussion on the future business development of the Group, subsequent events after the period and a description of the potential major risks and uncertainties facing the Group are set out in "Chairman's Statement" on pages 6 to 11 and "Management Discussion and Analysis" on pages 12 to 27 of this Annual Report. The Company's environmental policy and performance, its compliance with relevant laws and regulations that have significant effects on the Group and the relationship between the Group and its employees, customers and suppliers are set out in "Report of the Board of Directors" and "Corporate Governance Report" on pages 35 to 93 of this Annual Report.

DIVIDENDS

	2020 **RMB'000**	2019 RMB'000
Proposed final dividend of RMB0.056 per ordinary share (2019: RMB0.045 per share)	**645,596**	518,782

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

As at 30 March 2021, the Board proposed to distribute final dividend of RMB0.056 (including applicable tax) per share for the year ended 31 December 2020 (2019: RMB0.045 per share) with an aggregate of approximately RMB645,596,000 (2019: RMB518,782,000) calculated based on 11,528,497,997 shares of the Company (being the number of shares after deducting 79,627,003 A shares repurchased by the Company from 11,608,125,000 shares issued by the Company on 30 March 2021).

RESERVES

Movement of the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on pages 108 to 109 of this Annual Report, Note 39 and Note 50 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 37 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

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

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

As at 31 December 2020, the retained earnings of the Company, calculated based on the above principles, amounted to approximately RMB647 million, which was prepared in accordance with the PRC accounting standards and regulations.

PRE-EMPTIVE RIGHTS

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 4 of this Annual Report.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

THE BASIS OF DETERMINING THE EMOLUMENT OF DIRECTORS

The Company determines the remuneration of Directors with reference to the performance of Directors for the year ended 31 December 2020 and on the principle of linking Company's management with operation results.

DIRECTORS AND SUPERVISORS

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

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Wang Daxiong *(Chairman)*
Mr. Liu Chong
Mr. Xu Hui

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cai Hongping
Ms. Hai Chi Yuet
Mr. Graeme Jack
Mr. Lu Jianzhong
Ms. Zhang Weihua

SUPERVISORS

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

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

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

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

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

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no transactions, arrangements or contracts of significance (as defined in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), in which a Director or a Supervisor of the Company or their connected entities are or were materially interested, directly or indirectly, subsisted during the Year or at the end of the Year.

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no contracts of significance in which the Company or any of its subsidiary and its controlling shareholders (as defined in Appendix 16 to the Listing Rules) or a subsidiary of its controlling shareholders was a party, subsisted during the Year or at the end of the Year.

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

PERMITTED INDEMNITY PROVISION

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors, Supervisors and senior management are set out on pages 28 to 34 of this Annual Report. As at 31 December 2020, Huang Jian and Ye Hongjun were respectively the department general manager and chief legal adviser of China COSCO SHIPPING. As at 31 December 2020, China COSCO SHIPPING and China Shipping had interests or short positions in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO").

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

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

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

As at 31 December 2020, the interests or short positions of the Directors, Supervisors or chief executive(s) of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company were as follows:

INTERESTS IN THE SHARES OF THE COMPANY

Name	Position	Class of Shares	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the total number of the relevant class of Shares of the Company *(%)*	Approximate percentage of the issued share capital of the Company *(%)*
Wang Daxiong	Director	A shares	Beneficial owner	1,500,000 (L) *(Note 2)*	0.02	0.01
		H shares	Other	834,677 (L) *(Notes 3 and 4)*	0.02	0.01
Liu Chong	Director	A shares	Beneficial owner	1,490,100 (L) *(Note 2)*	0.02	0.01
		H shares	Other	1,112,903 (L) *(Notes 3 and 5)*	0.03	0.01

Name	Position	Class of Shares	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the total number of the relevant class of Shares of the Company *(%)*	Approximate percentage of the issued share capital of the Company *(%)*
Xu Hui	Director	A shares	Beneficial owner	1,490,100 (L) *(Note 2)*	0.02	0.01
		H shares	Other	945,968 (L) *(Notes 3 and 6)*	0.03	0.01

Notes:

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

2. Such interests relate to Share options granted to the directors on 30 March 2020 pursuant to A Share Option Incentive Scheme of the Company.

3. As disclosed in the announcement of the Company dated 24 November 2016, certain executive Directors, Supervisor, senior management and employees of the Company have voluntarily invested, with their own fund, in an asset management plan (the "Asset Management Plan"), pursuant to which the executive Directors, Supervisor, senior management and employees of the Company have subscribed to the units of the Asset Management Plan and entrusted the manager of the Asset Management Plan to manage the Asset Management Plan, which will invest in the H Shares. The manager of the Asset Management Plan shall be responsible for, among other things, the investment and re-investment of the assets under the Asset Management Plan and shall be entitled to exercise the voting rights and other relevant rights in respect of the H Shares held under the Asset Management Plan. The Company did not participate in the Asset Management Plan, and the Asset Management Plan does not constitute a share option scheme or any type of employee benefit scheme of the Company. As at 31 December 2017, the Asset Management Plan has been fully funded and has acquired 6,900,000 H Shares on the market at an average price of HK$1.749 per H Share.

4. Mr. Wang Daxiong is one of the participants of the Asset Management Plan through which he holds approximately 12.10% of the total number of units of the Asset Management Plan as at 31 December 2020. Accordingly, the 834,677 H Shares represent the interests derived from the units subscribed by Mr. Wang Daxiong in the Asset Management Plan as at 31 December 2020. As at 31 December 2020, Mr. Wang Daxiong does not hold any Shares.

5. Mr. Liu Chong is one of the participants of the Asset Management Plan through which he holds approximately 16.13% of the total number of units of the Asset Management Plan as at 31 December 2020. Accordingly, the 1,112,903 H Shares represent the interests derived from the units subscribed by Mr. Liu Chong in the Asset Management Plan as at 31 December 2020. As at 31 December 2020, Mr. Liu Chong does not hold any Shares.

6. Mr. Xu Hui is one of the participants of the Asset Management Plan through which he holds approximately 13.71% of the total number of units of the Asset Management Plan as at 31 December 2020. Accordingly, the 945,968 H Shares represent the interests derived from the units subscribed by Mr. Xu Hui in the Asset Management Plan as at 31 December 2020. As at 31 December 2020, Mr. Xu Hui does not hold any Shares.

Save as disclosed above, as at 31 December 2020, none of the Directors, Supervisors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code adopted by the Company.

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

As at 31 December 2020, to the knowledge of the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director, Supervisor or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or the interests or short positions which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or the interests or short positions which have been notified to the Company and the Hong Kong Stock Exchange were as follows:

Name of Shareholder	Class of Shares	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the total number of the relevant class of Shares of the Company *(%)*	Approximate percentage of the issued share capital of the Company *(%)*
China Shipping (Group) Company	A shares	Beneficial owner	4,410,624,386 (L) *(Note 2)*	55.60	38.00
	H shares	Interest of controlled corporation	100,944,000 (L) *(Note 3)*	2.75	0.87
China COSCO SHIPPING Corporation Limited	A shares	Interest of controlled corporation	4,410,624,386 (L) *(Note 2)*	55.60	38.00
	A shares	Beneficial owner	45,570,789 (L)	0.60	0.41
	H shares	Interest of controlled corporation	100,944,000 (L) *(Note 3)*	2.75	0.87

Notes:

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

2. Such 4,410,624,386 A Shares represent the same block of shares.

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

Save as disclosed above, as at 31 December 2020, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interest or short position in any shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any interest or short positions recorded in the register kept by the Company pursuant to Section 336 of the SFO or any interest or short positions which have been notified to the Company and the Hong Kong Stock Exchange.

A SHARE OPTION INCENTIVE SCHEME

On 5 March 2020, the A Share Option Incentive Scheme was approved by the shareholders of the Company at the extraordinary general meeting and the class meetings of the Company. The total number of the share options to be granted under the A Share Option Incentive Scheme is 88,474,448 (inclusive of 8,847,445 reserved share options) and the underlying A shares in relation thereto are 88,474,448 A shares, representing approximately 0.7622% of the then total issued share capital of the Company and 1.1154% of the then A share capital of the Company. The A Share Option Incentive Scheme shall be effective for 10 years as from 5 March 2020.

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

On 30 March 2020 (the "Date of Grant"), an aggregate of 78,220,771 share options were granted to 124 participants, which comprises nine directors and senior management of the Company and 115 core management and business personnel of the Group. The closing price of A shares on the trading day immediately before the Date of Grant was RMB2.00 per A Share.

The vesting period of the A Share Option Incentive Scheme is two years from the Date of Grant and the exercise period of the share options shall be a term of seven years commencing from the Date of Grant. The exercise price of the share options is RMB2.52 per A share, which shall be adjusted upon the occurrence of ex-right or ex-dividend events before the exercise of the share options. Subject to the satisfaction of the conditions of exercise, each share option entitles the participant to acquire one A share at the exercise price.

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

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

Details of movement of the share options granted under the A Share Option Incentive Scheme during the year ended 31 December 2020 were as follows:

	Number of share options							
Category	Outstanding as at 1 January 2020	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2020	Percentage of total issued A share capital of the Company *(%)*	Percentage of total issued share capital of the Company *(%)*
Directors								
Wang Daxiong	N/A	1,500,000	0	0	0	1,500,000	0.0189	0.0129
Liu Chong	N/A	1,490,100	0	0	0	1,490,100	0.0188	0.0128
Xu Hui	N/A	1,490,100	0	0	0	1,490,100	0.0188	0.0128
Senior management of the Company	N/A	6,662,300	0	0	0	6,662,300	0.0840	0.0574
Other core management and business personnel of the Group	N/A	67,078,211	0	0	0	67,078,211	0.8457	0.5779
Total	N/A	78,220,711	0	0	0	78,220,711	0.9861	0.6738

The Company has selected the Black-Scholes option pricing model to determine the fair value of the share options. Based on the preliminary calculation by the Company, as at the Date of Grant, the fair value of each share option granted is RMB0.32, and the aggregate fair value of the 78,220,711 share options granted is approximately RMB25,031,000, further details of which are set out in Note 38 to the consolidated financial statements.

DIRECTORS AND EMPLOYEES OF THE SUBSTANTIAL SHAREHOLDERS

Certain Directors and Supervisors of the Company are the directors or employees of COSCO SHIPPING and/or China Shipping (details of which are set out on pages 28 to 34 of this Annual Report), and COSCO SHIPPING and China Shipping have interests in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the Group sold in aggregate 48% of its goods and services to its five largest customers during the Year, including 31% to its largest customer.

During the Year, the Group purchased in aggregate less than 30% of its goods and services from its five largest suppliers.

China COSCO SHIPPING, the controlling shareholder of the Company indirectly holding 39.28% of the total issued share capital of the Company, is beneficially interested in one of the Company's five largest customers.

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

EQUITY-LINKED AGREEMENT

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

CHARITABLE DONATIONS

There was a charitable donation with a total amount of approximately RMB10,922,600 made by the Group during the Year.

RELATIONSHIP WITH KEY STAKEHOLDERS

RELATIONSHIP WITH EMPLOYEES

COSCO SHIPPING Development strictly adheres to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other laws and regulations, to safeguard the legal rights and interests of its employees. Meanwhile, the Company and its direct business units have established and made improvements upon its human resources management system, in order to match the strategic transformation demand of COSCO SHIPPING Development.

COSCO SHIPPING Development attaches importance to the optimization of its talent structure. Through various means including attracting high-end talents, perfecting its staff training and promotion system and enhancing talent resources management, COSCO SHIPPING Development spares no effort in building a talent team well-suited for the Company's development strategy.

COSCO SHIPPING Development and its direct business units keeps a keen eye on the occupational health of its staff, for which it has been safeguarding by formulating regulations, including the Occupational Safety Management System, Work Injury Compensation Claim Management System and Regulations on Prevention and Control of Occupational Diseases, and building a health care management system. Besides providing financial services, the Company also administers the health and safety of the assigned crew to ensure their security. In 2016, the Company passed the annual review of "four-in-one" integrated management system certified by China Classification Society on quality, environment, occupational health and security and energy management.

Talent competition is the core of competition in the financial industry. COSCO SHIPPING Development has a high demand for high-level financial talents due to its business transformation. The Company has set up a talent recruitment programme to attract high-end talents, perfected its talent incentive scheme and built a highly appealing platform that brings together industry elites.

To better accommodate the business development demand of the Company during its transformation period, COSCO SHIPPING Development establishes a multi-tiered and differentiated training system. Through formulating Staff Training Management System, organizing non-scheduled training and internal communication sessions and importing external training resources, the Company is dedicated to expanding industry vision and elevating professional qualities of the staff.

RELATIONSHIP WITH CUSTOMERS

The Group is fully dedicated to serve its customers and constantly seeks to bring its services to the next level. Due to the essentiality of customer communication in the overall service experience, we continue to provide multiple online and offline communication channels in order to deliver responses and services to all customers.

The Group maintains long-standing, healthy and cooperative relationships with the Company's major customers, adheres to normal commercial terms and shares consistent credit terms with other customers. Settlement between the Group and major customers is conducted based on payment terms in the contract. The Group, taking into account the judgment on recoverable amount, provides for balance of loan receivables based on bad debt provisions classified with similar credit risk profile. The Group monitors and assesses the information of major customers on an on-going and timely basis, which boosts communication and relationship with major customers.

RELATIONSHIP WITH SUPPLIERS

In terms of selecting suppliers, the Group has been applying a standard of high quality and high integrity, and has established relevant systems to ensure that the purchase process remains open, fair and just. Aiming to improve purchase quality, critical assessment and guidelines are utilized by the Group to measure the sustainability of the suppliers in terms of labor, health and safety and environmental influences. Relevant departments of the Group conduct performance assessments on the suppliers regularly in order to manage the suppliers in a more efficient manner and reduce potential risks in supplier, which boosts communication and relationship with the suppliers.

ENVIRONMENTAL POLICY AND PERFORMANCE

As green and low-carbon development has become a global consensus, COSCO SHIPPING Development incorporates the concept of green development into its overall operation by taking active measures to deal with the potential environmental impact of its business operations, and leverages its advantages and influence to facilitate the sustainable development of the industry and the achievement of the goal of ecological civilization construction.

OPTIMIZATION OF ENVIRONMENT MANAGEMENT SYSTEM

COSCO SHIPPING Development continually improves its environment management system. On the one hand, the Company strictly adheres to the Atmospheric Pollution Prevention Law of the People's Republic of China (《中華人民共和國大氣污染防治法》) and Clean Production Promotion Law of the People's Republic of China (《中華人民共和國清潔生產促進法》) and other national and industrial environment protection laws and regulations; on the other hand, the Company actively organizes its business departments and direct business units to improve environment management regulations and systems.

The Company formulated "Regulations on Wastewater Discharge", "Regulations on Exhaust Emission Management", "Regulations on Solid Waste Environment Pollution Prevention Management", "Vessel Waste Management Plan", "Regulations on Treatment of Oily Sewage and Residual Oil in the Cabin" and "Regulations on Treatment of Domestic Sewage" to minimize the impact of emissions on the environment. The Company also formulated "Regulations on Noise Management" to minimize noise pollution, "Energy Conservation and Emission Reduction Management System" to manage resource usage, "Contingency Plan for Environmental Pollution Accidents" and "Management Procedures for Identification, Evaluation and Management" to provide advance management for potential environmental risks.

The Company extends environmental management from production lines to offices. By improving "Regulations on Disposal of Wastes in Offices", "Regulations on Energy Conservation in Offices" and other green office policies, the Company manages the use of energy and disposal of wastes in offices, laying a systematic foundation for forging green office atmosphere.

SUPPORT THE DEVELOPMENT OF CLEAN ENERGY

Developing clean energy is essential in our efforts to accelerate exploration into clean, efficient, safe and sustainable resources. It also plays an important role in reducing energy consumption and improving air quality. COSCO SHIPPING Development has been deeply engaging in the development of power generation by clean energy such as photovoltaics, hydroelectric power and wind power to support the upgrade of green technologies and facilities among enterprises and promote the construction of energy projects with its professional finance leasing services, facilitating the continuous development and expansion of the clean energy industry.

PROMOTION OF GREEN MANUFACTURE OF CONTAINERS

According to the Notice Regarding the Commencement of Construction of Green Manufacturing System Issued by the General Office of the Ministry of Industry and Information Technology (《工業和信息化部辦公廳關於開展綠色製造體系建設的通知》), a green manufacturing system that is clean, efficient, low carbon and recycling shall be established as the benchmark for upgrading and transforming manufacturing enterprises into green enterprises. COSCO SHIPPING Development has been proactively forging itself into a green manufacturer of containers. By incorporating the concepts of green manufacturing and minimizing carbon emission into the whole process from raw material procurement, production to disposal of wastes, the Company achieved higher efficiency in its container manufacturing business.

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

After the material asset restruction, the Group is principally engaged in shipping and other industry leasing, container manufacturing and investment and services businesses. The businesses of the Company and its subsidiaries are subject to a number of laws and regulations such as the Company Laws of the People's Republic of China, the Securities Law of the People's Republic of China, the Contract Law of the People's Republic of China, Notice of the Ministry of Commerce and the State Administration of Taxation on Relevant Issues Concerning Undertaking Financing Lease Business (《商務部、國家稅務總局關於從事融資租賃業務有關問題的通知》), Interpretation of the Supreme People's Court on Issues concerning the Application of Law in the Trial of Cases Involving Disputes over Financial Leasing Contracts (《最高人民法院關於審理融資租賃合同糾紛案件適用法律問題的解釋》), Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》), Provisions on the Supervision of Insurance Brokerage Institutions (《保險經紀機構監管規定》) and other applicable rules, polices and normative legal documents based on these laws and regulations. The Group has the procedure of compliance in place to ensure compliance with applicable laws, regulations and normative legal documents, and in particular those would have material effects on its principal businesses such as leasing, investment and integrated financial services. The Group will notify the relevant employees and operating teams of any change in applicable laws, rules and normative legal documents relating to its principal businesses from time to time.

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

CONNECTED TRANSACTIONS

During the year ended 31 December 2020, the Company entered into the following connected transactions:

(1) CAPITAL INCREASE IN COSCO SHIPPING FINANCE

- Date, parties and description of the transaction:

  On 24 April 2020, the Company and the other existing shareholders of COSCO SHIPPING Finance entered into a capital increase agreement, pursuant to which the existing shareholders (including the Company) have agreed to increase the registered capital of COSCO SHIPPING Finance by RMB3,200,000,000 in proportion to their respective shareholding. Upon completion of the capital increase, the registered capital of COSCO SHIPPING Finance will be increased from RMB2,800,000,000 to RMB6,000,000,000 while the shareholding of the Company in COSCO SHIPPING Finance will remain unchanged at 23.384%.

- Connected relationship of the parties to the transaction:

  4,458,195,175 A shares, representing approximately 38.41% of the total issued share capital of the Company, is held by China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, and 100,944,000 H shares, representing approximately 0.87% of the total issued share capital of the Company, is held by Ocean Fortune Investment Limited, an indirect wholly-owned subsidiary of COSCO SHIPPING. Therefore, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,458,195,175 A shares and 100,944,000 H shares, representing approximately 39.28% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company. Therefore, the capital increase in COSCO SHIPPING Finance constitutes a connected transaction of the Company under the Listing Rules.

- Total consideration and other terms:

  The aggregate amount of capital contribution payable by the existing shareholders to COSCO SHIPPING Finance for the capital increase under the capital increase agreement is RMB3,200,000,000.

- Purpose of the transaction and the nature of the interests of the connected party in the transaction:

  The capital increase will provide additional capital for COSCO SHIPPING Finance to further develop its business and enhance its overall profitability, thereby maximising shareholders' value. By participating in the capital increase, the Company will continue to remain as the second largest shareholder of COSCO SHIPPING Finance and maintain its steady investment returns from COSCO SHIPPING Finance.

  The terms of the capital increase agreement and the transactions contemplated thereunder were agreed after arm's length negotiations among the existing shareholders. The Directors are of the view that while the capital increase agreement and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, the capital increase agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable, and are in the interests of the Company and the shareholders as a whole.

  For further information relating to the above transaction, please refer to the Company's announcement dated 24 April 2020.

(2) ASSIGNMENT AND NOVATION AGREEMENTS AND SHIPBUILDING CONTRACTS

- Date, parties and description of the transaction:

  On 21 October 2020:

  (I) COSCOL (HK) Investment & Development Co., Ltd. ("COSCOL HK") and Oriental Fleet Pulp 01 Limited ("Oriental Fleet Pulp 01") entered into memoranda of agreement, pursuant to which COSCOL HK agrees to transfer and Oriental Fleet Pulp 01 agrees to take over all rights, responsibilities and liabilities under the existing shipbuilding contracts at the aggregate consideration of US$20,560,000 (which was determined based on the aggregate assessment price of the two 62,000 DWT multi-purpose vessels under construction of US$62,000,000 and the unpaid instalment under the existing shipbuilding contracts;

  (II) COSCOL HK, Oriental Fleet Pulp 01 and COSCO SHIPPING Heavy Industry entered into deeds of novation in relation to the novation of the existing shipbuilding contracts in accordance with the memoranda of agreement;

  (III) Oriental Fleet Pulp 01 and COSCO SHIPPING Heavy Industry entered into shipbuilding contracts in relation to the construction of four 62,000 DWT Hong Kong multi-purpose vessels at the aggregate contract price of US$134,720,000; and

  (IV) COSCO SHIPPING Development (Hainan) Co., Ltd. ("CS Development Hainan") and COSCO SHIPPING Heavy Industry entered into shipbuilding contracts in relation to the construction of four 62,000 DWT PRC multi-purpose vessels at the aggregate contract price of RMB1,072,000,000.

- Connected relationship of the parties to the transaction:

  4,458,195,175 A shares, representing approximately 38.41% of the total issued share capital of the Company, are held by China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, and 100,944,000 H shares, representing approximately 0.87% of the total issued share capital of the Company, are held by Ocean Fortune Investment Limited, an indirect wholly-owned subsidiary of COSCO SHIPPING. Therefore, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,458,195,175 A shares and 100,944,000 H shares, representing approximately 39.28% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company.

  As COSCO SHIPPING Heavy Industry is a wholly-owned subsidiary of COSCO SHIPPING and COSCO SHIPPING is the indirect controlling shareholder of COSCO SHIPPING Specialized Carriers Co., Ltd. ("COSCO SHIPPING Specialized Carriers"), and COSCOL HK is a wholly-owned subsidiary of COSCO SHIPPING Specialized Carriers, each of COSCO SHIPPING Heavy Industry and COSCOL HK is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the assignment and novation agreements and the shipbuilding contracts and the transactions contemplated thereunder constitute connected transactions of the Company.

- Total consideration and other terms:

  The purchase price payable under each of the memoranda of agreement shall be the amount of (i) the assessment price, being US$31,000,000; less (ii) the amount of the unpaid fifth instalment under the respective existing shipbuilding contracts, being US$20,720,000, which will be payable upon delivery of the 62,000 DWT multi-purpose vessels under construction under the existing shipbuilding contracts.

  Accordingly, the aggregate purchase price payable under the two memoranda of agreement is US$20,560,000, which was determined after arm's length negotiation between COSCOL HK and Oriental Fleet Pulp 01 with reference to the assessment report issued by Shanghai Orient Appraisal Co., Ltd., an independent valuer, and the unpaid instalment under the existing shipbuilding contracts. According to the assessment report, the aggregate assessment price of the two 62,000 DWT multi-purpose vessels under construction as at the benchmark date of 31 August 2020 was US$62,000,000, which was determined based on the cost approach by calculating the cost of replacing the vessels.

  The purchase price payable by Oriental Fleet Pulp 01 under the memoranda of agreement will be funded by the internal resources of the Group.

  The aggregate contract price for the four 62,000 DWT Hong Kong multi-purpose vessels is US$134,720,000 and the aggregate contract price for the four 62,000 DWT PRC multi-purpose vessels is RMB1,072,000,000 (inclusive of applicable value-added tax), subject to adjustments in accordance with the terms of the shipbuilding contracts.

  The contract price was determined after arm's length negotiation between Oriental Fleet Pulp 01, CS Development Hainan and COSCO SHIPPING Heavy Industry with reference to the result of tender conducted by COSCO SHIPPING Specialized Carriers and its subsidiaries (collectively, "COSCO SHIPPING Specialized Carriers Group") for the construction of the 62,000 DWT Hong Kong multi-purpose vessels and the 62,000 DWT PRC multi-purpose vessels, where two independent third party shipbuilders were involved and COSCO SHIPPING Heavy Industry was selected as the successful tenderer based on its competitive terms as to price and delivery.

  The contract price of the 62,000 DWT Hong Kong multi-purpose vessels and the 62,000 DWT PRC multi-purpose vessels shall be payable in five instalments, being approximately 5%, 5%, 10%, 10% and 70% of the contract price, at the relevant stages of their construction, respectively.

  The contract price payable by Oriental Fleet Pulp 01 and CS Development Hainan under the shipbuilding contracts will be funded by the internal resources and/or external debt financing of the Group.

- Purpose of the transaction and the nature of the interests of the connected party in the transaction:

  The Group is principally engaged in shipping and industry-related leasing business activities, manufacturing of containers and provision of investment and financial services.

  As the Group strives to develop its vessel leasing business in the long run in an attempt to become China's leading and the world's first-class integrated supply chain financial service provider with distinct shipping logistics features, the entering into of the assignment and novation agreements and shipbuilding contracts will expand the scale of the vessel leasing business and increase the proportion of the self-owned vessels of the Group. The proposed time charter party of the vessels between the Group and the COSCO SHIPPING Specialized Carriers Group following delivery of the vessels will also provide a stable income stream for the Group.

  It is proposed that immediately after the delivery of the 62,000 DWT multi-purpose vessels to be constructed under the existing shipbuilding contracts and the shipbuilding contracts, the COSCO SHIPPING Specialized Carriers Group will charter-in the 62,000 DWT multi-purpose vessels from the Group pursuant to a master vessel charter agreement. The proposed term of the time charter party in respect of the 62,000 DWT multi-purpose vessels is 15 years and the fees for the use and hire of the 62,000 DWT multi-purpose vessels were determined with reference to the construction price and costs of the 62,000 DWT multi-purpose vessels and in accordance with the general pricing principles and the general pricing determination procedures under the master vessel charter agreement approved by the independent shareholders at the extraordinary general meeting of the Company dated 23 December 2019. The fees payable by COSCOL HK for its use and hire of each of the 62,000 DWT multi-purpose vessels under construction shall be US$11,530 per day pro rata. The fees for the use and hire of each of the 62,000 DWT Hong Kong multi-purpose vessels and each of the 62,000 DWT PRC multi-purpose vessels are proposed to be US$12,480 per day pro rata and RMB97,480 per day pro rata, respectively.

  The Directors consider that the assignment and novation agreements and the shipbuilding contracts were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the assignment and novation agreements and the shipbuilding contracts are fair and reasonable and in the interests of the Company and the shareholders as a whole.

  For further information relating to the above transaction, please refer to the Company's announcement dated 21 October 2020 and circular dated 30 October 2020.

(3) VESSEL LEASING SERVICE MASTER AGREEMENT

- Date, parties and description of the transaction:

  As the terms of the existing leases entered into pursuant to the assets lease framework agreement in respect of the 74 vessels are due to expire, on 30 October 2020, the Company (as the lessor) and COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines") (as the lessee) entered into the vessel leasing service master agreement, pursuant to which, the Company, its subsidiaries and/or its associates (collectively, "CS Development Group") have agreed to provide vessel leasing services to COSCO SHIPPING Lines, its subsidiaries and/or its associates (collectively, "COSCO SHIPPING Lines Group"), whereby the 74 vessels will be chartered to the COSCO SHIPPING Lines Group under bareboat charter.

  Pursuant to the vessel leasing service master agreement, the CS Development Group has agreed to charter 74 vessels to the COSCO SHIPPING Lines Group under bareboat charter for a term commencing from 1 January 2021 and ending on the date on which the age of the vessels is 25 year.

- Connected relationship of the parties to the transaction:

  4,458,195,175 A shares, representing approximately 38.41% of the total issued share capital of the Company, is held by China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, and 100,944,000 H Shares, representing approximately 0.87% of the total issued share capital of the Company, is held by Ocean Fortune Investment Limited, an indirect wholly-owned subsidiary of COSCO SHIPPING. Therefore, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,458,195,175 A shares and 100,944,000 H shares, representing approximately 39.28% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company. As COSCO SHIPPING is the indirect controlling shareholder of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") and COSCO SHIPPING Lines is a wholly-owned subsidiary of COSCO SHIPPING Holdings, COSCO SHIPPING Lines is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the vessel leasing service master agreement constitutes a connected transaction of the Company under the Listing Rules.

- Total consideration and other terms:

  Pursuant to the vessel leasing service master agreement, the price for the vessel leasing thereunder shall be determined based on the fair market price. For the purpose of determining the fair market price, the parties have jointly appointed Drewry Shipping Consultants Ltd., an independent shipping consultant, to conduct an assessment and provide its recommendation on the charter fee of the bareboat charters of the 74 vessels (including 70 self-owned vessels and four leased-in vessels) under the vessel leasing service master agreement. Based on the abovementioned fair market price, the parties agreed that the aggregate lease payments payable by the COSCO SHIPPING Lines Group to the CS Development Group under the vessel leasing service master agreement shall be US$4,618,343,445, which shall be payable by instalments in accordance with the specific terms of the relevant charterparty of the vessels during the period of 20 years.

- Purpose of the transaction and the nature of the interests of the connected parties in the transaction:

  The Group is principally engaged in shipping and industry-related leasing businesses, manufacturing of containers and provision of investment and financial services. As a shipping financing platform, the Group will integrate premium resources and give full play to its advantages in the shipping industry. Synergic development will be pursued for various financial businesses in an attempt to become China's leading and the world's first-class integrated supply chain financial service provider with distinct shipping logistics features. The 74 vessels are currently being leased to the COSCO SHIPPING Holdings Group under the asset lease framework agreement. The entering into of the vessel leasing service master agreement will enable to Group to continue to lease the 74 vessels to the COSCO SHIPPING Holdings Group, thereby securing a stable income stream for the Group over the remaining life of the vessels. The vessel leasing under the vessel leasing service master agreement is also in line with the strategic development of the shipping and industry-related leasing businesses of the Group. The Directors consider that the vessel leasing service master agreement was entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the vessel leasing service master agreement are fair and reasonable and in the interests of the Company and the shareholders as a whole.

  For further information relating to the above transaction, please refer to the Company's announcement dated 30 October 2020 and circular dated 20 November 2020.

(4) ASSIGNMENT AND NOVATION AGREEMENTS

- Date, parties and description of the transaction:

  On 27 November 2020: (i) the original buyers of 16 bulk carriers under construction (the "Original Buyers", each an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk Co., Ltd. (遠海運散貨運輸有限公司) ("COSCO SHIPPING Bulk")) and Oriental Fleet International Co., Ltd. (東方富利國際有限公司) ("Oriental Fleet International"), and indirect wholly-owned subsidiary of the Company, entered into the memoranda of agreement, pursuant to which and subject to the terms thereof, the Original Buyers agree to transfer and Oriental Fleet International agree to take over all the rights, responsibilities and liabilities under the shipbuilding contracts in respect of the 16 bulk carriers under construction at the aggregate consideration of US$326,628,000; and (ii) the Original Buyers, Oriental Fleet International and the sellers, entered into the deeds of novation in relation to the novation of the shipbuilding contracts in accordance with the memoranda of agreement.

  Pursuant to the memoranda of agreement and subject to the terms thereof, the Original Buyers agree to transfer and Oriental Fleet International agree to take over all the rights, responsibilities and liabilities under the shipbuilding contracts in respect of the 16 bulk carriers under construction.

  Pursuant to the deeds of novation and subject to the terms thereof, the parties agree that with effect from the effective date of the deeds of novation, the shipbuilding contracts shall be novated by the Original Buyers to Oriental Fleet International, and Oriental Fleet International shall substitute the Original Buyers as party to the shipbuilding contracts and that the shipbuilding contracts shall henceforth be construed and treated in all respects as if Oriental Fleet International had been named therein as the buyer instead of the Original Buyers.

- Connected relationship of the parties to the transaction:

  47,570,789 A shares, representing approximately 0.41% of the total issued share capital of the Company, are held by COSCO SHIPPING, 4,410,624,386 A shares, representing approximately 38.00% of the total issued share capital of the Company, are held by China Shipping, a wholly-owned subsidiary of COSCO SHIPPING, and 100,944,000 H shares, representing approximately 0.87% of the total issued share capital of the Company, are held by Ocean Fortune Investment Limited, an indirect wholly-owned subsidiary of COSCO SHIPPING. Therefore, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 4,458,195,175 A shares and 100,944,000 H shares, representing approximately 39.28% of the total issued share capital of the Company. Accordingly, COSCO SHIPPING is an indirect controlling shareholder of the Company and therefore a connected person of the Company. As COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, and each of the Original Buyers is an indirect wholly-owned subsidiary of COSCO SHIPPING Bulk, each of the Original Buyers is an associate of COSCO SHIPPING and therefore a connected person of the Company. Accordingly, the assignment and novation agreements and the transactions contemplated thereunder also constitute connected transactions of the Company.

- Total consideration and other terms:

  The purchase price payable under each of the memoranda of agreement shall be the amount of (i) the relevant assessment price; less (ii) the amount of the unpaid fifth instalment under the respective shipbuilding contracts (excluding added/subtracted contract Price), which will be payable upon delivery of the bulk carriers under construction under the shipbuilding contracts; less (iii) the relevant added/subtracted contract price (if any).

  The aggregate purchase price payable under the memoranda of agreement is US$326,628,000, which was determined after arm's length negotiation between the parties with reference to the assessment reports issued by China Tong Cheng Assets Appraisal Co., Ltd. (中通誠資產評估有限公司), an independent valuer, and the unpaid instalments under the shipbuilding contracts. According to the assessment reports, the aggregate assessment prices as at the benchmark date of 30 September 2020 were US$845,760,000, which was determined based on the cost approach. The purchase price payable by Oriental Fleet International under the memoranda of agreement will be funded by the internal resources of the Group and/or external debt financing of the Group.

- Purpose of the transaction and the nature of the interests of the connected parties in the transaction:

  The Group is principally engaged in shipping and industry-related leasing businesses, manufacturing of containers and provision of investment and financial services.

  The acquisition of the bulk carriers under construction by the Group pursuant to the assignment and novation agreements and the subsequent leasing of the bulk carriers under construction by the Group to the COSCO SHIPPING Bulk Group, are part and parcel of the overall operating lease arrangements between the Group and the COSCO SHIPPING Bulk Group.

  As the Group strives to develop its vessel leasing business in the long run in an attempt to become China's leading and the world's first-class integrated supply chain financial service provider with distinct shipping logistics features, the entering into of the assignment and novation agreements will expand the scale of the vessel leasing business and increase the proportion of the self-owned vessels of the Group. The proposed time charter party of the vessels between the Group and the COSCO SHIPPING Bulk Group following delivery of the vessels will also provide a stable income stream for the Group.

  The Directors therefore consider that the assignment and novation agreements were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the assignment and novation agreements are fair and reasonable and in the interests of the Company and the shareholders as a whole.

  For further information relating to the above transaction, please refer to the Company's announcement dated 27 November 2020 and circular dated 3 December 2020.

CONTINUING CONNECTED TRANSACTIONS

As at 31 December 2020, the Company had the following relevant annual caps which were announced and subsequently revised and approved at the Company's general meeting. The actual annual figures as at 31 December 2020 in relation to those continuing connected transactions are also set out below. Unless otherwise defined, terms used in the following table shall have the same meanings as defined in the Company's announcements dated 6 May 2019 and 31 October 2019.

No.	Continuing connected transactions	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Pricing terms	Transaction amount Year ended 31 December 2018 RMB'000	Year ended 31 December 2019 RMB'000	**Year ended 31 December 2020 RMB'000**
A	Revenue from China COSCO SHIPPING							
1	Services provided by the Group under the Master Operating Lease Services Agreement	1 January 2020 31 December 2022	The Company and China COSCO SHIPPING[1]	Operating lease services	(i) State-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and based on the principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	1,268,993	1,221,094	**1,096,610**
2	Products and services provided by the Group under the Master Containers Services Agreement	1 January 2020 31 December 2022	The Company and China COSCO SHIPPING[1]	Manufacture of containers	(i) State-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and based on the principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	3,799,172	1,251,341	**1,485,315**

No.	Continuing connected transactions	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Pricing terms	Transaction amount Year ended 31 December 2018 RMB'000	Year ended 31 December 2019 RMB'000	**Year ended 31 December 2020 RMB'000**
3	Service provided by the Group under the Master Finance Lease Services Agreement	1 January 2020 31 December 2022	The Company and China COSCO SHIPPING[1]	Finance lease	(i) State-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and based on the principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	7,291	60,783	**25,326**
4	Service provided by the Group under the Master Vessel Charter Agreement	1 January 2020 31 December 2022	The Company and China COSCO SHIPPING[1]	Charter of vessels	(i) State-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and based on the principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	4,847,262	4,603,814	**4,557,464**
5	Services provided by the Group under the Master Factoring Services Agreement	1 January 2020 31 December 2022	The Company and China COSCO SHIPPING[1]	Factoring services	(i) State-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and based on the principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	88,564	555,660	**561,572**

No.	Continuing connected transactions	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Pricing terms	Transaction amount Year ended 31 December 2018 *RMB'000*	Year ended 31 December 2019 *RMB'000*	**Year ended 31 December 2020** ***RMB'000***
6	Services provided by the Group under the Master Insurance Brokerage Services Agreement	1 January 2020 31 December 2022	The Company and China COSCO SHIPPING[1]	Insurance brokerage services	(i) State-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and based on the principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	24,871	27,158	**23,096**
B	Revenue from COSCO SHIPPING Investment							
7	Management services provided by COSCO SHIPPING Development under the Management Services Agreement	1 January 2020 31 December 2022	The Company, China COSCO SHIPPING[1] and COSCO SHIPPING Investment	Management services	(i) Fixed management fee[6] plus floating income fee[7]	18,868	20,000	**30,000**
8	Entrustment services provided by Shanghai Universal Logistics Equipment Co., Ltd. under the Entrustment Agreement	6 May 2019 31 December 2021	Shanghai Universal Logistics Equipment Co., Ltd. and CS Financial[2]	Management services	(i) Fixed management fee[8]	–	4,027	**9,665**

No.	Continuing connected transactions	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Pricing terms	Transaction amount Year ended 31 December 2018 RMB'000	Year ended 31 December 2019 RMB'000	**Year ended 31 December 2020 RMB'000**
C	Expenditure to China COSCO SHIPPING							
9	Services provided to the Group under the Master Vessel Services Agreement	1 January 2020 31 December 2022	The Company and China COSCO SHIPPING[1]	Vessel services	(i) State-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and based on the principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	810,445	1,233,933	**1,359,593**
10	Products and services provided to the Group under the Master Containers Services Agreement	1 January 2020 31 December 2022	The Company and China COSCO SHIPPING[1]	Container management services	(i) State-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and based on the principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	559,937	1,020,296	**6,721,472**
11	Services provided to the Group under the Master General Services Agreement	1 January 2020 31 December 2022	The Company and China COSCO SHIPPING[1]	General services	(i) State-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and based on the principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	27,167	46,238	**71,289**

No.	Continuing connected transactions	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Pricing terms	Transaction amount		
						Year ended 31 December 2018 *RMB'000*	Year ended 31 December 2019 *RMB'000*	**Year ended 31 December 2020** ***RMB'000***
12	Lease of properties to the Group under the Master Tenancy Agreement	1 January 2020 31 December 2022	The Company and China COSCO SHIPPING[1]	Property leasing services	(i) State-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and based on the principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	21,776	38,444	**133,608**
D	Expenditure to COSCO SHIPPING Insurance							
13	Insurance services provided to the Group under the Insurance Services Agreement	1 January 2020 31 December 2022	The Company and COSCO SHIPPING Insurance[2]	Insurance services	Not higher than: (i) fee charged by any independent third party for the same type of insurance services; or (ii) fee charged by any independent third party for the same type of insurance services.	36,258	93,561	**36,521**
E	Financial Transactions with COSCO SHIPPING Finance							
14	The maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group at COSCO SHIPPING Finance under the Master COSCO SHIPPING Finance Financial Services Agreement	1 January 2020 31 December 2022	The Company and COSCO SHIPPING Finance[2]	Deposit services	Interest rate not lower, or thus more favourable (if applicable), than: (i) the deposit benchmark interest rate set by the PBOC from time to time under the same deposit conditions; or (ii) the interest rate charged by major independent commercial banks in the service place or adjacent areas for the same type of deposit services.	11,131,949	11,762,747	**11,200,915**

Notes:

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

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

3 Representing the price for providing such products and services set by the relevant laws, regulations and other governmental regulatory documents issued by the relevant departments of the PRC government.

4 Representing the price at which the same or comparable type of services are provided from independent third parties in the same area on normal commercial terms in the ordinary course of business.

5 Representing the relevant cost incurred in providing the same or comparable type of products or services plus a profit margin ranging from 0% to 12.25% thereof.

6 The fixed management fee is RMB20,000,000 per year.

7 The variable income is calculated by reference to a benchmark rate of return on the net asset value of the target equities.

8 The fixed management fee is RMB10,245,000 per year.

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

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

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

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

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

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

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

For further details regarding the above connected transactions and continuing connected transactions, please refer to Note 44 to the consolidated financial statements. The Company confirmed that it has disclosed the connected transactions and continuing connected transactions pursuant to the definitions of "connected transaction" and "continuing connected transaction" (as the case may be) of Chapter 14A of the Listing Rules and pursuant to the disclosure requirements of Chapter 14A of the Listing Rules.

For further information about the Group's significant transaction with related parties, please refer to Note 44 to the consolidated financial statements. The Company confirms that the significant transaction with related parties fall within the definitions under Chapter 14A of the Listing Rules in relation to "connected transaction" and "continuing connected transaction" as set out in Chapter 14A (as the case may be) and met the disclosure requirements under Chapter 14A under the Listing Rules.

INTERNAL CONTROL PROCEDURES

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

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

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

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

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

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

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

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

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

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

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

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

The independent non-executive Directors of the Company, Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Jack, Mr. Lu Jianzhong and Ms. Zhang Weihua have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

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

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

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

For the purpose of Rule 14A.56 of the Listing Rules, Ernst & Young, the international auditor of the Company, has confirmed to the Company regarding the continuing connected transactions disclosed above that nothing has come to the auditor's attention that causes them to believe that:

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

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

PENSION SCHEME

Details of the Group's pension scheme for the year ended 31 December 2020 are set out in Note 2.4 to the consolidated financial statements.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2020, the Group had not placed any designated deposits with any financial institution in the PRC, nor had it failed to collect any time deposits upon maturity during the Year.

TAX RELIEF AND EXEMPTION

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 68 to 93.

AUDIT COMMITTEE

The audit committee of the Company is comprised of two independent non-executive Directors, namely Mr. Lu Jianzhong and Mr. Cai Hongping, and one non-executive Director, namely Mr. Huang Jian. The Group's final results for the year ended 31 December 2020 have been reviewed by the audit committee.

AUDITOR

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

2018, 2019 and 2020: Ernst & Young

The financial statements set out in this Annual Report have been audited by Ernst & Young who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting.

By order of the Board

Wang Daxiong
Chairman

Shanghai, the People's Republic of China
30 March 2021

Corporate Governance Report

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

Save as disclosed in this Corporate Governance Report, the Board confirms that the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2020.

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

A. BOARD OF DIRECTORS

1. COMPOSITION OF THE SIXTH SESSION OF THE BOARD

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

DIRECTORS
Executive Directors
Mr. Wang Daxiong *(Chairman)*
Mr. Liu Chong
Mr. Xu Hui

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

Independent non-executive Directors
Mr. Cai Hongping
Ms. Hai Chi Yuet
Mr. Graeme Jack
Mr. Lu Jianzhong
Ms. Zhang Weihua

The list of current Directors (including names, duties and brief biographies) is shown on the Company's website: http://development.coscoshipping.com. There is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members, especially among the Chairman and the General Manager.

In 2020, the Board had at least three independent non-executive Directors (and representing at least one-third of the Board members) in accordance with the requirement of the Listing Rules, of whom one had appropriate professional qualifications or accounting or related financial management expertise. Each independent non-executive Director has re-confirmed his/her independence to the Company in accordance with the requirement of the Listing Rules. Based on their confirmation, the Company considers that they are independent.

2. RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

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

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

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

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

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

3. CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

In 2020, the Board performed its corporate governance duties through the Board Diversity Policy, reviewing and monitoring the training and continuing professional development of the Directors and senior management and compliance with relevant laws and regulations, and other practices. It also put great effort into improving the Group's corporate governance practices.

4. CHAIRMAN, CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

In 2020, Mr. Wang Daxiong and Mr. Liu Chong served as the Chairman and the General Manager of the Company respectively. On 25 April 2020, Mr. Wang Daxiong resigned as the Chief Executive Officer of the Company, and the office of Chief Executive Officer remained vacant as at 31 December 2020. As required by the Articles of Association, the Chairman, the Chief Executive Officer and the General Manager perform their duties separately. The Chief Executive Officer is responsible for organizing the implementation of the decisions, resolutions, approaches, policies and development plans of the Board and the Supervisory Committee, and reporting to the Board; organizing the implementation of the Company's annual business plans, budgets and investment plans; coordinating the Company's internal and external relations; formulating the Company's internal management department establishment plans; devising the Company's basic management systems; drawing up the Company's basic rules and regulations; submitting annual work reports and other reports to the Board; employing or dismissing management personnel whose employment or dismissal is not subject to the approval of the Board and determining their assessment and remuneration; proposing the convening of extraordinary meetings of the Board; and other duties as authorized by the Articles of Association and the Board. The General Manager is responsible for implementing the daily operations management of the Company; convening daily performance analysis meetings of the Company; coordinating the daily operations management of subsidiaries; assisting the Chief Executive Officer in coordinating the Company's internal and external relations; drafting annual development plans, operational policies and annual business plans of the Company; drafting the basic management systems of the Company; drafting specific rules and regulations of the Company; coordinating the operation of each department of the Company; reviewing and approving all budgeted expenses and costs of the Company; drawing up the salaries, benefits, rewards and punishments of the Company's employees and determining their engagement and dismissal; business development and staff training of the Company; and other duties as authorized by the Chief Executive Officer.

Pursuant to code provision A.2.1 of the Corporate Governance Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Wang Daxiong resigned as the Chief Executive Officer of the Company with effect from 25 April 2020. As at 31 December 2020, the position remained vacant. Currently, all major decisions of the Company are made in consultation with members of the Board (including the independent non-executive Directors) as well as senior management. There are adequate balances of power and safeguards in place for the Board to ensure the appropriate balance of power in the Company.

5. TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

(1) Newly appointed Directors

Each newly appointed Director will receive a set of training materials which cover the legal responsibilities of Directors, specific legal responsibilities, rules governing the dealings in securities of a listed company, disclosure of sensitive share price information, disclosable transactions, connected transactions, other continuing responsibilities, Corporate Governance Code and disclosure of interests under the SFO to ensure each newly appointed Director fully understands his/her duties under the Listing Rules and other regulatory requirements. In 2020, all newly appointed Directors attended such training.

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

According to the Company's records, in order to comply with the continuing professional development requirement under the Corporate Governance Code, the Directors received the following trainings in 2020:

Director	**Reading written materials regarding updates on the Board practices and development, corporate governance and regulations**	**Attending related risk management and strategy/business/industry specific briefings, seminars or training**
Executive Directors		
Wang Daxiong	✓	✓
Liu Chong	✓	✓
Xu Hui	✓	✓
Non-executive Directors		
Feng Boming[(1)]	✓	✓
Ip Sing Chi[(1)]	✓	✓
Huang Jian	✓	✓
Liang Yanfeng	✓	✓
Independent non-executive Directors		
Hai Chi Yuet	✓	✓
Graeme Jack	✓	✓
Cai Hongping	✓	✓
Lu Jianzhong	✓	✓
Zhang Weihua	✓	✓

Note:

1. Mr. Feng Boming resigned as a non-executive Director with effect from 29 October 2020 due to work reasons; Mr. Ip Sing Chi was appointed as a non-executive Director with effect from 29 October 2020, and had participated in the above meetings and trainings.

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

6. BOARD MEETINGS

The Board meets at least four times a year. The Chairman also had meetings with the independent non-executive Directors, without the presence of the other Directors, to consider issues. The Securities and Public Relations Department of the Company would provide an official agenda of items to be considered and determined by the Board before any Board meeting. Notice would be given at least 14 days before each regular Board meeting. Directors may include related matters in the agenda for discussion at the Board meeting. The Company Secretary assists the Chairman of the Company in preparing an agenda for each Board meeting and ensures it is prepared in accordance with applicable statutory requirements and regulations in relation to the meeting. The ultimate agenda and Board papers would be sent to all Directors at least 3 days before the Board meeting. Any Director with a conflicting interest in any resolution to be considered by the Board should abstain from voting on such resolution.

The Board held 21 Board meetings during 2020. Attendance record of each Director is set out as follows:

Attendance of Directors at Board Meetings and General Meetings

	Attendance at Board Meetings						Attendance at general meetings[1]	
Name of Director	Board meetings to attend this year	Meetings attended in person	Meetings attended through proxy	Meetings attended by way of telecommunication	Attendance rate (%)	Unable to attend in person for two consecutive Board meetings	Annual general meeting attended	Extraordinary general meetings attended
Executive Directors								
Wang Daxiong	21	21	0	19	100	No	0/1	0/6
Liu Chong	21	21	0	19	100	No	1/1	6/6
Xu Hui	21	21	0	19	100	No	0/1	0/6
Non-executive Directors								
Huang Jian	21	21	0	19	100	No	0/1	0/6
Feng Boming[2]	16	15	1	14	100	No	0/1	0/6
Liang Yanfeng	21	21	0	19	100	No	0/1	0/6
Ip Sing Chi[3]	5	5	0	5	100	No	0/1	0/6
Independent non-executive Directors								
Hai Chi Yuet	21	21	0	19	100	No	0/1	0/6
Graeme Jack	21	21	0	19	100	No	0/1	0/6
Cai Hongping	21	21	0	19	100	No	0/1	0/6
Lu Jianzhong	21	21	0	19	100	No	0/1	0/6
Zhang Weihua	21	21	0	19	100	No	0/1	0/6

Notes:

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

2. Mr. Feng Boming resigned as a non-executive Director with effect from 29 October 2020 due to work reasons.

3. Mr. Ip Sing Chi was appointed as a non-executive Director with effect from 29 October 2020.

7. SUPPLY OF AND ACCESS TO INFORMATION

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

8. APPOINTMENT AND RESIGNATION OF DIRECTORS

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

The Board held one meeting in 2020 to review the appointment and resignation of the Directors and make recommendations thereon, and the attendance rate of the Directors was 100%. Attendance record of each Director is set out as follows:

Executive Directors

Director	Number of meetings attended	Attendance rate
Wang Daxiong	1	100%
Liu Chong	1	100%
Xu Hui	1	100%

Non-executive Directors

Director	Number of meetings attended	Attendance rate
Feng Boming	1	100%
Huang Jian	1	100%
Liang Yanfeng	1	100%
Ip Sing Chi	N/A	N/A

Independent non-executive Directors

Director	Number of meetings attended	Attendance rate
Hai Chi Yuet	1	100%
Graeme Jack	1	100%
Cai Hongping	1	100%
Lu Jianzhong	1	100%
Zhang Weihua	1	100%

9. BOARD COMMITTEES

(1) Audit Committee

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

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

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

Four regular meetings were held as follows:

1. The fifth meeting of the sixth session of the Audit Committee of the Board was convened with physical presence on 26 March 2020, at which the following proposals were considered and passed by a unanimous vote:

   (1) Proposal regarding the Company's internal audit for 2019-2020;

   (2) Proposal regarding the Company's financial report for 2019;

   (3) Proposal regarding the reappointment of domestic and overseas auditors and internal control auditors of the Company for 2020; and

   (4) Proposal regarding the report on the discharge of duties by the Audit Committee of the Board in 2019;

2. The seventh meeting of the sixth session of the Audit Committee of the Board was convened by voting through written correspondence on 28 April 2020, at which the Proposal Regarding the Company's Report for the First Quarter of 2020 was passed by a unanimous vote;

3. The eighth meeting of the sixth session of the Audit Committee of the Board was held with physical presence on 27 August 2020, at which the Proposal Regarding the Company's Financial Report for the First Half of 2020 was considered and passed by a unanimous vote; and

4. The tenth meeting of the sixth session of the Audit Committee of the Board was convened by voting through correspondence on 29 October 2020, at which the following proposals were passed by a unanimous vote:

    (1) Proposal Regarding the Leasing of Containers and Vessels to COSCO SHIPPING Lines Co., Ltd. (中遠海運集裝箱運輸有限公司); and

    (2) Proposal Regarding the Company's Report for the Third Quarter of 2020.

Five extraordinary meetings were held as follows:

1. The sixth meeting of the sixth session of the Audit Committee of the Board was convened through written correspondence on 23 April 2020, at which the Proposal Regarding the Increase in Capital of COSCO SHIPPING Finance Co., Ltd. was considered and passed;

2. The ninth meeting of the sixth session of the Audit Committee of the Board was held through written correspondence on 19 October 2020, at which the following proposals were considered and passed:

    (1) Proposal Regarding the Transfer of 2 Multi-purpose Pulp Ships under Construction from COSCO SHIPPING Specialized; and

    (2) Proposal Regarding the Ordering of 8 New Multi-purpose Pulp Ships from COSCO SHIPPING Heavy Industry;

3. The eleventh meeting of the sixth session of the Audit Committee of the Board was convened through written correspondence on 19 November 2020, at which the Proposal Regarding Adjusting the Annual Caps on the Daily Connected Transactions for 2020-2022 under the General Agreement on Factoring Services was considered and passed;

4. The twelfth meeting of the sixth session of the Audit Committee of the Board was held through physical presence on 24 November 2020, at which the following proposals were considered and passed:

    (1) Proposal Regarding the Company's Overseas Audit Plan for 2020; and

    (2) Proposal regarding the Company's Domestic Audit Plan for 2020;

5. The thirteenth meeting of the sixth session of the Audit Committee of the Board was convened through written correspondence on 26 November 2020, at which the Proposal Regarding the Transfer of 16 Bulk Carriers of 21,000 DWT Each under Construction from COSCO SHIPPING Bulk (中遠海散) was considered and passed.

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

Director	Number of Meetings attended/number of meetings held	Attendance rate
The sixth session of the Audit Committee of the Board		
Lu Jianzhong *(independent non-executive Director) (Chairman)*	9/9	100%
Cai Hongping *(independent non-executive Director)*	9/9	100%
Huang Jian *(non-executive Director)*	9/9	100%

(2) Remuneration Committee

The sixth session of the Remuneration Committee of the Board of the Company currently consists of Ms. Hai Chi Yuet, Mr. Cai Hongping and Mr. Graeme Jack, who are independent non-executive Directors. Mr. Cai Hongping is the Chairman of the Remuneration Committee.

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

Four meetings of the Remuneration Committee of the Board were held in 2020, with an average attendance rate of 100%. The Proposal Regarding the Determination of Annual Remuneration of the Management of COSCO Shipping Development Co., Ltd., for 2018 was considered at the second meeting of the sixth session of the Remuneration Committee of the Board; the Proposal Regarding the Share Option Incentive Scheme (Revised Draft) and Summary of COSCO Shipping Development Co., Ltd. and the Proposal Regarding the Measures of Implementing and Appraising the Share Option Incentive Scheme of COSCO Shipping Development Co., Ltd. (Revised) were considered at the third meeting of the sixth session of the Remuneration Committee of the Board; the Proposal Regarding the Remuneration of the Directors and Supervisors of the Company for 2020 was considered at the fourth meeting of the sixth session of the Remuneration Committee of the Board; and the Proposal Regarding the Determination of Annual Remuneration of the Management of COSCO Shipping Development Co., Ltd., for 2019 was considered at the fifth meeting of the sixth session of the Remuneration Committee of the Board.

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

Director	**Number of meeting attended/number of meetings held**	**Attendance rate**
The sixth session of the Remuneration Committee of the Board		
Cai Hongping *(independent non-executive Director)* *(Chairman)*	4/4	100%
Graeme Jack *(independent non-executive Director)*	4/4	100%
Hai Chi Yuet *(independent non-executive Director)*	4/4	100%

(3) Investment Strategy Committee

The sixth session of the Investment Strategy Committee of the Board of the Company currently consists of Mr. Wang Daxiong and Mr. Liu Chong, who are executive Directors, Mr. Ip Sing Chi, Mr. Huang Jian and Mr. Liang Yanfeng, who are non-executive Directors, and Mr. Cai Hongping and Ms. Hai Chi Yuet, who are independent non-executive Directors. Mr. Wang Daxiong, Chairman of the Company, is the Chairman of the Investment Strategy Committee.

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

During the reporting period, the Investment Strategy Committee of the Board convened one meeting with the average attendance rate of 100%. On 24 February 2020, the Proposal Regarding the 2020 Investment Plan and Asset Disposal Plan of COSCO SHIPPING Development was considered and passed at the first meeting of the sixth session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval.

Director	Number of meeting attended/number of meeting held	Attendance rate
The sixth session of the Investment Strategy Committee of the Board		
Wang Daxiong *(executive Director) (Chairman)*	1/1	100%
Liu Chong *(executive Director)*	1/1	100%
Ip Sing Chi *(non-executive Director)*[(1)]	N/A	N/A
Feng Boming *(non-executive Director)*[(1)]	1/1	100%
Huang Jian *(non-executive Director)*	1/1	100%
Liang Yanfeng *(non-executive Director)*	1/1	100%
Cai Hongping *(independent non-executive Director)*	1/1	100%
Hai Chi Yuet *(independent non-executive Director)*	1/1	100%

Note:

1. Mr. Feng Boming resigned as the Chairman of the Investment Strategy Committee with effect from 29 October 2020 due to work reasons; Mr. Ip Sing Chi was officially appointed as the Chairman of the Investment Strategy Committee with effect from 30 October 2020.

(4) Nomination Committee

The sixth session of the Nomination Committee of the Board currently consists of Ms. Hai Chi Yuet and Mr. Cai Hongping, who are independent non-executive Directors, and Mr. Wang Daxiong, who is an executive Director. Ms. Hai Chi Yuet is the Chairman of the Nomination Committee.

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

On 28 August 2013, the Board passed the Board Diversity Policy. The Nomination Committee has formulated the Board Diversity Policy, which is set out in the Working Rules for the Nomination Committee of the Board of the Company. The main contents include: when determining the composition of the Board, the Company will consider the Board diversity in terms of, among other things, gender, age, cultural and educational background, professional experience, skills, knowledge and term of service. The taking into account of these factors in determining the Board diversity contributes to the enhanced management standard of the Company, and results in a more comprehensive and balanced Board composition and decision-making process. All appointments of the Directors are based on meritocracy, and candidates will be considered against objective criteria, taking into account the benefits of board diversity. The final selection of candidates will be determined based on their merits and contribution to the Board. The composition of the Board is basically in line with the diversity principle, details of which are set out under the section headed "Composition of the Sixth Session of the Board" in the "Corporate Governance Report". The biographies of Directors set out on pages 28 to 34 also set out the diverse skills, professional knowledge, experience and qualifications of the Directors. Currently, the Board has not set any measurable objectives for implementing the Board Diversity Policy.

During the reporting period, the Nomination Committee of the Board convened four meetings with the average attendance rate of 100%. The Proposal Regarding the Re-appointment of the Deputy General Manager of the Company was considered at the first meeting of the sixth session of the Nomination Committee of the Board; the Proposal Regarding the Change of Board Secretary of the Company was considered at the second meeting of the sixth session of the Nomination Committee of the Board; the Proposal Regarding the Re-appointment of Senior Management Personnel of the Company was considered at the third meeting of the sixth session of the Nomination Committee of the Board; and the Proposal Regarding the Election of Mr. Ip Sing Chi as a Non-executive Director of the Company was considered at the fourth meeting of the sixth session of the Nomination Committee of the Board.

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

Director	**Number of meetings attended/number of meetings held**	**Attendance rate**
The sixth session of the Nomination Committee of the Board		
Hai Chi Yuet *(independent non-executive Director) (Chairman)*	4/4	100%
Cai Hongping *(independent non-executive Director)*	4/4	100%
Wang Daxiong *(executive Director)*	4/4	100%

(5) Risk Control Committee

The sixth session of the Risk Control Committee of the Board of the Company currently consists of Ms. Zhang Weihua, Mr. Cai Hongping and Mr. Lu Jianzhong, who are independent non-executive Directors. Ms. Zhang Weihua is the Chairman of the Risk Control Committee.

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

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

No.	Date of meeting	Name of meeting	Voting method	Proposal
1.	26 March 2020	The second meeting of the sixth session of the Risk Control Committee of the Board	Physical presence	1. To review the proposal regarding the 2019 internal control construction report of the Company 2. To review the proposal regarding the 2019 self-evaluation report on internal control of the Company
2.	27 August 2020	The third meeting of the sixth session of the Risk Control Committee of the Board	Physical presence	1. To review the proposal regarding the 2020 interim internal control construction report of the Company 2. To review the proposal regarding the 2020 interim comprehensive risk management report of the Company

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

Director	Number of meetings attended/number of meetings held	Attendance rate
The sixth session of the Risk Control Committee of the Board		
Zhang Weihua *(independent non-executive Director) (Chairman)*	2/2	100%
Cai Hongping *(independent non-executive Director)*	2/2	100%
Lu Jianzhong *(independent non-executive Director)*	2/2	100%

(6) *Executive Committee*

The sixth session of the Executive Committee of the Board consists of Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, who are executive Directors. Mr. Wang Daxiong, Chairman of the Company, serves as the Chairman of the Executive Committee.

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

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

Director	**Number of meetings attended/number of meetings held**	**Attendance rate**
The sixth session of the Executive Committee of the Board		
Wang Daxiong *(executive Director) (Chairman)*	2/2	100%
Liu Chong *(executive Director)*	2/2	100%
Xu Hui *(executive Director)*	2/2	100%

10. SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules as the standards for securities transactions by Directors, Supervisors and relevant employees. The Company confirms, having made specific enquiries with all Directors and Supervisors, that during the year ended 31 December 2020, its Directors and Supervisors have complied with the requirements relating to securities transactions by Directors and Supervisors as set out in the Model Code. The Company is not aware of any non-compliance with these guidelines by relevant employees.

11. ANNUAL REMUNERATION OF DIRECTORS AND KEY MANAGEMENT

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

For the year ended 31 December 2020, the remuneration of key management personnel is divided into the following grades:

Basic annual salary grade	No. of people
HKD1,000,000 and below (approximately RMB841,640 and below)	7
HKD1,000,001 to HKD1,500,000 (approximately RMB841,641 to RMB1,262,460)	6

Details of the annual remuneration of Directors for the year ended 31 December 2020 are set out in Note 8 to the consolidated financial statements.

12. THE TERM OF OFFICE FOR NON-EXECUTIVE DIRECTORS OF THE SIXTH SESSION OF THE BOARD

Non-executive Director	Term of office commencement date	Term of office expiration date
Feng Boming	20 August 2019	upon expiration of the term of office on 29 October 2020
Huang Jian	20 August 2019	until the conclusion of the sixth session of the Board
Liang Yanfeng	20 August 2019	until the conclusion of the sixth session of the Board
Ip Sing Chi	29 October 2020	until the conclusion of the sixth session of the Board

B. ACCOUNTABILITY AND AUDITING

1. EXTERNAL AUDITORS

ShineWing Certified Public Accountants and Ernst & Young were appointed as the external domestic and overseas auditors of the Company at the 2019 annual general meeting by the shareholders, respectively, until the conclusion of the next annual general meeting.

The Company has paid Ernst & Young RMB8,250,000 as remuneration for its auditing service and related service provided for the year 2020. The Company has paid ShineWing Certified Public Accountants RMB5,280,000 as remuneration for its auditing service and related service provided for the year 2020. The Company has paid ShineWing Certified Public Accountants RMB920,000 as remuneration for its internal control and auditing service provided for the year 2020.

2. ACKNOWLEDGEMENT OF THE DIRECTORS AND AUDITORS

All Directors have confirmed their responsibility for preparing the annual accounts for the year ended 31 December 2020. Ernst & Young, the auditor of the Company, has confirmed its reporting responsibilities as set out in the auditor's report in the financial statements for the year ended 31 December 2020.

C. INTERNAL CONTROL AND RISK CONTROL

PROCESS OF IDENTIFYING, ASSESSING AND MANAGING SIGNIFICANT RISKS

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

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

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

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

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

REVIEW OF THE INTERNAL CONTROL AND RISK CONTROL SYSTEMS

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

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

For the year ended 31 December 2020, the Board has reviewed the effectiveness of the Group's internal control and risk control systems with reference to the evaluation by the Audit Committee of the Board, the Risk Control Committee, the senior management and the internal audit team. The Board is of the opinion that the internal control and risk control systems of the Group for financial reporting and non-financial reporting are effective and adequate.

D. SHAREHOLDER RIGHTS

1. PROCEDURES FOR EXTRAORDINARY GENERAL MEETINGS CONVENED BY SHAREHOLDERS

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

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

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

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

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

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

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

2. PROCEDURES FOR PROPOSING MOTIONS AT GENERAL MEETINGS

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

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

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

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

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

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

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

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

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

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

Postal code: 200127

Email: ir@coscoshipping.com

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

E. COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The Company actively promotes and enhances investor relations and communication with investors. The Company has set up a dedicated management post for investor relations responsible for issues related to investor relations. The Company utilizes results promotions, road shows, telephone conferences, the Company's website and investor visits to strengthen the ties and communication with investors and securities analysts as well as to constantly raise awareness of the Company among investors.

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

In order to standardize and enhance the transparency of cash dividends distribution of the Company, the Resolution Regarding Amendments to the Articles of Association was considered and approved at the ninth meeting of the fifth session of the Board of the Company and the fourth extraordinary general meeting in 2016 in accordance with the Company Law, Securities Law, Guidance on the Articles of Association of Listed Companies (revised in 2014) (《上市公司章程指引》(2014修訂)), Notice Regarding Further Implementation of Cash Dividend Distribution of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》), Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號-上市公司現金分紅》) and other relevant laws, regulations and normative documents and based on the actual situation of the Company. Pursuant to the amended Articles of Association, the profit distribution policy of the Company is as follows:

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

   (1) cash; and

   (2) shares.

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

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

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

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

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

   (1) Profit distribution

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

   (2) Specific conditions and proportions of cash dividend of the Company

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

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

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

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

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

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

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

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

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

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

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

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During 2020, the Company did not make any amendment to the Articles of Association.

G. COMPANY SECRETARY

Mr. Cai Lei and Ms. Ng Sau Mei are joint company secretaries of the Company. Ms. Ng Sau Mei (TMF Hong Kong Limited) is one of our joint company secretaries. Mr. Cai Lei, secretary to the Board, is one of the Company's main contact persons with the Hong Kong Stock Exchange and Ms. Ng Sau Mei. Pursuant to Rule 3.29 of the Listing Rules, as at 31 December 2020, Mr. Cai Lei and Ms. Ng Sau Mei attended more than 15 hours of relevant professional training.

Report of the Supervisory Committee

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

I. WORKING STATUS OF THE SUPERVISORY COMMITTEE

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

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

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject	
Fifth meeting of the sixth session of the Supervisory Committee	22 January 2020	Written correspondence	All	1.	Proposal Regarding the Share Option Incentive Scheme (Revised Draft) and its Summary of COSCO SHIPPING Development Co., Ltd.
				2.	Proposal Regarding the Measures for the Evaluation of the Implementation of the Share Option Incentive Scheme of COSCO Shipping Development Co., Ltd.
Sixth meeting of the sixth session of the Supervisory Committee	27 March 2020	Physical presence	All	1.	Proposal Regarding the Company's Management Work Report for 2019
				2.	Proposal Regarding the Company's Financial Report for 2019
				3.	Proposal Regarding the Company's Profit Distribution for 2019
				4.	Proposal Regarding the Full Text, Highlights and the Results Announcement of the Company's 2019 Annual Report

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject	
				5.	Proposal Regarding the Company's Internal Control Assessment Report for 2019
				6.	Proposal Regarding the Company's Report of the Supervisory Committee for 2019
Seventh meeting of the sixth session of the Supervisory Committee	30 March 2020	Written correspondence	All	1.	Proposal Regarding the Adjustment of the Participants of the Share Option Incentive Scheme and the Amount of Interests Granted
				2.	Proposal Regarding the Grant of Share Options to Participants under the Share Option Incentive Scheme
Eighth meeting of the sixth session of the Supervisory Committee	29 April 2020	Written correspondence	All	1.	Proposal Regarding the Company's Report for the First Quarter of 2020
Ninth meeting of the sixth session of the Supervisory Committee	28 August 2020	Physical presence	All	1.	Proposal Regarding Consideration of the Company's Management Work Report for the First Half of 2020
				2.	Proposal Regarding the Company's Financial Report for the First Half of 2020
				3.	Proposal Regarding Consideration of the Company's Interim Report of 2020 and the Interim Results report

Report of the Supervisory Committee

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject	
Tenth meeting of the sixth session of the Supervisory Committee	12 October 2020	Written correspondence	All	1.	Proposal Regarding the Restructuring Plan of the Company
				2.	Proposal Regarding the Signing of Agreements related to the Restructuring
				3.	Proposal Regarding the Major Assets Disposal Report (Draft) of COSCO SHIPPING Development Co., Ltd. and its Summary
				4.	Proposal Regarding the Compliance of Relevant Laws and Regulations Requirement for the Restructuring
				5.	Proposal Regarding the Explanation on the Completeness and Compliance of Performing the Legal Procedures for the Restructuring and the Validity of the Submission of Legal Documents
				6.	Proposal Regarding the Compliance of the Article 4 of the Regulations in Relation to Regulating Issues Arising from Material Assets Reorganisation of Listed Companies for the Restructuring
				7.	Proposal Regarding the Compliance of the Article 11 of the Administrative Measures for the Major Asset Restructuring of Listed Companies for the Restructuring
				8.	Proposal Regarding the Approval of the Review Reports and the Valuation Reports Related to the Restructuring

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject	
				9.	Proposal Regarding the Independence of the Valuation Agency, Reasonableness of the Assumptions of the Valuation, Correlation between the Approach and Purpose of the Valuation and Fairness of the Basis of the Consideration
				10.	Proposal in relation to the Shareholders' Return Plan for the Coming Three Years (2020 to 2022) of the Company
				11.	Proposal Regarding the Remedial Measures in relation to Dilution on Current Returns and Replenished Returns for the Restructuring
				12.	Proposal Regarding the Accepting the Resignation of Mr. Hao Wenyi as a Shareholder Representative Supervisor of the Company
				13.	Proposal Regarding the Election of Ms. Zhu Mei as a Shareholder Representative Supervisor of the Company
Eleventh meeting of the sixth session of the Supervisory Committee	30 October 2020	Written correspondence	All	1.	Proposal Regarding the Company's Report for the Third Quarter of 2020

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE

1. OPERATION IN COMPLIANCE WITH LAWS

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

2. REVIEW OF FINANCIAL POSITION

The financial statements of the Company for 2020 are true and reliable, and gave a fair view of the financial position and operating results of the Company.

3. ACTUAL USE OF THE PROCEEDS

The Company did not apply any proceed or proceed raised in previous periods to any current project during the reporting period.

4. ACQUISITION AND DISPOSALS OF ASSETS AND RELATED PARTY TRANSACTIONS

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

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

Supervisory Committee
COSCO SHIPPING Development Co., Ltd.
30 March 2021

Ernst & Young
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Central, Hong Kong

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Independent auditor's report

To the shareholders of COSCO SHIPPING Development Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of COSCO SHIPPING Development Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 104 to 230, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Classification of leases	
The leasing services as lessor are significant parts of the Group's principal business, which represented 53.7% of total revenue of the Group. The determination of the lease classification as finance lease or operating lease involves significant management judgements at the inception of each lease, which includes an evaluation of all the terms and conditions of the arrangements. The lease classification will then have a material impact on the subsequent accounting of each lease transaction. Thus, the classification of leases is regarded as a key audit matter. The Group's accounting policy and significant accounting judgements regarding the classification of leases and the related disclosures of leases are detailed in note 2.4, note 3, note 21 and note 42 to the financial statements.	Our audit procedures included, among others: • evaluated the design and tested the operating effectiveness of internal controls over the Group's determination of lease classification; and • reviewed the key terms of the selected leasing contracts, evaluated management's judgements applied when determining the classification of the leases and examined the subsequent accounting of lease transactions based on the classification of the leases.
Expected credit losses ("ECLs") for finance lease receivables	
The Group estimates ECLs of finance lease receivables within the next twelve months and will extend to their remaining lives if any significant increase in credit risk is tracked. The carrying amount of finance lease receivables as at 31 December 2020 was RMB45,865,744,000 which was material to the financial statements. The estimation for ECLs involves significant management judgements, estimates and assumptions, including industry index, macroeconomic indicators, customers' credit risks and historic payment records, etc. The Group's accounting policy, significant accounting judgements and estimates and the related disclosures regarding ECLs for finance lease receivables are detailed in note 2.4, note 3, note 21 and note 47 to the financial statements.	Our audit procedures included, among others: • evaluated the design and tested the operating effectiveness of internal controls over the Group's processes of credit assessment; • reviewed the credit grading of the selected samples and assessed management's judgements applied when determining the significant increase in credit risk; • evaluated management's assumptions and estimates used in the calculation, mainly including probability of default and loss given default, against internal historical credit loss experience and external information; and • recalculated the ECL provision of finance lease receivables.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- 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.

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

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

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

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai.

Ernst & Young
Certified Public Accountants

Hong Kong
30 March 2021

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

	Notes	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	5.1	**14,421,919**	9,665,682
Cost of sales		**(10,834,932)**	(7,202,187)
Gross profit		**3,586,987**	2,463,495
Other income	5.2	**286,950**	330,133
Other gains, net	5.3	**155,593**	919,235
Selling, administrative and general expenses		**(1,373,487)**	(1,178,677)
Expected credit losses		**(622,339)**	(417,563)
Finance costs	7	**(2,253,120)**	(3,540,784)
Share of profits of associates		**1,985,148**	2,292,840
Share of losses of joint ventures		**(4,774)**	(1,077)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	**1,760,958**	867,602
Income tax expense	10	**(318,773)**	(199,749)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**1,442,185**	667,853
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	11	**688,086**	1,076,880
PROFIT FOR THE YEAR		**2,130,271**	1,744,733
Attributable to:			
Owners of the parent		**2,130,271**	1,744,733
Non-controlling interests		**–**	–
		2,130,271	1,744,733
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (expressed in RMB per share)	13		
Basic and diluted			
– For profit for the year		**0.1556**	0.1285
– For profit from continuing operations		**0.0964**	0.0355

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
PROFIT FOR THE YEAR	**2,130,271**	1,744,733
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Associates:		
Share of other comprehensive (loss)/income	**(173,894)**	302,336
Reclassification to profit or loss	**(168,459)**	–
	(342,353)	302,336
Share of other comprehensive loss of joint ventures	**(12)**	(59)
Effective portion of cash flow hedges	**(11,751)**	(30,084)
Exchange differences on translation of foreign operations	**684,783**	(187,211)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**330,667**	84,982
Other comprehensive (loss)/income that may not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive (loss)/income of associates	**(13,390)**	51,295
Net other comprehensive (loss)/income that may not be reclassified to profit or loss in subsequent periods	**(13,390)**	51,295
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**317,277**	136,277
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,447,548**	1,881,010
Attributable to:		
Owners of the parent	**2,447,548**	1,881,010
Non-controlling interests	**–**	–
	2,447,548	1,881,010

Consolidated Statement of Financial Position

31 December 2020

	Notes	**31 December 2020 RMB'000**	31 December 2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**55,324,708**	56,818,972
Investment properties	*15*	**98,144**	105,547
Right-of-use assets	*16*	**222,407**	274,620
Intangible assets	*17*	**39,256**	27,174
Investments in joint ventures	*18*	**180,727**	188,827
Investments in associates	*19*	**20,841,847**	25,665,387
Financial assets at fair value through profit or loss	*20*	**3,932,754**	4,266,308
Finance lease receivables	*21*	**27,568,809**	26,623,268
Factoring receivables	*22*	**365,032**	428,409
Derivative financial instruments	*23*	**–**	569
Deferred tax assets	*24*	**284,670**	243,651
Other long term prepayments		**45,984**	50,641
Total non-current assets		**108,904,338**	114,693,373
CURRENT ASSETS			
Inventories	*25*	**962,410**	881,129
Trade and notes receivables	*26*	**2,445,764**	1,111,000
Prepayments and other receivables	*27*	**1,054,541**	458,969
Financial assets at fair value through profit or loss	*20*	**654,224**	490,967
Finance lease receivables	*21*	**18,296,935**	15,532,797
Factoring receivables	*22*	**1,083,635**	1,123,489
Derivative financial instruments	*23*	**–**	960
Pledged deposits	*28*	**590,146**	566,339
Cash and cash equivalents	*29*	**12,046,801**	9,635,096
Total current assets		**37,134,456**	29,800,746
Total assets		**146,038,794**	144,494,119

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Consolidated Statement of Financial Position (continued)

31 December 2020

	Notes	**31 December 2020 RMB'000**	31 December 2019 RMB'000
CURRENT LIABILITIES			
Trade payables	*30*	**3,100,895**	2,553,700
Other payables and accruals	*31*	**4,771,247**	3,658,271
Contract liabilities	*32*	**162,354**	150,194
Derivative financial instruments	*23*	**8,654**	3,445
Bank and other borrowings	*33*	**47,252,731**	43,066,519
Corporate bonds	*34*	**9,272,114**	4,273,467
Lease liabilities	*35*	**100,998**	391,082
Tax payable		**198,482**	174,881
Total current liabilities		**64,867,475**	54,271,559
NET CURRENT LIABILITIES		**(27,733,019)**	(24,470,813)
TOTAL ASSETS LESS CURRENT LIABILITIES		**81,171,319**	90,222,560
NON-CURRENT LIABILITIES			
Bank and other borrowings	*33*	**45,527,948**	54,853,209
Corporate bonds	*34*	**8,287,546**	8,271,400
Lease liabilities	*35*	**53,858**	148,648
Derivative financial instruments	*23*	**12,285**	8,590
Deferred tax liabilities	*24*	**104,888**	350,975
Government grants	*36*	**9,934**	11,484
Other long term payables		**2,804,852**	2,370,536
Total non-current liabilities		**56,801,311**	66,014,842
Net assets		**24,370,008**	24,207,718
EQUITY			
Share capital	*37*	**11,608,125**	11,608,125
Treasury shares	*37*	**(233,428)**	(233,428)
Special reserves	*39*	**1,360**	1,606
Other reserves		**(2,722,662)**	(2,338,187)
Other equity instruments	*40*	**6,000,000**	7,000,000
Retained profits		**12,206,348**	10,976,614
Other comprehensive loss		**(2,489,735)**	(2,807,012)
Total equity		**24,370,008**	24,207,718

Wang Daxiong
Director

Liu Chong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Notes	Share capital RMB'000 (note 37)	Share premium(a) RMB'000	Treasury shares RMB'000 (note 37)	Other equity instruments RMB'000 (note 40)	Share option reserve(a) RMB'000 (note 38)	Other capital reserves(a) RMB'000	Share of other comprehensive income using the equity method(b) RMB'000	Cash flow hedge reserve(b) RMB'000	Exchange fluctuation reserve(b) RMB'000	Special reserves RMB'000 (note 39)	Surplus reserves (a)(c) RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2020		11,608,125	17,009,944	(233,428)	7,000,000	-	(20,894,013)	491,737	(10,909)	(3,287,840)	1,606	1,545,882	10,976,614	24,207,718
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	2,130,271	2,130,271
Other comprehensive income for the year:														
Share of other comprehensive loss of associates		-	-	-	-	-	-	(355,743)	-	-	-	-	-	(355,743)
Share of other comprehensive loss of joint ventures		-	-	-	-	-	-	(12)	-	-	-	-	-	(12)
Effective portion of changes in fair value of hedging instruments, net of tax		-	-	-	-	-	-	-	(11,751)	-	-	-	-	(11,751)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	684,783	-	-	-	684,783
Total comprehensive income for the year		-	-	-	-	-	-	(355,755)	(11,751)	684,783	-	-	2,130,271	2,447,548
Equity-settled share option arrangements	38	-	-	-	-	5,528	-	-	-	-	-	-	-	5,528
Repayment of other equity instruments	40	-	-	-	(1,000,000)	-	-	-	-	-	-	-	-	(1,000,000)
Share of other capital reserves using the equity method		-	-	-	-	-	(6,314)	-	-	-	-	-	-	(6,314)
Share of other capital reserves using the equity method reclassified to profit or loss upon disposal		-	-	-	-	-	(184,030)	-	-	-	-	-	-	(184,030)
Dilution effect using the equity method		-	-	-	-	-	(261,059)	-	-	-	-	-	-	(261,059)
Dividends declared	12	-	-	-	-	-	-	-	-	-	-	-	(518,782)	(518,782)
Dividends to holders of the other equity instruments		-	-	-	-	-	-	-	-	-	-	-	(320,601)	(320,601)
Transfer from retained profits		-	-	-	-	-	-	-	-	-	28,882	61,400	(90,282)	-
Utilisation of reserve funds		-	-	-	-	-	-	-	-	-	(29,128)	-	29,128	-
At 31 December 2020		11,608,125	17,009,944	(233,428)	6,000,000	5,528	(21,345,416)	135,982	(22,660)	(2,603,057)	1,360	1,607,282	12,206,348	24,370,008

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	Notes	Share capital RMB'000 (note 37)	Share premium(a) RMB'000	Treasury shares RMB'000 (note 37)	Other equity instruments RMB'000 (note 40)	Other capital reserves(a) RMB'000	Share of other comprehensive income using the equity method(b) RMB'000	Cash flow hedge reserve(b) RMB'000	Exchange fluctuation reserve(b) RMB'000	Special reserves RMB'000 (note 39)	Surplus reserves (a)(c) RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2019		11,683,125	17,001,721	–	2,000,000	(21,201,519)	138,165	19,175	(3,100,629)	–	1,411,641	10,085,217	18,036,896
Profit for the year		–	–	–	–	–	–	–	–	–	–	1,744,733	1,744,733
Other comprehensive income for the year:													
Share of other comprehensive income of associates		–	–	–	–	–	353,631	–	–	–	–	–	353,631
Share of other comprehensive loss of joint ventures		–	–	–	–	–	(59)	–	–	–	–	–	(59)
Effective portion of changes in fair value of hedging instruments, net of tax		–	–	–	–	–	–	(30,084)	–	–	–	–	(30,084)
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	(187,211)	–	–	–	(187,211)
Total comprehensive income for the year		–	–	–	–	–	353,572	(30,084)	(187,211)	–	–	1,744,733	1,881,010
Issue of other equity instruments	40	–	–	–	5,000,000	–	–	–	–	–	–	–	5,000,000
Repurchase of shares	37	–	–	(300,205)	–	–	–	–	–	–	–	–	(300,205)
Cancellation of treasury shares	37	(75,000)	8,223	66,777	–	–	–	–	–	–	–	–	–
Share of other capital reserves using the equity method		–	–	–	–	307,506	–	–	–	–	–	–	307,506
Dividends declared	12	–	–	–	–	–	–	–	–	–	–	(380,440)	(380,440)
Dividends to holders of the other equity instruments		–	–	–	–	–	–	–	–	–	–	(337,049)	(337,049)
Transfer from retained profits		–	–	–	–	–	–	–	–	31,261	134,241	(165,502)	–
Utilisation of reserve funds		–	–	–	–	–	–	–	–	(29,655)	–	29,655	–
At 31 December 2019		11,608,125	17,009,944	(233,428)	7,000,000	(20,894,013)	491,737	(10,909)	(3,287,840)	1,606	1,545,882	10,976,614	24,207,718

(a) These accounts comprise the consolidated other reserves of RMB2,722,662,000 (2019: RMB2,338,187,000) in the consolidated statement of financial position.

(b) These accounts comprise the consolidated other comprehensive loss of RMB2,489,735,000 (2019: RMB2,807,012,000) in the consolidated statement of financial position.

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	**For the year ended 31 December 2020 RMB'000**	For the year ended 31 December 2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**10,043,584**	8,740,674
Income tax paid		**(294,496)**	(316,609)
Net cash flows generated from operating activities	*41(b)*	**9,749,088**	8,424,065
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**145,385**	187,544
Dividends received from associates		**397,468**	921,424
Dividends received from joint ventures		**3,314**	3,345
Purchases of items of property, plant and equipment		**(6,696,879)**	(2,828,747)
Proceeds from disposal of items of property, plant and equipment		**132,351**	202,994
Purchases of intangible assets		**(20,239)**	(14,259)
Proceeds from disposal of intangible assets		**497**	–
Purchases of investments in an associate		**(748,288)**	(5,041)
Proceeds from disposal of investments in associates		**6,313,139**	6,618
Purchases of financial assets at fair value through profit or loss		**(2,125,159)**	(826,931)
Proceeds from disposal of financial assets at fair value through profit or loss		**2,321,658**	237,125
Increase in finance lease receivables		**(4,953,135)**	(7,781,238)
Decrease/(increase) in factoring receivables		**126,270**	(718,126)
Decrease in pledged deposits		**29,181**	9,560
Increase in other long term payables		**190,630**	221,763
Net cash flows used in investing activities		**(4,883,807)**	(10,383,969)

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Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2020

	Notes	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares	37	–	(300,205)
Proceeds from issue of other equity instruments	40	–	5,000,000
Repayment of other equity instruments	40	(1,000,000)	–
New bank and other borrowings		51,966,415	52,918,431
Repayment of bank and other borrowings		(53,030,981)	(62,361,298)
New corporate bonds		20,043,546	15,280,000
Repayment of corporate bonds		(15,028,753)	(8,748,833)
Payment of principal portion of lease liabilities		(390,870)	(531,649)
Interest paid		(3,644,897)	(4,844,875)
Dividends paid to owners of the parent		(518,140)	(381,727)
Dividends paid to holders of the other equity instruments		(325,684)	(105,606)
(Increase)/decrease in pledged deposits		(42,064)	360,511
Net cash flows used in financing activities		(1,971,428)	(3,715,251)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,893,853	(5,675,155)
Cash and cash equivalents at beginning of year		9,635,096	15,249,194
Effect of foreign exchange rate changes, net		(482,148)	61,057
CASH AND CASH EQUIVALENTS AT END OF YEAR	29	12,046,801	9,635,096

1. CORPORATE AND GROUP INFORMATION

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

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

(a) Operating leasing and financial leasing;

(b) Manufacture and sale of containers;

(c) Provision of financial and insurance brokerage services; and

(d) Equity investment.

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

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
COSCO SHIPPING Development (Hong Kong) Co., Ltd.	Hong Kong	HK$1,000,000, US$1,777,558,800 and RMB2,900,000,000	100%	–	Vessel chartering and container leasing
CSCL Star Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Venus Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Jupiter Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Mercury Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Mars Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Saturn Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Uranus Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Neptune Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Bohai Sea Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Yellow Sea Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL East China Sea Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL South China Sea Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Spring Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Summer Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Autumn Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Winter Shipping Co., Ltd	Hong Kong	HK$10,000	–	100%	Vessel chartering

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1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CSCL Globe Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Pacific Ocean Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Indian Ocean Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Atlantic Ocean Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Arctic Ocean Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
Helen Insurance Brokers Limited	Hong Kong	HK$3,000,000	–	100%	Provision of insurance brokerage services
COSCO SHIPPING Development (Asia) Co., Ltd	British Virgin Islands ("BVI")	US$514,465,000	–	100%	Vessel chartering and container leasing
Arisa Navigation Company Limited	Cyprus	CYP1,000	–	100%	Vessel chartering
YangshanA Shipping Company Limited	BVI	US$50,000	–	100%	Vessel chartering
YangshanB Shipping Company Limited	BVI	US$50,000	–	100%	Vessel chartering
YangshanC Shipping Company Limited	BVI	US$50,000	–	100%	Vessel chartering
YangshanD Shipping Company Limited	BVI	US$50,000	–	100%	Vessel chartering
Oriental Fleet International Co., Ltd.	Hong Kong	HK$140,000,000	–	100%	Investment holding
Oriental Fleet LNG01 Limited	BVI	US$1	–	100%	Financial leasing
Oriental Fleet LNG02 Limited	Marshall Islands ("Marshall")	US$1	–	100%	Financial leasing
Oriental Fleet HLCV01 Limited	BVI	US$1	–	100%	Financial leasing
Oriental Fleet HLCV02 Limited	BVI	US$1	–	100%	Financial leasing
Oriental Fleet HLCV03 Limited	BVI	US$1	–	100%	Financial leasing

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1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet HLCV04 Limited	BVI	US$1	–	100%	Financial leasing
Oriental Fleet HLCV05 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet HLCV06 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Bulk01 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Bulk02 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Bulk03 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Bulk04 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Bulk05 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Bulk06 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Bulk07 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Bulk08 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Bulk09 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Bulk10 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Bulk11 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Bulk12 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Bulk18 Limited	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Chemical01 Limited	BVI	US$1	–	100%	Financial leasing
Oriental Fleet Cruise01 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker01 Limited	BVI	US$1	–	100%	Financial leasing

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1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet Tanker02 Limited	BVI	US$1	–	100%	Financial leasing
Oriental Fleet Tanker03 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker04 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker05 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker06 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker07 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker08 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker09 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker10 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker11 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker12 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker13 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker14 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Tanker15 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Tanker17 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker18 Limited	Marshall	US$1	–	100%	Financial leasing
Oriental Fleet Tanker19 Limited	Liberia	US$1	–	100%	Financial leasing

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1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet GC01 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet GC02 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet GC03 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet GC04 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Container01 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Container02 Limited	Liberia	US$1	–	100%	Financial leasing
Oriental Fleet Pulp01 Limited	Hong Kong	US$1	–	100%	Financial leasing
Bulk Fleet Flourish Company Limited	Hong Kong	US$1	–	100%	Vessel chartering
Oriental Fleet Asset Management Limited	Hong Kong	HK$10,000	–	100%	Provision of management service
Florens (Tianjin) Finance Leasing Co., Ltd.	PRC	US$50,000,000	–	100%	Financial leasing
Florens Container Investment (SPV) Ltd.	BVI	US$435,000,001	–	100%	Container leasing
Florens Asset Management (Singapore) PTE. Limited	Singapore	SGD10,000	–	100%	Provision of container management services
Dong Fang International Asset Management Limited	Hong Kong	HK$3	–	100%	Provision of management service
Dong Fang International Container Limited	BVI	US$50,000	–	100%	Investment holding
Florens International Limited	BVI	US$1,833,966,965	–	100%	Investment holding

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1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Florens (China) Company Limited	PRC	US$12,800,000	–	100%	Container leasing
Florens Maritime Limited	Bermuda	US$12,000	–	100%	Container leasing
Florens Container Corporation S.A.	Panama	US$578,726,783.2	–	100%	Container leasing
Florens Asset Management Company Limited	Hong Kong	HK$100	–	100%	Provision of container management services
Florens Asset Management (Deutschland) GmbH	Deutschland	EUR25,564.6	–	100%	Provision of container management services
Florens Asset Management (Italy) S.R.L.	Italy	EUR10,400	–	100%	Provision of container management services
Florens Asset Management (USA), Ltd.	United States	US$1	–	100%	Provision of container management services
Florens Container, Inc. (2002)	United States	US$1	–	100%	Sale of containers
Fairbreeze Shipping Company Limited	Hong Kong	HK$500,000	–	100%	Property investment
Long Honour Investments Limited	BVI	US$1	–	100%	Investment holding
COSCO Container Industry Co., Ltd.	BVI	US$1	–	100%	Investment holding
COSCO SHIPPING Leasing Co., Ltd. ("CS Leasing")	PRC	RMB3,500,000,000	100%	–	Financial leasing
Haihui Commercial Factoring (Tianjin) Co., Ltd.	PRC	RMB397,939,194	–	100%	Commercial factoring
Yuanhai Leasing (Tianjin) Co., Ltd	PRC	RMB1,000,000,000	–	100%	Financial leasing

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1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Shipping Investment Co., Ltd. ("CS Investment")	PRC	RMB18,213,000,000	100%	–	Investment holding
China COSCO SHIPPING Development (Tianjin) Leasing Company Limited	PRC	RMB1,000,000,000	–	100%	Financial leasing
Shanghai Universal Logistics Equipment Co., Ltd.	PRC	RMB850,000,000	–	100%	Investment holding
Dong Fang International Container (Lianyungang) Co., Ltd.	PRC	US$44,133,900	–	100%	Container manufacturing
Dong Fang International Container (Jinzhou) Co., Ltd.	PRC	US$20,000,000	–	100%	Container manufacturing
Dong Fang International Container (Guangzhou) Co., Ltd.	PRC	US$21,417,780	–	100%	Container manufacturing
Dong Fang International Container (Hong Kong) Co., Ltd.	Hong Kong	US$10,000	–	100%	Trading
Shanghai Haining Insurance Broker Co., Ltd.	PRC	RMB10,000,000	–	100%	Provision of insurance brokerage services
Suzhou Yuanhai Doukui Investment LLP	PRC	RMB182,100,000	–	100%	Investment holding
COSCO SHIPPING (Shanghai) Investment Management Co., Ltd	PRC	RMB21,033,540.37	100%	–	Investment holding
China COSCO SHIPPING Guanghua Investment Management Limited	PRC	RMB200,000,000	100%	–	Investment holding

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The financial statements have been prepared on the going concern basis notwithstanding that the Group had net current liabilities of RMB27,733,019,000 as at 31 December 2020. The directors of the Company are of opinion that based on the available unutilised banking facilities as at 31 December 2020, the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

2.1 BASIS OF PREPARATION (continued)

BASIS OF CONSOLIDATION (continued)

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) Conceptual *Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The Group has applied the amendment prospectively to transactions or other events that occurred on or after 1 June 2020. The amendment did not have any impact on the financial position and performance of the Group.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3,6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3,5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation *5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

While the adoption of some of the new and revised HKFRSs may result in changes in accounting policies, none of these HKFRSs is expected to have a significant impact on the Group's results of operations and financial position.

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank borrowings denominated in US dollars based on the London Interbank Offered Rate ("LIBOR") as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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

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

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENT

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RELATED PARTIES

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than vessels under construction and construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Vessels	3.4% to 3.6%
Leasehold improvements	Over the shorter of the lease terms and 5 years
Buildings	1.8% to 5.0%
Containers	3.3% to 5.0%
Machinery, motor vehicles and office equipment	4.8% to 22.3%

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

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

Vessels under construction and construction in progress are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Vessels under construction and construction in progress are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis to write off the cost of each item of investment properties. The principal annual rates used for this purpose range from 1.0% to 2.0%.

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

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

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

Computer software

Computer software is stated at cost less any impairment losses and is amortised on the straight-line based on its estimated useful life of 4 to 8 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LEASES

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

Group as a lessee

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

(a) Right-of-use assets

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

Prepaid land lease payments	50 years
Buildings	2 to 12 years
Machinery, motor vehicles and office equipment	3 to 6 years

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LEASES (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LEASES (continued)

Group as a lessor

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DERECOGNITION OF FINANCIAL ASSETS

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

- PD: an estimate of the likelihood of default over a given time horizon;

- Loss Given Default ("LGD"): an estimate of the loss arising in the case where a default occurs at a given time; and

- Exposure at Default ("EAD"): an estimate of the exposure at a future default date.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

General approach (continued)

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

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

Simplified approach

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

Ageing based on the invoice date	**Provision rates**
Within 1 year	3%
1 to 2 years	10%
2 to 3 years	25%

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES (continued)

Financial liabilities at amortised cost (loans and borrowings)

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

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

Perpetual debt

A perpetual debt will be classified as a liability if it includes a contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

Otherwise, it will be classified as an equity instrument.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DERECOGNITION OF FINANCIAL LIABILITIES

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

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

OFFSETTING OF FINANCIAL INSTRUMENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Initial recognition and subsequent measurement

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

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

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

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

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

- hedges of a net investment in a foreign operation.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (continued)

Initial recognition and subsequent measurement (continued)

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

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

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

Cash flow hedges

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

TREASURY SHARES

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

INVENTORIES

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

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAX

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

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAX (continued)

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

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

GOVERNMENT GRANTS

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

REVENUE RECOGNITION

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

Revenue from contracts with customers (continued)

(a) Sale of containers

Revenue from the sale of containers is recognised on a bill-and-hold basis. A bill-and-hold arrangement is a contract under which the Group bills a customer for a product but the Group retains physical possessions of the product until it is transferred to the customer at a point in time in the future. The Group assesses when all of the following criteria are met:

- Upon completion of manufacturing, the Group demonstrates that the container meets the agreed-upon specifications in the contract to the customer;
- The customer has requested the bill-and-hold arrangement;
- The container has been identified separately as belonging to the customer;
- The container is ready for physical transfer to the customer; and
- The Group cannot have the ability to use the container or to direct it to another customer.

When all of the criteria above are met, the performance obligation is satisfied and revenue is recognised accordingly. Under such arrangement, payment in advance is normally required and the normal credit term for the residual consideration is 45 to 60 days upon satisfaction of the performance obligation.

(b) Sale of shipping related spare parts

The performance obligation is satisfied at the point in time when control of the asset is transferred to the customer, generally on delivery, and revenue is recognised accordingly. Payment is generally due within 45 to 60 days from delivery.

(c) Rendering of services

The Group provides shipping related services and insurance brokerage services. The performance obligation is satisfied over time as services are rendered. Payment is generally due within 30 to 45 days upon completion of service and acceptance by the customer.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

Revenue from other sources

Operating lease income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Finance lease income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of a finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

CONTRACT LIABILITIES

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

SHARE-BASED PAYMENTS

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model, further details of which are given in note 38 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SHARE-BASED PAYMENTS (continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OTHER EMPLOYEE BENEFITS

The Group has participated in central pension schemes for its employees in the PRC pursuant to the relevant laws and regulations of the PRC. The Group makes monthly contributions and the contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

BORROWING COSTS

Borrowing costs directly attributable to certain vessels under construction are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 12 to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the weighted average exchange rates for the year of the cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between finance leases and operating leases

When the Group acts as a lessor, leases are required to be classified as either finance leases (which transfer substantially all the risks and rewards of ownership, and give rise to a receivable by the lessor) or operating leases (which result in the asset remaining recognised by the lessor). Management has to exercise judgement in determining the classification.

Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable and, at the inception of the lease, it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

JUDGEMENTS (continued)

Determination of significant increases in credit risk

The calculation of ECLs under the general approach is required to be categorised into different stages according to the changes in credit risk to apply the respective calculation mechanics.

The Group considers whether the credit risk of a financial asset has increased significantly since initial recognition with the following non-exhaustive factors:

- past due over 90 days;
- an actual or expected significant change in the operating results of the borrower; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of ECLs

The Group uses the PD approach under the general approach and a provision matrix under the simplified approach, respectively, in the calculation of ECLs. The Group estimates the PD, LGD and provision rate, respectively, by reference to the internal historical credit loss experience and external information.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY (continued)

Fair value of unlisted equity investments

The Group assesses certain of its unlisted equity investments using the market approach with reference to a price multiple of comparable public companies (peers). The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity. Further details are contained in note 47 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment by reference to the Group's business model, its asset management policy, the industry practice, expected usage of the asset, and the current scrap values of steel in an active market at each measurement date. The depreciation expense will change where the useful lives or residual values of property, plant and equipment are different from the previous estimates.

4. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2020, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) The shipping and industry-related leasing segment, which renders vessel chartering, container leasing and finance lease services;

(b) The container manufacturing segment, which manufactures and sells containers;

(c) The investment and financial services segment, which focuses on equity or debt investment and insurance brokerage services; and

(d) The "others" segment comprises, principally, cargo and liner agency services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit/loss before tax from continuing operations except that unallocated selling and administrative expenses and non-lease-related finance costs are excluded from such measurement.

Segment assets are measured consistently with the Group's assets.

Segment liabilities exclude certain bank and other borrowings and corporate bonds as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (continued)

	For the year ended 31 December 2020				
	Shipping and industry-related leasing RMB'000	Container manufacturing RMB'000	Investment and financial services RMB'000	Others RMB'000	Total RMB'000
Segment revenue					
Sales of containers	–	6,487,575	–	–	6,487,575
Fee and commission income	–	–	41,359	–	41,359
Total revenue from contracts with external customers	–	6,487,575	41,359	–	6,528,934
Other revenue from external customers	7,750,919	–	142,066	–	7,892,985
Total revenue from external customers	7,750,919	6,487,575	183,425	–	14,421,919
Intersegment revenue from contracts with customers	–	1,642,691	7,396	–	1,650,087
Total revenue	7,750,919	8,130,266	190,821	–	16,072,006
Segment results	510,969	284,428	1,738,484	(26,592)	2,507,289
Elimination of intersegment results					(97,363)
Unallocated selling, administrative and general expenses					(180,948)
Unallocated finance costs					(468,020)
Profit before tax from continuing operations					1,760,958
Supplementary segment information:					
Depreciation and amortisation	(1,645,839)	(64,807)	(658)	–	(1,711,304)
Impairment of property, plant and equipment	(270,123)	(35,376)	–	–	(305,499)
Impairment of finance lease receivables	(635,349)	–	–	–	(635,349)
Reversal of impairment of factoring receivables	350	–	–	–	350
Write-down of inventories to net realisable value	(24,508)	–	–	–	(24,508)
Reversal of impairment/(impairment) of trade receivables	47,846	(37,465)	(2)	–	10,379
Reversal of impairment of other receivables	1,467	198	616	–	2,281
Share of losses of joint ventures	–	–	(4,774)	–	(4,774)
Share of profits of associates	–	–	1,985,148	–	1,985,148
Capital expenditure*	7,057,801	69,153	3,135	–	7,130,089

4. OPERATING SEGMENT INFORMATION (continued)

	For the year ended 31 December 2019				
	Shipping and industry-related leasing RMB'000 (Restated)	Container manufacturing RMB'000 (Restated)	Investment and financial services RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
Segment revenue					
Sales of containers	–	3,076,280	–	–	3,076,280
Fee and commission income	–	–	39,940	–	39,940
Total revenue from contracts with external customers	–	3,076,280	39,940	–	3,116,220
Other revenue from external customers	6,472,806	–	76,656	–	6,549,462
Total revenue from external customers	6,472,806	3,076,280	116,596	–	9,665,682
Intersegment revenue from contracts with customers	–	1,506,420	8,053	–	1,514,473
Total revenue	6,472,806	4,582,700	124,649	–	11,180,155
Segment results	67,411	(202,854)	1,961,556	(75,789)	1,750,324
Elimination of intersegment results					3,952
Unallocated selling, administrative and general expenses					(144,105)
Unallocated finance costs					(742,569)
Profit before tax from continuing operations					867,602
Supplementary segment information:					
Depreciation and amortisation	(1,533,839)	(53,793)	(243)	–	(1,587,875)
Impairment of property, plant and equipment	(17,484)	–	–	–	(17,484)
Impairment of finance lease receivables	(359,017)	–	–	–	(359,017)
Impairment of factoring receivables	(7,656)	–	–	–	(7,656)
Write-down of inventories to net realisable value	(82,011)	(96,393)	–	–	(178,404)
(Impairment)/reversal of impairment of trade receivables	(39,110)	(5,243)	307	–	(44,046)
Impairment of other receivables	(3,063)	(120)	(3,661)	–	(6,844)
Share of losses of joint ventures	–	–	(1,077)	–	(1,077)
Share of profits of associates	–	–	2,292,840	–	2,292,840
Capital expenditure*	3,328,447	83,740	182	–	3,412,369

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

4. OPERATING SEGMENT INFORMATION (continued)

	31 December 2020			
	Shipping and industry-related leasing RMB'000	**Container manufacturing RMB'000**	**Investment and financial services RMB'000**	**Total RMB'000**
Segment assets	**108,516,375**	**5,342,013**	**38,830,767**	**152,689,155**
Elimination of intersegment assets				**(6,650,361)**
Total assets				**146,038,794**
Segment liabilities	**81,448,304**	**3,908,470**	**24,099,861**	**109,456,635**
Unallocated liabilities				**17,944,427**
Elimination of intersegment liabilities				**(5,732,276)**
Total liabilities				**121,668,786**
Supplementary segment information:				
Investments in joint ventures	**–**	**–**	**180,727**	**180,727**
Investments in associates	**–**	**–**	**20,841,847**	**20,841,847**

	31 December 2019			
	Shipping and industry-related leasing RMB'000	Container manufacturing RMB'000	Investment and financial services RMB'000	Total RMB'000
Segment assets	108,661,696	5,109,276	37,101,599	150,872,571
Elimination of intersegment assets				(6,378,452)
Total assets				144,494,119
Segment liabilities	80,281,672	3,892,970	23,406,340	107,580,982
Unallocated liabilities				18,226,213
Elimination of intersegment liabilities				(5,520,794)
Total liabilities				120,286,401
Supplementary segment information:				
Investments in joint ventures	–	–	188,827	188,827
Investments in associates	–	–	25,665,387	25,665,387

4. OPERATING SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000 (Restated)
Hong Kong	**3,350,282**	2,931,746
Mainland China	**4,386,225**	3,472,931
Asia (excluding Hong Kong and Mainland China)	**2,113,830**	1,374,174
United States	**3,651,397**	1,187,501
Europe	**818,555**	689,940
Others	**101,630**	9,390
	14,421,919	9,665,682

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	31 December 2020 RMB'000	31 December 2019 RMB'000
Hong Kong	**47,385,489**	56,281,624
Mainland China	**29,367,584**	26,849,544
	76,753,073	83,131,168

The non-current asset information of continuing operations above is based on the locations of the Company or its subsidiaries which own the assets and excludes financial instruments and deferred tax assets.

INFORMATION ABOUT A MAJOR CUSTOMER

Revenue from continuing operations of approximately RMB1,783,318,000 (2019: RMB2,416,530,000) was derived from sales by the shipping and industry-related leasing segment and container manufacturing segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains from continuing operations is as follows:

(a) REVENUE

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000 (Restated)
Revenue from contracts with customers:		
Sales of containers	**6,487,575**	3,076,280
Fee and commission income	**41,359**	39,940
	6,528,934	3,116,220
Other revenue:		
Vessel chartering	**75,925**	68,494
Container leasing	**4,837,260**	3,749,254
Finance lease income	**2,979,800**	2,731,714
	7,892,985	6,549,462
	14,421,919	9,665,682

The disaggregation of the Group's revenue from contracts with customers, including sales of goods and rendering of services above is as follows:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000 (Restated)
Hong Kong	**1,700,908**	637,669
Mainland China	**851,658**	965,827
Asia (excluding Hong Kong and Mainland China)	**651,755**	927,078
United States	**3,211,502**	432,364
Europe	**109,236**	150,097
Others	**3,875**	3,185
	6,528,934	3,116,220

5. REVENUE, OTHER INCOME AND GAINS (continued)

(a) REVENUE (continued)

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000 (Restated)
Goods transferred at a point in time	**6,487,575**	3,076,280
Services transferred over time	**41,359**	39,940
	6,528,934	3,116,220

The carrying amount of trade and notes receivables in relation to revenue from contracts with customers under HKFRS 15 as at 31 December 2020 was RMB1,649,634,000 (2019: RMB516,548,000).

Contract liabilities of RMB162,354,000 as at 31 December 2020 (2019: RMB150,194,000) are short-term advances from customers. During the year ended 31 December 2020, contract liabilities of RMB150,194,000 (2019: RMB26,811,000) at the beginning of the year were recognised as revenue. The increase in contract liabilities in 2020 and 2019 was mainly due to the increase in short-term advances received from customers in relation to the sale of containers.

(b) OTHER INCOME

	Note	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Interest income		**141,764**	191,010
Government grants related to the ordinary course of business	*36*	**1,550**	1,552
Government subsidies		**126,050**	90,600
Super-deduction of valued-added input tax		**37**	31
Fees refunded for individual income tax withheld		**251**	204
Others		**17,298**	46,736
		286,950	330,133

5. REVENUE, OTHER INCOME AND GAINS (continued)

(c) OTHER GAINS

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Gain on disposal of items of property, plant and equipment	25,686	82,630
Gain on disposal of investments in associates	219,316	–
Changes in fair value of financial assets at fair value through profit or loss	26,202	747,033
Net foreign exchange (loss)/gain	(126,820)	57,448
Others	11,209	32,124
	155,593	919,235

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	Notes	**For the year ended 31 December 2020 RMB'000**	For the year ended 31 December 2019 RMB'000 (Restated)
Cost of goods sold		**6,116,905**	2,636,123
Cost of service provided		**2,481,521**	2,353,072
Depreciation of property, plant and equipment		**1,638,051**	1,521,561
Depreciation of investment properties	*15*	**608**	608
Depreciation of right-of-use assets	*16*	**65,262**	60,154
Amortisation of intangible assets	*17*	**7,383**	5,552
Auditor's remuneration		**8,250**	7,650
Employee benefit expense:			
Wages and salaries		**1,157,044**	918,719
Equity-settled share option expense		**5,528**	–
Pension scheme contributions (defined contribution scheme)		**83,666**	115,384
		1,246,238	1,034,103
Expense relating to short-term leases		**8,785**	150,311
Foreign exchange differences, net	*5.3*	**126,820**	(57,448)
Impairment of property, plant and equipment	*14*	**305,499**	17,484
Impairment of finance lease receivables	*47*	**635,349**	359,017
(Reversal of impairment)/impairment of factoring receivables	*47*	**(350)**	7,656
Write-down of inventories to net realisable value		**24,508**	178,404
(Reversal of impairment)/impairment of trade receivables	*47*	**(10,379)**	44,046
(Reversal of impairment)/impairment of other receivables		**(2,281)**	6,844

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Note	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Interest on debts and borrowings		2,150,179	3,425,805
Interest on lease liabilities	35	5,991	6,553
Others		96,950	108,426
		2,253,120	3,540,784

8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors and chief executive's emoluments for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Fees	1,200	1,313
Other emoluments:		
Salaries, allowances and benefits in kind	2,644	3,658
Performance related bonuses	–	3,137
Equity-settled share option expense	129	–
Pension scheme contributions	307	597
	3,080	7,392
	4,280	8,705

During the year, three directors (2019: none) were granted share options.

8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

The directors' and chief executive's emoluments are set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2020						
Executive directors:						
Mr. Liu Chong	–	1,360	–	129	153	1,642
Mr. Xu Hui	–	1,284	–	–	154	1,438
	–	2,644	–	129	307	3,080
Independent non-executive directors:						
Mr. Cai Hongping	300	–	–	–	–	300
Ms. Hai Chi Yuet	300	–	–	–	–	300
Mr. Graeme Jack	300	–	–	–	–	300
Mr. Lu Jianzhong	150	–	–	–	–	150
Ms. Zhang Weihua	150	–	–	–	–	150
	1,200	–	–	–	–	1,200
	1,200	2,644	–	129	307	4,280

8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2019					
Executive directors:					
Mr. Wang Daxiong (chief executive)	–	1,250	697	217	2,164
Mr. Liu Chong	–	1,300	1,185	192	2,677
Mr. Xu Hui	–	1,108	1,255	188	2,551
	–	3,658	3,137	597	7,392
Independent non-executive directors:					
Mr. Cai Hongping	300	–	–	–	300
Ms. Hai Chi Yuet	300	–	–	–	300
Mr. Graeme Jack	300	–	–	–	300
Mr. Lu Jianzhong	150	–	–	–	150
Ms. Zhang Weihua	150	–	–	–	150
Mr. Gu Xu (resigned on 20 August 2019)	113	–	–	–	113
	1,313	–	–	–	1,313
	1,313	3,658	3,137	597	8,705

Save as disclosed above, none of the directors received any emoluments during 2020 and 2019.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to any of the directors or chief executive officer as an inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2019: two director and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2019: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Salaries, allowances and benefits in kind	**3,443**	2,168
Performance related bonuses	**–**	2,068
Equity-settled share option expense	**329**	–
Pension scheme contributions	**505**	402
	4,277	4,638

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	For the year ended 31 December 2020	For the year ended 31 December 2019
HK$2,000,001 to HK$3,000,000	**–**	2

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil).

10. INCOME TAX

According to the Corporate Income Tax ("CIT") Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the years ended 31 December 2020 and 2019.

Hong Kong profits tax was provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits of the Group's companies operating in Hong Kong during the year.

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

	Note	**For the year ended 31 December 2020 RMB'000**	For the year ended 31 December 2019 RMB'000
Current income tax:			
Mainland China		**293,583**	211,398
Hong Kong		**22,746**	7,083
United States		**14,620**	10,191
Elsewhere		**519**	433
		331,468	229,105
Deferred income tax	*24*	**(12,695)**	(29,356)
		318,773	199,749

A reconciliation of the tax expense applicable to profit before tax from continuing operations at the statutory rate for the country or jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

10. INCOME TAX (continued)

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000 (Restated)
Profit before tax from continuing operations	**1,760,958**	867,602
Tax at the statutory tax rate	**440,240**	216,900
Effect of different tax rates for specific provinces or enacted by local authority	**(12,880)**	(12,426)
Effect of withholding tax	**28,132**	17,424
Adjustments in respect of current tax of previous periods	**2,296**	(3,233)
Profits attributable to associates and joint ventures	**(495,094)**	(572,941)
Income not subject to tax	**(360,915)**	(359,499)
Expenses not deductible for tax	**556,253**	868,770
Tax losses not recognised	**–**	197,891
Tax losses utilised from previous periods	**(20,271)**	–
Temporary differences not recognised	**181,012**	13,506
Temporary differences utilised from previous periods	**–**	(166,643)
	318,773	199,749

11. DISCONTINUED OPERATION

As the terms of the existing lease contract between the Group (as the lessor) and COSCO SHIPPING Lines Co., Ltd.,("COSCO SHIPPING Lines") (as the lessee) are due to expire, the Group and COSCO SHIPPING Lines entered into the Vessel Leasing Service Master Agreement, pursuant to which, the Group has agreed to provide vessel leasing services to the COSCO SHIPPING Lines. The new lease contract will commence from 1 January 2021 and end on the date on which the age of the vessels reaches 25 years. During the year ended 31 December 2020, the board of directors and the shareholders' meeting approved the entering into of the Vessel Leasing Service Master Agreement.

Pursuant to the Vessel Leasing Service Master Agreement, the lease term is for the major part of the economic life of the vessels. The Group does not have control of the vessels as the Group is limited in its ability to direct the use of, and to obtain substantially all of the remaining benefits, from the vessels. Accordingly, the vessel leasing services shall be accounted for as a finance lease arrangement of the Group.

Under existing leases, the vessel leasing services were accounted for as an operating lease arrangement and the vessels were accounted for as property, plant and equipment.

11. DISCONTINUED OPERATION (continued)

With the proposed Vessel Leasing Service Master Agreement commencing from 1 January 2021, the Group will derecognise the carrying amount of the underlying vessels; recognise the net investment in the lease; and recognise the expected transaction gain in profit or loss.

In the opinion of the directors, the vessels represent a separate major operation, which is the provision of vessel chartering. As a result, the vessels were classified as a discontinued operation.

The results of the discontinued operation for the year ended 31 December 2020 are presented below:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000 (Restated)
REVENUE	**4,468,020**	4,490,177
Cost of sales	**(3,362,640)**	(3,413,297)
Gross profit	**1,105,380**	1,076,880
Selling, administrative and general expenses	**(417,294)**	–
Profit before tax from the discontinued operation	**688,086**	1,076,880
Income tax expense	**–**	–
Profit for the year from the discontinued operation	**688,086**	1,076,880

11. DISCONTINUED OPERATION (continued)

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000 (Restated)
Profit attributable to ordinary equity holders of the parent from the discontinued operation	**688,086**	1,076,880
Weighted average number of ordinary shares (in thousand) in issue during the year used in the basic and diluted earnings per share calculations (note 13)	**11,608,125**	11,575,875

The net cash flows incurred by the discontinued operation are as follows:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000 (Restated)
Operating activities and net cash flows	**2,713,066**	2,629,495

12. DIVIDENDS

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Proposed final dividend – RMB0.056 (2019: RMB0.045) per ordinary share	**645,596**	518,782

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

The Board proposed the payment of a final dividend of RMB0.056 (2019: RMB0.045) per share (inclusive of applicable tax), totaling approximately RMB645,596,000 (2019: RMB518,782,000) calculated based on 11,528,497,997 shares, being the number of issued shares of the Company of 11,608,125,000 as at 30 March 2021 deducting 79,627,003 A shares repurchased by the Company, for the year ended 31 December 2020.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share amount is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation		
From continuing operations	**1,118,640**	410,399
From a discontinued operation	**688,086**	1,076,880
	1,806,726	1,487,279
Interest on perpetual debts*	**323,545**	257,454
Profit attributable to equity holders of the parent before interest on perpetual debts	**2,130,271**	1,744,733
Attributable to:		
From continuing operations	**1,442,185**	667,853
From a discontinued operation	**688,086**	1,076,880
	2,130,271	1,744,733

	For the year ended 31 December 2020 '000	For the year ended 31 December 2019 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**11,608,125****	11,575,875

* The Company issued perpetual debts during the year ended 31 December 2019, under the terms and conditions set out in note 40. The dividend distribution and repurchase of shares of the Company triggered the mandatory interest payment event of perpetual debts. For the purpose of calculating basic earnings per ordinary share in respect of the years 2020 and 2019, RMB323,545,000 (2019: RMB257,454,000) attributable to perpetual debts was deducted from profits attributable to equity holders of the Company.

** Because the diluted earnings per share amount is increased when taking share options into account, the share options had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. There was no dilution effect on the ordinary shares for the years ended 31 December 2020 and 2019.

14. PROPERTY, PLANT AND EQUIPMENT

	Vessels RMB'000	Containers RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2020:							
Cost	46,610,498	37,741,620	488,224	897,607	87,565	52,434	85,877,948
Accumulated depreciation and impairment	(17,439,415)	(10,932,528)	(169,875)	(446,237)	(70,921)	–	(29,058,976)
Net carrying amount	29,171,083	26,809,092	318,349	451,370	16,644	52,434	56,818,972
At 1 January 2020, net of accumulated depreciation and impairment	29,171,083	26,809,092	318,349	451,370	16,644	52,434	56,818,972
Additions	–	6,117,083	–	22,105	6,043	950,022	7,095,253
Disposals	–	(1,570,392)	–	(26)	(660)	–	(1,571,078)
Depreciation	(1,674,987)	(1,536,403)	(15,933)	(51,181)	(9,125)	–	(3,287,629)
Impairment	(417,294)	(270,123)	(35,376)	–	–	–	(722,793)
Transfers	791,200	–	10,396	66,652	–	(868,248)	–
Exchange realignment	(1,120,706)	(1,882,950)	(1)	(1,531)	(300)	(2,529)	(3,008,017)
At 31 December 2020, net of accumulated depreciation and impairment	26,749,296	27,666,307	277,435	487,389	12,602	131,679	55,324,708
At 31 December 2020:							
Cost	45,796,312	38,877,999	498,484	968,338	92,077	131,679	86,364,889
Accumulated depreciation and impairment	(19,047,016)	(11,211,692)	(221,049)	(480,949)	(79,475)	–	(31,040,181)
Net carrying amount	26,749,296	27,666,307	277,435	487,389	12,602	131,679	55,324,708

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Vessels RMB'000	Containers RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2019:							
Cost	46,219,310	35,684,086	471,247	863,451	96,495	27,316	83,361,905
Accumulated depreciation and impairment	(15,730,044)	(10,513,764)	(154,429)	(412,763)	(67,409)	–	(26,878,409)
Net carrying amount	30,489,266	25,170,322	316,818	450,688	29,086	27,316	56,483,496
At 1 January 2019, net of accumulated depreciation and impairment	30,489,266	25,170,322	316,818	450,688	29,086	27,316	56,483,496
Additions	–	3,231,057	2,244	7,498	1,601	83,622	3,326,022
Disposals	–	(588,337)	–	(2,414)	(21)	(781)	(591,553)
Depreciation	(1,603,019)	(1,418,722)	(15,414)	(47,861)	(14,141)	–	(3,099,157)
Impairment	–	(17,484)	–	–	–	–	(17,484)
Transfers	–	–	14,701	43,022	–	(57,723)	–
Exchange realignment	284,836	432,256	–	437	119	–	717,648
At 31 December 2019, net of accumulated depreciation and impairment	29,171,083	26,809,092	318,349	451,370	16,644	52,434	56,818,972
At 31 December 2019:							
Cost	46,610,498	37,741,620	488,224	897,607	87,565	52,434	85,877,948
Accumulated depreciation and impairment	(17,439,415)	(10,932,528)	(169,875)	(446,237)	(70,921)	–	(29,058,976)
Net carrying amount	29,171,083	26,809,092	318,349	451,370	16,644	52,434	56,818,972

At 31 December 2020, certain of the Group's container vessels and containers with a net carrying amount of approximately RMB25,232,185,000 (2019: RMB25,765,286,000) were pledged to secure general banking facilities granted to the Group (note 33).

At 31 December 2020, certain of the Group's container vessels with a net carry amount of approximately RMB25,411,857,000 (2019:Nil) will be disposed with the commencement of Vessel Leasing Service Master Agreement in which the Group acts as the lessor, further details of which are given in note 11 to the financial statements.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year, indicators of impairment for certain container vessels, containers and buildings were identified. Therefore, the Group estimated the recoverable amount of those assets by calculating the recoverable amount. The Group recognised an impairment of RMB417,294,000 (2019: Nil), RMB270,123,000 (2019: RMB17,484,000) and RMB35,376,000 (2019: Nil) to reduce the carrying amount of container vessels, containers and buildings to the recoverable amount, respectively.

The following table illustrates the movements of the assets held under operating leases:

	Vessels RMB'000	Containers RMB'000	Total RMB'000
At 1 January 2020:			
Cost	46,610,498	36,164,269	82,774,767
Accumulated depreciation and impairment	(17,439,415)	(10,424,688)	(27,864,103)
Net carrying amount	29,171,083	25,739,581	54,910,664
At 1 January 2020, net of accumulated depreciation and impairment	29,171,083	25,739,581	54,910,664
Additions	–	6,117,083	6,117,083
Disposals	–	(1,507,577)	(1,507,577)
Depreciation provided during the year	(1,674,987)	(1,474,948)	(3,149,935)
Impairment	(417,294)	(270,123)	(687,417)
Transfers	(24,620,657)	–	(24,620,657)
Exchange realignment	(1,120,706)	(1,783,600)	(2,904,306)
At 31 December 2020, net of accumulated depreciation and impairment	1,337,439	26,820,416	28,157,855
At 31 December 2020:			
Cost	1,439,345	37,047,681	38,487,026
Accumulated depreciation and impairment	(101,906)	(10,227,265)	(10,329,171)
Net carrying amount	1,337,439	26,820,416	28,157,855

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The following table illustrates the movements of the assets held under operating leases: (continued)

	Vessels RMB'000	Containers RMB'000	Total RMB'000
31 December 2019			
At 1 January 2019:			
Cost	46,219,310	34,014,305	80,233,615
Accumulated depreciation and impairment	(15,730,044)	(10,021,788)	(25,751,832)
Net carrying amount	30,489,266	23,992,517	54,481,783
At 1 January 2019, net of accumulated depreciation and impairment	30,489,266	23,992,517	54,481,783
Additions	–	3,231,057	3,231,057
Disposals	–	(518,698)	(518,698)
Depreciation provided during the year	(1,603,019)	(1,354,336)	(2,957,355)
Impairment	–	(17,484)	(17,484)
Exchange realignment	284,836	406,525	691,361
At 31 December 2019, net of accumulated depreciation and impairment	29,171,083	25,739,581	54,910,664
At 31 December 2019:			
Cost	46,610,498	36,164,269	82,774,767
Accumulated depreciation and impairment	(17,439,415)	(10,424,688)	(27,864,103)
Net carrying amount	29,171,083	25,739,581	54,910,664

15. INVESTMENT PROPERTIES

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
At beginning of year:		
Cost	**160,503**	157,903
Accumulated depreciation and impairment	**(54,956)**	(53,460)
Net carrying amount	**105,547**	104,443
At beginning of year, net of accumulated depreciation and impairment	**105,547**	104,443
Depreciation	**(608)**	(608)
Exchange realignment	**(6,795)**	1,712
At end of year, net of accumulated depreciation and impairment	**98,144**	105,547
At end of year:		
Cost	**150,120**	160,503
Accumulated depreciation and impairment	**(51,976)**	(54,956)
Net carrying amount	**98,144**	105,547

The Group's investment properties consist of nineteen (2019: nineteen) office properties in Hong Kong.

15. INVESTMENT PROPERTIES (continued)

Management has determined that the investment properties consist of one class of asset, i.e., office units, based on the nature, characteristics and risks of each property.

The investment properties are leased under operating leases, further summary details of which are included in note 42 to the financial statements.

FAIR VALUE HIERARCHY

The investment properties were valued based on a valuation performed by an independent professionally qualified valuer at RMB289,718,000 (2019: RMB308,361,000). Each year, the directors of the Group decide which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed.

The following tables illustrate the fair value measurement hierarchy of the Group's investment properties:

31 December 2020

	Fair value measurement categorised into			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Office units	**–**	**–**	**289,718**	**289,718**

31 December 2019

	Fair value measurement categorised into			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Office units	–	–	308,361	308,361

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

15. INVESTMENT PROPERTIES (continued)

FAIR VALUE HIERARCHY (continued)

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Weighted average RMB'000
31 December 2020			
Office units	Market comparison method	Estimated value (per sq. ft.)	**13**
31 December 2019			
Office units	Market comparison method	Estimated value (per sq. ft.)	14

16. RIGHT-OF-USE ASSETS

	Prepaid land lease payments RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Total RMB'000
At 1 January 2020:				
Cost	158,240	263,995	752	422,987
Accumulated depreciation	(47,445)	(100,692)	(230)	(148,367)
Net carrying amount	110,795	163,303	522	274,620
At 1 January 2020, net of accumulated depreciation	110,795	163,303	522	274,620
Additions	–	14,597	–	14,597
Disposals	–	(136)	–	(136)
Depreciation	(3,588)	(61,552)	(122)	(65,262)
Exchange realignment	–	(1,412)	–	(1,412)
At 31 December 2020, net of accumulated depreciation	107,207	114,800	400	222,407
At 31 December 2020:				
Cost	158,240	274,869	752	433,861
Accumulated depreciation	(51,033)	(160,069)	(352)	(211,454)
Net carrying amount	107,207	114,800	400	222,407

16. RIGHT-OF-USE ASSETS (continued)

	Prepaid land lease payments RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Total RMB'000
At 1 January 2019:				
Cost	158,240	191,361	298	349,899
Accumulated depreciation	(43,858)	(43,764)	(149)	(87,771)
Net carrying amount	114,382	147,597	149	262,128
At 1 January 2019, net of accumulated depreciation	114,382	147,597	149	262,128
Additions	–	71,634	454	72,088
Depreciation	(3,587)	(56,486)	(81)	(60,154)
Exchange realignment	–	558	–	558
At 31 December 2019, net of accumulated depreciation	110,795	163,303	522	274,620
At 31 December 2019:				
Cost	158,240	263,995	752	422,987
Accumulated depreciation	(47,445)	(100,692)	(230)	(148,367)
Net carrying amount	110,795	163,303	522	274,620

17. INTANGIBLE ASSETS

	Computer software RMB'000
At 1 January 2020:	
Cost	**198,257**
Accumulated amortisation	**(171,083)**
Net carrying amount	**27,174**
At 1 January 2020, net of accumulated amortisation	**27,174**
Additions – acquired separately	**20,239**
Disposals	**(497)**
Amortisation	**(7,383)**
Exchange realignment	**(277)**
At 31 December 2020, net of accumulated amortisation	**39,256**
At 31 December 2020:	
Cost	**207,546**
Accumulated amortisation	**(168,290)**
Net carrying amount	**39,256**
At 1 January 2019:	
Cost	181,549
Accumulated amortisation	(163,161)
Net carrying amount	18,388
At 1 January 2019, net of accumulated amortisation	18,388
Additions – acquired separately	14,259
Amortisation	(5,552)
Exchange realignment	79
At 31 December 2019, net of accumulated amortisation	27,174
At 31 December 2019:	
Cost	198,257
Accumulated amortisation	(171,083)
Net carrying amount	27,174

18. INVESTMENTS IN JOINT VENTURES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Share of net assets	**180,727**	188,827

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Share of loss	**(4,774)**	(1,077)
Share of other comprehensive loss	**(12)**	(59)
Share of total comprehensive loss	**(4,786)**	(1,136)

	31 December 2020 RMB'000	31 December 2019 RMB'000
Aggregate carrying amount of investments	**180,727**	188,827

19. INVESTMENTS IN ASSOCIATES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Share of net assets	**20,262,263**	23,338,313
Goodwill on acquisition	**641,349**	2,388,839
Impairment	**(61,765)**	(61,765)
	20,841,847	25,665,387

19. INVESTMENTS IN ASSOCIATES (continued)

As of 31 December 2020, particulars of the material associates are as follows:

Name	Particulars of issued shares held	Place of registration	Percentage of ownership interest	Principal activities
China International Marine Containers (Group) Co., Ltd. ("CIMC")	Ordinary shares RMB1 each	PRC	4.69	Manufacture and sale of containers
China Bohai Bank Co., Ltd. ("CBB")	Ordinary shares RMB1 each	PRC	11.12	Banking
China Everbright Bank Co., Ltd. ("CEB")	Ordinary shares RMB1 each	PRC	1.34	Banking
Bank of Kunlun Co., Ltd. ("BOK")	Ordinary shares RMB1 each	PRC	3.74	Banking
Shanghai Life Insurance Co., Ltd. ("Shanghai Life")	Registered capital RMB1 each	PRC	16	Insurance
COSCO SHIPPING Finance	Registered capital RMB1 each	PRC	23.38	Banking

The Group has less than 20% of equity interests in CIMC, CBB, CEB, BOK and Shanghai Life. With the Group's presence in the boards of these companies and participation in the financial and operating activities of these companies, the Group could exercise significant influence over these companies. Accordingly, these companies are accounted for as associates.

19. INVESTMENTS IN ASSOCIATES (continued)

During the year, the Group completed the disposal of 295,010,617 H Shares and 350,000,000 A Shares in CIMC for the consideration of RMB6,308,725,000, net of directly attributable transaction costs. Upon completion, the equity interest of the Group in CIMC has decreased to approximately 4.69%.

The following tables illustrate the summarised financial information in respect of each of the Group's material associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	CIMC		CBB		CEB		BOK		Shanghai Life		COSCO SHIPPING Finance	
	31 December 2020 RMB'000	31 December 2019 RMB'000	**31 December 2020 RMB'000**	31 December 2019 RMB'000	**31 December 2020 RMB'000**	31 December 2019 RMB'000	**31 December 2020 RMB'000**	31 December 2019 RMB'000	**31 December 2020 RMB'000**	31 December 2019 RMB'000	**31 December 2020 RMB'000**	31 December 2019 RMB'000
Current assets	**67,141,741**	82,675,837	**251,548,460**	201,437,934	**986,392,375**	870,442,000	**138,216,863**	139,153,258	**4,976,643**	3,728,987	**38,791,351**	38,143,442
Non-current assets	**71,498,660**	82,084,394	**1,138,117,477**	911,678,576	**4,380,759,654**	3,866,646,930	**213,318,600**	198,982,202	**79,476,515**	59,597,271	**43,321,661**	38,193,613
Total liabilities	**(92,357,667)**	(117,069,543)	**(1,286,693,615)**	(1,030,335,132)	**(4,882,530,300)**	(4,347,377,000)	**(315,946,473)**	(303,708,047)	**(77,915,642)**	(57,150,811)	**(73,368,180)**	(70,941,729)
Net assets	**46,282,734**	47,690,688	**102,972,322**	82,781,378	**484,621,729**	389,711,930	**35,588,990**	34,427,413	**6,537,516**	6,175,447	**8,744,832**	5,395,326
Other equity instrument – perpetual debt	**(4,308,042)**	(4,007,545)	**(19,961,604)**	(19,961,604)	**(39,993,000)**	–	**–**	–	**–**	–	**–**	–
Other equity instrument – preference shares	**–**	–	**–**	–	**(69,069,000)**	(70,067,000)	**–**	–	**–**	–	**–**	–
Non-controlling interests	**(9,836,328)**	(15,784,092)	**–**	–	**(34,832,000)**	(1,072,000)	**(95,344)**	(93,965)	**–**	–	**–**	–
Net assets attributable to owners of the parent	**32,138,364**	27,899,051	**83,010,718**	62,819,774	**340,727,729**	318,572,930	**35,493,646**	34,333,448	**6,537,516**	6,175,447	**8,744,832**	5,395,326
Proportion of the ownership	**4.69%**	22.70%	**11.12%**	13.67%	**1.34%**	1.38%	**3.74%**	3.74%	**16.00%**	16.00%	**23.38%**	23.38%
Share of net assets	**1,507,289**	6,333,085	**9,230,792**	8,587,463	**4,565,752**	4,393,121	**1,327,462**	1,284,071	**1,046,003**	988,072	**2,044,542**	1,261,427
Goodwill on acquisition	**456,795**	2,204,285	**–**	–	**–**	–	**97,421**	97,421	**–**	–	**74,655**	74,655
Impairment	**–**	–	**–**	–	**–**	–	**(61,765)**	(61,765)	**–**	–	**–**	–
Carrying amounts of the investments	**1,964,084**	8,537,370	**9,230,792**	8,587,463	**4,565,752**	4,393,121	**1,363,118**	1,319,727	**1,046,003**	988,072	**2,119,197**	1,336,082

	CIMC		CBB		CEB		BOK		Shanghai Life		COSCO SHIPPING Finance	
	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000	**For the year ended 31 December 2020 RMB'000**	For the year ended 31 December 2019 RMB'000	**For the year ended 31 December 2020 RMB'000**	For the year ended 31 December 2019 RMB'000	**For the year ended 31 December 2020 RMB'000**	For the year ended 31 December 2019 RMB'000	**For the year ended 31 December 2020 RMB'000**	For the year ended 31 December 2019 RMB'000	**For the year ended 31 December 2020 RMB'000**	For the year ended 31 December 2019 RMB'000
Revenue	**94,159,083**	85,815,341	**32,492,170**	28,378,394	**142,479,000**	132,939,000	**10,914,001**	10,800,176	**22,080,684**	15,793,152	**1,738,813**	1,741,348
Attributable to owners of parent:												
Profit for the year	**5,349,613**	1,156,846	**8,047,608**	8,563,702	**34,960,448**	35,127,919	**2,910,588**	3,533,075	**243,538**	240,469	**500,244**	655,188
Other comprehensive (loss)/income for the year	**(794,557)**	690,775	**(968,813)**	686,079	**(1,399,925)**	1,082,016	**(289,492)**	62,433	**98,675**	416,181	**(14,957)**	24,260
Total comprehensive income for the year	**4,555,056**	1,847,621	**7,078,795**	9,249,781	**33,560,523**	36,209,935	**2,621,096**	3,595,508	**342,213**	656,650	**485,287**	679,448
Dividends declared	**453,143**	1,642,767	**–**	2,289,956	**11,562,388**	8,452,814	**1,460,898**	1,305,987	**–**	–	**336,330**	299,700

19. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Aggregate carrying amount of investments	**552,901**	503,552

	For the year ended	For the year ended
	31 December 2020	31 December 2019
	RMB'000	RMB'000
Share of profit	**54,216**	51,369
Share of other comprehensive income	**340**	13,521
Share of total comprehensive income	**54,556**	64,890

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Unlisted debt investments	**627,605**	457,032
Listed equity investments	**1,516,558**	2,496,638
Unlisted equity investments	**2,442,815**	1,803,605
	4,586,978	4,757,275
Current portion	**(654,224)**	(490,967)
Non-current portion	**3,932,754**	4,266,308

21. FINANCE LEASE RECEIVABLES

The total future lease payment receivables under finance leases and their present values were as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within one year	21,137,003	18,116,489
After one year but within two years	12,757,673	12,401,232
After two years but within three years	7,693,231	6,890,188
After three years but within four years	3,830,108	3,678,095
After four years but within five years	2,980,850	3,278,306
After five years	4,959,224	5,770,840
Total minimum finance lease receivables	53,358,089	50,135,150
Unearned finance income	(6,212,539)	(7,064,023)
Total present value of minimum finance lease receivables	47,145,550	43,071,127
Impairment	(1,279,806)	(915,062)
Total net finance lease receivables	45,865,744	42,156,065
Current portion	(18,296,935)	(15,532,797)
Non-current portion	27,568,809	26,623,268

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within one year	18,742,401	15,888,889
After one year but within two years	11,222,681	10,597,242
After two years but within three years	6,782,884	5,760,574
After three years but within four years	3,365,916	3,033,940
After four years but within five years	2,647,081	2,711,190
After five years	4,384,587	5,079,292
Total present value of minimum finance lease receivables	47,145,550	43,071,127

At 31 December 2020, certain of the Group's finance lease receivables with a net carrying amount of approximately RMB24,367,438,000 (2019: RMB24,015,141,000) were pledged to secure general banking facilities granted to the Group (note 33) and issued corporate bonds (note 34).

Further qualitative and quantitative information regarding credit risk and ECLs of finance lease receivables is disclosed in note 47 to the financial statements.

22. FACTORING RECEIVABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Factoring receivables	**1,472,054**	1,575,635
Impairment	**(23,387)**	(23,737)
	1,448,667	1,551,898
Current portion	**(1,083,635)**	(1,123,489)
Non-current portion	**365,032**	428,409

Further qualitative and quantitative information regarding credit risk and ECLs of factoring receivables is disclosed in note 47 to the financial statements.

23. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent interest rate swap agreements designated as hedging instruments as follows:

Assets

	31 December 2020 RMB'000	31 December 2019 RMB'000
Interest rate swaps	**–**	1,529
Current portion	**–**	(960)
Non-current portion	**–**	569

Liabilities

	31 December 2020 RMB'000	31 December 2019 RMB'000
Interest rate swaps	**20,939**	12,035
Current portion	**(8,654)**	(3,445)
Non-current portion	**12,285**	8,590

23. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

CASH FLOW HEDGE – FOREIGN CURRENCY RISK

Foreign currency forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in USD. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

At 31 December 2020, the Group had interest rate swap agreements in place with a total notional amount of US$86,954,000 whereby they receive interest at variable rates equal to the 3-month London Interbank Offered Rate ("LIBOR") on the notional amounts and pay interest at fixed rates of 1.37% to 2.93%. The swaps are used to hedge the exposure to changes in the cash flows of its secured loans with variable rates.

There is an economic relationship between the hedged items and the hedging instruments. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the hedging instruments are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

The Group holds the following hedging instruments:

	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
As at 31 December 2020					
Interest rate swaps (in RMB'000)	**331,172**	**87,169**	**128,414**	**20,615**	**567,370**

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
As at 31 December 2019					
Interest rate swaps (in RMB'000)	440,012	354,076	184,728	67,805	1,046,621

23. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The movements of cash flow hedge reserve are as follows:

	Foreign currency forward contracts RMB'000	Interest rate swaps RMB'000	Total RMB'000
As at 1 January 2019	3,974	15,201	19,175
Hedging loss recognised in other comprehensive income	(3,974)	(15,691)	(19,665)
Amount reclassified to finance costs of the consolidated statement of profit or loss	–	(10,419)	(10,419)
As at 31 December 2019 and 1 January 2020	**–**	**(10,909)**	**(10,909)**
Hedging loss recognised in other comprehensive income	**–**	**(15,578)**	**(15,578)**
Amount reclassified to finance costs of the consolidated statement of profit or loss	**–**	**3,827**	**3,827**
As at 31 December 2020	**–**	**(22,660)**	**(22,660)**

There is no hedge ineffectiveness recognised in profit or loss. Consequently, the change in fair value used for measuring ineffectiveness for the year ended 31 December 2020 of the hedging instruments is the same with that of the hedged items, equalling the amount of hedging gain recognised in other comprehensive income above.

24. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

DEFERRED TAX ASSETS

	Note	Impairment RMB'000	Changes in fair value RMB'000	Depreciation RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2020		215,886	12,734	4,805	10,226	243,651
Credited/(charged) to profit or loss	10	58,405	(12,734)	(4,084)	(27)	41,560
Exchange realignment		(164)	–	(99)	(278)	(541)
At 31 December 2020		274,127	–	622	9,921	284,670

	Note	Impairment RMB'000	Changes in fair value RMB'000	Depreciation RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2019		186,767	–	4,723	6,250	197,740
Credited to profit or loss	10	29,102	12,734	4	3,906	45,746
Exchange realignment		17	–	78	70	165
At 31 December 2019		215,886	12,734	4,805	10,226	243,651

24. DEFERRED TAX (continued)

DEFERRED TAX LIABILITIES

	Note	Withholding tax RMB'000	Changes in fair value RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2020		**348,241**	**–**	**2,734**	**350,975**
Charged/(credited) to profit or loss	*10*	**28,132**	**1,001**	**(268)**	**28,865**
Disposal of an associate		**(260,041)**	**–**	**–**	**(260,041)**
Transfer to tax payable		**(14,750)**	**–**	**–**	**(14,750)**
Exchange realignment		**–**	**–**	**(161)**	**(161)**
At 31 December 2020		**101,582**	**1,001**	**2,305**	**104,888**

	Note	Withholding tax RMB'000	Changes in fair value RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2019		368,088	926	2,798	371,812
Charged/(credited) to profit or loss	*10*	17,424	(926)	(108)	16,390
Transfer to tax payable		(37,271)	–	–	(37,271)
Exchange realignment		–	–	44	44
At 31 December 2019		348,241	–	2,734	350,975

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. For the Group, the applicable rate is 10%. Certain of the Group's overseas subsidiaries are therefore liable for withholding taxes on dividends distributed by certain associates established in Mainland China in respect of earnings generated from 1 January 2008.

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Tax losses	**1,622,606**	1,703,690
Deductible temporary differences	**1,742,680**	1,018,634
	3,365,286	2,722,324

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences arising in Mainland China and Hong Kong as it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

25. INVENTORIES

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Raw materials	**382,237**	307,721
Finished goods	**75,269**	221,003
Spare parts	**537,600**	509,972
Provision for write-down of inventories	**(32,696)**	(157,567)
	962,410	881,129

26. TRADE AND NOTES RECEIVABLES

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Trade receivables	**2,202,779**	1,255,223
Notes receivables	**387,926**	16,701
Impairment	**(144,941)**	(160,924)
	2,445,764	1,111,000

Credit terms in a period within two months are granted to those customers with a good payment history. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, which are internationally dispersed.

26. TRADE AND NOTES RECEIVABLES (continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Within 3 months	**1,615,687**	965,844
3 to 6 months	**316,036**	88,287
6 to 12 months	**124,612**	35,793
Over 1 year	**1,503**	4,375
	2,057,838	1,094,299

Further qualitative and quantitative information regarding credit risk and ECLs of trade receivables is disclosed in note 47 to the financial statements.

27. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Prepayments	**732,416**	229,633
Other receivables	**188,687**	198,236
Input value-added tax	**141,525**	42,038
Impairment	**(8,087)**	(10,938)
	1,054,541	458,969

28. PLEDGED DEPOSITS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Pledged deposits for bank and other borrowings	**220,172**	84,028
Pledged deposits for corporate bonds	**59,431**	153,511
Restricted insurance premium received	**88,631**	77,729
Pledged deposits for letters of credit	**100**	100
Pledged deposits for bank acceptance notes	**220,784**	249,965
Other pledged deposits	**1,028**	1,006
	590,146	566,339
Current portion	**(590,146)**	(566,339)
Non-current portion	**–**	–

29. CASH AND CASH EQUIVALENTS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Cash and bank balances	**12,046,801**	9,635,096

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB5,172,807,000 (2019: RMB6,182,304,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

30. TRADE PAYABLES

An ageing analysis of the trade payables as at end of the reporting date, based on the invoice date, is as follows:

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Within 3 months	**2,557,729**	1,980,343
3 to 6 months	**374,716**	374,247
6 to 12 months	**145,657**	184,017
1 to 2 years	**22,793**	15,093
	3,100,895	2,553,700

31. OTHER PAYABLES AND ACCRUALS

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Receipt in advance	**348,730**	169,957
Other payables	**3,745,673**	2,813,947
Indirect tax payables	**35,310**	34,213
Interest payables	**415,174**	408,711
Dividend payables	**226,360**	231,443
	4,771,247	3,658,271

32. CONTRACT LIABILITIES

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Sales of containers	**162,354**	150,194
Current portion	**(162,354)**	(150,194)
Non-current portion	**–**	–

33. BANK AND OTHER BORROWINGS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Secured bank loans	28,865,210	31,922,819
Unsecured bank loans	56,764,479	59,799,789
Unsecured interest-bearing loans from related parties	7,150,990	6,197,120
	92,780,679	97,919,728
Current portion	(47,252,731)	(43,066,519)
Non-current portion	45,527,948	54,853,209

The effective interest rate of bank and other borrowings are as follows:

	31 December 2020		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	1.36 – 6.20	2021	12,064,854
Bank loans – unsecured	0.98 – 5.23	2021	28,734,387
Borrowings from related parties – unsecured	1.02 – 4.04	2021	6,453,490
			47,252,731
Non-current			
Bank loans – secured	1.36 – 6.20	2022 – 2031	16,800,356
Bank loans – unsecured	0.79 – 6.25	2022 – 2023	28,030,092
Borrowings from related parties – unsecured	4.04	2022	697,500
			45,527,948
			92,780,679

33. BANK AND OTHER BORROWINGS (continued)

	31 December 2019		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	2.75 – 6.20	2020	9,660,648
Bank loans – unsecured	2.61 – 5.23	2020	28,507,251
Borrowings from related parties – unsecured	3.11 – 4.04	2020	4,898,620
			43,066,519
Non-current			
Bank loans – secured	2.75 – 6.20	2021 – 2031	22,272,171
Bank loans – unsecured	2.56 – 6.25	2021 – 2023	31,282,538
Borrowings from related parties – unsecured	3.60 – 4.04	2021 – 2022	1,298,500
			54,853,209
			97,919,728

Maturity profile of bank and other borrowings as at 31 December 2020 is as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within one year or on demand	**47,252,731**	43,066,519
In the second year	**20,594,878**	22,218,483
In the third to fifth years, inclusive	**21,137,738**	27,610,809
Beyond five years	**3,795,332**	5,023,917
	92,780,679	97,919,728

The Group's secured bank loans disclosed above are secured by certain property, plant and equipment (note 14), finance lease receivables (note 21) and pledged deposits (note 28).

In addition to the assets pledged above, a bank loan of RMB2,335,100,000 as at 31 December 2020 (2019: RMB5,225,100,000) was secured by the Company's equity interests in its subsidiaries, CS Leasing and CS Investment.

34. CORPORATE BONDS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Bond payables	**17,559,660**	12,544,867
Current portion	**(9,272,114)**	(4,273,467)
Non-current portion	**8,287,546**	8,271,400

The effective interest rates of corporate bonds are as follows:

	31 December 2020		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Corporate bond	**1.80 – 2.25**	**2021**	**3,000,000**
Assets-backed notes	**3.60 – 6.50**	**2021**	**1,242,515**
Assets-backed securities	**2.40 – 6.70**	**2021**	**3,529,599**
Medium term note	**4.15**	**2021**	**1,500,000**
			9,272,114
Non-current			
Corporate bond	**3.95 – 5.00**	**2022 – 2030**	**2,300,000**
Assets-backed notes	**3.60 – 6.50**	**2022 – 2024**	**682,301**
Assets-backed securities	**2.40 – 6.70**	**2022 – 2023**	**1,205,245**
Medium term note	**3.56 – 3.91**	**2022 – 2023**	**4,100,000**
			8,287,546
			17,559,660

34. CORPORATE BONDS (continued)

	31 December 2019		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Assets-backed notes	3.60 – 6.50	2020	2,200,124
Assets-backed securities	3.80 – 6.70	2020	2,073,343
			4,273,467
Non-current			
Corporate bond	5.00	2021 – 2022	1,000,000
Assets-backed notes	3.60 – 6.50	2021 – 2024	1,071,381
Assets-backed securities	3.80 – 6.70	2021 – 2022	1,200,019
Medium term note	3.56 – 4.15	2021 – 2022	5,000,000
			8,271,400
			12,544,867

Maturity profile of corporate bonds as at 31 December 2020 is as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within one year or on demand	**9,272,114**	4,273,467
In the second year	**6,139,230**	3,317,669
In the third to fifth years, inclusive	**1,148,316**	4,953,731
Beyond five years	**1,000,000**	–
	17,559,660	12,544,867

The Group's corporate bonds of RMB7,559,660,000 (2019: RMB6,544,867,000) are secured by certain finance lease receivables (note 21) and pledged deposits (note 28).

35. LEASE LIABILITIES

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
At beginning of year	**539,730**	990,551
Additions	**14,597**	72,088
Payments	**(396,861)**	(538,202)
Lease modification	**(136)**	–
Accretion of interest	**5,991**	6,553
Exchange realignment	**(8,465)**	8,740
At end of year	**154,856**	539,730
Current portion	**(100,998)**	(391,082)
Non-current portion	**53,858**	148,648

Maturity profile of lease liabilities as at 31 December 2020 is as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within one year	**113,599**	422,112
In the second year	**31,968**	104,887
In the third to fifth years, inclusive	**24,049**	42,365
After five years	**4,444**	8,787
Total undiscounted lease liabilities	**174,060**	578,151
Discount amount	**(19,204)**	(38,421)
Total present value of lease liabilities	**154,856**	539,730
Current portion	**(100,998)**	(391,082)
Non-current portion	**53,858**	148,648

35. LEASE LIABILITIES (continued)

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within one year	**100,998**	391,082
In the second year	**28,914**	100,835
In the third to fifth years, inclusive	**20,602**	39,431
After five years	**4,342**	8,382
Total present value of lease liabilities	**154,856**	539,730

36. GOVERNMENT GRANTS

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
At beginning of year	**11,484**	13,036
Released to profit or loss	**(1,550)**	(1,552)
At end of year	**9,934**	11,484

37. SHARE CAPITAL AND TREASURY SHARES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Authorised:		
11,608,125,000 (2019: 11,608,125,000) ordinary shares with par value of RMB1 each	**11,608,125**	11,608,125
Issued and fully paid:		
11,608,125,000 (2019: 11,608,125,000) ordinary shares with par value of RMB1 each	**11,608,125**	11,608,125

As at 31 December 2020, the shares included 7,932,125,000 A Shares and 3,676,000,000 H Shares (2019: 7,932,125,000 A Shares and 3,676,000,000 H Shares).

37. SHARE CAPITAL AND TREASURY SHARES (continued)

A summary of movements in the Company's share capital and treasury shares is as follows:

	Number of shares in issue '000	Share capital RMB'000	Treasury shares RMB'000
At 1 January 2019	11,683,125	11,683,125	–
Repurchases of shares *(note a)*	(154,627)	–	(300,205)
Cancellation of treasury shares *(note a)*	–	(75,000)	66,777
At 31 December 2019, 1 January 2020 and 31 December 2020	11,528,498	11,608,125	(233,428)

(a) The Company purchased 79,627,003 A Shares and 75,000,000 H Shares on the Shanghai Stock Exchange and Hong Kong Stock Exchange at considerations of RMB233,428,000 and RMB66,777,000, respectively. 75,000,000 repurchased H Shares were cancelled in the year ended 31 December 2019.

38. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. On 30 March 2020, 4,480,000 share options were granted to the Company's directors and 73,741,000 share options were granted to other employees of the Group. Eligible participants of the Scheme include directors and senior management of the Company and core management and business personnel of the Group. The Scheme became effective on 30 March 2020 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

38. SHARE OPTION SCHEME (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of two years and ends on a date which is not later than seven years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the average trading price of the A Shares on the last trading day immediately preceding the date of announcement of the Scheme; (ii) the average trading price of the A Shares for the twenty trading days immediately preceding the date of the announcement of the Scheme; and (iii) the par value of the A Shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding during the year:

	Weighted average exercise price RMB per share	**Number of options '000**
At 1 January 2020	–	–
Granted during the period	2.52	78,221
Forfeited during the period	2.52	(11,415)
At 31 December 2020	2.52	66,806

38. SHARE OPTION SCHEME (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2020 Number of options '000	Exercise price* RMB per share	Exercise period
23,118	2.52	1 April 2022 to 30 March 2023
22,163	2.52	1 April 2023 to 30 March 2024
21,525	2.52	1 April 2024 to 30 March 2027
66,806		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year was RMB25,031,000 (RMB0.32 each) (2019: Nil), of which the Group recognised a share option expense of RMB5,528,000 (2019: Nil) during the year ended 31 December 2020.

The fair value at the grant date is estimated using the Black-Scholes valuation model and such fair values and significant inputs into the model are as follows:

Dividend yield (%)	–
Expected volatility (%)	28.1
Risk-free interest rate (%)	2.24
Expected life of share options (years)	3.83
Weighted average share price (RMB)	2.52

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 66,806,000 share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 66,806,000 additional ordinary shares of the Company and additional share capital of RMB173,880,000 (including RMB5,528,000 transferred from the share option reserve to share capital).

At the date of approval of these financial statements, the Company had 66,806,000 share options outstanding under the Scheme, which represented approximately 0.84% of the existing A share capital of the Company and approximately 0.58% of the existing total issued share capital of the Company as at 31 December 2020.

39. SPECIAL RESERVES

According to "Circular on Printing and Distributing the Administrative Measures for the Withdrawal and Use of Expenses for Safety Production of Enterprises" issued by the Ministry of Finance and the Safety Production General Bureau on 14 February 2012, the Group is required to accrue a "Safety Fund" to improve the production safety. The Group should accrue the Safety Fund from 1 January 2012. The accrual standard rate is 1% of the revenue from vessel chartering of the Company and certain of its subsidiaries in the PRC. The fund is accrued monthly according to revenue and in a progressive way.

40. OTHER EQUITY INSTRUMENTS

On 21 December 2017, the Group issued a perpetual debt (the "2017 renewable corporate bonds") of RMB1,000,000,000 with no fixed maturity date. In addition, the payment of interest can be indefinitely deferred at the Group's option. During the year ended 31 December 2020, the Group has repaid the 2017 renewable corporate bonds.

On 26 November 2018, the Group issued a perpetual debt (the "2018 renewable corporate bonds") of RMB1,000,000,000 with no fixed maturity date. In addition, the payment of interest can be indefinitely deferred at the Group's option.

During the year ended 31 December 2019, the Group issued four batches of perpetual debt (the "2019 renewable corporate bonds") of RMB5,000,000,000 with no fixed maturity date. In addition, the payment of interest can be indefinitely deferred at the Group's option.

Therefore, the 2017 renewable corporate bonds, 2018 renewable corporate bonds and 2019 renewable corporate bonds are classified as equity instruments as they do not include any contractual obligation:

- to deliver cash or another financial asset to another entity; or

- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(A) MAJOR NON-CASH TRANSACTIONS

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB14,597,000 (2019: RMB72,088,000) and RMB14,597,000 (2019: RMB72,088,000), respectively.

(B) A RECONCILIATION OF THE PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS IS AS FOLLOWS:

	Notes	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		**1,760,958**	867,602
Profit before tax from a discontinued operation	*11*	**688,086**	1,076,880
Adjustments for:			
Finance costs		**2,253,120**	3,540,784
Interest expenses included in cost of sales		**1,398,240**	1,304,848
Share of losses of joint ventures		**4,774**	1,077
Share of profits of associates		**(1,985,148)**	(2,292,840)
Interest income	*5.2*	**(141,764)**	(191,010)
Gain on disposal of items of property, plant and equipment	*5.3*	**(25,686)**	(82,630)
Gain on disposal of investments in associates	*5.3*	**(219,316)**	–
Changes in fair value of financial assets at fair value through profit or loss	*5.3*	**(26,202)**	(747,033)
Depreciation of property, plant and equipment	*14*	**3,287,629**	3,099,157
Depreciation of investment properties	*15*	**608**	608
Depreciation of right-of-use assets	*16*	**65,262**	60,154
Amortisation of intangible assets	*17*	**7,383**	5,552
Expected credit losses		**622,339**	417,563
Impairment of property, plant and equipment	*14*	**722,793**	17,484
Write-down of inventories to net realisable value		**24,508**	178,404
Equity settled share option expense	*38*	**5,528**	–
Foreign exchange differences, net		**321,766**	(50,172)
		8,764,878	7,206,428
Decrease in inventories		**1,270,061**	434,138
Increase in trade and notes receivables		**(1,318,781)**	(122,262)
(Increase)/decrease in prepayments and other receivables		**(597,844)**	115,014
(Increase)/decrease in pledged deposits		**(10,924)**	15,840
Increase in trade payables		**547,195**	867,673
Increase in other payables and accruals		**1,378,389**	102,012
Increase in contract liabilities		**12,160**	123,383
Decrease in government grants		**(1,550)**	(1,552)
Cash generated from operations		**10,043,584**	8,740,674
Income tax paid		**(294,496)**	(316,609)
Net cash flows generated from operating activities		**9,749,088**	8,424,065

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(C) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank and other borrowings RMB'000	Corporate bonds RMB'000	Lease liabilities RMB'000
At 1 January 2019	106,362,913	6,013,700	990,551
Changes from financing cash flows	(9,442,867)	6,531,167	(538,202)
New leases	–	–	72,088
Interest expense	–	–	6,553
Foreign exchange movement	999,682	–	8,740
At 31 December 2019	97,919,728	12,544,867	539,730
At 1 January 2020	**97,919,728**	**12,544,867**	**539,730**
Changes from financing cash flows	**(1,064,566)**	**5,014,793**	**(396,861)**
New leases	**–**	**–**	**14,597**
Interest expense	**–**	**–**	**5,991**
Lease modification	**–**	**–**	**(136)**
Foreign exchange movement	**(4,074,483)**	**–**	**(8,465)**
At 31 December 2020	**92,780,679**	**17,559,660**	**154,856**

(D) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the statement of cash flows is as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within operating activities	**8,785**	150,311
Within financing activities	**396,861**	538,202
	405,646	688,513

42. OPERATING LEASE ARRANGEMENTS

AS LESSOR

The Group leases its certain vessels, containers and buildings under operating lease arrangements. The details of revenue from vessel chartering and container leasing are included in note 5.1 to the financial statements. Rental income from investment properties was RMB6,522,000 (2019: RMB7,370,000).

(a) Operating lease commitments as at 31 December 2020

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Within one year	**1,788,785**	5,719,539
After one year but within two years	**1,597,830**	1,682,789
After two years but within three years	**1,434,664**	1,401,326
After three years but within four years	**1,297,496**	1,146,166
After four years but within five years	**1,158,898**	922,578
After five years	**2,649,018**	2,561,695
	9,926,691	13,434,093

(b) The amounts recognised in profit or loss in relation to lessor accounting are as follows:

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Income from subleasing	**10,612**	24,156

42. OPERATING LEASE ARRANGEMENTS (continued)

AS LESSEE

The Group has various lease contracts for prepaid land lease payments, buildings and machinery, motor vehicles and office equipment used in its operation. Details of lease terms of these lease contracts are included in note 2.4 to the financial statements. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets and lease liabilities

Detailed information regarding right-of-use assets and lease liabilities has been set out in notes 16 and 35, respectively, to the financial statements.

(b) The amounts recognised in profit or loss in relation to lessee accounting are as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Interest on lease liabilities	**5,991**	6,553
Depreciation charge of right-of-use assets	**65,262**	60,154
Expense relating to short-term leases	**8,785**	150,311

(c) Non-cash additions to right-of-use assets and lease liabilities are disclosed in note 41(a) to the financial statements.

43. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

CAPITAL COMMITMENTS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Contracted, but not provided for:		
Equity investment	**423,215**	757,005
Property, plant and equipment	**7,028,381**	67,665
	7,451,596	824,670

44. SIGNIFICANT RELATED PARTY TRANSACTIONS

(A) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Interest income from:		
An associate*	**52,730**	73,197
Interest expenses to:		
Immediate holding company*	**21,960**	21,900
Fellow subsidiaries*	**2,382**	1,331
An associate*	**138,378**	105,061
Sales of goods to:		
Fellow subsidiaries*	**1,486,888**	1,251,341
Purchases of goods from:		
Fellow subsidiaries*	**3,800,158**	816,509
Purchases of items of property, plant and equipment from:		
Fellow subsidiaries*	**2,774,334**	–
Rendering of services to fellow subsidiaries:		
Vessel chartering and container leasing*	**5,654,446**	5,814,614
Finance lease income *	**11,024**	9,111
Management fee income*	**39,665**	24,027
Others*	**26,855**	30,956
Receiving of services from:		
Fellow subsidiaries*	**1,641,020**	1,616,371
Sales of items of property, plant and equipment to:		
Fellow subsidiaries*	**–**	10,294

The related party transactions above were made according to the published prices or interest rates and conditions similar to those offered to the respective major customers.

* Certain related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(B) COMMITMENTS WITH RELATED PARTIES

The table below summarises the commitments with fellow subsidiaries:

As lessor

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within one year	**361,459**	4,322,009
After one year but within two years	**248,912**	258,588
After two years but within three years	**211,884**	146,041
After three years but within four years	**198,459**	109,013
After four years but within five years	**174,047**	83,109
After five years	**673,793**	18,665
	1,868,554	4,937,425

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(C) OUTSTANDING BALANCES WITH RELATED PARTIES

	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000
Amounts due from:			
Fellow subsidiaries		**508,975**	868,814
An associate	*(i)*	**5,235,747**	6,334,490
Amounts due to:			
Immediate holding company		**660**	660
Fellow subsidiaries		**1,789,869**	1,229,028
An associate		**5,645**	6,297
Loans from:			
Immediate holding company	*(ii)*	**600,000**	600,000
Fellow subsidiaries	*(ii)*	**–**	697,620
An associate	*(ii)*	**6,550,990**	4,899,500
Lease liabilities due to:			
Fellow subsidiaries		**48,078**	75,899

Notes:

(i) The Group placed a certain portion of its cash at an associate. All of deposits at the end of each of the reporting periods were demand deposits, and were therefore, presented in cash and cash equivalents. Interest was charged according to the rates and terms agreed with the associate.

(ii) Details of the Group's loans from the immediate holding company, fellow subsidiaries and an associate as at the end of the reporting period are included in note 33 to the financial statements.

Save as disclosed above, the outstanding balances with related parties were unsecured, non-interest-bearing and had no fixed repayment terms.

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**7,099**	7,949
Performance related bonuses	**–**	6,954
Equity-settled share potion expense	**509**	–
Pension scheme contributions	**979**	1,501
	8,587	16,404

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

FINANCIAL ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Financial assets at fair value through profit or loss	**4,586,978**	4,757,275
Derivative financial instruments	**–**	1,529
	4,586,978	4,758,804

FINANCIAL ASSETS – AT AMORTISED COST

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Finance lease receivables	**45,865,744**	42,156,065
Factoring receivables	**1,448,667**	1,551,898
Trade and notes receivables	**2,445,764**	1,111,000
Financial assets included in prepayments and other receivables	**180,600**	187,298
Pledged deposits	**590,146**	566,339
Cash and cash equivalents	**12,046,801**	9,635,096
	62,577,722	55,207,696

45. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

FINANCIAL LIABILITIES – DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Derivative financial instruments	**20,939**	12,035

FINANCIAL LIABILITIES – AT AMORTISED COST

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Trade payables	**3,100,895**	2,553,700
Financial liabilities included in other payables and accruals	**4,387,207**	3,454,101
Bank and other borrowings	**92,780,679**	97,919,728
Corporate bonds	**17,559,660**	12,544,867
Lease liabilities	**154,856**	539,730
Other long term payables	**2,804,852**	2,370,536
	120,788,149	119,382,662

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those measured at fair value or with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 December 2020 RMB'000	31 December 2019 RMB'000	**31 December 2020 RMB'000**	31 December 2019 RMB'000
Bank and other borrowings	**45,527,948**	54,853,209	**44,086,711**	54,543,065
Corporate bonds	**8,287,546**	8,271,400	**8,286,332**	8,162,984
Other long term payables	**2,804,852**	2,370,536	**2,564,869**	2,169,397
	56,620,346	65,495,145	**54,937,912**	64,875,446

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and notes receivables, financial assets included in prepayments and other receivables, the current portion of finance lease receivables and the current portion of factoring receivables, trade payables, financial liabilities included in other payables and accruals, the current portion of bank and other borrowings, the current portion of corporate bonds and the current portion of lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The non-current portion of finance lease receivables, the non-current portion of factoring receivables and the non-current portion of lease liabilities of the Group approximate to their fair values because their carrying amounts are present value and internal rates of return are close to rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair value of the non-current portion of bank and other borrowings, corporate bonds and other long term payables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The differences between the carrying amounts and fair values of those financial liabilities are not significant.

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial assets measured at fair value

31 December 2020

	Fair value measurement categorised into			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets at fair value through profit or loss	**1,516,558**	**2,442,815**	**627,605**	**4,586,978**

31 December 2019

	Fair value measurement categorised into			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	2,496,638	1,803,605	457,032	4,757,275
Derivative financial instruments	–	1,529	–	1,529
	2,496,638	1,805,134	457,032	4,758,804

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)

Financial liabilities measured at fair value

31 December 2020

	Fair value measurement categorised into			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Derivative financial instruments	**–**	**20,939**	**–**	**20,939**

31 December 2019

	Fair value measurement categorised into			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments	–	12,035	–	12,035

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities (2019: Nil).

For all the financial assets with fair value measurement categorised into Level 2, the Group estimates their fair values using the market approach. For investments in private funds, the fair values are calculated in accordance with net asset value prepared by the fund manager. For the other investments, if there is a recent deal regarding these investments, the fair values are estimated based on the deal price. If there is no such deal to be referenced, the directors will determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by net assets or net profit. The trading multiple is then discounted for considerations such as illiquidity based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding net assets or net profit of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

All financial assets at fair value through profit or loss categorised into Level 3 represent wealth management products issued by banks in Mainland China. The Group has estimated their fair value by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)

The recurring fair value measurement for the Group's financial assets at fair value through profit or loss was performed using significant unobservable inputs (Level 3) as at 31 December 2020. Set out below is a summary of the valuation techniques used and the key input to the valuation:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Discounted cash flow method	Discount rate per annum	2020: 4.1% – 4.6% (2019:4.7% -5.2%)	5% (2019: 5%) increase/decrease would result in decrease/increase in fair value by 0.06% (2019: 0.08%)

The movements in financial assets categorised into Level 3 during the year are as follows:

	Financial assets at fair value through profit or loss RMB'000
At 1 January 2019	–
Purchases	500,000
Disposals	(50,644)
Total gains recognised in the statement of profit or loss included in other income and gains	7,676
31 December 2019 and at 1 January 2020	**457,032**
Purchases	**620,000**
Disposals	**(457,032)**
Total gains recognised in the statement of profit or loss included in other income and gains	**7,605**
As at 31 December 2020	**627,605**

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank and other borrowings, corporate bonds, lease liabilities and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, and trade and notes payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps. The purpose is to manage the interest rate arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

INTEREST RATE RISK

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts and using interest rate swap contracts.

As at 31 December 2020, if interest rates had been 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been RMB676,572,000 lower/higher (2019: RMB595,706,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate bank borrowings.

CREDIT RISK

The Group is exposed to credit risk primarily from finance lease receivables, factoring receivables and trade receivables in its operation.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all counterparties are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis.

(a) Maximum credit risk exposure

The credit risk of the Group's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments without taking account of any collateral held or other credit enhancements.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(b) Impairment assessment

The detailed accounting policy and significant accounting judgements and estimates for impairment in relation to credit risk are given in notes 2.4 and 3 to the financial statements, respectively.

The movements in the provision for impairment of finance lease receivables, factoring receivables and trade receivables, which account for the primary credit risk of the Group, are as follows:

	Finance lease receivables				Factoring receivables				Trade receivables
	31 December 2020				31 December 2020				31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	254,901	296,396	363,765	915,062	15,741	–	7,996	23,737	160,924
Impairment losses (reversed)/recognised	(52,541)	228,425	459,465	635,349	(1,213)	–	863	(350)	(10,379)
Transfer to Stage 1	53,838	(53,838)	–	–	–	–	–	–	–
Transfer to Stage 2	(29,400)	29,400	–	–	–	–	–	–	–
Transfer to Stage 3	(21,132)	(2,077)	23,209	–	–	–	–	–	–
Amount written off as uncollectable	–	–	(257,755)	(257,755)	–	–	–	–	–
Exchange realignment	(762)	(1,910)	(10,178)	(12,850)	–	–	–	–	(5,604)
At 31 December 2020	204,904	496,396	578,506	1,279,806	14,528	–	8,859	23,387	144,941

	Finance lease receivables				Factoring receivables				Trade receivables
	31 December 2019				31 December 2019				31 December 2019
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	356,218	195,812	234,871	786,901	10,801	–	5,280	16,081	114,790
Impairment losses recognised/(reversed)	251,235	(9,727)	117,509	359,017	4,940	–	2,716	7,656	44,046
Transfer to Stage 1	3,725	(3,725)	–	–	–	–	–	–	–
Transfer to Stage 2	(113,717)	113,717	–	–	–	–	–	–	–
Transfer to Stage 3	(242,744)	(249)	242,993	–	–	–	–	–	–
Amount written off as uncollectable	–	–	(232,105)	(232,105)	–	–	–	–	–
Exchange realignment	184	568	497	1,249	–	–	–	–	2,088
At 31 December 2019	254,901	296,396	363,765	915,062	15,741	–	7,996	23,737	160,924

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(c) Credit quality

The Group manages the credit quality by credit risk rating grades, classified in descending credit quality order as neither past due nor impaired, not past due and individually impaired, past due but not impaired, past due and collectively impaired and past due and individually impaired.

Finance lease receivables, factoring receivables and trade receivables, which account for the primary credit risk of the Group, are classified as follows:

Finance lease receivables and factoring receivables

	Finance lease receivables				Factoring receivables			
	31 December 2020				31 December 2020			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Not past due and collectively impaired	40,574,681	–	–	40,574,681	1,459,697	–	–	1,459,697
Past due and collectively impaired	805,368	4,663,261	–	5,468,629	–	–	–	–
Past due and individually impaired	–	–	1,102,240	1,102,240	–	–	12,357	12,357
	41,380,049	4,663,261	1,102,240	47,145,550	1,459,697	–	12,357	1,472,054

	Finance lease receivables				Factoring receivables			
	31 December 2019				31 December 2019			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Not past due and collectively impaired	39,248,338	–	–	39,248,338	1,567,639	–	–	1,567,639
Past due and collectively impaired	671,467	2,629,113	–	3,300,580	–	–	–	–
Past due and individually impaired	–	–	522,209	522,209	–	–	7,996	7,996
	39,919,805	2,629,113	522,209	43,071,127	1,567,639	–	7,996	1,575,635

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(c) Credit quality (continued)

Trade receivables

	31 December 2020					31 December 2019				
	Aging based on the invoice date					Aging based on the invoice date				
	Within 1 year RMB'000	1-2 years RMB'000	2-3 years RMB'000	Over 3 years RMB'000	Total RMB'000	Within 1 year RMB'000	1-2 years RMB'000	2-3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Not past due and collectively impaired	1,993,143	–	–	–	1,993,143	998,709	–	–	–	998,709
Past due and collectively impaired	126,790	1,642	34	–	128,466	124,924	4,861	–	–	129,785
Past due and individually impaired	–	11,436	33,317	36,417	81,170	–	35,621	13,651	77,457	126,729
	2,119,933	13,078	33,351	36,417	2,202,779	1,123,633	40,482	13,651	77,457	1,255,223

(d) Concentration

Concentrations of credit risk are managed by counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the receivables are widely dispersed in different sectors and industries.

LIQUIDITY RISK

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, bank and other borrowings, corporate bonds and lease liabilities.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

LIQUIDITY RISK (continued)

31 December 2020

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	**3,100,895**	**–**	**–**	**–**	**3,100,895**
Financial liabilities included in other payables and accruals	**4,387,207**	**–**	**–**	**–**	**4,387,207**
Bank and other borrowings	**49,235,436**	**22,000,977**	**22,286,654**	**3,803,361**	**97,326,428**
Corporate bonds	**9,759,677**	**6,350,088**	**1,351,049**	**1,223,000**	**18,683,814**
Lease liabilities	**113,599**	**31,968**	**24,049**	**4,444**	**174,060**
Other long term payables	**–**	**1,371,125**	**1,001,941**	**431,786**	**2,804,852**
Total	**66,596,814**	**29,754,158**	**24,663,693**	**5,462,591**	**126,477,256**

31 December 2019

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	2,553,700	–	–	–	2,553,700
Financial liabilities included in other payables and accruals	3,454,101	–	–	–	3,454,101
Bank and other borrowings	45,960,999	23,887,375	29,748,080	5,726,619	105,323,073
Corporate bonds	4,721,200	3,588,181	5,246,022	–	13,555,403
Lease liabilities	422,112	104,887	42,365	8,787	578,151
Other long term payables	–	823,861	1,287,902	258,773	2,370,536
Total	57,112,112	28,404,304	36,324,369	5,994,179	127,834,964

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

EQUITY PRICE RISK

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss as at 31 December 2020, which are valued at quoted market prices.

As at 31 December 2020, if fair values of the equity investments had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been RMB151,656,000 higher/lower (2019: RMB249,664,000) and equity would have been RMB113,742,000 higher/lower (2019: RMB187,248,000 higher/lower).

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CAPITAL MANAGEMENT (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt includes bank and other borrowings, corporate bonds and lease liabilities, less pledged deposits and cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Bank and other borrowings	**92,780,679**	97,919,728
Corporate bonds	**17,559,660**	12,544,867
Lease liabilities	**154,856**	539,730
Pledged deposits	**(590,146)**	(566,339)
Cash and cash equivalents	**(12,046,801)**	(9,635,096)
Net debt	**97,858,248**	100,802,890
Total equity	**24,370,008**	24,207,718
Gearing ratio	**402%**	416%

48. EVENTS AFTER THE REPORTING PERIOD

On 30 March 2021, the Board proposed the payment of a final dividend of RMB0.056 per share (inclusive of applicable tax), totaling approximately RMB645,596,000 calculated based on 11,528,497,997 shares, being the number of issued shares of the Company of 11,608,125,000 as at 30 March 2021 deducting 79,627,003 A shares repurchased by the Company, for the year ended 31 December 2020, which is subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company.

49. COMPARATIVE AMOUNTS

The comparative statement of profit or loss has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 11).

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2020 **RMB'000**	31 December 2019 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**9,548,394**	11,809,825
Right-of-use assets	**39,403**	55,707
Intangible assets	**5,492**	1,894
Investments in associates	**1,618,929**	877,425
Investments in subsidiaries	**40,522,213**	38,332,369
Financial assets at fair value through profit or loss	**1,845,780**	2,738,058
Loans and receivables	**5,296,340**	3,092,860
Total non-current assets	**58,876,551**	56,908,138
CURRENT ASSETS		
Inventories	**380,282**	330,260
Trade and notes receivables	**427,622**	460,027
Prepayments and other receivables	**3,552,148**	2,376,467
Loans and receivables	**500,000**	2,909,286
Pledged deposits	**2,610**	19,507
Cash and cash equivalents	**2,773,005**	2,835,921
Total current assets	**7,635,667**	8,931,468
Total assets	**66,512,218**	65,839,606
CURRENT LIABILITIES		
Trade payables	**443,236**	270,473
Other payables and accruals	**9,359,874**	8,368,154
Bank and other borrowings	**13,680,100**	9,671,000
Lease liabilities	**13,492**	12,906
Total current liabilities	**23,496,702**	18,322,533
NET CURRENT LIABILITIES	**(15,861,035)**	(9,391,065)
TOTAL ASSETS LESS CURRENT LIABILITIES	**43,015,516**	47,517,073

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	31 December 2020	31 December 2019
	RMB'000	RMB'000
NON-CURRENT LIABILITIES		
Bank and other borrowings	**3,132,000**	4,833,600
Corporate bonds	**4,500,000**	5,000,000
Lease liabilities	**17,731**	31,223
Other long term payables	**18,105**	17,525
Total non-current liabilities	**7,667,836**	9,882,348
Net assets	**35,347,680**	37,634,725
EQUITY		
Share capital	**11,608,125**	11,608,125
Treasury shares	**(233,428)**	(233,428)
Other reserves *(note)*	**19,278,493**	19,211,565
Other equity instrument *(note)*	**6,000,000**	7,000,000
(Accumulated losses)/retained profits *(note)*	**(1,305,510)**	48,463
Total equity	**35,347,680**	37,634,725

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves and accumulated losses is as follows:

	Special reserve RMB'000	Other reserves RMB'000	Other equity instrument RMB'000	(Accumulated losses)/ retained profits RMB'000
At 1 January 2019	–	19,068,767	2,000,000	(367,357)
Profit and total comprehensive income for the year	–	–	–	1,267,884
Issue of other equity instruments	–	–	5,000,000	–
Cancellation of treasury shares	–	8,223	–	–
Dividends declared	–	–	–	(380,440)
Dividends to holders of the other equity instruments	–	–	–	(337,049)
Transfer from retained profits	17,669	134,575	–	(152,244)
Utilisation of reserve funds	(17,669)	–	–	17,669
At 31 December 2019	–	19,211,565	7,000,000	48,463
At 1 January 2020	**–**	**19,211,565**	**7,000,000**	**48,463**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(453,190)**
Equity-settled share option arrangements	**–**	**5,528**	**–**	**–**
Repayment of other equity instruments	**–**	**–**	**(1,000,000)**	**–**
Dividends declared	**–**	**–**	**–**	**(518,782)**
Dividends to holders of the other equity instruments	**–**	**–**	**–**	**(320,601)**
Transfer from retained profits	**19,054**	**61,400**	**–**	**(80,454)**
Utilisation of reserve funds	**(19,054)**	**–**	**–**	**19,054**
At 31 December 2020	**–**	**19,278,493**	**6,000,000**	**(1,305,510)**

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2021.

Five Year Financial Summary

RESULTS

	Year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
CONTINUING OPERATIONS					
REVENUE	**14,421,919**	9,665,682	12,020,213	11,391,466	11,213,705
Costs of sales	**(10,834,932)**	(7,202,187)	(9,615,277)	(9,737,991)	(10,916,542)
Gross profit	**3,586,987**	2,463,495	2,404,936	1,653,475	297,163
Other income	**286,950**	414,051	393,967	191,249	416,273
Other gains/(losses), net	**155,593**	835,317	(272,695)	(25,886)	108,856
Selling and administrative expenses	**(1,373,487)**	(1,178,677)	(930,121)	(961,876)	(1,536,466)
Expected credit losses	**(622,339)**	(417,563)	(289,157)	–	–
Finance costs	**(2,253,120)**	(3,540,784)	(3,406,547)	(2,701,922)	(1,690,941)
Share of profits/(losses) of:					
Associates	**1,985,148**	2,292,840	2,314,450	2,057,169	1,538,043
Joint ventures	**(4,774)**	(1,077)	6,467	7,155	8,532
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**1,760,958**	867,602	221,300	219,364	(858,540)
Income tax expenses	**(318,773)**	(199,749)	(356,208)	(360,142)	(168,414)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**1,442,185**	667,853	(134,908)	(140,778)	(1,026,954)
DISCONTINUED OPERATION					
Profit for the year from a discontinued operation	**688,086**	1,076,880	1,571,183	1,675,110	1,420,029
PROFIT FOR THE YEAR	**2,130,271**	1,744,733	1,436,275	1,534,332	393,075
Attributable to:					
Owners of the parent	**2,130,271**	1,744,733	1,384,257	1,463,803	347,503
Non-controlling interests	**–**	–	52,018	70,529	45,572
	2,130,271	1,744,733	1,436,275	1,534,332	393,075

Five Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
TOTAL ASSETS	**146,038,794**	144,494,119	137,837,422	139,037,660	125,460,305
TOTAL LIABILITIES	**(121,668,786)**	(120,286,401)	(119,797,287)	(122,163,873)	(111,897,191)
NON-CONTROLLING INTERESTS	**–**	–	–	(597,625)	(313,067)
	24,370,008	24,207,718	18,040,135	16,276,162	13,250,047