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 2021

SHIPPING FINANCIAL SERVICE PLATFORM

Company Profile

COSCO SHIPPING Development Co., Ltd. (the "Company") is a subsidiary of China COSCO SHIPPING Corporation Limited ("China COSCO SHIPPING") specialized in integrated shipping logistics industry financial services, which is one of core industries under China COSCO SHIPPING. 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 RMB13,586 million.

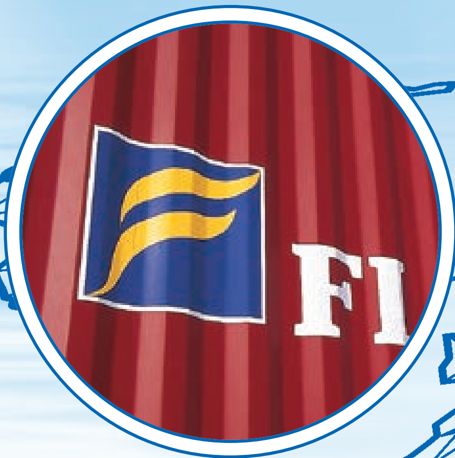
With the focus on integrated logistics industry, the Company is committed to developing shipping leasing, container leasing and container manufacturing business as the core business and shipping logistics industry chain financial services as its auxiliary business, with a view to pursuing industry-finance integrated development underpinned by investment management.

The vessel leasing business of the Company involves the leasing business of various vessels, such as container vessels, dry bulk cargo vessels, special-purpose vessels and LNG vessels. The scale of vessel leasing business is nearly 200 vessels, with assets exceeding RMB50 billion. Diversified services are provided under container leasing business, such as leasing, trading and management of various types of containers and sales of old containers. The Company managed more than 3,700,000 TEU of containers, ranking among the top in the world.

The container manufacturing business of the Company involves the research, development, production and sales of international standard dry cargo containers, reefer containers, special containers and house containers. The Company had a designed annual capacity of more than 1,300,000 TEU, ranking second in the world, with its customers including the world's famous liner companies and major container leasing companies. Meanwhile, relying on the global transportation network of China COSCO Shipping, the Company provides customers with value-added services of delivery at ports worldwide.

As for investment and services segment, the Company gives equal weight to strategic value and financial returns, adheres to the principal business of shipping logistics, aims at integration of industry and finance utilizing investment measures, continuously focuses on investment areas, optimizes investment portfolios, strengthens asset operation and increases investment gains. The Company maintains its investment focus and makes full use of capital to attract and integrate high-quality assets, intellectual property and resources based on the application scenarios of shipping, ports and logistics industries, in an effort to boost industry upgrading.

Guided by the concept of "Excellence", following the mission of "Finance aids industry and development creates value" and with "integrity, efficiency, proactiveness and mutual benefit" as its core values, the Company fully leverages its advantages in shipping industry chain and expands the value of capital flows in the shipping logistics ecosystem to develop into an excellent financial operator in the shipping industry with COSCO SHIPPING's characteristics.



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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
Mr. Lu Jianzhong
Ms. Zhang Weihua
Mr. Shao Ruiqing

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
Mr. Shao Ruiqing

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. Zhang Weihua
Mr. Shao Ruiqing

NOMINATION COMMITTEE

Mr. Shao Ruiqing *(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

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LEGAL ADVISERS
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Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
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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

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COMPANY WEBSITE
http://development.coscoshipping.com

H SHARE LISTING PLACE
Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange")

LISTING DATE
16 June 2004

NUMBER OF H SHARES IN ISSUE
3,676,000,000 H Shares

BOARD LOT (H SHARES)
1,000 Shares

HONG KONG STOCK EXCHANGE STOCK CODE
02866

A SHARE LISTING PLACE
Shanghai Stock Exchange

LISTING DATE
12 December 2007

NUMBER OF A SHARES IN ISSUE
9,910,477,301 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 2021 AND 2020 KEY FINANCIAL FIGURES BY CHART FORM

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

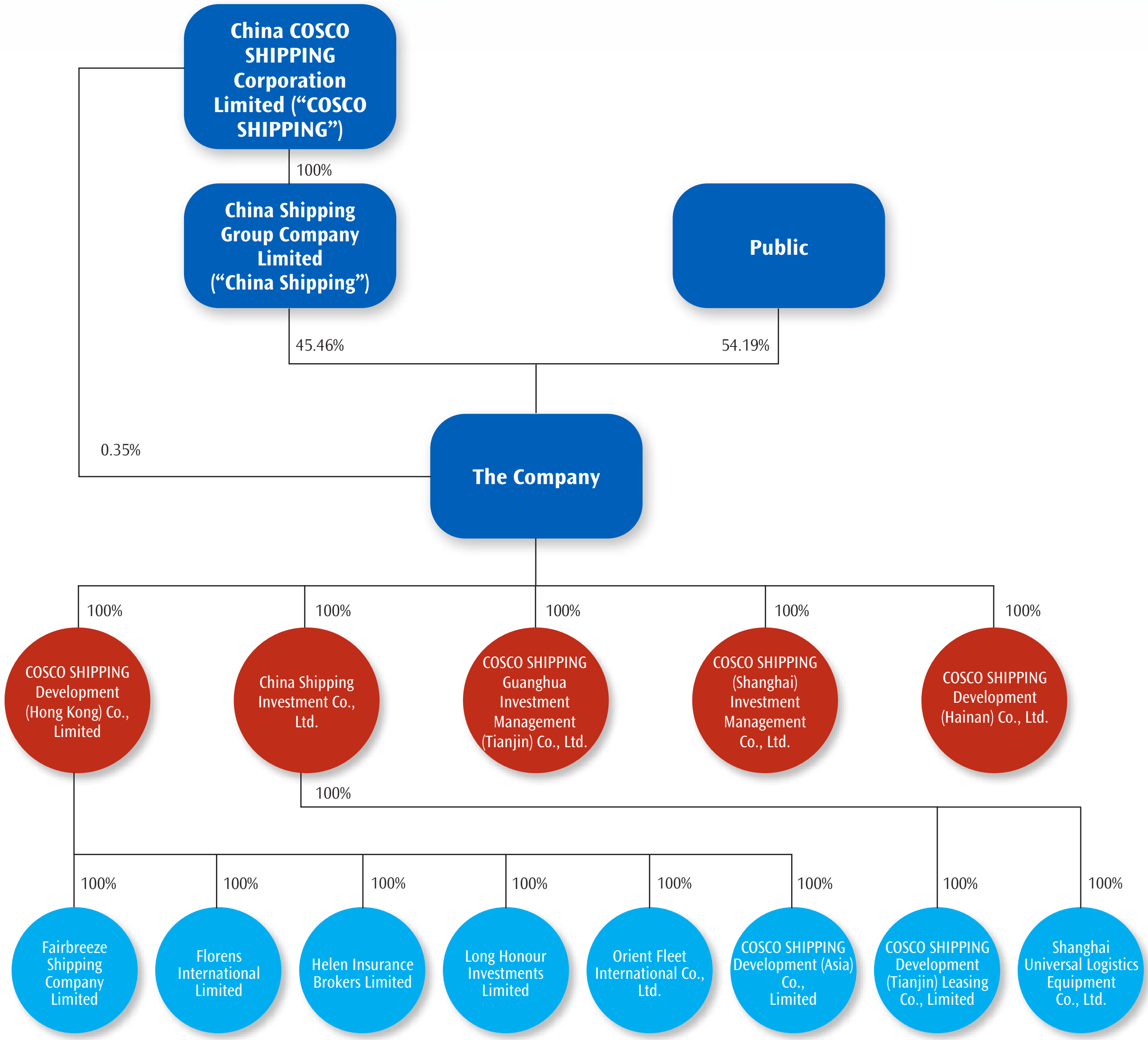
	2021	2020 (Restated)	Change
	RMB'000	RMB'000	%
Revenue	**34,914,585**	12,853,145	172%
Operating profit	**7,948,388**	1,749,749	354%
Profit before income tax from continuing operations	**7,830,582**	1,202,789	551%
Profit for the year from a discontinued operation	**16,156**	1,134,382	-99%
Profit for the year attributable to owners of parent	**6,089,321**	2,139,402	185%
Basic earnings for the year per share	**RMB0.4978**	RMB0.1575	216%
Gross profit margin (continuing operations)	**29%**	20%	45%
Profit margin before income tax (continuing operations)	**22%**	9%	144%
Gearing ratio	**223%**	364%	-39%

Consolidated Assets and Liabilities
(Under HKFRS)

	2021	2020 (Restated)	Change
	RMB'000	RMB'000	%
Total assets	**132,616,323**	153,234,883	-13%
Non-current assets	**99,048,643**	110,854,512	-11%
Current assets	**33,567,680**	42,380,371	-21%
Total liabilities	**99,927,426**	125,829,193	-21%
Current liabilities	**53,884,645**	69,010,602	-22%
Net current liabilities	**(20,316,965)**	(26,630,231)	-24%
Net assets	**32,688,897**	27,405,690	19%

Corporate Structure

The following chart shows the simplified corporate and shareholding structure of the Company and its principal subsidiaries as at 31 December 2021:



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

Chairman's Statement

In 2021, the world witnessed repeated outbreaks of the COVID-19 pandemic and the acceleration of COVID-19 variations. However, the research and development and widespread vaccination of COVID-19 vaccines as well as the implementation of economic stimulus policies in various economies boosted the recovery of global economy and the strong rebound of global trade, leading to sustained strong shipping demand. The congestion in major ports of the world, insufficient container capacity, shortage of containers and other factors posed pressure on the smooth flow of the global supply chain.

Faced with the pressure from the delayed and stagnated global supply chain, the Company took various measures to improve quality and efficiency, and achieved new breakthroughs in economic benefits.

In 2021, the Company recorded a revenue of RMB34.915 billion, an increase of 172% from 2020, and a net profit attributable to owners of the parent of RMB6.089 billion, a significant increase of 185% from 2020. The basic earnings per share amounted to RMB0.4978.

The Board proposed a final dividend of RMB0.226 per share.

REVIEW OF OPERATIONS

In 2021, the Company made an overall plan on principal shipping and logistics business to continuously improve service capabilities, expand business sectors, accelerate the construction of a new development dynamic, and integrate core competitive advantages, with a view to achieve a good start for the high-quality development during the "14th Five-Year Plan" period.

I. THE SHIPPING LEASING SEGMENT DEEPENED IN-HOUSE SYNERGY TO MAKE FULL USE OF INDUSTRIAL CHAIN ADVANTAGES

1. *Vessel Leasing Business Actively Implemented Industrial Chain Coordination, Steadily Expanded Business Areas*

Focusing on the strategic core of the integration of industry and finance, the Company actively promoted the development of its principal shipping business and made breakthroughs in the extension of shipping industrial chain services. In 2021, on the basis of continuously launching 10 pulp vessels of COSCO SHIPPING Specialized Carriers and 16 bulk carriers of COSCO SHIPPING Bulk, we actively sought cooperation opportunities, promoted leasing projects of LNG vessels and roll-on/roll-off vessels, and replenished new forces for the Company's leasing fleet to facilitate the development of its principal shipping business. At the same time, the Company paid attention to both internal and external virtues, steadily expanded its business to external market, and achieved historical breakthroughs in external vessel leasing and major transportation leasing business.

2. *Container Leasing Business Exerted In-house Synergy, Effectively Improved the Efficiency of Assets*

The Company gave full play to its advantages in the synergy of leasing and manufacturing, adhered to the key customer strategy, carried out the whole process of customer relationship management to improve customer satisfaction and enhance customer stickiness, and achieved a substantial increase in the number of contracted containers throughout the year. At the same time, the Company continued to expand its business in the field of reefer containers and achieved a significant breakthrough in reefer leasing business. While steadily advancing the container leasing business, the Company effectively grasped the business opportunities of new and old container trade, and expanded the container trade business worldwide to effectively enhance the asset efficiency and realize the improvement of quality and efficiency.

II. CONTAINER MANUFACTURING SEGMENT IMPROVED CORE COMPETITIVENESS TO MEET MARKET DEMAND

In 2021, the Company completed the issuance of shares to purchase related container manufacturing assets, making it to become the world's second largest container manufacturer. At the same time, the Company successfully raised RMB1.464 billion by issuing additional shares at the price of RMB2.76 per share. The implementation of the project further integrated the Group's container manufacturing assets, optimized the layout of production capacity, improved the content of science and technology, and promoted the linkage of leasing and manufacturing. In addition, the effective decrease in gearing ratio laid a foundation for high-quality development.

In 2021, the container market experienced a structural shortage of containers. The Company closely followed market dynamics and made active use of industrial chain synergies to overcome the raw material supply tension and shortage of labors on the premise of the implementation of pandemic prevention and control measures. The Company improved the production efficiency through various proactive measures, provided strong support for the smooth operation of supply chains and significantly improved its own benefits. At the same time, the Company established a sound whole-process quality management system to create excellent quality with originality, constantly promoted technological innovation and the implementation of "oil to water" technology, spread the concept of green environmental protection to the industry and led the healthy and sustainable development of the industry.

III. INTEGRATION OF INDUSTRY AND FINANCE IN INVESTMENT MANAGEMENT SEGMENT TO OPTIMIZE THE LAYOUT AND BOOST INDUSTRIAL UPGRADING

The Company maintained its investment focus and made full use of capital to attract and integrate high-quality resources based on the application scenarios of shipping, port and logistics industries to optimize the investment portfolio. At the same time, it actively implemented the dual-carbon strategy, explored zero-carbon green and intelligent technologies, and promoted the development of new shipping technologies, new industries and green shipping.

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

The Company is dedicated to safeguarding the interests of the majority of investors and promoting its long-term and sustainable development. It has paid cash dividends for three consecutive years and the proportion of dividends has increased year by year, aiming to share the development achievements of the Company with shareholders. In 2021, the Company completed the dividend distribution to A share and H share investors for 2020 by distributing a total cash dividend of approximately RMB646 million to all shareholders, positively rewarding investors.

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

The Company closely followed the industry attributes and the risk pressure of its business sector under the COVID-19 pandemic, adopted more prudent risk management policies, continuously promoted the construction of the rule of law, deepened and strengthened risk management, optimized the risk quota index system, improved the level of compliance management, and completed the second phase of the construction of a comprehensive risk management system. In 2021, all business segments of the Company were operating soundly with controllable risks.

VI. PROMOTING DIGITAL TRANSFORMATION TO IMPROVE QUALITY AND EFFICIENCY

The Company actively carried out digital transformation and built a digital platform in the container leasing business sector. The Company achieved a number of key technological breakthroughs in the container manufacturing business sector and also upgraded its financial management system to promote quality and efficiency in multiple aspects.

VII. PRACTICING SOCIAL RESPONSIBILITY AND PROMOTING SUSTAINABLE DEVELOPMENT

In 2021, the Company made full use of the scale advantage, the synergistic effect of the shipping industrial chain and the innovative idea of industry and technology to strengthen the integration of industry and finance and ensure the smooth operation of supply chains. It continued to improve the corporate governance level of its own and affiliated units and strengthened clean management and risk prevention and control to contribute to building a socially responsible shipping industrial chain. It actively embraced the era of big data, used technological, financial and digital means to serve upstream and downstream enterprises along the shipping industrial chain. It integrated the concept of green development into all aspects of the Company's production and operation and explored the layout in green industries such as new energy. It adhered to the responsibility to boost regional economic and social development and support targeted assistance projects. By firmly believing that the concept of sustainable development is the compass of global development, the Company integrated the concept of sustainable development into its core strategy, management mode, corporate culture and business operations, and was committed to making positive contributions to the common prosperity of the industry, ecological friendliness and social harmony.

OUTLOOK

In 2022, the global economic development will face the challenges of uncertainties, such as COVID-19 pandemic, monetary policy adjustment in various economies, inflation and geopolitical events, and its overall growth is expected to slow down as compared to the previous period. In the coming period, the shipping market will potentially maintain better prosperity while the turnover efficiency of the supply chain will be affected during a period of time. With the active investment and upgrade of various aspects of the shipping industrial chain, the shipping market will gradually return to rationality, and digitalization, green low carbonization and intelligence will create a new pattern of the shipping industrial chain and boost a new development of the shipping industrial chain.

The Company will continue to make active layout toward the new development direction of its principal shipping and logistics business. The Company will be well prepared and maintain its strategic focus, improve its ability to go through ups and downs of the market, make plans to develop into a first-class enterprise, take the road of sustainable development and strive to promote the high-quality development of the Company.

For the shipping leasing segment, the Company will further make innovation in business model, and explore asset-light solutions and environment-friendly ship projects. The Company will adhere to technology empowerment, strengthen digital construction, pay attention to both internal and external virtues and seek innovative development. The Company will also further strengthen the synergy of vessel leasing and manufacturing, enhance the market influence of container leasing and trade of containers, and continuously improve its ability to create value.

For the container manufacturing segment, the Company will continue to focus on responsibility, give play to the advantages of container manufacturing resource integration, and strive to specialize on efficiency and improve the ability to create efficiency, and vigorously expand the business fields of high value-added products such as reefer containers and special containers. In the meantime, the Company will actively promote the innovative integration of digital and information technology in the fields of energy saving and clean energy, and explore the application of the environmental protection and energy saving technology in the field of the container manufacturing.

For investment and management segment, the Company will closely follow the guidance of national policy and the "14th Five-Year Plan", further strengthen the post-investment management, take accurate control of risks, and take measures in risk alert and prevention to increase investment returns and boost industrial upgrading.

In addition, the Company will continuously improve the construction of the risk management system and boost the optimization of the risk management system constantly. In the meantime, the Company will further improve the construction of the safety production system, and strengthen pandemic prevention and control measures, thereby creating a good and safe environment for its production and operation.

2021 is the beginning of the new voyage of the "14th Five-Year Plan". We got off to a good start. In 2022, we will carry forward the cause and forge ahead into the future, strictly judge the situation, create opportunity, keep steady progress, break the waves along the high-quality development direction and move forward bravely towards the goal of development and value creation, and strive to develop into an outstanding financial service provider in the shipping industry with COSCO SHIPPING characteristics.

Management Discussion and Analysis


COSCO
SHIPPING

OPERATING ENVIRONMENT

In 2022, the global economy will face various challenges, and the global economy and trade will be affected by uncertainties, such as repeated outbreaks of the COVID-19 pandemic, sustained supply chain challenges, inflationary pressures and geopolitical events. The International Monetary Fund expects that the global economic growth will slow down and the development trend of major economies will diverge. The momentum of economic recovery in the US and Europe tends to slow down, and the recovery rate will vary in emerging economies. Benefited from favorable conditions for sustainable development in various aspects, the fundamentals sustaining China's sound economic development remain unchanged.

In 2022, the global shipping market demand still will experience a sluggish recovery. According to the forecast of Alphaliner, the growth rate of shipping capacity will be slightly lower than that of demand. In the coming period of time, the shipping market is expected to maintain good prosperity. However, the development of the COVID-19 pandemic, the operation situation of ports and other factors will affect the efficiency of the supply chain. With the digital, low-carbon and green, and intelligent development of the shipping and logistics industry, enterprises involved in various aspects along the shipping industrial chain will face new challenges and opportunities.

FUTURE DEVELOPMENT STRATEGY OF THE COMPANY

1. STRATEGIC POSITION

COSCO SHIPPING Development will integrate shipping logistics-related resources including cargo source, capital, information, 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, shipping leasing business as the core business and shipping logistics industry 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, 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 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, explore asset-light vessel investment and financing mode and build a leading management platform for shipping equipment leasing within the Group. In the long run, it will 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 strive to develop as a leading world-class leasing company with unique competitive edges on the basis of the current leasing business of Florens International Limited. 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, leverage the cyclical supply of and demand for containers to tap profits externally and generate synergy internally. In the long term, the Company will strive to seize market opportunities, actively enhance asset quality, prepare for seizing consolidation opportunities in the industry, optimize its contract portfolios, explore ways to optimize the structure of shareholders and improve corporate governance, and intensify independent development ability so as to enhance the rate of return and long-term core competitiveness.

(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 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) *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, gradually exit non-core financial investments strategically, reduce 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 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 RMB34,914,585,000 for 2021, representing an increase of 171.6% as compared with the restated revenue of RMB12,853,145,000 of last year; total profit before income tax from continuing operations amounted to RMB7,830,582,000, representing an increase of 551.0% as compared with the restated total profit of RMB1,202,789,000 of last year; profit attributable to owners of the parent of the Company for the year amounted to RMB6,089,321,000, representing an increase of 184.6% as compared with the restated profit of RMB2,139,402,000 of last year.

Analysis of segment results is as follows:

Unit: RMB' 000

	Revenue			Cost		
Segment	**2021**	**2020 (Restated)**	**Change (%)**	**2021**	**2020 (Restated)**	**Change (%)**
Shipping and industry-related leasing business	**8,043,308**	5,037,154	59.7	**5,265,024**	3,517,141	49.7
Container manufacturing business	**31,275,636**	11,969,608	161.3	**23,707,551**	10,720,786	121.1
Investment and financial service business	**261,797**	190,821	37.2	**50,318**	43,494	15.7
Offset amount	**(4,666,156)**	(4,344,438)	7.4	**(4,077,959)**	(3,957,394)	3.0
Total	**34,914,585**	12,853,145	171.6	**24,944,934**	10,324,027	141.6

1. ANALYSIS OF SHIPPING AND INDUSTRY-RELATED LEASING BUSINESS

1) Operating Revenue

The Group recorded leasing revenue of RMB8,043,308,000 for 2021, representing an increase of 59.7% compared with the restated revenue of RMB5,037,154,000 of last year, which accounted for 23.0% of the total revenue of the Group. The increase was mainly due to the conversion of 74 ships of the Group from operating lease to financial leasing during the year, and the change from the time charter business to the bare charter business.

Revenue from the vessel leasing business amounted to RMB2,066,578,000, representing an increase of 206.4% as compared with the restated revenue of RMB674,560,000 of last year. Revenue from vessel operating leasing amounted to RMB541,865,000 while revenue from vessel finance leasing and other shipping finance leasing amounted to approximately RMB1,524,713,000.

Revenue from leasing, management and sale of containers amounted to RMB5,976,730,000, representing an increase of 37.0% as compared with the restated revenue of RMB4,362,594,000 of last year. The increase was mainly due to the increase in the leasing prices of containers due to a more prosperous container market in 2021, meanwhile, 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 strengthen sales of second-hand containers.

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 2021 amounted to RMB5,265,024,000, representing an increase of 49.7% as compared with the restated costs of RMB3,517,141,000 of last year, which was primarily due to increases in the depreciation and disposal cost of containers arising from increased number of new containers and disposed obsolete containers.

2. ANALYSIS OF CONTAINER MANUFACTURING BUSINESS

1) *Operating Revenue*

In 2021, the Group's container manufacturing business realized operating revenue of RMB31,275,636,000, representing an increase of 161.3% as compared with the restated revenue of RMB11,969,608,000 of last year, which accounted for 89.6% 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 year, the aggregate container sales was 1,645,000 TEU, representing an increase of 89.9% as compared with 866,100 TEU 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 RMB23,707,551,000 in 2021, representing an increase of 121.1% as compared with the restated costs of RMB10,720,786,000 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 2021, the financial services business realized revenue of RMB261,797,000, representing an increase of 37.2% as compared with the restated revenue of RMB190,821,000 of last year and accounting for 0.7% of the Group's total revenue.

2) *Operating Costs*

The operating costs in 2021 were RMB50,318,000, representing an increase of 15.7% as compared with the restated costs of RMB43,494,000 of last year.

3) *Investment Income*

In 2021, the income from investment business was RMB1,420,835,000, representing a decrease of 41.7% as compared with the restated income of RMB2,436,705,000 of last year. Such decrease in income was mainly due to the decline in the efficiency of some associates and joint ventures.

GROSS PROFIT

Due to the above reasons, the Group recorded gross profit of RMB9,969,651,000 for 2021 (2020: the restated gross profit of RMB2,529,118,000).

SIGNIFICANT SECURITIES INVESTMENT

During the year ended 31 December 2021, the Company's equity investments in associates and joint ventures generated a profit of RMB1,177,599,000 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 year.

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	11.12	11.12	9,599,815,000	854,063,000	(317,139,000)	–	167,902,000	Investment in associates	Purchase
000039/02039	China International Marine Containers (Group) Co., Ltd.	823,619,000	4.69	3.61	1,702,194,000	318,681,000	(3,007,000)	236,292,000	45,813,000	Investment in associates	Purchase
601818	China Everbright Bank Co., Ltd.	3,398,255,000	1.34	1.34	4,954,897,000	517,615,000	23,571,000	–	152,040,000	Investment in associates	Purchase
600643	Shanghai AJ Group Co., Ltd.	25,452,000	0.22	0.22	23,896,000	(2,687,000)	–	–	–	Financial assets at fair value through profit or loss	Purchase
000617	CNPC Capital Company Limited	493,270,000	0.06	0.06	217,761,000	(236,904,000)	–	–	–	Financial assets at fair value through profit or loss	Purchase
600390	Minmetals Capital Co., Ltd.	996,139,000	3.17	3.17	759,237,000	(35,880,000)	–	–	–	Financial assets at fair value through profit or loss	Purchase
Total		**11,614,698,000**	/	/	**17,257,800,000**	**1,414,888,000**	**(296,575,000)**	**236,292,000**	**365,755,000**		

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	1,419,577,000	94,830,000	2,781,000	–	41,153,000	Investment in associates	Purchase
CIB Fund Management Co., Ltd.	100,000,000	10.00	10.00	400,100,000	49,135,000	–	–	–	Investment in associates	Purchase
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	125,000,000	25.00	25.00	129,977,000	2,389,000	–	–	–	Investment in joint ventures	Purchase
Chinese Enterprise Elephant Financial Information Services Company Limited	20,000,000	12.50	12.50	21,945,000	178,000	–	–	1,000,000	Investment in associates	Purchase
Shanghai COSCO SHIPPING Microfinance Company Limited	90,000,000	45.00	45.00	96,187,000	3,370,000	–	–	–	Investment in associates	Purchase
COSCO SHIPPING Finance Company Limited	1,934,677,000	23.38	23.38	2,130,231,000	76,140,000	3,196,000	–	68,301,000	Investment in associates	Purchase
COSCO SHIPPING Leasing Co., Ltd.	3,575,320,000	–	49.70	3,678,520,000	129,737,000	(26,537,000)	–	–	Investment in associates	Purchase
Total	**7,025,350,000**	/	/	**7,876,537,000**	**355,779,000**	**(20,560,000)**	**–**	**110,454,000**		

(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
COSCO SHIPPING Leasing Co., Ltd.	/	Leasing 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 2021. 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.

INCOME TAX

From 1 January 2021 to 31 December 2021, 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 2021, the Group's selling, administrative and general expenses were RMB2,116,767,000, representing an increase of 46% as compared with the restated expenses of last year.

OTHER GAINS, NET

For the year ended 31 December 2021, other gains of the Group were RMB313,566,000, representing an increase in gains of approximately RMB207,471,000 as compared with the restated gains of RMB106,095,000 of last year, which was mainly attributable to the rise in share prices of listed equity investments held by the Group.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT FOR THE YEAR

In 2021, the profit attributable to owners of the parent of the Company for the year was RMB6,089,321,000, representing an increase of 184.6% as compared with the restated profit of RMB2,139,402,000 of last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

ANALYSIS OF LIQUIDITY AND BORROWINGS

The Group's principal sources of liquidity are cash flow from operating business and short-term bank borrowings. The Group's cash is mainly used for expenses of operating cost, repayment of 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 RMB14,505,795,000. As at 31 December 2021, the Group's cash and bank balances were RMB17,871,147,000.

As at 31 December 2021, the Group's total bank loans and other borrowings were RMB82,229,268,000, of which RMB41,884,085,000 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 2021, the Group's RMB-denominated bonds payable amounted to RMB8,500,000,000, 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 RMB22,100,750,000. USD borrowings at fixed interest rates amounted to USD1,284,526,000 (equivalent to approximately RMB8,189,752,000), RMB borrowings at floating interest rates amounted to RMB1,830,651,000, and USD borrowings at floating interest rates amounted to USD7,859,234,000 (equivalent to approximately RMB50,108,115,000). 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 2021, the Group's net current liabilities amounted to RMB20,316,965,000. Current assets mainly include: the current portion of the finance lease receivables of RMB3,217,218,000, inventories of RMB6,901,763,000, trade and notes receivables of RMB1,372,306,000, prepayments and other receivables of RMB1,503,818,000, factoring receivables of RMB1,479,284,000, the current portion of financial assets at fair value through profit or loss of RMB1,073,731,000, cash and cash equivalents of RMB17,871,147,000, and pledged deposits of RMB148,413,000. Current liabilities mainly include: trade payables of RMB4,054,265,000, other payables and accruals of RMB2,519,119,000, contract liabilities of RMB1,313,944,000, tax payables of RMB562,072,000, the current portion of bank and other borrowings of RMB41,884,085,000, the current portion of corporate bonds of RMB3,500,000,000, and current portion of lease liabilities of RMB47,226,000.

CASH FLOWS

For the year of 2021, the Group's net cash inflow generated from operating activities was RMB14,505,795,000, denominated principally in RMB and USD, representing an increase of RMB5,836,358,000 as compared with RMB8,669,437,000 of net cash inflow generated from operating activities for 2020. Cash and cash equivalents balances at the end of 2021 increased by RMB5,081,653,000 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 2021 and 31 December 2020:

Unit: RMB

	2021	2020
Net cash generated from operating activities	**14,505,795,000**	8,669,437,000
Net cash used in investing activities	**(15,136,136,000)**	(5,004,665,000)
Net cash generated from/(used in) financing activities	**5,901,791,000**	(319,571,000)
Impact of exchange rate movement on cash	**(189,797,000)**	(502,539,000)
Net increase/(decrease) in cash and cash equivalents	**5,081,653,000**	(2,842,662,000)

NET CASH GENERATED FROM OPERATING ACTIVITIES

For the year ended 31 December 2021, the net cash inflow generated from operating activities was RMB14,505,795,000, representing an increase of RMB5,836,358,000 as compared with RMB8,669,437,000 of net cash inflow generated from operating activities for 2020. The increase in the Group's net cash generated from operating activities was mainly due to normal operating activities.

NET CASH USED IN INVESTING ACTIVITIES

For the year ended 31 December 2021, the net cash outflow used in investing activities was RMB15,136,136,000, representing an increase of RMB10,131,471,000 as compared with RMB5,004,665,000 of net cash outflow used in investing activities for 2020. The increase in the Group's net cash outflow used in investing activities was mainly due to the increase in purchase of fixed assets and the acquisition of containers, machinery and equipment, vessels and other expenditures led to increased cash outflow during the year.

NET CASH GENERATED FROM FINANCING ACTIVITIES

For the year ended 31 December 2021, the net cash inflow generated from financing activities was RMB5,901,791,000, representing an increase of RMB6,221,362,000 as compared with the net cash outflow used in financing activities of RMB319,571,000 for 2020. For the year of 2021, the Group's bank and other borrowings amounted to RMB66,585,549,000, repayment of bank and other borrowings amounted to RMB56,676,021,000, proceeds from new issuance of shares amounted to RMB2,460,905,000, and proceeds from new issuance of bonds amounted to RMB6,883,670,000.

TRADE AND NOTES RECEIVABLES

As at 31 December 2021, the Group's net amount of trade and notes receivables was RMB1,372,306,000, representing a decrease of RMB3,256,874,000 as compared with last year, of which note receivables decreased by RMB391,904,000 and trade receivables decreased by RMB2,864,970,000.

GEARING RATIO ANALYSIS

As at 31 December 2021, the Company's net gearing ratio (i.e. net debts over shareholders' equity) was 223%, lower than 364% of last year. The net gearing ratio decreased mainly due to the increase in shareholders' equity and the decrease in liabilities at the end of the Period.

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 RMB366,164,000 which was mainly due to fluctuations of the USD exchange rate in 2021; the increase in exchange difference which was charged to equity attributable to shareholders of the parent of the Company amounted to RMB4,351,000. 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 such as making foreign exchange hedging arrangement with derivative financial instruments to mitigate the Group's foreign exchange risk when necessary.

CAPITAL EXPENDITURES

For the year ended 31 December 2021, the Group's expenditures on the acquisition of container vessels, vessels under construction and containers, and other expenditures amounted to RMB13,199,663,000; expenditures on the acquisition of lease assets amounted to RMB21,130,134,000.

CAPITAL COMMITMENTS

As at 31 December 2021, the Group had RMB2,550,828,000 in capital commitment to property, plant and equipment which had been contracted but not provided for, and RMB314,170,000 in equity investment commitment.

PLEDGE

As at 31 December 2021, certain container vessels and containers with net carrying value of approximately RMB18,672,682,000 (2020: RMB25,232,185,000), finance lease receivables of RMB12,497,828,000 (2020: RMB24,367,438,000) and pledge deposits of RMB57,775,000 (2020: RMB279,603,000) of the Group were pledged for the grant of bank credit and issuance of bonds.

SUBSEQUENT EVENTS

On 30 March 2022, the Board proposed the payment of a final dividend of RMB0.226 per share (inclusive of applicable tax) for the year ended 31 December 2021, totaling approximately RMB3,052,548,000 calculated based on 13,506,850,000 shares, being the total number of issued shares of the Company of 13,586,477,000 as at 30 March 2022 deducting 79,627,000 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 2021, there were no significant contingent liabilities for the Group.

EMPLOYEES, TRAINING AND BENEFITS

As at 31 December 2021, the Group had 13,338 employees, and the total staff costs for the Period (including staff remuneration, welfare cost and social insurance fees etc.) amounted to approximately RMB3,574,489,000 (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

I. *Material Acquisition*

On 27 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 and other relevant resolutions; on 29 April 2021, the Company convened a board meeting to consider and approve the Report on Acquisition of Assets and Raising Ancillary Funds through Issuance of Shares and Related Party Transaction of COSCO SHIPPING Development Co., Ltd. (Draft) and other relevant resolutions. Pursuant to the disclosures on the draft of such transaction, the Company proposed to acquire the 100% of the equity interest in DFIC Qidong, 100% of the equity interest in DFIC Qingdao, 100% of the equity interest in DFIC Ningbo and 100% of the equity interest in Universal Technology held by COSCO SHIPPING Investment through the issuance of shares, and proposed a non-public issuance of shares to not more than 35 (inclusive) qualified specific target subscribers, including an immediate controlling shareholder of the Company, China Shipping Group ("China Shipping"), to raise ancillary funds. The total amount of ancillary funds raised is not more than RMB1.464 billion. On 10 June 2021, the Company convened a general meeting to consider and approve the Report on Acquisition of Assets and Raising Ancillary Funds through Issuance of Shares and Related Party Transaction of COSCO SHIPPING Development Co., Ltd. (Draft), its summary and so on. On 20 October 2021, the Company received the Reply on the Application for the Issuance of Shares by COSCO SHIPPING Development Co., Ltd. to Purchase Assets and Raise Ancillary Funds to COSCO SHIPPING Investment Holdings Co., Limited from the CSRC, which approved COSCO SHIPPING Development to issue 1,447,917,519 shares to COSCO SHIPPING Investment to purchase relevant assets and raise ancillary funds through issuance of shares of no more than RMB1,464 million; on 4 November 2021, the Company obtained all the renewed business licenses and finished the full completion; on 26 November 2021, the Company completed the issue, registration and listing of consideration shares; on 20 December 2021, the Company publicly disclosed the Report on the Non-Public Issuance of Shares Related to Acquisition of Assets and Raising Ancillary Funds through Issuance of Shares and Related Party Transaction of COSCO SHIPPING Development Co., Ltd. (Draft) and relevant issuance documents; on 23 December 2021, the Company published the COSCO SHIPPING Development Co., Ltd. Announcement on the Issuance Results of the Non-Public Issuance of Shares and Changes in Share Capital of the Acquisition of Assets and Raising Ancillary Funds Through Issuance of Shares and Related Party Transactions.

II. Major Disposal

At the 29th meeting of the sixth session of the Board held on 10 December 2020 and the 2020 sixth extraordinary general meeting of the Company held on 28 December 2020, the Resolution in Relation to Transfer of the 35.22% Equity Interest in COSCO SHIPPING Leasing Co., Ltd. was considered and approved, pursuant to which, the Company proposed to transfer the 35.22% equity interest held in COSCO SHIPPING Leasing Co., Ltd. ("**COSCO SHIPPING Leasing**") to Chengtong Mixed Reform Equity Investment Fund Management Co., Ltd. (誠通混改股權投資基金管理有限公司) by way of non-disclosure agreement at a consideration of RMB1.8 billion.

As of 30 June 2021, the Company received the consideration of RMB1.8 billion for the aforementioned share transfer in full, COSCO SHIPPING Leasing completed amendments to its articles of association and reorganized its board of directors, and both parties acknowledged closing of transaction. As such, the Company recognized the transfer of equity interest in COSCO SHIPPING Leasing was completed on 30 June 2021.

At the 29th meeting of the sixth session of the Board held on 10 December 2020 and the 2020 sixth extraordinary general meeting of the Company held on 28 December 2020, the Resolution in Relation to Soliciting Strategic Investors through Public Listing and Capital Increase to COSCO SHIPPING Leasing Co., Ltd. was considered and approved. One eligible investor, being China Insurance Investment Co., Ltd. (中保投資有限責任公司) ("**China Insurance Investment**") was solicited through public solicitation. Upon consideration and confirmation at the 35th meeting of the sixth session of the Board, the parties entered into the Capital Increase Agreement and supplemental agreement, pursuant to which, China Insurance Investment will contribute RMB3 billion to subscribe for the increase in the registered capital of COSCO SHIPPING Leasing of RMB2,054,977,136.03. As of 30 June 2021, China Insurance Investment has paid in RMB1 billion for the capital increase, where the remaining RMB2 billion shall be contributed in installments within two years in accordance with the agreements. COSCO SHIPPING Leasing has made amendments to its articles of association and China Insurance Investment has designated two directors to serve on the board of directors of COSCO SHIPPING Leasing.

As of 30 June 2021, the Company's voting rights at the board meetings of COSCO SHIPPING Leasing decreased to 42.86%, and the Company's voting rights at the shareholders' general meetings of COSCO SHIPPING Leasing were 54.17%. Pursuant to the Capital Increase Agreement and upon assessment of the payment capacity of China Insurance Investment, the Company believes that China Insurance Investment is capable of contributing the remaining balance at any time, which may dilute the Company's voting rights at the shareholders' general meetings of COSCO SHIPPING Leasing to below 50%, the Company ceased to include COSCO SHIPPING Leasing in the scope of consolidation.

DIVIDEND

The Board proposed to distribute a final dividend of RMB0.226 per share (inclusive of applicable taxes) for the year ended 31 December 2021 (2020: RMB0.056 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 make further announcements as and when necessary to disclose further details including, among other things, the expected timetable and arrangements of closure of register of members of H shares by the Company, and the proposal to distribute final dividend.

EXECUTIVE DIRECTORS

MR. WANG DAXIONG (王大雄), AGED 61

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, and 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 February 2001, 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 51

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 59

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 52

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 56

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 68

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 under the stock code of NS8U), 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) from November 2012 to October 2016 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 the end of 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 67

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 independent non-executive director of China Conch Environment Protection Holdings Limited (listed on the Hong Kong Stock Exchange under the stock code of 587), 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.

MR. LU JIANZHONG (陸建忠), AGED 67

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.

MR. SHAO RUIQING (邵瑞慶), AGED 64

Independent non-executive Director of the Company, Mr. Shao is currently an accounting professor (level-2 professor) in Shanghai Lixin University of Accounting and Finance and a doctoral tutor in Shanghai Maritime University. Mr. Shao is concurrently an independent director of Shanghai International Port (Group) Co., Ltd. (stock code: 600018), an independent non-executive director of China Everbright Bank Company Limited (stock codes: 601818/6818), and an independent director of China Enterprise Co., Ltd. (stock code: 600675) and Arcplus Group Plc (stock code: 600629). He has been a professor in Shanghai Lixin University of Accounting and Finance since June 2016. He served as a professor in Shanghai Lixin University of Accounting from February 2015 to May 2016, a vice president and professor of Shanghai Lixin University of Accounting from February 2004 to January 2015, the dean, a professor and doctoral tutor of School of Economics and Management of Shanghai Maritime University from January 2002 to January 2014, the vice dean and a professor of School of Management of Shanghai Maritime University from October 1999 and December 2001, the dean and an assistant professor and professor of the Finance and Accounting Department of Shanghai Maritime University from May 1994 to September 1999 and a teaching assistant, lecturer and assistant professor of the Management Department and the Economics Department of Shanghai Maritime University from August 1982 to April 1994. Mr. Shao Ruiqing has been engaged in professional teaching and scientific research on accounting since 1982. He graduated from the Accounting Department of Shanghai Maritime University as an undergraduate (with a bachelor's degree in economics), the Accounting Department of Shanghai University of Finance and Economics as a master (with a master's degree in management) and the Technological Economics and Management Department of Tongji University as a doctor (with a doctoral degree in management). He was appointed as a member of Accounting & Finance Expert Advisory Committee by the Ministry of Transport and the consulting expert of China Accounting Standards Committee by the Ministry of Finance and concurrently serves as the vice president of China Communications Accounting Society, an executive director of Accounting Society of China, the vice president and chairman of the Academic Committee of Shanghai Accounting Association. Mr. Shao serves as a deputy to the 13th Shanghai Municipal People's Congress and is entitled to a special government allowance provided by the State Council.

MS. ZHANG WEIHUA (張衛華), AGED 60

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 59

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 and the 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 53

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 36

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 42

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 senior economist.

SENIOR MANAGEMENT

MR. MING DONG (明東), AGED 51

Deputy general manager and a member of the Party committee of the Company, Mr. Ming began his career in 1994 and successively worked in COSCO Finance Company Limited and at the asset operation centre, president affairs department, capital operation department and securities affairs division of China Ocean Shipping (Group) Company and the Company. He served as the general manager of the investor relations division of COSCO SHIPPING Holdings Co., Ltd. from July 2005 to December 2008, and the general manager of the securities affairs division of COSCO SHIPPING from January 2009 to February 2016. He has been the deputy general manager and a member of the Party Committee of COSCO Shipping Development Co., Ltd. since March 2016, Mr. Ming 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 46

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 46

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 2021 (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 107 of this Annual Report.

BUSINESS REVIEW

Business review of the Group for the year ended 31 December 2021, 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 13 and "Management Discussion and Analysis" on pages 14 to 31 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 39 to 95 of this Annual Report.

DIVIDENDS

	2021 **RMB'000**	2020 RMB'000
Proposed final dividend of RMB0.226 per ordinary share (2020: RMB0.056 per share)	**3,052,548**	645,596

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 2022, the Board proposed to distribute final dividend of RMB0.226 (including applicable tax) per share for the year ended 31 December 2021 (2020: RMB0.056 per share) with an aggregate of approximately RMB3,052,548,000 (2020: RMB645,596,000) calculated based on 13,506,850,298 shares of the Company (being the number of shares after deducting 79,627,003 A shares repurchased by the Company from 13,586,477,301 shares issued by the Company on 30 March 2022).

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 111 to 112 of this Annual Report, Note 39 and Note 51 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 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 2021, the retained earnings of the Company, calculated based on the above principles, amounted to approximately RMB3,609 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 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The Company determines the remuneration of Directors with reference to the performance of Directors for the year ended 31 December 2021 and on the principle of linking Company's management with operation results.

Details of the remuneration of the Directors, chief executive and the five highest paid individuals of the Group are set out in notes 8 and 9 of the consolidated financial statements. There were no arrangements under which a Director or chief executive had waived or agreed to waive any remuneration for the year ended 31 December 2021.

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
Mr. Lu Jianzhong
Ms. Zhang Weihua
Mr. Shao Ruiqing

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 32 to 38 of this Annual Report. As at 31 December 2021, Huang Jian and Ye Hongjun were respectively the department general manager and chief legal adviser of China COSCO SHIPPING. As at 31 December 2021, 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 2021, 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 2021. 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 2021. As at 31 December 2021, 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 2021. 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 2021. As at 31 December 2021, 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 2021. 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 2021. As at 31 December 2021, Mr. Xu Hui does not hold any Shares.

Save as disclosed above, as at 31 December 2021, 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 2021, 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 ("China Shipping")	A shares	Beneficial owner	4,628,015,690 (L)	46.70	34.06
	A shares	Interest of controlled corporation	1,447,917,519 (L) *(Note 2)*	14.61	10.66
	H shares	Interest of controlled corporation	100,944,000 (L) *(Note 3)*	2.75	0.74
China COSCO SHIPPING Corporation Limited	A shares	Interest of controlled corporation	6,075,933,209 (L)	61.30	44.72
	A shares	Beneficial owner	47,570,789 (L)	0.48	0.35
	H shares	Interest of controlled corporation	100,944,000 (L) *(Note 3)*	2.75	0.74
COSCO SHIPPING Investment Holdings Co., Limited	A shares	Beneficial owner	1,447,917,519 (L) *(Note 2)*	14.61	10.66

Notes:

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

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

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

Save as disclosed above, as at 31 December 2021, 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 total number of A Shares issued and to be issued upon exercise of the Share Options granted to each participant (including both exercised and outstanding Share Options) in any 12-month period shall not exceed 1% of the total issued A Share capital of the Company.

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, 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 30 March 2020 was RMB2.00 per A Share.

On 6 May 2021, the 8,847,445 reserved share options were granted to 19 participants, who are core management and business personnel of the Group. The closing price of A Shares on the trading day immediately before 6 May 2021 was RMB2.94 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

Category	Number of share options: Outstanding as at 1 January 2021	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2021	Percentage of total issued A share capital of the Company (%)	Percentage of total issued share capital of the Company (%)
Directors								
Wang Daxiong	1,500,000	0	0	0	0	1,500,000	0.0151	0.0110
Liu Chong	1,490,100	0	0	0	0	1,490,100	0.0150	0.0110
Xu Hui	1,490,100	0	0	0	0	1,490,100	0.0150	0.0110
Senior management of the Company	6,662,300	0	0	0	0	6,662,300	0.0672	0.0490
Other core management and business personnel of the Group	67,078,211	8,847,445	0	0	0	75,925,656	0.7661	0.5588
Total	78,220,711	8,847,445	0	0	0	87,068,156	0.8785	0.6408

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, the fair value of each share option granted on 6 May 2021 is RMB1.10, and the aggregate fair value of the 8,847,445 share options granted is approximately RMB9,732,000, 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 32 to 38 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 2021, the Group sold in aggregate 65% of its goods and services to its five largest customers during the Year, including 32% to its largest customer.

During the Year, the Group purchased in aggregate 57% of its goods and services from its five largest suppliers, including 22% to its largest supplier.

China COSCO SHIPPING, the controlling shareholder of the Company indirectly holding 45.81% 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 RMB109,278,000 made by the Group during the Year.

RELATIONSHIP WITH KEY STAKEHOLDERS

RELATIONSHIP WITH EMPLOYEES

COSCO SHIPPING Development strictly adheres to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other laws and regulations, 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 Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Atmospheric Pollution Prevention Law of the People's Republic of China (《中華人民共和國大氣污染防治法》) 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.

Shanghai Universal and its six container factories in Jinzhou, Qingdao, Lianyungang, Qidong, Ningbo and Guangzhou have all been certified by GB/T 24001-2016/ISO 14001:2015 environmental management system. China Classification Society Certification Company was engaged to review the operation of the system every year, and will conduct a certificate-renewal review including a comprehensive environmental impact assessment every three years. In 2021, our container factories in Ningbo, Qidong, Jinzhou and Lianyungang were certified by ISO50001:2018 energy management system, further reducing the environmental impact of our business.

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. During the Reporting Period, COSCO SHIPPING Development developed and manufactured reparable and recyclable material barrels and put into widespread use in all six container factories of Shanghai Universal, which effectively improved the recycling rate of resources and reduced hazardous waste. All cold storage containers of Qidong and Qingdao container factories have upgraded to water-based paint ones, and styrofoam were replaced with hot melt adhesive to cut VOCs emissions. 90% of Shanghai Universal's timber suppliers are FSC certified, laying a solid foundation for sustainable products.

PROMOTING THE DEVELOPMENT OF GREEN SHIPS

COSCO SHIPPING Development took the lead in coordinating internal and external units to promote the project on electric container vessels along Yangtze River main waterway, and set up a technical team for the electric vessel project to provide experience and solutions for China's inland river and coastal shipping emission reduction, better meeting the requirements for the construction of the ecological environment in the Yangtze River Economic Belt, and promoting the innovative development of the green shipping industry. In addition, COSCO SHIPPING Development has vigorously promoted the technical transformation of existing vessels and added new equipment or devices to newly built vessels. By adding the exhaust gas aftertreatment system (SCR) of main and auxiliary engines and vortex absorbed fins, the energy consumption of vessels has been effectively reduced, and the emissions of greenhouse gases and air pollutants have been reduced.

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 2021, the Company entered into the following connected transactions:

(1) BUSINESS COMBINATION UNDER COMMON CONTROL

- Date, parties and description of the transaction:

  On 27 January 2021, the Company convened the 30th meeting of the sixth session of the Board, at which the resolution regarding the acquisition of assets and raising ancillary funds through issuance of shares and related party transaction was considered and approved, and the Target Assets under this transaction are 100% of the equity interest in DFIC Qidong, 100% of the equity interest in DFIC Qingdao, 100% of the equity interest in DFIC Ningbo and 100% of the equity interest in Universal Technology. As part of the proposed non-public issuance of A shares, on 27 January 2021, the Company and China Shipping entered into the CS subscription agreement, pursuant to which China Shipping has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue such number of A shares for an amount of RMB600 million and not more than the limit of proceeds to be raised under the proposed non-public issuance of A shares as approved by the CSRC. On 25 May 2021, the transaction plan was officially approved by the state-owned assets supervision and administration authority; On 20 October 2021, the Company received the "Approval on the Acquisition of Assets Through Issuance of Shares of COSCO SHIPPING Development Co., Ltd. to COSCO SHIPPING Investment Holdings Co., Ltd. and Raising Ancillary Funds" (Zheng Jian Xu Ke [2021] No.3283) (《關於核准中遠海運發展股份有限公司向中遠海運投資控股有限公司發行股份購買資產並募集配套資金申請的批覆》) (證監許可[2021]3283號) issued by the CSRC. The transaction has been approved by the CSRC.

- Connected relationship of the parties to the transaction:

  COSCO SHIPPING Investment, the counterparty of the acquisition of assets through the issuance of shares, is a wholly-owned subsidiary of China Shipping, the immediate controlling shareholder of the Company. The acquisition of assets through the issuance of shares constitutes a connected transaction under the Listing Rules.

  The purchaser of raising ancillary funds through issuance of shares includes China Shipping, the immediate controlling shareholder of the Company. Raising ancillary funds constitutes a connected transaction under relevant requirements of the Listing Rules.

- Total consideration and other terms:

  Pursuant to the Acquisition Agreement, the parties have agreed to engage China Tong Cheng, a qualified asset appraisal agency in China, to evaluate the Target Assets and issue asset assessment reports with 31 December 2020 as the appraisal benchmark date. The parties have agreed that the consideration for the transfer of 100% equity interest in each Target Company shall be equal to the above valuation; therefore, the final consideration for the acquisition shall be RMB3,561,877,100. The final consideration for the acquisition was determined after arm's length negotiations between the parties with reference to the appraised value of the Target Assets as set out in the asset assessment reports. The final consideration payable by the Company to COSCO SHIPPING Investment for the proposed acquisition shall be paid by the Company's allotment and issuance of Consideration Shares to COSCO SHIPPING Investment. On 20 October 2021, the Company received the "Approval on the Acquisition of Assets Through Issuance of Shares of COSCO SHIPPING Development Co., Ltd. to COSCO SHIPPING Investment Holdings Co., Ltd. and Raising Ancillary Funds" (Zheng Jian Xu Ke [2021] No.3283) (《關於核准中遠海運發展股份有限公司向中遠海運投資控股有限公司發行股份購買資產並募集配套資金申請的批覆》) (證監許可[2021]3283號) issued by the CSRC. The number of Consideration Shares to be issued is 1,447,917,519 A shares.

  Pursuant to the CS Subscription Agreement, China Shipping has agreed to subscribe for such number of A shares in cash based on the final issue price of A shares under the proposed non-public issuance of A shares, for an amount of RMB600 million. If the total amount of issuance under the proposed non-public issuance of A shares as approved by the CSRC is less than RMB600 million, the subscription amount of China Shipping shall be accordingly adjusted according to such approved issuance amount. According to the announcement published by the Company on 23 December 2021, the final subscription amount through non-public issuance of A shares by China Shipping is RMB599,999,999.04 with 217,391,304 A shares to be subscribed.

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

  As disclosed in the announcement of the Company dated 6 May 2020, as the Target Companies are principally engaged in design, research and development, manufacture, sales and delivery of containers and the related businesses, in order to address any potential competition between the Group and the COSCO SHIPPING Group, COSCO SHIPPING has provided an undertaking that, among other things, within three years after completion of the acquisition by COSCO SHIPPING Investment of the Target Companies, the COSCO SHIPPING Group will transfer the equity interests in the Target Companies to the Company at a fair and reasonable market price through appropriate means and procedures in accordance with applicable laws. The consideration for the acquisition by COSCO SHIPPING Investment of the Target Companies in 2019 was approximately RMB3,502 million.

The acquisition is expected to bring synergies to the container manufacturing business of the Group, enhancing the Group's manufacturing capabilities for delivering different types of containers, including specialized and refrigerated containers, as well as supplementing and optimizing the geographical layout of the container manufacturing business of the Group in Northern and Eastern China region (where the Target Companies are geographically based). It is also expected that the market share of the container manufacturing business of the Group will increase as a result of the acquisition. Accordingly, the acquisition is in line with the strategic development objectives of the Group, being the development of its shipping and industry-related leasing business, container manufacturing business and investment and related service business. The terms of the Acquisition Agreement, the Supplemental Agreement, the Compensation Agreement and the transactions contemplated thereunder were agreed after arm's length negotiations between the parties thereto. The Directors (including the Independent Board Committee, after considering the advice from the Independent Financial Adviser) consider that the Acquisition Agreement, the Supplemental Agreement, the Compensation 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.

The proceeds to be raised from the non-public issuance of A shares are proposed to be used for the development of the projects of the Target Companies and the replenishment of the working capital of the Company, which would improve the overall financial position and facilitate the future development of the Group. In addition, the CS Subscription demonstrates the confidence China Shipping places in the Company and China Shipping's continuous support to the Company's future development, which are conducive to boosting the confidence of the Shareholders and potential investors in the Company. The terms of the CS Subscription Agreement were agreed after arm's length negotiations between the Company and China Shipping. The Directors (including the Independent Board Committee, after considering the advice from the Independent Financial Adviser) consider that the non-public issuance of A shares, the CS Subscription 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.

It is the intention of COSCO SHIPPING that the Company will maintain its existing business after completion of the acquisition and the non-public of issuance of A shares. COSCO SHIPPING currently has no intention to introduce any major changes to the existing operation of the Company. As at the Latest Practicable Date, COSCO SHIPPING and parties acting in concert with it have no intention to re-deploy the fixed assets, or to discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group.

The controlling shareholder and de facto controller of the Company remained unchanged before and after the transaction. The transaction will not lead to a change in control of the Company. The controlling shareholder and de facto controller of the Company remained unchanged within 36 months before the transaction; therefore, the transaction does not constitute listing by way of restructuring according to the relevant requirements under the Administrative Measures for the Restructurings.

For further details of the above transaction, please refer to the circular of the Company dated 24 May 2021 and relevant announcements.

(2) NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL

- Date, parties and description of the transaction:

  On 14 September 2021, the Board announced that Pan Asia Shipping and Vision Credit, existing shareholders of COSCO SHIPPING Microfinance (an associate of the Company), proposed to conduct the Proposed Equity Transfer, pursuant to which an aggregate of 35% equity interests in COSCO SHIPPING Microfinance held by Pan Asia Shipping and Vision Credit will be transferred. As at 14 September 2021, COSCO SHIPPING Microfinance was held as to 45% by the Company, as to 25% by Pan Asia Shipping, as to 20% by Sino-Poland Development (an independent third party) and as to 10% by Vision Credit (an independent third party), respectively.

  Pursuant to the Company Law of the PRC, the Company, as a shareholder of COSCO SHIPPING Microfinance, is entitled to the right of first refusal with respect to any proposed transfer of equity interest in COSCO SHIPPING Microfinance to any other persons other than the existing shareholders (unless otherwise agreed by all shareholders), pursuant to which the Company has a pre-emptive right to acquire the equity interests in COSCO SHIPPING Microfinance to be transferred by Pan Asia Shipping and Vision Credit.

  On 14 September 2021, the Board further announced that the Company would maintain its proportion of equity interests in COSCO SHIPPING Microfinance pursuant to the non-exercise of the right of first refusal in relation to the proposed equity transfer.

- Connected relationship of the parties to the transaction:

  COSCO SHIPPING Microfinance is a company established under the laws of the PRC with limited liability and an associate of the Company.

  Pan Asia Shipping is a company established under the laws of the PRC with limited liability. It was indirectly held by COSCO SHIPPING Holdings as to 62% as at 14 September 2021. COSCO SHIPPING Holdings is a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange.

  As COSCO SHIPPING is an indirect controlling shareholder of COSCO SHIPPING Holdings and Pan Asia Shipping is an indirect non-wholly owned subsidiary of COSCO SHIPPING Holdings, Pan Asia Shipping is an associate of COSCO SHIPPING and therefore a connected person of the Company. Therefore, the non-exercise of the right of first refusal will constitute a connected transaction of the Company under the Listing Rules.

- Total consideration and other terms:

  The Company waived the Right of First Refusal on the aggregated 35% of the equity interests in COSCO SHIPPING Microfinance and the audited owner's corresponding equity of COSCO SHIPPING Microfinance as of 31 December 2020 was RMB 72,191,000.

- The 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. COSCO SHIPPING Microfinance is principally engaged in the issuance of loans and related consultancy activities, which is not part of the Group's core business. Accordingly, the non-exercise of the right of first refusal is in line with the strategic development objectives of the Group.

  The Board (including the independent non-executive Directors) considers that the Non-exercise of the right of first refusal is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

  For further details of the above transactions, please refer to the announcement of the Company dated 14 September 2021.

(3) ASSIGNMENT OF LEASE CONTRACTS

- Date, parties and description of the transaction:

  On 14 September 2021, Florens Finance Leasing has entered into a transfer agreement with CS Ningbo Asset Management (an indirect wholly-owned subsidiary of COSCO SHIPPING), pursuant to which Florens Finance Leasing has agreed to assign all the lease assets under the lease contracts to CS Ningbo Asset Management at the aggregate consideration of approximately RMB192,676,500.

- Connected relationship of transaction parties:

  Florens Finance Leasing is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.

  CS Ningbo Asset Management is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of COSCO SHIPPING, and therefore an associate of COSCO SHIPPING. Accordingly, CS Ningbo Asset Management is a connected person of the Company. Therefore, the Assignment of Lease Contracts will constitute a connected transaction of the Company under the Listing Rules.

- Total consideration and other terms:

  On 14 September 2021, Florens Finance Leasing has entered into the Transfer Agreement with CS Ningbo Asset Management (an indirect wholly-owned subsidiary of COSCO SHIPPING), pursuant to which Florens Finance Leasing has agreed to assign all the lease assets under the lease contracts to CS Ningbo Asset Management at the aggregate consideration of approximately RMB192,676,500.

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

  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 an industry-finance-investment integrated business underpinned by investment, and develop into an excellent industrial finance operator with COSCO SHIPPING characteristics. The Assignment of Lease Contracts is conducive to optimizing the quality of the Group's financial leasing assets, concentrating advantageous strength, and implementing the guiding ideology of integrating industry and finance and serving the Group's main business.

  The Board (including the independent non-executive Directors) considers that the Assignment of Lease Contracts and the transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

  For further details of the above transactions, please refer to the announcement of the Company dated 14 September 2021.

CONTINUING CONNECTED TRANSACTIONS

As of 31 December 2021, the Company had the following continuing connected transactions and relevant annual caps which were announced and subsequently revised and approved at the Company's general meeting. The actual annual figures as of 31 December 2021 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 2019 RMB'000	 Year ended 31 December 2020 RMB'000	 **Year ended 31 December 2021** **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].	1,221,094	1,096,610	**1,251,069**
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].	1,251,341	1,485,315	**2,495,319**

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 2019 RMB'000	Year ended 31 December 2020 RMB'000	**Year ended 31 December 2021 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].	60,783	25,326	**424,537**
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].	4,603,814	4,557,464	**1,066,522**
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].	555,660	561,572	**509,627**

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 2019 RMB'000	Year ended 31 December 2020 RMB'000	**Year ended 31 December 2021 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].	27,158	23,096	**32,364**
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]	20,000	30,000	**15,170**
C	Expenditure to China COSCO SHIPPING							
8	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].	1,233,933	1,359,593	**202,439**

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 2019 RMB'000	Year ended 31 December 2020 RMB'000	**Year ended 31 December 2021 RMB'000**
9	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].	1,020,296	6,721,472	**1,130,314**
10	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].	46,238	71,289	**72,830**
11	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].	38,444	133,608	**28,197**

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 2019 RMB'000	Year ended 31 December 2020 RMB'000	**Year ended 31 December 2021 RMB'000**
D	Expenditure to COSCO SHIPPING Insurance							
12	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.	93,561	36,521	**971**
E	Financial Transactions with COSCO SHIPPING Finance							
13	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.	11,762,747	11,200,915	**12,764,477**

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

In addition, as China Shipping and 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 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, 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 45 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 45 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 2021 are set out in Note 2.5 to the consolidated financial statements.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2021, 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 70 to 95.

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 2021 have been reviewed by the audit committee.

AUDITOR

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

2019, 2020 and 2021: 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 2022

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 2021.

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
Mr. Lu Jianzhong
Ms. Zhang Weihua
Mr. Shao Ruiqing

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 2021, 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 2021, the Board performed its corporate governance duties through the Board Diversity Policy, reviewing and monitoring the training and continuing professional development of the Directors and senior management and compliance with relevant laws and regulations, and other practices. It also puts great effort into improving the Group's corporate governance practices.

4. CHAIRMAN, CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

In 2021, Mr. Wang Daxiong and Mr. Liu Chong served as the Chairman and the General Manager of the Company respectively. The office of Chief Executive Officer remained vacant. 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 C.2.1 (previous 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 2021, 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 2021, 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 2021:

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 (Chairman)	✓	✓
Liu Chong	✓	✓
Xu Hui	✓	✓
Non-executive Directors		
Huang Jian	✓	✓
Liang Yanfeng	✓	✓
Ip Sing Chi	✓	✓
Independent non-executive Directors		
Shao Ruiqing[1]	✓	✓
Cai Hongping	✓	✓
Lu Jianzhong	✓	✓
Zhang Weihua	✓	✓

Note:

1. On 29 June 2021, Mr. Graeme Jack and Ms. Hai Chi Yuet retired as independent non-executive Directors in accordance with the relevant laws and regulations due to their six-year term of re-election as independent nonexecutive Directors. On the same date, Mr. Shao Ruiqing was appointed as the independent non-executive Director pursuant to the approval at the shareholders' general meeting of the Company for 2020.

(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 17 Board meetings during 2021. 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	17	5	0	12	100	No	0/1	0/2
Liu Chong	17	5	0	12	100	No	1/1	2/2
Xu Hui	17	5	0	12	100	No	0/1	1/2
Non-executive Directors								
Huang Jian	17	5	0	12	100	No	0/1	0/2
Liang Yanfeng	17	4	1	12	100	No	0/1	0/2
Ip Sing Chi	17	5	0	12	100	No	0/1	0/2
Independent non-executive Directors								
Hai Chi Yuet[2]	9	3	0	6	100	No	0/1	0/2
Graeme Jack[2]	9	3	0	6	100	No	0/1	0/2
Shao Ruiqing[3]	17	5	0	12	100	No	0/1	0/2
Cai Hongping	8	2	0	6	100	No	0/1	0/2
Lu Jianzhong	17	5	0	12	100	No	0/1	0/2
Zhang Weihua	17	5	0	12	100	No	0/1	0/2

Notes:

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

2. On 29 June 2021, Mr. Graeme Jack and Ms. Hai Chi Yuet retired as independent nonexecutive Directors in accordance with the relevant laws and regulations due to their six-year term of re-election as independent non-executive Directors.

3. On 29 June 2021, Mr. Shao Ruiqing was appointed as the independent non-executive Director pursuant to the approval at the shareholders' general meeting of the Company for 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 2021 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
Huang Jian	1	100%
Liang Yanfeng	1	100%
Ip Sing Chi	1	100%

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%
Shao Ruiqing	N/A	N/A

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 six meetings with the average attendance rate of 100%.

Four regular meetings were held as follows:

1. The fourteenth meeting of the sixth session of the Audit Committee of the Board was convened with physical presence on 26 March 2021, at which the following proposals were considered and passed by a unanimous vote:

   (1) Proposal Regarding the Company's Provision for Fixed Asset Impairment for 2020

   (2) Proposal Regarding the Company's Financial Report for 2020

   (3) Proposal Regarding the Reappointment of Domestic and Overseas Auditors and Internal Control Auditors of the Company for 2021

   (4) Proposal Regarding the Company's Internal Audit for 2020-2021

   (5) Proposal Regarding the Report on the Discharge of Duties by the Audit Committee of the Board in 2020

2. The fifteenth meeting of the sixth session of the Audit Committee of the Board was convened by voting through written correspondence on 28 April 2021, at which the following were considered and passed by a unanimous vote:

   (1) Proposal Regarding the Company's Report for the First Quarter of 2021

   (2) Proposal Regarding the Company's Reorganization Plan

   (3) Proposal Regarding the Approval of the Audit Report, Pro Forma Review Report and Asset Valuation Report in relation to the Reorganization

3. The sixteenth meeting of the sixth session of the Audit Committee of the Board was held with physical presence on 27 August 2021, at which the Proposal Regarding the Company's Financial Report for the First Half of 2021 was considered and passed by a unanimous vote;

4. The eighteenth meeting of the sixth session of the Audit Committee of the Board was convened by voting through correspondence on 28 October 2021, at which the following proposal was passed by a unanimous vote:

   (1) Proposal Regarding the Company's Report for the Third Quarter of 2021

Two extraordinary meetings were held as follows:

1. The seventeenth meeting of the sixth session of the Audit Committee of the Board was convened through written correspondence on 23 September 2021, at which the following were considered and passed:

   (1) Proposal Regarding the Connected Transaction in relation to the Asset Transfer of Finance Leasing between Florens (Tianjin) Finance Leasing Co., Ltd. (佛羅倫(天津)融資租賃有限公司) and COSCO SHIPPING Asset Management (Ningbo) Co., Ltd. (中遠海運資產管理(寧波)有限公司)

   (2) Proposal Regarding the Waiver of the Equity and the Transfer of Pre-emptive Right of COSCO SHIPPING Microfinance

2. The nineteenth meeting of the sixth session of the Audit Committee of the Board was held with physical presence on 29 November 2021, at which the following proposals were considered and passed:

   (1) Proposal Regarding the Company's Overseas Audit Plan for 2021

   (2) Proposal regarding the Company's Domestic Audit Plan for 2021

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)*	6/6	100%
Cai Hongping *(independent non-executive Director)*	6/6	100%
Huang Jian *(non-executive Director)*	6/6	100%

(2) Remuneration Committee

The sixth session of the Remuneration Committee of the Board of the Company currently consists of Mr. Cai Hongping, Ms. Zhang Weihua and Mr. Shao Ruiqing, 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.

Three meetings of the Remuneration Committee of the Board were held in 2021, with an average attendance rate of 100%. The Proposal Regarding the Determination of the Incentive Participants of Reserved Options under the Share Option Incentive Scheme was considered at the sixth meeting of the sixth session of the Remuneration Committee of the Board; the Proposal Regarding the Annual Remuneration of the Directors and Supervisors of the Company for 2021 was considered at the seventh 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 2020 was considered at the eighth 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)*	3/3	100%
Ms. Zhang Weihua *(independent non-executive Director)*[(1)]	1/3	100% during the tenure of office
Mr. Shao Ruiqing *(independent non-executive Director)*[(1)]	1/3	100% during the tenure of office
Graeme Jack *(independent non-executive Director)*[(1)]	2/3	100% during the tenure of office
Hai Chi Yuet *(independent non-executive Director)*[(1)]	2/3	100% during the tenure of office

Note:

1. On 29 June 2021, Ms. Hai Chi Yuet and Mr. Graeme Jack retired upon the expiration of their tenure of office. Ms. Zhang Weihua and Mr. Shao Ruiqing have taken up the roles as members of the Remuneration Committee of the Board.

(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 Mr. Shao Ruiqing, 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 three meetings with the average attendance rate of 100%. On 25 February 2021, the Proposal Regarding the 2021 Investment Plan and Asset Disposal Plan of COSCO SHIPPING Development was considered and passed at the second meeting of the sixth session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval. On 26 March 2021, the Proposal Regarding the Sustainability Report of the Company for 2020 was considered and passed at the third meeting of the sixth session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval. On 28 October 2021, the Proposal Regarding the 14th Five Year plan of COSCO SHIPPING Development was considered and passed at the fourth 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)*	3/3	100%
Liu Chong *(executive Director)*	3/3	100%
Ip Sing Chi *(non-executive Director)*	3/3	100%
Mr. Shao Ruiqing *(independent non-executive Director)*[1]	1/3	100% during the tenure of office
Huang Jian *(non-executive Director)*	3/3	100%
Liang Yanfeng *(non-executive Director)*	3/3	100%
Cai Hongping *(independent non-executive Director)*	3/3	100%
Hai Chi Yuet *(independent non-executive Director)*[1]	2/3	100% during the tenure of office

Note:

1. Ms. Hai Chi Yuet retired with effect from 29 June 2021 due to the expiration of the tenure of office. Mr. Shao Ruiqing has taken up her role as a member of the Investment Strategy Committee of the Board.

(4) Nomination Committee

The sixth session of the Nomination Committee of the Board currently consists of Mr. Shao Ruiqing and Mr. Cai Hongping, who are independent non-executive Directors, and Mr. Wang Daxiong, who is an executive Director. Mr. Shao Ruiqing 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 32 to 36 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 one meeting with the average attendance rate of 100%. The Proposal Regarding the Election of Mr. Shao Ruiqing as an Independent Non-executive Director of the Company was considered at the fifth 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) (Former chairman)*	1/1	100%
Shao Ruiqing *(independent non-executive Director) (New chairman)*	0/1	N/A
Cai Hongping *(independent non-executive Director)*	1/1	100%
Wang Daxiong *(executive Director)*	1/1	100%

Note:

1. Ms. Hai Chi Yuet retired with effect from 29 June 2021 due to the expiration of the tenure of office. Mr Shao Ruiqing has taken up her role as the chairman of the Nomination Committee of the Board.

(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 2021	The fourth meeting of the sixth session of the Risk Control Committee of the Board	Physical presence	1. To review the proposal regarding the 2020 internal control system report of the Company
				2. To review the proposal regarding the 2020 self-evaluation report on internal control of the Company
2.	27 August 2021	The fifth meeting of the sixth session of the Risk Control Committee of the Board	Physical presence	1. To review the proposal regarding the 2021 interim comprehensive risk management report and the internal control construction 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 four 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)*	4/4	100%
Liu Chong *(executive Director)*	4/4	100%
Xu Hui *(executive Director)*	4/4	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 2021, 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 2021, 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 RMB817,600 and below)	8
HKD1,000,001 to HKD1,500,000 (approximately RMB817,601 to RMB1,226,400)	1
HKD1,500,001 to HKD2,000,000 (approximately RMB1,226,401 to RMB1,635,200)	3
HKD2,000,001 to HKD2,500,000 (approximately RMB1,635,201 to RMB2,044,000)	3

Details of the annual remuneration of Directors for the year ended 31 December 2021 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
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 2020 annual general meeting by the shareholders, respectively, until the conclusion of the next annual general meeting.

The Company has paid Ernst & Young RMB7,950,000 as remuneration for its auditing service and related service provided for the year 2021. The Company has paid ShineWing Certified Public Accountants RMB5,280,000 as remuneration for its auditing service and related service provided for the year 2021. The Company has paid ShineWing Certified Public Accountants RMB920,000 as remuneration for its internal control and auditing service provided for the year 2021.

2. ACKNOWLEDGEMENT OF THE DIRECTORS AND AUDITORS

All Directors have confirmed their responsibility for preparing the annual accounts for the year ended 31 December 2021. 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 2021.

C. INTERNAL CONTROL AND RISK CONTROL

PROCESS OF IDENTIFYING, ASSESSING AND MANAGING SIGNIFICANT RISKS

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

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

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

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

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

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 2021, 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 significant cash expenditure are expected. In addition, the accumulated profits to be distributed in cash for the three consecutive years concerned shall not be less than 30% of the average annual distributable profit of the Company for the same period. The specific distribution proportion for each year shall be determined by the Board based on the Company's operating conditions and relevant rules of the CSRC and submitted to the general meeting for consideration and approval.

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

(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 2021, 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, during the year ended 31 December 2021, Mr. Cai Lei and Ms. Ng Sau Mei attended more than 15 hours of relevant professional training.

Report of the Supervisory Committee

(Securities and Public Relations Department)

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
Twelfth meeting of the sixth session of the Supervisory Committee	27 January 2021	Physical presence	All	1. Proposal Regarding the Restructuring Plan of the Company
				2. Proposal Regarding the Compliance of Relevant Laws and Regulations Requirement for the Restructuring of the Company
				3. Proposal Regarding COSCO SHIPPING Development Co., Ltd.'s Plan on Issuing Shares to Purchase Assets and Raise Ancillary Funds and Related Party Transaction and its Summary
				4. Proposal Regarding the Signing of Agreements Related to the Restructuring
				5. 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

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
				6. 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
Thirteenth meeting of the sixth session of the Supervisory Committee	4 March 2021	Written correspondence	All	1. Proposal Regarding Determining Certain Participants of the Reserved Options under Share Option Incentive Scheme
Fourteenth meeting of the sixth session of the Supervisory Committee	30 March 2021	Physical presence	All	1. Proposal Regarding the Company's Management Work Report for 2020
				2. Proposal Regarding the Company's Provision for Impairment of Fixed Assets for 2020
				3. Proposal Regarding the Company's Financial Report for 2020
				4. Proposal Regarding the Company's Profit Distribution for 2020
				5. Proposal Regarding the Full Text, Highlights and the Results Announcement of the Company's 2020 Annual Report
				6. Proposal Regarding the Company's Internal Control Assessment Report for 2020

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
				7. Proposal Regarding the Company's Report of the Supervisory Committee for 2020
Fifteenth meeting of the sixth session of the Supervisory Committee	29 April 2021	Physical presence	All	1. Proposal Regarding the Company's Report for the First Quarter of 2021
				2. Proposal Regarding the Restructuring Plan of the Company
				3. Proposal Regarding the Report on Issuing Shares to Purchase Assets and Raise Ancillary Funds and Related Party Transaction by COSCO SHIPPING Development Co., Ltd. (Draft) and its Summary
				4. Proposal Regarding Signing the Supplementary Agreement and Performance Compensation Agreement Related to the Restructuring
				5. Proposal Regarding the Compliance of the Article 11 and Article 43 of the Administrative Measures for the Major Asset Restructuring of Listed Companies for the Restructuring
				6. Proposal for the General Meeting of Shareholders to Approve the Exemption of COSCO SHIPPING Investment, China Shipping and Their Concert Parties from Making an Offer

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
				7. Proposal Regarding the Remedial Measures in Relation to Dilution on Current Returns and Replenished Returns for the Restructuring
				8. Proposal Regarding Approving the Audit Report, Pro forma Review Report and Asset Appraisal Report on the Restructuring
				9. Proposal Regarding the Independence of the Appraisal Agency, Reasonableness of the Assumptions of the Appraisal, Correlation between the Approach and Purpose of the Appraisal and Fairness of the Basis of the Consideration of the Appraisal
				10. 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
				11. 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

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
Sixteenth meeting of the sixth session of the Supervisory Committee	30 August 2021	Physical presence voting method	All	1. Proposal Regarding Consideration of the Company's Management Work Report for the First Half of 2021
				2. Proposal Regarding the Company's Financial Report for the First Half of 2021
				3. Proposal Regarding Consideration of the Company's Interim Report of 2021 and the Interim Results Report
Seventeenth meeting of the sixth session of the Supervisory Committee	29 October 2021	Physical presence voting method	All	1. Proposal Regarding the Company's Report for the Third Quarter of 2021

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 2021 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 2022

Ernst & Young
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Quarry Bay, 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 107 to 246, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We 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, the revenue from which represented 23.0% of total revenue of the Group for the year ended 31 December 2021. 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 can have a material impact on the subsequent accounting of each lease transaction. Thus, the classification of leases is considered as a key audit matter. The Group's accounting policy, significant accounting judgements and the related disclosures regarding the classification of leases and the related disclosures of leases are detailed in note 2.5, note 3, note 21 and note 43 to the financial statements.	Our audit procedures included, among others: • evaluating the design and testing the operating effectiveness of internal controls over the Group's determination of lease classification; and • reviewing the key terms of the selected leasing contracts, evaluating management's judgements applied when determining the classification of the leases and examing the subsequent accounting of lease transactions based on the classification of the leases. We also assessed the adequacy of the related disclosures in the notes to the financial statements.
Expected credit losses ("ECLs") on finance lease receivables	
The carrying amount of finance lease receivables as at 31 December 2021 was RMB34,149,189,000 which was material to the financial statements. Impairment was provided for ECL on finance lease receivables. The Group estimates ECLs on finance lease receivables within the next twelve months and will extend their remaining lives if any significant increase in credit risk is tracked. Since the estimation for ECLs involves significant management judgements, estimates and assumptions, including industry index, macroeconomic indicators, customers' credit risks and historic payment records, etc., the estimation of ECLs for finance lease receivables is considered a key audit matter. The Group's accounting policy, significant accounting judgements and estimates and the related disclosures regarding ECLs for finance lease receivables are detailed in note 2.5, note 3, note 21 and note 48 to the financial statements.	Our audit procedures included, among others: • evaluating the design and testing the operating effectiveness of internal controls over the Group's processes of credit assessment; • reviewing the credit grading of the selected samples and assessing management's judgements applied when determining the significant increase in credit risk; • evaluating management's assumptions and estimates used in the calculation, mainly including probability of default and loss given default, by checking them against internal historical credit loss experience and external information; and • recalculating the ECL provision of finance lease receivables. We also assessed the adequacy of the related disclosures in the notes to the financial statements.

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. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

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 2022

Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

	Notes	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	*5(1)*	**34,914,585**	12,853,145
Cost of sales		**(24,944,934)**	(10,324,027)
Gross profit		**9,969,651**	2,529,118
Other income	*5(2)*	**257,439**	257,524
Other gains, net	*5(3)*	**313,566**	106,095
Selling, administrative and general expenses		**(2,116,767)**	(1,449,369)
Finance costs	*7*	**(1,770,906)**	(2,220,953)
Share of profits of associates		**1,172,848**	1,985,148
Share of profits/(losses) of joint ventures		**4,751**	(4,774)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**7,830,582**	1,202,789
Income tax expense	*10*	**(1,757,417)**	(197,769)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**6,073,165**	1,005,020
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	*11*	**16,156**	1,134,382
PROFIT FOR THE YEAR		**6,089,321**	2,139,402
Attributable to:			
Owners of the parent		**6,089,321**	2,139,402
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (expressed in RMB per share)	*13*		
Basic			
– For profit for the year		**0.4978**	0.1575
– For profit from continuing operations		**0.4964**	0.0591
Diluted			
– For profit for the year		**0.4973**	0.1575
– For profit from continuing operations		**0.4959**	0.0591

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
PROFIT FOR THE YEAR	**6,089,321**	2,139,402
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Associates:		
Share of other comprehensive income/(loss)	**45,713**	(173,894)
Reclassification to profit or loss	**(1,470)**	(168,459)
	44,243	(342,353)
Share of other comprehensive income/(loss) of joint ventures	**223**	(12)
Cash flow hedges		
Effective portion of changes in fair value of hedging instruments arising during the year	**(2,601)**	(15,578)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	**19,102**	3,827
	16,501	(11,751)
Exchange differences on translation of foreign operations	**4,351**	684,783
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**65,318**	330,667
Other comprehensive loss that may not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of associates	**(378,461)**	(13,390)
Net other comprehensive loss that may not be reclassified to profit or loss in subsequent periods	**(378,461)**	(13,390)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(313,143)**	317,277
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,776,178**	2,456,679
Attributable to:		
Owners of the parent	**5,776,178**	2,456,679

Consolidated Statement of Financial Position

31 December 2021

	Notes	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**38,432,202**	56,745,640
Investment properties	*15*	**95,338**	113,221
Right-of-use assets	*16*	**530,466**	550,134
Intangible assets	*17*	**181,563**	184,595
Investments in joint ventures	*18*	**185,701**	180,727
Investments in associates	*19*	**24,285,370**	20,841,847
Financial assets at fair value through profit or loss	*20*	**4,012,295**	3,932,754
Finance lease receivables	*21*	**30,931,971**	27,564,743
Factoring receivables	*22*	**194,870**	365,032
Deferred tax assets	*24*	**41,154**	284,670
Other long term prepayments		**157,713**	91,149
Total non-current assets		**99,048,643**	110,854,512
CURRENT ASSETS			
Inventories	*25*	**6,901,763**	1,964,858
Trade and notes receivables	*26*	**1,372,306**	4,629,180
Prepayments and other receivables	*27*	**1,503,818**	2,371,779
Financial assets at fair value through profit or loss	*20*	**1,073,731**	654,224
Finance lease receivables	*21*	**3,217,218**	18,296,935
Factoring receivables	*22*	**1,479,284**	1,083,635
Restricted and pledged deposits	*28*	**148,413**	590,266
Cash and cash equivalents	*29*	**17,871,147**	12,789,494
Total current assets		**33,567,680**	42,380,371
Total assets		**132,616,323**	153,234,883

continued /...

Consolidated Statement of Financial Position (continued)

31 December 2021

	Notes	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
CURRENT LIABILITIES			
Trade and notes payables	30	**4,054,265**	4,031,742
Other payables and accruals	31	**2,519,119**	5,258,717
Contract liabilities	32	**1,313,944**	175,785
Derivative financial instruments	23	**3,934**	8,654
Bank and other borrowings	33	**41,884,085**	49,952,731
Corporate bonds	34	**3,500,000**	9,272,114
Lease liabilities	35	**47,226**	105,036
Tax payable		**562,072**	205,823
Total current liabilities		**53,884,645**	69,010,602
NET CURRENT LIABILITIES		**(20,316,965)**	(26,630,231)
TOTAL ASSETS LESS CURRENT LIABILITIES		**78,731,678**	84,224,281
NON-CURRENT LIABILITIES			
Bank and other borrowings	33	**40,345,183**	45,527,948
Corporate bonds	34	**5,000,000**	8,287,546
Lease liabilities	35	**66,466**	59,992
Derivative financial instruments	23	**223**	12,285
Deferred tax liabilities	24	**39,177**	104,888
Government grants	36	**22,113**	20,372
Other long term payables		**569,619**	2,805,560
Total non-current liabilities		**46,042,781**	56,818,591
Net assets		**32,688,897**	27,405,690
EQUITY			
Share capital	37	**13,586,477**	11,608,125
Treasury shares	37	**(233,428)**	(233,428)
Special reserves	39	**–**	1,360
Other reserves		**570,490**	779,091
Other equity instruments	40	**5,000,000**	6,000,000
Retained profits		**16,568,236**	11,740,277
Other comprehensive loss		**(2,802,878)**	(2,489,735)
Total equity		**32,688,897**	27,405,690

王大雄

Director

劉沖

Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital RMB'000 (note 37)	Share premium(a) RMB'000	Treasury shares RMB'000	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	Hedging reserve(b) RMB'000	Exchange fluctuation reserve(b) RMB'000	Special reserves RMB'000 (note 39)	Surplus reserve (a)(c) RMB'000	Retained profits RMB'000	Total equity RMB'000
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
Effect of business combination under common control		-	-	-	-	-	3,501,753	-	-	-	-	-	(466,071)	3,035,682
At 1 January 2021 (restated)		11,608,125	17,009,944	(233,428)	6,000,000	5,528	(17,843,663)	135,982	(22,660)	(2,603,057)	1,360	1,607,282	11,740,277	27,405,690
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	6,089,321	6,089,321
Other comprehensive loss for the year:														
Share of other comprehensive loss of associates		-	-	-	-	-	-	(334,218)	-	-	-	-	-	(334,218)
Share of other comprehensive income of joint ventures		-	-	-	-	-	-	223	-	-	-	-	-	223
Effective portion of changes in fair value of hedging instruments, net of tax		-	-	-	-	-	-	-	16,501	-	-	-	-	16,501
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	4,351	-	-	-	4,351
Total comprehensive income for the year		-	-	-	-	-	-	(333,995)	16,501	4,351	-	-	6,089,321	5,776,178
Issue of shares		1,978,352	3,044,430	-	-	-	-	-	-	-	-	-	-	5,022,782
Equity-settled share option arrangements	38	-	-	-	-	7,250	-	-	-	-	-	-	-	7,250
Repayment of other equity instruments	40	-	-	-	(1,000,000)	-	-	-	-	-	-	-	-	(1,000,000)
Consideration for business combination under common control		-	-	-	-	-	(3,561,877)	-	-	-	-	-	-	(3,561,877)
Share of other capital reserves using the equity method		-	-	-	-	-	2,845	-	-	-	-	-	-	2,845
Share of other capital reserves using the equity method reclassified to profit or loss upon disposal		-	-	-	-	-	(19,423)	-	-	-	-	-	-	(19,423)
Dilution effect using the equity method		-	-	-	-	-	(25,728)	-	-	-	-	-	-	(25,728)
Dividends declared	12	-	-	-	-	-	-	-	-	-	-	-	(645,596)	(645,596)
Dividends to holders of the other equity instruments		-	-	-	-	-	-	-	-	-	-	-	(273,224)	(273,224)
Transfer from retained profits		-	-	-	-	-	-	-	-	-	27,899	343,902	(371,801)	-
Utilisation of reserve fund		-	-	-	-	-	-	-	-	-	(29,259)	-	29,259	-
At 31 December 2021		13,586,477	20,054,374	(233,428)	5,000,000	12,778	(21,447,846)	(198,013)	(6,159)	(2,598,706)	-	1,951,184	16,568,236	32,688,897

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Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2020

	Notes	Share capital RMB'000 (note 37)	Share premium(a) RMB'000	Treasury shares RMB'000	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	Hedging reserve(b) RMB'000	Exchange fluctuation reserve(b) RMB'000 (note 39)	Special reserves RMB'000	Surplus reserve(a)(c) RMB'000	Retained profits RMB'000	Total equity RMB'000
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
Effect of business combination under common control		–	–	–	–	–	3,501,753	–	–	–	1,281	–	(144,881)	3,358,153
At 1 January 2020 (restated)		11,608,125	17,009,944	(233,428)	7,000,000	–	(17,392,260)	491,737	(10,909)	(3,287,840)	2,887	1,545,882	10,831,733	27,565,871
Profit for the year		–	–	–	–	–	–	–	–	–	–	–	2,139,402	2,139,402
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	–	–	2,139,402	2,456,679
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 declared to former shareholders of acquired subsidiaries under common control		–	–	–	–	–	–	–	–	–	–	–	(331,602)	(331,602)
Dividends to holders of the other equity instruments		–	–	–	–	–	–	–	–	–	–	–	(320,601)	(320,601)
Transfer from retained profits		–	–	–	–	–	–	–	–	–	41,910	61,400	(103,310)	–
Utilisation of reserve fund		–	–	–	–	–	–	–	–	–	(43,437)	–	43,437	–
At 31 December 2020 (restated)		11,608,125	17,009,944	(233,428)	6,000,000	5,528	(17,843,663)	135,982	(22,660)	(2,603,057)	1,360	1,607,282	11,740,277	27,405,690

(a) These accounts comprise the consolidated other reserves of RMB570,490,000 (2020: RMB779,091,000) in the consolidated statement of financial position.

(b) These accounts comprise the consolidated other comprehensive loss of RMB2,802,878,000 (2020: RMB2,489,735,000) 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 2021

	Notes	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**15,996,048**	8,973,680
Income tax paid		**(1,490,253)**	(304,243)
Net cash flows generated from operating activities	*42(b)*	**14,505,795**	8,669,437
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**71,862**	154,288
Dividends received from associates		**477,826**	397,468
Dividends received from joint ventures		**–**	3,314
Purchases of items of property, plant and equipment		**(13,151,969)**	(6,857,492)
Proceeds from disposal of items of property, plant and equipment		**185,369**	134,135
Purchases of intangible assets		**(47,694)**	(21,006)
Proceeds from disposal of intangible assets		**208**	497
Purchases of investments in associates		**(61,306)**	(748,288)
Proceeds from disposal of investments in an associate		**718,783**	6,573,180
Purchases of financial assets at fair value through profit or loss		**(1,245,522)**	(2,525,159)
Proceeds from disposal of financial assets at fair value through profit or loss		**1,290,802**	2,747,041
Proceeds from derecognition of financial assets measured at amortised cost		**499,429**	–
Disposal of a subsidiary	*41*	**1,052,930**	(260,041)
Increase in finance lease receivables		**(4,821,425)**	(4,949,069)
(Increase)/decrease in factoring receivables		**(236,284)**	126,270
Decrease in restricted and pledged deposits		**37,244**	29,181
Increase in other long term payables		**93,611**	191,016
Net cash flows used in investing activities		**(15,136,136)**	(5,004,665)

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Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2021

	Notes	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	*37*	**1,460,905**	–
Proceeds from issue of preferred shares by a subsidiary		**1,000,000**	–
Repayment of other equity instruments		**(1,000,000)**	(1,000,000)
New bank and other borrowings	*40*	**66,585,549**	56,536,415
Repayment of bank and other borrowings		**(56,676,021)**	(55,833,530)
New corporate bonds		**6,883,670**	20,043,546
Repayment of corporate bonds		**(8,521,694)**	(15,028,753)
Payment of principal portion of lease liabilities		**(101,829)**	(105,787)
Interest paid		**(2,533,228)**	(3,724,063)
Dividends paid to owners of the parent		**(645,596)**	(508,193)
Dividends paid to holders of the other equity instruments		**(273,224)**	(325,684)
Dividends paid to former shareholders of acquired subsidiaries under common control		**(9,947)**	(331,602)
Increase in restricted and pledged deposits		**(266,794)**	(41,920)
Net cash flows generated from/(used in) financing activities		**5,901,791**	(319,571)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,271,450**	3,345,201
Cash and cash equivalents at beginning of year		**12,789,494**	9,946,832
Effect of foreign exchange rate changes, net		**(189,797)**	(502,539)
CASH AND CASH EQUIVALENTS AT END OF YEAR	*29*	**17,871,147**	12,789,494

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$2,070,037,500 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

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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 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
CSCL Globe Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Pacific Ocean Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Indian Ocean Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Atlantic Ocean Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
CSCL Arctic Ocean Shipping Co., Ltd.	Hong Kong	HK$10,000	–	100%	Vessel chartering
COSCO SHIPPING Development (Asia) Co., Ltd.	British Virgin Islands ("BVI")	US$514,465,000	–	100%	Vessel chartering and container leasing
Arisa Navigation Company Limited	Cyprus	CYP1,000	–	100%	Vessel chartering
YangshanA Shipping Company Limited	BVI	US$50,000	–	100%	Vessel chartering
YangshanB Shipping Company Limited	BVI	US$50,000	–	100%	Vessel chartering
YangshanC Shipping Company Limited	BVI	US$50,000	–	100%	Vessel chartering
YangshanD Shipping Company Limited	BVI	US$50,000	–	100%	Vessel chartering
Oriental Fleet International Co., Ltd.	Hong Kong	HK$140,000,000 and US$292,478,700	–	100%	Investment holding
Oriental Fleet Asset Management Limited	Hong Kong	HK$10,000	–	100%	Provision of management service

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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 LNG01 Limited	BVI	US$1	–	100%	Financial leasing
Oriental Fleet LNG02 Limited	Marshall Islands ("Marshall")	US$1	–	100%	Financial leasing
Oriental Fleet LNG03 Limited(a)	Hong Kong	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
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

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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 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 Bulk19 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Bulk20 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Bulk21 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Bulk22 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Bulk23 Limited(a)	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
Oriental Fleet Tanker02 Limited	BVI	US$1	–	100%	Financial leasing
Oriental Fleet Tanker03 Limited	Marshall	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 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 Tanker16 Limited(a)	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 Tanker22 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Tanker23 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Tanker24 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Tanker25 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Tanker26 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
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 Container08 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Container09 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Container10 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Container11 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Container12 Limited(a)	Hong Kong	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 Pulp01 Limited	Hong Kong	US$1	–	100%	Vessel chartering
Oriental Fleet Tanker27 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet Tanker28 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Oriental Fleet RORO 01 Limited(a)	Hong Kong	US$1	–	100%	Financial leasing
Bulk Fleet Flourish Company Limited	Hong Kong	US$1	–	100%	Vessel chartering
Bulk Fleet Prosperity Company Limited(a)	Hong Kong	US$1	–	100%	Vessel chartering
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	SGD$10,000	–	100%	Provision of container management services
Dong Fang International Asset Management Limited	Hong Kong	HK$3	–	100%	Provision of management service
Dong Fang International Container Limited	BVI	US$50,000	–	100%	Investment holding
Florens International Limited	BVI	US$1,833,966,965	–	100%	Investment holding
Florens (China) Company Limited	PRC	US$12,800,000	–	100%	Container leasing
Florens Maritime Limited	Bermuda	US$12,000	–	100%	Container leasing
Florens Container Corporation S.A.	Panama	US$578,726,783.2	–	100%	Container leasing

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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 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
Helen Insurance Brokers Limited	Hong Kong	HK$3,000,000	–	100%	Provision of insurance brokerage services
Yuanhai Changxing Co., Ltd.	Hong Kong	US$1	–	100%	Investment holding
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
Haihui Commercial Factoring (Tianjin) Co., Ltd.	PRC	RMB397,939,194	–	100%	Commercial factoring

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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	
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	RMB252,100,000	–	100%	Investment holding
Suzhou Yuanhai Tianji Investment LLP	PRC	RMB301,200,000	–	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
DONG FANG International Container (Qidong) Co., Ltd.(b)	PRC	RMB1,409,599,098	100%	–	Container manufacturing
DONG FANG International Container (Qingdao) Co., Ltd.(b)	PRC	RMB864,398,500	100%	–	Container manufacturing

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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	
DONG FANG International Port (Qidong) Co., Ltd.(b)	PRC	RMB154,000,000	–	100%	Provision of management service
DONG FANG International Container (Ningbo) Co., Ltd.(b)	PRC	RMB161,633,400	100%	–	Container manufacturing
Shanghai Universal Logistics Technology Co., Ltd.(b)	PRC	RMB34,266,200	100%	–	Provision of container management services
Shanghai Xinyuanhaiji Finance Leasing Co., Ltd.(a)	PRC	RMB2,100,000,000	–	100%	Financial leasing
Hainan COSCO Shipping Development Co., Ltd.	PRC	RMB1,000,000,000	100%	–	Vessel chartering

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.

(a) The subsidiaries were acquired during the year ended 31 December 2021.

(b) The subsidiaries were established during the year ended 31 December 2021.

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. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION (continued)

The financial statements have been prepared on the going concern basis notwithstanding that the Group had net current liabilities of RMB20,316,965,000 as at 31 December 2021. The directors of the Company are of opinion that based on the available unutilised banking facilities and unutilised quota for the issuance of corporate bonds as at 31 December 2021, 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 2021. 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.

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.

2.1 BASIS OF PREPARATION (continued)

BASIS OF CONSOLIDATION (continued)

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 BUSINESS COMBINATION UNDER COMMON CONTROL

During the year, the Company and COSCO SHIPPING Investment Holdings Co., Ltd. ("COSCO SHIPPING Investment") entered into the acquisition agreement, pursuant to which the Company has conditionally agreed to purchase and COSCO SHIPPING Investment has conditionally agreed to sell 100% of the equity interests in Dong Fang International Container (Ningbo) Co., Ltd., Dong Fang International Container (Qidong) Co., Ltd., Dong Fang International Container (Qingdao) Co., Ltd. and Shanghai Universal Logistics Technology Co., Ltd. (hereinafter collectively referred to as the "Target Assets"), in consideration of RMB3,561,877,100. The consideration was satisfied by the allotment and issuance of the 1,447,918,000 A Shares (the "Consideration Shares") by the Company to COSCO SHIPPING Investment, at the issue price of RMB2.46 per share.

Simultaneously with the acquisition of Target Assets, the board of directors approved the issuance of A shares to raise ancillary funds from no more than 35 specific target subscribers.

On 20 October 2021, the Company received the "Approval on the Acquisition of Assets Through Issuance of Shares of COSCO SHIPPING Development Co., Ltd. to COSCO SHIPPING Investment Holdings Co., Ltd. and Raising Ancillary Funds" (Zheng Jian Xu Ke [2021] No.3283) (the "Approval") issued by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC"). The acquisition of Target Assets and the raising of ancillary funds through issuance of shares of the Company have been approved by the CSRC. The acquisition was subsequently completed on November 2021.

The Group and the Target Assets were under common control of before and after those acquisitions. Therefore, these transactions are accounted for as business combination involving entities under common control.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the revised HKFRSs are described below:

(a) 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 risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities 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 Group had certain interest-bearing bank borrowings denominated in United States dollars based on the London Interbank Offered Rate ("LIBOR") as at 31 December 2021. The Group also had an interest rate swap whereby the Group pays interest at a fixed rate of 1.37% to 2.93% and receives interest at a variable rate based on LIBOR on the notional amount. Since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings and interest rate swap are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met. Additional information about the transition and the associated risks is disclosed in note 48 to the financial statements.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2.4 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*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2,5]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2,4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Amendments to HKFRS 9	*Comparative Information*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 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

5 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

The Group is currently accessing the impact of these standards. None of these amendments is expected to have a significant impact on the Group's results of operations and financial position.

2.5 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.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS AND GOODWILL

Business combinations under common control

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

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

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

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

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

Business combinations not under common control

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS AND GOODWILL (continued)

Business combinations not under common control (continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.5 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.

2.5 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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.

2.5 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. 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, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". 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	3.2% to 3.6%
Leasehold improvements	Over the shorter of the lease terms and 5 years
Buildings	1.8% to 5.0%
Containers	3.3% to 5.0%
Machinery, motor vehicles and office equipment	4.8% to 22.3%

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

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

Construction in progress 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.

2.5 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 3.33%.

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.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

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

Computer software

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

2.5 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	2 to 6 years

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

2.5 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.

2.5 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.

2.5 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:

2.5 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 other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are 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, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

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.

2.5 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.

2.5 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

General approach (continued)

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

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

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

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

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

Simplified approach

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

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

2.5 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.

2.5 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.

Financial guarantee contracts

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

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.

2.5 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.

2.5 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.

2.5 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

PROVISIONS

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

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

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

2.5 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAX (continued)

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

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

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

Revenue from contracts with customers (continued)

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

(a) Sale of containers

The performance obligation is satisfied upon the test and acceptance by the customers. Payment in advance is normally required and the normal credit term for the residual consideration is 45 to 60 days upon satisfaction of the performance obligation.

In some sales transactions, the Group bills a customer for containers but the Group retains physical possessions of the containers until it is transferred to the customer at a point in time in the future (bill-and-hold arrangement). The Group has satisfied the performance obligation when all of the following criteria are met:

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

(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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

Revenue from contracts with customers (continued)

(c) Rendering of services

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

Revenue from other sources

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

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

Other income

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

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

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRACT LIABILITIES

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

CONTRACT COSTS

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

SHARE-BASED PAYMENTS

The Company operates a share option scheme 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.

2.5 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.

2.5 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.

2.5 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 exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. 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.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

JUDGEMENTS

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

Classification between finance leases and operating leases

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

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

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 48 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 24 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

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 investments and insurance brokerage services; and

(d) The "others" segment comprises, principally, cargo and liner agency services, which has been ended during the year ended 31 December 2021.

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 2021				
	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	–	26,616,196	–	–	26,616,196
Fee and commission income	–	–	49,838	–	49,838
Total revenue from contracts with external customers	–	26,616,196	49,838	–	26,666,034
Other revenue from external customers	8,043,308	–	205,243	–	8,248,551
Total revenue from external customers	8,043,308	26,616,196	255,081	–	34,914,585
Intersegment revenue from contracts with customers	–	4,659,440	6,716	–	4,666,156
Total revenue	8,043,308	31,275,636	261,797	–	39,580,741
Segment results	1,346,593	6,605,458	1,048,631	281,926	9,282,608
Elimination of intersegment results					(869,452)
Unallocated selling, administrative and general expenses					(265,224)
Unallocated finance costs					(317,350)
Profit before tax from continuing operations					7,830,582
Supplementary segment information:					
Depreciation and amortisation	(1,826,435)	(287,960)	(73,096)	–	(2,187,491)
Impairment of finance lease receivables	(740,917)	–	–	–	(740,917)
Impairment of factoring receivables	(10,797)	–	–	–	(10,797)
Reversal of provision for write-down of inventories to net realisable value	265	–	–	–	265
Reversal of/(provision for) impairment of trade receivables	109,913	(26,692)	–	–	83,221
Reversal of impairment of other receivables	7	20	–	–	27
Share of profits of joint ventures	–	–	4,751	–	4,751
Share of profits of associates	–	–	1,172,848	–	1,172,848
Capital expenditure*	12,137,642	462,049	124,286	–	12,723,977

4. OPERATING SEGMENT INFORMATION (continued)

	For the year ended 31 December 2020				
	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	–	7,632,566	–	–	7,632,566
Fee and commission income	–	–	41,359	–	41,359
Total revenue from contracts with external customers	–	7,632,566	41,359	–	7,673,925
Other revenue from external customers	5,037,154	–	142,066	–	5,179,220
Total revenue from external customers	5,037,154	7,632,566	183,425	–	12,853,145
Intersegment revenue from contracts with customers	–	4,337,042	7,396	–	4,344,438
Total revenue	5,037,154	11,969,608	190,821	–	17,197,583
Segment results	(73,419)	312,132	1,736,999	(26,592)	1,949,120
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					1,202,789
Supplementary segment information:					
Depreciation and amortisation	(1,635,829)	(203,776)	(658)	–	(1,840,263)
Impairment of property, plant and equipment	(270,123)	(35,376)	–	–	(305,499)
Impairment of finance lease receivables	(138,680)	–	–	–	(138,680)
Reversal of impairment of factoring receivables	350	–	–	–	350
(Provided for)/reversal of the provision for write-down of inventories to net realisable value	(24,508)	3,497	–	–	(21,011)
Reversal of/(provision for) impairment of trade receivables	47,846	(36,981)	(2)	–	10,863
(Provision for)/reversal of impairment of other receivables	(1,594)	(1,817)	616	–	(2,795)
Share of losses of joint ventures	–	–	(4,774)	–	(4,774)
Share of profits of associates	–	–	1,985,148	–	1,985,148
Capital expenditure*	6,634,249	337,262	3,135	–	6,974,646

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

4. OPERATING SEGMENT INFORMATION (continued)

	31 December 2021			
	Shipping and industry-related leasing RMB'000	Container manufacturing RMB'000	Investment and financial services RMB'000	Total RMB'000
Segment assets	83,678,208	21,514,573	34,273,707	139,466,488
Elimination of intersegment assets				(6,850,165)
Total assets				132,616,323
Segment liabilities	60,809,408	13,337,523	24,419,506	98,566,437
Unallocated liabilities				6,458,230
Elimination of intersegment liabilities				(5,097,241)
Total liabilities				99,927,426
Supplementary segment information:				
Investments in joint ventures	–	–	185,701	185,701
Investments in associates	–	–	24,285,370	24,285,370

	31 December 2020			
	Shipping and industry-related leasing RMB'000 (Restated)	Container manufacturing RMB'000 (Restated)	Investment and financial services RMB'000 (Restated)	Total RMB'000 (Restated)
Segment assets	108,561,078	12,493,399	38,830,767	159,885,244
Elimination of intersegment assets				(6,650,361)
Total assets				153,234,883
Segment liabilities	81,445,322	8,065,960	24,099,861	113,611,143
Unallocated liabilities				17,950,326
Elimination of intersegment liabilities				(5,732,276)
Total liabilities				125,829,193
Supplementary segment information:				
Investments in joint ventures	–	–	180,727	180,727
Investments in associates	–	–	20,841,847	20,841,847

4. OPERATING SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION

(a) *Revenue from external customers*

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
United States	**19,377,094**	3,730,394
Asia (excluding Hong Kong and Mainland China)	**6,087,285**	2,329,697
Hong Kong	**4,692,915**	3,383,543
Mainland China	**2,139,741**	2,376,795
Europe	**2,348,805**	890,477
Others	**268,745**	142,239
	34,914,585	12,853,145

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

(b) *Non-current assets*

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Hong Kong	**49,756,475**	47,395,274
Mainland China	**14,111,878**	31,312,039
	63,868,353	78,707,313

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.

4. OPERATING SEGMENT INFORMATION (continued)

INFORMATION ABOUT A MAJOR CUSTOMER

The revenue from continuing operations generated from sales to customers which individually amounted to more than 10% to the Group's total revenue is set out below:

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Customer A	**11,262,069**	1,620,234
Customer B	**2,202,613**	1,783,318
	13,464,682	3,403,552

The state-owned entities are not identified as a group of customers under common control by the directors of the Company.

5. REVENUE, OTHER INCOME AND GAINS

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

(1) REVENUE

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Revenue from contracts with customers:		
Sales of containers	**26,616,196**	7,632,566
Fee and commission income	**49,838**	41,359
	26,666,034	7,673,925
Other revenue:		
Vessel chartering	**1,274,546**	75,925
Container leasing	**6,323,837**	4,861,405
Finance lease income	**650,168**	241,890
	8,248,551	5,179,220
	34,914,585	12,853,145

5. REVENUE, OTHER INCOME AND GAINS (continued)

(1) REVENUE (continued)

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 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Hong Kong	**1,371,775**	1,734,169
Mainland China	**871,440**	1,580,138
Asia (excluding Hong Kong and Mainland China)	**4,430,649**	867,622
United States	**18,785,153**	3,266,354
Europe	**994,111**	181,158
Others	**212,906**	44,484
	26,666,034	7,673,925

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Goods transferred at a point in time	**26,616,196**	7,632,566
Services transferred over time	**49,838**	41,359
	26,666,034	7,673,925

5. REVENUE, OTHER INCOME AND GAINS (continued)

(2) OTHER INCOME

	Note	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Interest income		**66,249**	128,045
Government grants related to assets	*36*	**3,230**	1,550
Government subsidies		**106,838**	101,083
Sale of scrap materials		**49,884**	10,504
Others		**31,238**	16,342
		257,439	257,524

(3) OTHER GAINS, NET

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Gain on disposal of items of property, plant and equipment	**7,548**	25,766
Gain on disposal of investments in associates	**236,292**	219,313
Gain on derecognition of financial assets measured at amortised cost	**52,847**	–
Changes in fair value of financial assets at fair value through profit or loss	**500,848**	26,585
Government grants not related to the ordinary course of business	**169**	38,250
Donation expenditures for public interest	**(109,278)**	–
Net foreign exchange losses	**(366,164)**	(214,436)
Others	**(8,696)**	10,617
	313,566	106,095

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Note	**For the year ended 31 December 2021 RMB'000**	For the year ended 31 December 2020 RMB'000 (Restated)
Cost of goods sold		**18,677,998**	6,060,154
Cost of service provided		**1,651,593**	1,203,466
Depreciation of property, plant and equipment		**2,096,287**	1,763,562
Depreciation of investment properties	*15*	**841**	1,151
Depreciation of right-of-use assets		**71,633**	65,777
Amortisation of intangible assets		**18,730**	9,773
Auditor's remuneration		**7,950**	8,250
Employee benefit expense:			
Wages and salaries		**3,501,961**	1,805,877
Equity-settled share option expense		**7,250**	4,797
Pension scheme contributions (defined contribution scheme)*		**65,278**	65,050
		3,574,489	1,875,724
Leases payments not included in the measurement of lease liabilities		**9,066**	8,785
Foreign exchange losses, net		**366,164**	214,436
Impairment of property, plant and equipment		**–**	305,499
Impairment of finance lease receivables		**740,917**	138,680
Provision for/(reversal of) impairment of factoring receivables		**10,797**	(350)
(Reversal of)/provision for wite-down of inventories to net realisable value		**(265)**	21,011
Reversal of impairment of trade receivables		**(83,221)**	(10,863)
(Reversal of)/provision for impairment of other receivables		**(27)**	2,795

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

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

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Interest on debts and borrowings	1,661,111	2,113,805
Interest on lease liabilities	3,649	6,397
Others	106,146	100,751
	1,770,906	2,220,953

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 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Fees	1,011	1,200
Other emoluments:		
Salaries, allowances and benefits in kind	2,823	2,644
Equity-settled share option expense	172	129
Pension scheme contributions	468	307
	3,463	3,080
	4,474	4,280

During the year, one director (2020: three) was 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	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2021					
Executive directors:					
Mr. Liu Chong	–	1,420	172	233	1,825
Mr. Xu Hui	–	1,403	–	235	1,638
	–	2,823	172	468	3,463
Independent non-executive directors:					
Mr. Cai Hongping	300	–	–	–	300
Ms. Hai Chi Yuet (resigned on 29 June 2021)	174	–	–	–	174
Mr. Graeme Jack (resigned on 29 June 2021)	174	–	–	–	174
Mr. Lu Jianzhong	150	–	–	–	150
Ms. Zhang Weihua	150	–	–	–	150
Mr. Shao Ruiqing (appointed on 29 June 2021)	63	–	–	–	63
	1,011	–	–	–	1,011
	1,011	2,823	172	468	4,474

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

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 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

Save as disclosed above, none of the directors received any emoluments during 2021 and 2020.

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 (2020: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2020: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2020: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Salaries, allowances and benefits in kind	**3,528**	3,443
Equity-settled share option expense	**438**	329
Pension scheme contributions	**736**	505
	4,702	4,277

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 2021	For the year ended 31 December 2020
HK$1,500,001 to HK$2,000,000	**3**	3

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2020: 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 2021 and 2020.

Hong Kong profits tax was provided at the rate of 16.5% (2020: 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 2021 RMB'000**	For the year ended 31 December 2020 RMB'000 (Restated)
Current income tax:			
Mainland China		**1,705,580**	120,352
Hong Kong		**32,538**	22,746
Elsewhere		**46,683**	15,139
		1,784,801	158,237
Deferred income tax	*24*	**(27,384)**	39,532
		1,757,417	197,769

10. INCOME TAX (continued)

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:

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Profit before tax from continuing operations	**7,830,582**	1,202,789
Tax at the statutory tax rate	**1,957,646**	300,697
Effect of different tax rates for specific provinces or enacted by local authority	**(44,643)**	(12,880)
Effect of withholding tax	**184,796**	28,132
Adjustments in respect of current tax of previous periods	**12,361**	2,296
Profits attributable to associates and joint ventures	**(294,400)**	(495,094)
Income not subject to tax	**(1,145,653)**	(729,523)
Expenses not deductible for tax	**1,036,718**	1,004,057
Tax losses not recognised	**44,862**	45,177
Temporary differences not recognised	**5,730**	54,907
	1,757,417	197,769

11. DISCONTINUED OPERATIONS

A) DISPOSAL OF COSCO SHIPPING LEASING CO., LTD. ("COSCO SHIPPING LEASING")

During the year, (i) the Company transferred its 35.2282% equity interests in COSCO SHIPPING Leasing to China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. for a consideration of RMB1,800,000,000 and, (ii) China Insurance Investment Co., Ltd. ("CII") subscribed to increase the registered capital of COSCO SHIPPING Leasing by RMB2,054,977,000 for a total consideration of RMB3,000,000,000 (the "Subscription"), equivalent to 36.99344% interests in COSCO SHIPPING Leasing. As at 30 June 2021, CII has completed the capital injection of RMB1,000,000,000. Although the Subscription was not fully completed as of 30 June 2021, CII had obtained potential voting rights which were considered substantive. As a result, the Company is deemed to control of less than a majority of voting rights and lost control over COSCO SHIPPING Leasing as of 30 June 2021. COSCO SHIPPING Leasing represents a separate major operation and, therefore, was classified as a discontinued operation.

11. DISCONTINUED OPERATIONS (continued)

A) DISPOSAL OF COSCO SHIPPING LEASING CO., LTD. ("COSCO SHIPPING LEASING") (continued)

The results of COSCO SHIPPING Leasing for the period are presented below:

	For the period ended 30 June 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
REVENUE	**1,415,549**	2,737,910
Cost of sales	**(706,131)**	(1,288,973)
Selling, administrative and general expenses	**(413,111)**	(805,938)
Other income	**9,626**	54,754
Other gains, net	**3,856**	(293)
Finance costs	**(651)**	(113,072)
Profit from the discontinued operation	**309,138**	584,388
Loss on disposal of COSCO SHIPPING Leasing	**(224,855)**	–
Profit before tax from the discontinued operation	**84,283**	584,388
Income tax expense	**(68,127)**	(138,092)
Profit for the year from the discontinued operation	**16,156**	446,296

The net cash flows incurred by the discontinued operation are as follows:

	For the period ended 30 June 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Operating activities	**801,148**	2,371,700
Investing activities	**(3,096,322)**	(3,536,112)
Financing activities	**3,732,167**	426,149
Net cash flow	**1,436,993**	(738,263)

11. DISCONTINUED OPERATIONS (continued)

B) DISPOSAL OF CONTAINER VESSELS UNDER OPERATING LEASE BUSINESS

During the year ended 31 December 2020, the Group, as a lessor, entered into a lease agreement in relation to certain container vessels with a fellow subsidiary commencing from 1 January 2021. Pursuant to this agreement, the Group has transferred substantially all risks and rewards incidental to ownership of those vessels and, accordingly, recorded this agreement as a finance lease. The underlying container vessels were previously held for operating lease business (including operating lease and other related services) and represented a separate major line of business of the Group. After this disposal, the Group will focus its resources on the other operations, such as container manufacturing, container lease and investments and financial services. The operating results of such container vessel operating lease business were therefore classified as a discontinued operation and was no longer included in the note for operating segment information during the year ended 31 December 2020.

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
REVENUE	4,468,020
Cost of sales	(3,362,640)
Gross profit	1,105,380
Selling, administrative and general expenses	(417,294)
Profit before tax from the discontinued operation	688,086
Income tax expense	–
Profit for the year from the discontinued operation	688,086

The net cash flows incurred by the discontinued operation are as follows:

	For the year ended 31 December 2020 RMB'000
Operating activities	2,713,066

11. DISCONTINUED OPERATIONS (continued)

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Earnings per share (expressed in RMB per share):		
Basic, from the discontinued operation	**0.0014**	0.0984
Diluted, from the discontinued operation	**0.0014**	0.0984

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Profit attributable to ordinary equity holders of the parent from the discontinued operation	**16,156**	1,134,382
Weighted average number of ordinary shares (in thousand) in issue during the year used in the basic earnings per share calculations (note 13)	**11,684,385**	11,528,498
Weighted average number of ordinary shares (in thousand) in issue during the year used in the diluted earnings per share calculations (note 13)	**11,695,507**	11,528,498

12. DIVIDENDS

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Proposed final dividend – RMB0.226 (2020: RMB0.056) per ordinary share	**3,052,548**	645,596

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

The board of directors proposed the payment of a final dividend of RMB0.226 (2020: RMB0.056) per share (inclusive of applicable tax), totalling approximately RMB3,052,548,000 (2020: RMB645,596,000) calculated based on 13,506,850,298 shares, being the number of issued shares of the Company of 13,586,477,301 as at 30 March 2022 deducting 79,627,003 A shares repurchased by the Company, for the year ended 31 December 2021.

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 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation		
From continuing operations	**5,800,005**	681,475
From a discontinued operation	**16,156**	1,134,382
	5,816,161	1,815,857
Interest on perpetual debts*	**273,160**	323,545
Profit attributable to equity holders of the parent before interest on perpetual debts	**6,089,321**	2,139,402
Attributable to:		
From continuing operations	**6,073,165**	1,005,020
From a discontinued operation	**16,156**	1,134,382
	6,089,321	2,139,402

	For the year ended 31 December 2021 '000	For the year ended 31 December 2020 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**11,684,385**	11,528,498
Effect of dilution-weighted average number of ordinary shares:		
Share options	**11,122**	–
	11,695,507	11,528,498

* The Company issued perpetual debts during the years ended 31 December 2021 and 2020, under the terms and conditions set out in note 40. The dividend distribution and repurchase of shares of the Company triggered a mandatory interest payment event of perpetual debts. For the purpose of calculating basic earnings per ordinary share in respect of the this year, RMB273,160,000 (2020: RMB323,545,000) attributable to perpetual debts was deducted from profits attributable to equity holders of the Company.

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 2021:							
Cost	45,796,312	38,514,406	1,742,056	2,404,541	103,971	199,383	88,760,669
Accumulated depreciation and impairment	(19,047,016)	(11,200,949)	(509,248)	(1,167,807)	(89,485)	(524)	(32,015,029)
Net carrying amount (restated)	26,749,296	27,313,457	1,232,808	1,236,734	14,486	198,859	56,745,640
At 1 January 2021, net of accumulated depreciation and impairment	26,749,296	27,666,307	277,435	487,389	12,602	131,679	55,324,708
Effect of business combination under common control	–	(352,850)	955,373	749,345	1,884	67,180	1,420,932
At 1 January 2021, net of accumulated depreciation and impairment (restated)	26,749,296	27,313,457	1,232,808	1,236,734	14,486	198,859	56,745,640
Additions	–	6,755,994	2,001	159,775	32,383	5,662,815	12,612,968
Disposals	(25,313,514)	(2,500,405)	(529)	(18,938)	(35,197)	(6,853)	(27,875,436)
Disposal of a subsidiary (note 41)	–	(3,239)	–	(5,321)	(3,491)	(10,744)	(22,795)
Depreciation provided during the year	(185,291)	(1,657,525)	(42,123)	(207,200)	(4,148)	–	(2,096,287)
Transfer from investment properties	–	–	15,077	–	–	–	15,077
Transfers	5,192,470	–	9,803	288,774	–	(5,491,047)	–
Exchange realignment	(108,081)	(799,928)	–	(33,216)	(208)	(5,532)	(946,965)
At 31 December 2021, net of accumulated depreciation and impairment	6,334,880	29,108,354	1,217,037	1,420,608	3,825	347,498	38,432,202
At 31 December 2021:							
Cost	6,596,947	38,303,378	1,643,973	2,789,660	87,024	347,498	49,768,480
Accumulated depreciation and impairment	(262,067)	(9,195,024)	(426,936)	(1,369,052)	(83,199)	–	(11,336,278)
Net carrying amount	6,334,880	29,108,354	1,217,037	1,420,608	3,825	347,498	38,432,202

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 2020:							
Cost	46,610,498	37,677,975	1,683,441	2,271,701	97,508	112,667	88,453,790
Accumulated depreciation and impairment	(17,439,415)	(10,932,354)	(423,450)	(1,038,559)	(79,646)	(154)	(29,913,578)
Net carrying amount (restated)	29,171,083	26,745,621	1,259,991	1,233,142	17,862	112,513	58,540,212
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
Effect of business combination under common control	–	(63,471)	941,642	781,772	1,218	60,079	1,721,240
At 1 January 2020, net of accumulated depreciation and impairment (restated)	29,171,083	26,745,621	1,259,991	1,233,142	17,862	112,513	58,540,212
Additions	–	5,817,135	113	34,555	7,995	1,065,215	6,925,013
Disposals	–	(1,570,392)	(267)	(1,463)	(660)	–	(1,572,782)
Depreciation provided during the year	(1,674,987)	(1,525,834)	(50,997)	(153,394)	(10,411)	(370)	(3,415,993)
Impairment	(417,294)	(270,123)	(35,376)	–	–	–	(722,793)
Transfers	791,200	–	59,345	125,425	–	(975,970)	–
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	27,313,457	1,232,808	1,236,734	14,486	198,859	56,745,640
At 31 December 2020:							
Cost	45,796,312	38,514,406	1,742,056	2,404,541	103,971	199,383	88,760,669
Accumulated depreciation and impairment	(19,047,016)	(11,200,949)	(509,248)	(1,167,807)	(89,485)	(524)	(32,015,029)
Net carrying amount	26,749,296	27,313,457	1,232,808	1,236,734	14,486	198,859	56,745,640

14. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2021, certain of the Group's container vessels and containers with a net carrying amount of approximately RMB18,672,682,000 (2020: RMB25,232,185,000) were pledged to secure general banking facilities granted to the Group (note 33).

During the year end 31 December 2020, indicators of impairment for certain container vessels, containers and buildings were identified. Therefore, the Group estimated the recoverable amount and recognised impairments of RMB417,294,000, RMB270,123,000 and RMB35,376,000 to reduce the carrying amounts 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 2021:			
Cost	1,537,688	36,684,088	38,221,776
Accumulated depreciation and impairment	(101,906)	(10,216,522)	(10,318,428)
Net carrying amount (restated)	1,435,782	26,467,566	27,903,348
At 1 January 2021, net of accumulated depreciation and impairment	1,435,782	26,820,416	28,256,198
Effect of business combination under common control	–	(352,850)	(352,850)
At 1 January 2021, net of accumulated depreciation and impairment (restated)	1,435,782	26,467,566	27,903,348
Additions	–	6,711,404	6,711,404
Disposals	–	(2,483,902)	(2,483,902)
Depreciation provided during the year	(185,291)	(1,646,585)	(1,831,876)
Transfers	5,192,470	–	5,192,470
Exchange realignment	(108,081)	(794,648)	(902,729)
At 31 December 2021, net of accumulated depreciation and impairment	6,334,880	28,253,835	34,588,715
At 31 December 2021:			
Cost	6,596,947	37,495,248	44,092,195
Accumulated depreciation and impairment	(262,067)	(9,241,413)	(9,503,480)
Net carrying amount	6,334,880	28,253,835	34,588,715

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
At 1 January 2020			
Cost	46,610,498	36,100,624	82,711,122
Accumulated depreciation and impairment	(17,439,415)	(10,424,514)	(27,863,929)
Net carrying amount (restated)	29,171,083	25,676,110	54,847,193
At 1 January 2020, net of accumulated depreciation and impairment	29,171,083	25,739,581	54,910,664
Effect of business combination under common control	–	(63,471)	(63,471)
At 1 January 2020, net of accumulated depreciation and impairment (restated)	29,171,083	25,676,110	54,847,193
Additions	–	5,817,135	5,817,135
Disposals	–	(1,507,577)	(1,507,577)
Depreciation provided during the year	(1,674,987)	(1,464,379)	(3,139,366)
Impairment	(417,294)	(270,123)	(687,417)
Transfers	(25,313,514)	–	(25,313,514)
Exchange realignment	(329,506)	(1,783,600)	(2,113,106)
At 31 December 2020, net of accumulated depreciation and impairment	1,435,782	26,467,566	27,903,348
At 31 December 2020:			
Cost	1,537,688	36,684,088	38,221,776
Accumulated depreciation and impairment	(101,906)	(10,216,522)	(10,318,428)
Net carrying amount	1,435,782	26,467,566	27,903,348

15. INVESTMENT PROPERTIES

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
At beginning of year:		
Cost	**166,584**	176,967
Accumulated depreciation and impairment	**(53,363)**	(55,800)
Net carrying amount (restated)	**113,221**	121,167
At the beginning of the year, net of accumulated depreciation and impairment	**98,144**	105,547
Effect of business combination under common control	**15,077**	15,620
At beginning of year, net of accumulated depreciation and impairment (restated)	**113,221**	121,167
Depreciation	**(841)**	(1,151)
Transfer to owner-occupied property	**(15,077)**	–
Exchange realignment	**(1,965)**	(6,795)
At end of year, net of accumulated depreciation and impairment	**95,338**	113,221
At end of year:		
Cost	**146,687**	166,584
Accumulated depreciation and impairment	**(51,349)**	(53,363)
Net carrying amount	**95,338**	113,221

The Group's investment properties consist of 19 (2020: 19 office properties in Hong Kong and 1industuial property in Mainland China).

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 43 to the financial statements.

FAIR VALUE HIERARCHY

The investment properties were valued based on a valuation performed by an independent professionally qualified valuer at RMB282,299,000 (2020: RMB306,915,000). 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 2021

	Fair value measurement categorised into			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Office units	**–**	**–**	**282,299**	**282,299**

31 December 2020

	Fair value measurement categorised into			
	Level 1 RMB'000 (Restated)	Level 2 RMB'000 (Restated)	Level 3 RMB'000 (Restated)	Total RMB'000 (Restated)
Industrial property	–	–	17,197	17,197
Office units	–	–	289,718	289,718
	–	–	306,915	306,915

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 (2020: 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 (Restated)
31 December 2021			
Office units	Market comparison method	Estimated value (per sq. ft.)	**13**
31 December 2020			
Industrial property	Market comparison method	Estimated value (per sq. ft.)	2
Office units	Market comparison method	Estimated value (per sq. ft.)	13

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 2021:				
Cost	523,725	302,199	1,366	827,290
Accumulated depreciation	(101,106)	(175,419)	(631)	(277,156)
Net carrying amount (restated)	422,619	126,780	735	550,134
At 1 January 2021, net of accumulated depreciation	107,207	114,800	400	222,407
Effect of business combination under common control	315,412	11,980	335	327,727
At 1 January 2021, net of accumulated depreciation (restated)	422,619	126,780	735	550,134
Additions	–	63,214	101	63,315
Disposals	–	(1,722)	–	(1,722)
Disposal of a subsidiary (note 41)	–	(8,758)	–	(8,758)
Depreciation	(10,795)	(60,636)	(202)	(71,633)
Exchange realignment	–	(870)	–	(870)
At 31 December 2021, net of accumulated depreciation	411,824	118,008	634	530,466
At 31 December 2021:				
Cost	523,725	305,878	1,467	831,070
Accumulated depreciation	(111,901)	(187,870)	(833)	(300,604)
Net carrying amount	411,824	118,008	634	530,466

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 2020:				
Cost	516,917	284,198	1,366	802,481
Accumulated depreciation	(90,010)	(107,734)	(388)	(198,132)
Net carrying amount (restated)	426,907	176,464	978	604,349
At 1 January 2020, net of accumulated depreciation	110,795	163,303	522	274,620
Effect of business combination under common control	316,112	13,161	456	329,729
At 1 January 2020, net of accumulated depreciation (restated)	426,907	176,464	978	604,349
Additions	6,808	21,819	–	28,627
Disposals	–	(231)	–	(231)
Depreciation	(11,096)	(69,860)	(243)	(81,199)
Exchange realignment	–	(1,412)	–	(1,412)
At 31 December 2020, net of accumulated depreciation	422,619	126,780	735	550,134
At 31 December 2020:				
Cost	523,725	302,199	1,366	827,290
Accumulated depreciation	(101,106)	(175,419)	(631)	(277,156)
Net carrying amount	422,619	126,780	735	550,134

17. INTANGIBLE ASSETS

	Computer software RMB'000
At 1 January 2021:	
Cost	367,283
Accumulated amortisation	(182,688)
Net carrying amount (restated)	184,595
At 1 January 2021, net of accumulated amortisation	39,256
Effect of business combination under common control	145,339
At 1 January 2021, net of accumulated amortisation (restated)	184,595
Additions	47,694
Disposals	(208)
Disposal of a subsidiary (note 41)	(31,591)
Amortisation	(18,730)
Exchange realignment	(197)
At 31 December 2021, net of accumulated amortisation	181,563
At 31 December 2021:	
Cost	369,810
Accumulated amortisation	(188,247)
Net carrying amount	181,563

17. INTANGIBLE ASSETS (continued)

	Computer software RMB'000
At 1 January 2020:	
Cost	357,227
Accumulated amortisation	(177,325)
Net carrying amount (restated)	179,902
At 1 January 2020, net of accumulated amortisation	27,174
Effect of business combination under common control	152,728
At 1 January 2020, net of accumulated amortisation (restated)	179,902
Additions – acquired separately	21,006
Disposals	(497)
Amortisation	(15,539)
Exchange realignment	(277)
At 31 December 2020, net of accumulated amortisation	184,595
At 31 December 2020:	
Cost	367,283
Accumulated amortisation	(182,688)
Net carrying amount	184,595

18. INVESTMENTS IN JOINT VENTURES

	31 December 2021 RMB'000	31 December 2020 RMB'000
Share of net assets	185,701	180,727

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 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Share of profit/(loss)	4,751	(4,774)
Share of other comprehensive profit/(loss)	223	(12)
Share of total comprehensive profit/(loss)	4,974	(4,786)

	31 December 2021 RMB'000	31 December 2020 RMB'000
Aggregate carrying amount of investments	185,701	180,727

19. INVESTMENTS IN ASSOCIATES

	31 December 2021 RMB'000	31 December 2020 RMB'000
Share of net assets	23,705,786	20,262,263
Goodwill on acquisition	641,349	641,349
Impairment	(61,765)	(61,765)
	24,285,370	20,841,847

19. INVESTMENTS IN ASSOCIATES (continued)

As of 31 December 2021, 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	3.61	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
COSCO SHIPPING Finance	Registered capital RMB1 each	PRC	23.38	Banking
COSCO SHIPPING Leasing Co., Ltd. ("CS Leasing")	Registered capital RMB1 each	PRC	49.70	Leasing

The Group has less than 20% of equity interests in CIMC, CBB, CEB, and BOK. With the Group's holding seats in the boards of these companies and participation in the financial and operating activities of these companies, the Group could exercise significant influence over these companies. Accordingly, these companies are accounted for as associates.

19. INVESTMENTS IN ASSOCIATES (continued)

The following tables illustrate the summarised financial information in respect of each of the Group's material associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	CIMC		CBB		CEB		BOK		COSCO SHIPPING Finance		COSCO SHIPPING Leasing*
	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000
Current assets	70,837,324	67,141,741	1,558,076,968	251,548,460	619,096,000	986,392,375	140,918,375	138,216,863	75,776,905	38,791,351	23,139,596
Non-current assets	73,040,122	71,498,660	24,357,528	1,138,117,477	5,279,314,400	4,380,759,654	214,316,082	213,318,600	76,691,510	43,321,661	24,165,189
Total liabilities	(97,917,411)	(92,357,667)	(1,476,143,621)	(1,286,693,615)	(5,417,703,000)	(4,882,530,300)	(318,131,118)	(315,946,473)	(143,676,388)	(73,368,180)	(39,902,781)
Net assets	45,960,035	46,282,734	106,290,875	102,972,322	480,707,400	484,621,729	37,103,339	35,588,990	8,792,027	8,744,832	7,402,004
Other equity instruments – perpetual debts	–	(4,308,042)	(19,961,604)	(19,961,604)	(39,993,000)	(39,993,000)	–	–	–	–	–
Other equity instruments – preference shares	–	–	–	–	(69,069,000)	(69,069,000)	–	–	–	–	–
Non-controlling interests	(11,461,457)	(9,836,328)	–	–	(1,877,000)	(34,832,000)	(100,111)	(95,344)	–	–	–
Net assets attributable to owners of the parent	34,498,578	32,138,364	86,329,271	83,010,718	369,768,400	340,727,729	37,003,228	35,493,646	8,792,027	8,744,832	7,402,004
Proportion of the ownership	3.61%	4.69%	11.12%	11.12%	1.34%	1.34%	3.74%	3.74%	23.38%	23.38%	49.70%
Share of net assets	1,245,399	1,507,289	9,599,815	9,230,792	4,954,897	4,565,752	1,383,921	1,327,462	2,055,576	2,044,542	3,678,520
Goodwill on acquisition	456,795	456,795	–	–	–	–	97,421	97,421	74,655	74,655	–
Impairment	–	–	–	–	–	–	(61,765)	(61,765)	–	–	–
Carrying amounts of the investments	1,702,194	1,964,084	9,599,815	9,230,792	4,954,897	4,565,752	1,419,577	1,363,118	2,130,231	2,119,197	3,678,520

	CIMC		CBB		CEB		BOK		COSCO SHIPPING Finance		COSCO SHIPPING Leasing*
	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2021 RMB'000
Revenue	163,695,980	94,159,083	20,492,170	32,492,170	229,334,000	142,479,000	10,214,051	10,914,001	2,225,867	1,738,813	3,011,098
Attributable to owners of parent:											
Profit for the year	6,665,323	5,349,613	7,680,432	8,047,608	38,627,910	34,960,448	2,535,588	2,910,588	325,659	500,244	450,114
Other comprehensive (loss)/income for the year	(135,879)	(794,557)	(2,851,969)	(968,813)	1,759,030	(1,399,925)	74,358	(289,492)	13,670	(14,957)	–
Total comprehensive income for the year	6,529,444	4,555,056	4,828,463	7,078,795	40,386,940	33,560,523	2,609,946	2,621,096	339,329	485,287	450,114
Dividends declared	976,823	453,143	1,509,910	–	11,346,269	11,562,388	1,100,339	1,460,898	292,134	336,330	–

* The Group has guaranteed banking borrowings granted to this associate amounting to RMB3,438,780,000 (2020: Nil) as at the end of the reporting period. The fair value of the guaranteed contract is not material to the financial statements.

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 2021 **RMB'000**	31 December 2020 RMB'000
Aggregate carrying amount of investments	**800,136**	1,598,904

	For the year ended **31 December 2021** **RMB'000**	For the year ended 31 December 2020 RMB'000
Share of (loss)/profit	**(818,220)**	93,182
Share of other comprehensive (loss)/income	**(39,304)**	16,128
Share of total comprehensive (loss)/income	**(857,524)**	109,310

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021 **RMB'000**	31 December 2020 RMB'000 (Restated)
Unlisted debt investments *(a)*	**1,005,648**	627,605
Listed equity investments *(b)*	**1,045,625**	1,516,558
Unlisted equity investments *(c)*	**3,034,753**	2,442,815
	5,086,026	4,586,978
Current portion	**(1,073,731)**	(654,224)
Non-current portion	**4,012,295**	3,932,754

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) The amount represents investments in financial products arranged by independent securities companies with high credit rating and good reputation.

	31 December 2021 RMB'000	31 December 2020 RMB'000
Asset management products	205,648	627,605
New standard bonds	800,000	–
	1,005,648	627,605

(b) The listed equity securities represent stocks listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange ("PRC").

(c) The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. The Group did not have significant influence on these invested entities.

21. FINANCE LEASE RECEIVABLES

The total future lease payment receivables under finance leases and their present values were as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Within one year	4,691,663	21,137,003
After one year but within two years	4,454,250	12,757,673
After two years but within three years	4,226,644	7,693,231
After three years but within four years	3,812,861	3,830,108
After four years but within five years	3,510,153	2,980,850
After five years	23,282,156	4,955,158
Total minimum finance lease receivables	43,977,727	53,354,023
Unearned finance income	(8,902,217)	(6,212,539)
Total present value of minimum finance lease receivables	35,075,510	47,141,484
Impairment	(926,321)	(1,279,806)
	34,149,189	45,861,678
Current portion	(3,217,218)	(18,296,935)
Non-current portion	30,931,971	27,564,743

21. FINANCE LEASE RECEIVABLES (continued)

	31 December 2021	31 December 2020
	RMB'000	RMB'000
		(Restated)
Within one year	**3,247,969**	18,742,401
After one year but within two years	**3,226,960**	11,222,681
After two years but within three years	**3,137,639**	6,782,884
After three years but within four years	**2,846,809**	3,365,916
After four years but within five years	**2,682,581**	2,647,081
After five years	**19,933,552**	4,380,521
Total present value of minimum finance lease receivables	**35,075,510**	47,141,484

At 31 December 2021, certain of the Group's finance lease receivables with a net carrying amount of approximately RMB12,497,828,000 (2020: RMB24,367,438,000) 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 48 to the financial statements.

22. FACTORING RECEIVABLES

	31 December 2021	31 December 2020
	RMB'000	RMB'000
Factoring receivables	**1,708,338**	1,472,054
Impairment	**(34,184)**	(23,387)
	1,674,154	1,448,667
Current portion	**(1,479,284)**	(1,083,635)
Non-current portion	**194,870**	365,032

Further qualitative and quantitative information regarding credit risk and ECLs of factoring receivables is disclosed in note 48 to the financial statements.

23. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent interest rate swap agreements designated as hedging instruments as follows:

LIABILITIES

	31 December 2021	31 December 2020
	RMB'000	RMB'000
Interest rate swaps	**4,157**	20,939
Current portion	**(3,934)**	(8,654)
Non-current portion	**223**	12,285

CASH FLOW HEDGE – INTEREST RATE RISK

At 31 December 2021, the Group had interest rate swap agreements in place with a total notional amount of US$83,324,000 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 1.21% to 2.92%. 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

23. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

CASH FLOW HEDGE – INTEREST RATE RISK (continued)

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 2021					
Interest rate swaps (in RMB'000)	**106,216**	**62,866**	**62,866**	**299,305**	**531,253**

	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

The movements of cash flow hedge reserve are as follows:

	Interest rate swaps RMB'000
As at 1 January 2020	(10,909)
Hedging loss recognised in other comprehensive income	(15,578)
Amount reclassified to finance costs of the consolidated statement of profit or loss	3,827
As at 31 December 2020 and 1 January 2021	**(22,660)**
Hedging loss recognised in other comprehensive income	**19,102**
Amount reclassified to finance costs of the consolidated statement of profit or loss	**(2,601)**
As at 31 December 2021	**(6,159)**

There is no hedge ineffectiveness recognised in profit or loss. Consequently, the change in fair value used for measuring ineffectiveness of the hedging instruments for the year ended 31 December 2021 is the same with that of the hedged items, equalling the amount of the 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

	Impairment RMB'000	Changes in fair value of financial assets at fair value through profit or loss RMB'000	Depreciation RMB'000	Accruals RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2021	**274,127**	**–**	**622**	**9,921**	**–**	**284,670**
Credited/(charged) to profit or loss	**11,803**	**11,404**	**(3)**	**(6,072)**	**194,555**	**211,687**
Disposal of a subsidiary (note 41)	**(260,459)**	**–**	**–**	**–**	**–**	**(260,459)**
Exchange realignment	**(82)**	**–**	**(18)**	**(89)**	**–**	**(189)**
Gross deferred tax assets at 31 December 2021	**25,389**	**11,404**	**601**	**3,760**	**194,555**	**235,709**

	Impairment RMB'000	Changes in fair value of financial assets at fair value through profit or loss 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	58,405	(12,734)	(4,084)	(27)	41,560
Exchange realignment	(164)	–	(99)	(278)	(541)
Gross deferred tax assets at 31 December 2020	274,127	–	622	9,921	284,670

24. DEFERRED TAX (continued)

The movements in deferred tax liabilities and assets during the year are as follows: (continued)

DEFERRED TAX LIABILITIES

	Withholding tax RMB'000	Changes in fair value of financial assets at fair value through profit or loss RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2021	**101,582**	**1,001**	**2,305**	**104,888**
Charged/(credited) to profit or loss	**184,796**	**(1,001)**	**191**	**183,986**
Disposal of interests in an associate	**(28,367)**	**–**	**–**	**(28,367)**
Transfer to tax payable	**(27,315)**	**–**	**–**	**(27,315)**
Exchange realignment	**589**	**–**	**(49)**	**540**
Gross deferred tax liabilities at 31 December 2021	**231,285**	**–**	**2,447**	**233,732**

	Withholding tax RMB'000	Changes in fair value of financial assets at fair value through profit or loss RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2020	348,241	–	2,734	350,975
Charged/(credited) to profit or loss	28,132	1,001	(268)	28,865
Disposal of interests in an associate	(260,041)	–	–	(260,041)
Transfer to tax payable	(14,750)	–	–	(14,750)
Exchange realignment	–	–	(161)	(161)
Gross deferred tax liabilities at 31 December 2020	101,582	1,001	2,305	104,888

24. DEFERRED TAX (continued)

DEFERRED TAX LIABILITIES (continued)

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.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	**41,154**	284,670
Net deferred tax liabilities recognised in the consolidated statement of financial position	**39,177**	104,888

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Tax losses	**2,063,846**	1,884,398
Deductible temporary differences	**1,261,182**	1,238,262
	3,325,028	3,122,660

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 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Raw materials	**3,594,576**	1,609,148
Finished goods	**3,310,636**	388,684
Provision for write-down of inventories	**(3,449)**	(32,974)
	6,901,763	1,964,858

26. TRADE AND NOTES RECEIVABLES

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Trade receivables	**1,445,710**	4,390,967
Notes receivable	**–**	391,904
Impairment	**(73,404)**	(153,691)
	1,372,306	4,629,180

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, which are internationally dispersed.

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 2021 **RMB'000**	31 December 2020 RMB'000 (Restated)
Within 3 months	**1,356,412**	3,795,125
3 to 6 months	**10,275**	316,036
6 to 12 months	**4,562**	124,612
Over 1 year	**1,057**	1,503
	1,372,306	4,237,276

Further qualitative and quantitative information regarding credit risk and ECLs of trade receivables is disclosed in note 48 to the financial statements.

27. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2021 **RMB'000**	31 December 2020 RMB'000 (Restated)
Prepayments	**721,680**	1,718,815
Other receivables	**122,243**	283,378
Prepaid value-added tax	**669,726**	379,698
Impairment	**(9,831)**	(10,112)
	1,503,818	2,371,779

28. RESTRICTED AND PLEDGED DEPOSITS

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Pledged deposits for bank and other borrowings	52,182	220,172
Pledged deposits for corporate bonds	5,594	59,431
Restricted insurance premium received	89,282	88,631
Pledged deposits for letters of credit	100	100
Pledged deposits for bank acceptance notes	–	220,784
Other restricted and pledged deposits	1,255	1,148
	148,413	590,266
Current	(148,413)	(590,266)
Non-current	–	–

29. CASH AND CASH EQUIVALENTS

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Cash and bank balances	17,871,147	12,789,494

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB4,152,614,000 (2020: RMB5,915,500,000). 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 restricted 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 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Within 3 months	**3,509,520**	3,488,576
3 to 6 months	**362,519**	374,716
6 to 12 months	**155,897**	145,657
1 to 2 years	**26,329**	22,793
	4,054,265	4,031,742

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

31. OTHER PAYABLES AND ACCRUALS

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Receipt in advance	**22,287**	348,749
Payables for purchase of property, plant and equipment	**81,836**	739,780
Other payables	**1,640,264**	3,458,517
Indirect tax payables	**161,007**	57,409
Interest payables	**387,365**	417,955
Dividend payables	**226,360**	236,307
	2,519,119	5,258,717

Other payables are non-interest-bearing and have an average term of three months.

32. CONTRACT LIABILITIES

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Sales of containers	**1,313,944**	175,785

Contract liabilities of RMB1,313,944,000 as at 31 December 2021 (2020: RMB175,785,000) are short-term advances from customers. During the year ended 31 December 2021, contract liabilities of RMB175,785,000 (2020: RMB189,440,000) at the beginning of the year were recognised as revenue. The increase in contract liabilities in 2021 and 2020 was mainly due to the increase in short-term advances received from customers in relation to the sale of containers.

33. BANK AND OTHER BORROWINGS

	31 December 2021		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	**1.36 – 4.32**	**2022**	**4,320,887**
Bank loans – unsecured	**0.50 – 4.65**	**2022**	**31,526,128**
Borrowings from related parties – unsecured	**0.91 – 4.04**	**2022**	**6,037,070**
			41,884,085
Non-current			
Bank loans – secured	**1.37-4.33**	**2023-2031**	**17,547,482**
Bank loans – unsecured	**0.77-4.90**	**2023-2036**	**18,999,701**
Borrowings from related parties – unsecured	**3.20-3.30**	**2023-2034**	**3,798,000**
			40,345,183
			82,229,268

33. BANK AND OTHER BORROWINGS (continued)

	31 December 2020 (restated)		
	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	29,834,387
Borrowings from related parties – unsecured	1.02 – 4.04	2021	8,053,490
			49,952,731
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
			95,480,679

Maturity profile of bank and other borrowings as at 31 December 2021 is as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Within one year or on demand	**41,884,085**	49,952,731
In the second year	**16,772,202**	20,594,878
In the third to fifth years, inclusive	**16,902,299**	21,137,738
Beyond five years	**6,670,682**	3,795,332
	82,229,268	95,480,679

Except for bank loans of RMB58,297,868,000 (2020: RMB59,039,621,000) which are denominated in United States dollars, all borrowings are dominated in RMB.

The Group's secured bank loans disclosed above are secured by certain property, plant and equipment (note 14), finance lease receivables (note 21) and restricted and pledged deposits (note 28).

As at 31 December 2020, in addition to the assets pledged above, a bank loan of RMB2,335,100,000 was secured by the Company's equity interests in its subsidiaries, CS Leasing and CS Investment.

34. CORPORATE BONDS

	31 December 2021 RMB'000	31 December 2020 RMB'000
Bond payables	**8,500,000**	17,559,660
Current portion (a)	**(3,500,000)**	(9,272,114)
Non-current portion (b)	**5,000,000**	8,287,546

(a) Pursuant to the approval of the National Association of Financial Market institutional Investors (No. [2018] MTN553), COSCO SHIPPING Development Co., Ltd. issued 20,000,000 certificates of bonds at par with a nominal value of RMB100 each in an aggregate amount of RMB2,000,000,000 on 23 January 2019. The bonds have a life of three years from the date of issuance and bear interest at a rate of 3.60% per annum with repayment on maturity.

Pursuant to the approval of the National Association of Financial Market institutional Investors (No. [2018] MTN553), COSCO SHIPPING Development Co., Ltd, issued 15,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,500,000,000 on 15 August 2019. The bond have a life of three years from the date of issuance and bears interest at a rate of 3.56% per annum with repayment on maturity.

(b) Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 10,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,000,000,000 on 5 November 2020. The bond have a life of ten years from the date of issuance and bears interest at a rate of 4.46% per annum with repayment on maturity.Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 13,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,300,000,000 on 25 March 2021. The bond have a life of five years from the date of issuance and bears interest at a rate of 3.99% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 20,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB2,000,000,000 on 8 July 2021. The bond have a life of five years from the date of issuance and bears interest at a rate of 3.76% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 7,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB700,000,000 on 14 October 2021. The bond have a life of ten years from the date of issuance and bears interest at a rate of 4.30% per annum with repayment on maturity.

34. CORPORATE BONDS (continued)

The effective interest rates of corporate bonds are as follows:

	31 December 2021		
	Effective interest rate (%)	**Maturity**	**RMB'000**
Current			
Medium term note	**3.56-3.60**	**2022**	**3,500,000**
Non-current			
Corporate bond	**3.76-4.46**	**2023-2031**	**5,000,000**
			8,500,000

	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)

Maturity profile of corporate bonds as at 31 December 2021 is as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Within one year or on demand	3,500,000	9,272,114
In the second year	–	6,139,230
In the third to fifth years, inclusive	3,300,000	1,148,316
Beyond five years	1,700,000	1,000,000
	8,500,000	17,559,660

As at 31 December 2020, the Group's corporate bonds of RMB7,559,660,000 are secured by certain finance lease receivables (note 21) and restricted and pledged deposits (note 28).

35. LEASE LIABILITIES

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
At the beginning of the year	154,856	539,730
Effect of business combination under common control	10,172	10,560
At beginning of year (restated)	165,028	550,290
New leases	63,315	21,819
Payments	(105,895)	(404,782)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(1,658)	(231)
Disposal of a subsidiary (note 41)	(9,849)	–
Accretion of interest during the year	4,066	6,397
Exchange realignment	(1,315)	(8,465)
At end of year	113,692	165,028
Current portion	(47,226)	(105,036)
Non-current portion	66,466	59,992

35. LEASE LIABILITIES (continued)

Maturity profile of lease liabilities as at 31 December 2021 is as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Within one year	**51,003**	118,125
In the second year	**33,302**	35,135
In the third to fifth years, inclusive	**36,475**	27,435
After five years	**60**	4,444
Total undiscounted lease liabilities	**120,840**	185,139
Unearned finance expense	**(7,148)**	(20,111)
Total present value of lease liabilities	**113,692**	165,028
Current portion	**(47,226)**	(105,036)
Non-current portion	**66,466**	59,992

36. GOVERNMENT GRANTS

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
At the beginning of the year	**9,934**	11,484
Effect of business combination under common control	**10,438**	4,296
At beginning of year (restated)	**20,372**	15,780
Addition	**4,971**	6,142
Released to profit or loss	**(3,230)**	(1,550)
At end of year	**22,113**	20,372

37. SHARE CAPITAL AND TREASURY SHARES

	31 December 2021 RMB'000	31 December 2020 RMB'000
Balances at 31 December 2021 and 2020		
H shares	3,676,000	3,676,000
A shares	9,910,477	7,932,125
	13,586,477	11,608,125

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders should be PRC investors, designated investors or foreign investors, H shares and A shares rank pari passu in all respects with each other.

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 2020, 31 December 2020 and 1 January 2021	11,528,498	11,608,125	(233,428)
Issuance of consideration shares (note a)	1,447,918	1,447,918	–
Issuance of A shares to raise ancillary funds (note b)	530,434	530,434	–
31 December 2021	13,506,850	13,586,477	(233,428)

(a) During the year, the Company issued and allotted 1,447,918,000 A shares for the acquisition of Target Assets at an issue price of RMB2.46 per share. Further details are contained in note 2.2 to the financial statements.

(b) During the year, the Company has issued 530,434,000 A shares and raised total proceeds of RMB1,464,000,000. After deducting the underwriting fees of RMB3,095,000 (VATs inclusive), the net proceeds amounted to RMB1,460,905,000, among which, RMB530,434,000 was the increase of the registered capital and RMB930,470,001 was the increase of capital reserve. Further details are contained in note 2.2 to the financial statements.

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. The Scheme includes two batches, each of which were effective on 30 March 2020 and on 6 May 2021, respectively. Eligible participants of the Scheme include directors and senior management of the Company and core management and business personnel of the Group. The Scheme became effective on 30 March 2020 and on 6 May 2021, 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.

Share options granted to a director or to senior management of the Company, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of two years and ends on a date which is not later than seven years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the average trading price of the A Shares on the last trading day immediately preceding the date of announcement of the Scheme; (ii) the average trading price of the A Shares for the twenty trading days immediately preceding the date of the announcement of the Scheme; and (iii) the par value of the A Shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

38. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

	2021		2020	
	Weighted average exercise price RMB per share	Number of options '000	Weighted average exercise price RMB per share	Number of options '000
At 1 January	**2.52**	**66,806**	–	–
Granted during the year	**2.52**	**8,847**	2.52	78,221
Forfeited during the year	**2.52**	**(4,405)**	2.52	(11,415)
At 31 December	**2.52**	**71,248**	2.52	66,806

The exercise prices and exercise periods of the share options outstanding under the Scheme as at the end of the reporting period are as follows:

2021 Number of options '000	2020 Number of options '000	Exercise price* RMB per share	Exercise period
21,649	23,118	2.52	1 April 2022 to 30 March 2023
20,695	22,163	2.52	1 April 2023 to 30 March 2024
20,057	21,525	2.52	1 April 2024 to 30 March 2027
2,949	–	2.52	7 May 2023 to 6 May 2024
2,949	–	2.52	7 May 2024 to 6 May 2025
2,949	–	2.52	7 May 2025 to 6 May 2028
71,248	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 RMB9,732,000 (RMB1.10 each) (2020: RMB25,031,000 (RMB0.32 each).

The Group recognised a share option expense of RMB7,250,000 (2020: RMB5,528,000) during the year ended 31 December 2021.

38. SHARE OPTION SCHEME (continued)

The fair value of equity-settled share options granted during the year 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 (%)	35.9
Risk-free interest rate (%)	2.87
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 71,248,000 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 71,248,000 additional ordinary shares of the Company and additional share capital of RMB209,245,000 (including RMB29,700,000 transferred from the share option reserve to share capital).

At the date of approval of these financial statements, the Company had 71,248,000 share options outstanding under the Scheme, which represented approximately 0.72% of the existing A share capital of the Company and approximately 0.52% of the existing total issued share capital of the Company as at 31 December 2021.

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" for the improve of the production safety. The Group started to 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 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 2021, the Group has repaid the 2018 renewable corporate bonds.

During the year ended 31 December 2019, the Group issued perpetual debt (the "2019 renewable corporate bonds") of RMB5,000,000,000 with no fixed maturity date in four batches. In addition, the payment of interest can be indefinitely deferred at the Group's option.

Therefore, the 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. DISPOSAL OF A SUBSIDIARY

As mentioned in note 11 to the financial statements, the details in relation to the disposal of COSCO SHIPPING Leasing are as follows:

	30 June 2021 RMB'000
Net assets disposed of:	
Property, plant and equipment	22,795
Right-of-use assets	8,758
Intangible assets	31,591
Finance lease receivables	38,446,415
Deferred tax assets	260,459
Other long term prepayments	42,219
Trade and notes receivables	530,773
Prepayments and other receivables	58,604
Restricted and pledged deposits	672,056
Cash and cash equivalents	747,070
Total assets	40,820,740
Trade and notes payables	124,613
Other payables and accruals	3,257,581
Bank and other borrowings	21,917,625
Corporate bonds	7,421,636
Lease liabilities	9,849
Tax payable	34,058
Other long term payables	2,187,841
Total liabilities and equity	34,953,203
Net assets	5,867,537
Loss on disposal of a subsidiary	(224,855)
	5,642,682
Satisfied by:	
Cash	1,800,000
Investment in an associate	3,575,320
Trade receivables from COSCO SHIPPING Leasing*	256,609
Other receivables from COSCO SHIPPING Leasing*	10,753
	5,642,682

* The Group had trade receivables and other receivables from COSCO SHIPPING Leasing, which had been eliminated before the disposal of COSCO SHIPPING Leasing. Upon the disposal of COSCO SHIPPING Leasing, such receivables had been reflected in the consolidated statement of financial position.

41. DISPOSAL OF A SUBSIDIARY (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	30 June 2021 RMB'000
Cash and cash equivalents disposed of	**(747,070)**
Cash received	**1,800,000**
	1,052,930

42. 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 RMB63,315,000 (2020: RMB28,627,000) and RMB63,315,000 (2020: RMB21,819,000), respectively.

During the year, the Group had non-cash additions to finance lease receivables and disposal of property, plant and equipment of RMB25,313,514,000 (2020: Nil) and RMB25,313,514,000 (2020: Nil), respectively, 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.

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(B) A RECONCILIATION OF THE PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS IS AS FOLLOWS:

	Notes	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		7,830,582	1,202,789
Profit before tax from a discontinued operation	11	84,283	1,272,474
Adjustments for:			
Finance costs		1,747,530	2,334,025
Interest expenses included in cost of sales		827,913	1,398,240
Share of (profits)/losses of joint ventures		(4,751)	4,774
Share of profits of associates		(1,172,848)	(1,985,148)
Interest income	5(2)	(71,862)	(150,730)
Gain on disposal of items of property, plant and equipment	5(3)	(7,548)	(25,766)
Gain on disposal of investments in associates	5(3)	(236,292)	(219,316)
Loss on disposal of a subsidiary		224,855	–
Gain on derecognition of financial assets measured at amortised cost	5(3)	(52,847)	–
Changes in fair value of financial assets at fair value through profit or loss	5(3)	(500,848)	(26,585)
Depreciation of property, plant and equipment	14	2,096,287	3,415,993
Depreciation of investment properties	15	841	1,151
Depreciation of right-of-use assets	16	71,633	81,199
Amortisation of intangible assets	17	18,730	15,539
Impairment of property, plant and equipment	14	–	722,793
Impairment of finance lease receivables		946,907	635,349
Impairment/(reversal of impairment) of factoring receivables		10,797	(350)
(Reversal of)/provision for write-down of inventories to net realisable value		(265)	21,011
Reversal of impairment of trade receivables		(83,221)	(10,863)
Reversal of impairment of other receivables		(27)	(266)
Equity settled share option expense	38	7,250	5,528
Foreign exchange differences, net		189,797	502,539
		11,926,896	9,194,380
(Increase)/decrease in other long term prepayments		(46,944)	1,246
(Increase)/decrease in inventories		(1,917,590)	870,831
Decrease/(increase) in trade and notes receivables		3,019,517	(2,488,138)
Decrease/(increase) in prepayments and other receivables		819,876	(920,590)
Increase in restricted and pledged deposits		(653)	(10,924)
Increase in trade and notes payables		147,136	960,605
Increase in other payables and accruals		907,910	1,375,333
Increase/(decrease) in contract liabilities		1,138,159	(13,655)
Increase in government grants		1,741	4,592
Cash generated from operations		15,996,048	8,973,680
Income tax paid		(1,490,253)	(304,243)
Net cash flows generated from operating activities		14,505,795	8,669,437

42. 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 2020 as previously reported	97,919,728	12,544,867	539,730
Effect of business combination under common control	932,321	–	10,560
At 1 January 2020 as restated:	98,852,049	12,544,867	550,290
Changes from financing cash flows	702,885	5,014,793	(404,782)
New leases	–	–	21,819
Interest expense	–	–	6,397
Lease modification	–	–	(231)
Foreign exchange movement	(4,074,255)	–	(8,465)
At 31 December 2020	95,480,679	17,559,660	165,028
At 1 January 2021 as previously reported	**92,780,679**	**17,559,660**	**154,856**
Effect of business combination under common control	**2,700,000**	**–**	**10,172**
At 1 January 2021 as restated:	**95,480,679**	**17,559,660**	**165,028**
Changes from financing cash flows	**9,909,528**	**(1,638,024)**	**(105,895)**
New leases	**–**	**–**	**63,315**
Interest expense	**–**	**–**	**4,066**
Lease modification	**–**	**–**	**(1,658)**
Disposal of a subsidiary (note 41)	**(21,917,625)**	**(7,421,636)**	**(9,849)**
Foreign exchange movement	**(1,243,314)**	**–**	**(1,315)**
At 31 December 2021	**82,229,268**	**8,500,000**	**113,692**

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(D) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the statement of cash flows is as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Within operating activities	**9,054**	8,785
Within financing activities	**105,895**	404,782
	114,949	413,567

43. 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 RMB5,721,000 (2020: RMB6,522,000).

(a) Operating lease commitments as at 31 December 2021

At 31 December 2021, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Within one year	**3,560,806**	1,796,086
After one year but within two years	**3,303,624**	1,601,571
After two years but within three years	**3,055,379**	1,438,185
After three years but within four years	**2,788,134**	1,301,017
After four years but within five years	**2,234,772**	1,162,419
After five years	**3,797,324**	2,655,183
	18,740,039	9,954,461

43. 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 2.5 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 2021 **RMB'000**	31 December 2020 RMB'000 (Restated)
Interest on lease liabilities	**4,066**	6,397
Depreciation charge of right-of-use assets	**71,633**	81,199
Expense relating to short-term leases	**9,054**	8,785

(c) *Non-cash additions to right-of-use assets and lease liabilities are disclosed in note 42(a) to the financial statements.*

44. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

CAPITAL COMMITMENTS

	31 December 2021 **RMB'000**	31 December 2020 RMB'000 (Restated)
Contracted, but not provided for:		
Equity investment	**314,170**	423,215
Property, plant and equipment	**2,550,828**	7,028,381
	2,864,998	7,451,596

45. 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 2021 RMB'000	For the year ended 31 December 2020 RMB'000 (Restated)
Interest income from:		
An associate*	**42,451**	57,792
Former immediate holding company	**–**	4,537
Interest expenses to:		
Immediate holding company*	**20,580**	21,960
Fellow subsidiaries*	**253**	2,382
An associate*	**273,542**	169,575
Sales of containers to:		
Fellow subsidiaries*	**2,580,910**	1,484,212
Sales of other goods to:		
Fellow subsidiaries*	**568,092**	381,744
Purchases of goods from:		
Fellow subsidiaries*	**715,539**	681,710
Purchases of items of property, plant and equipment from:		
Fellow subsidiaries*	**9,047**	837,681
Rendering of services to fellow subsidiaries:		
Vessel chartering and container leasing*	**2,780,352**	5,656,420
Finance lease income *	**13,500**	10,946
Management fee income*	**15,170**	30,000
Others*	**32,364**	26,841
Receiving of services from:		
Fellow subsidiaries*	**657,473**	1,774,708

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.

45. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(B) COMMITMENTS WITH RELATED PARTIES

The table below summarises the commitments with fellow subsidiaries:

As lessor

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Within one year	**1,631,884**	361,459
After one year but within two years	**1,516,670**	248,912
After two years but within three years	**1,420,599**	211,884
After three years but within four years	**1,330,724**	198,459
After four years but within five years	**1,060,693**	174,047
After five years	**952,352**	673,793
	7,912,922	1,868,554

(C) OUTSTANDING BALANCES WITH RELATED PARTIES

	Notes	**31 December 2021 RMB'000**	31 December 2020 RMB'000 (Restated)
Amounts due from:			
Fellow subsidiaries		**81,561**	488,910
An associate	*(i)*	**163**	5,235,747
Former immediate holding company		**–**	1,916,618
Amounts due to:			
Immediate holding company		**–**	660
Fellow subsidiaries		**474,587**	1,028,456
Former immediate holding company		**–**	32,881
An associate		**–**	5,645
Loans from:			
Immediate holding company	*(ii)*	**–**	600,000
An associate	*(ii)*	**9,835,069**	8,150,990
Lease liabilities due to:			
Fellow subsidiaries		**60,823**	48,078

45. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(C) OUTSTANDING BALANCES WITH RELATED PARTIES (continued)

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.

(D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	31 December 2021	31 December 2020
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**8,081**	7,099
Equity-settled share potion expense	**679**	509
Pension scheme contributions	**1,653**	979
	10,413	8,587

The Group itself is part of a larger group of companies under the State-owned Assets Supervision and Administration Commission of the People's Government, which is controlled by the PRC government and the Group operates in an economic environment currently pre-dominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts businesses with entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government in the ordinary course of business, including majority of its bank deposits and the corresponding interest income, certain bank borrowings and the corresponding finance costs, and significant purchases and sales of goods and other related products.

46. 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 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Financial assets at fair value through profit or loss	5,086,026	4,586,978

FINANCIAL ASSETS – AT AMORTISED COST

	31 December 2021 RMB'000	31 December 2020 RMB'000 (Restated)
Finance lease receivables	34,149,189	45,861,678
Factoring receivables	1,674,154	1,448,667
Trade and notes receivables	1,372,306	4,629,180
Financial assets included in prepayments and other receivables	112,412	273,266
Restricted and pledged deposits	148,413	590,266
Cash and cash equivalents	17,871,147	12,789,494
	55,327,621	65,592,551

46. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

FINANCIAL LIABILITIES – DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2021	31 December 2020
	RMB'000	RMB'000
		(Restated)
Derivative financial instruments	**4,157**	20,939

FINANCIAL LIABILITIES – AT AMORTISED COST

	31 December 2021	31 December 2020
	RMB'000	RMB'000
		(Restated)
Trade and notes payables	**4,054,265**	4,031,742
Financial liabilities included in other payables and accruals	**2,335,825**	4,852,559
Bank and other borrowings	**82,229,268**	95,480,679
Corporate bonds	**8,500,000**	17,559,660
Lease liabilities	**113,692**	165,028
Other long term payables	**569,619**	2,805,560
	97,802,669	124,895,228

47. 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 2021	31 December 2020	**31 December 2021**	31 December 2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		(Restated)
Bank and other borrowings	**40,345,183**	45,527,948	**40,336,447**	44,086,711
Corporate bonds	**5,000,000**	8,287,546	**4,916,094**	8,286,332
Other long term payables	**569,619**	2,805,560	**548,337**	2,564,869
	45,914,802	56,621,054	**45,800,878**	54,937,912

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Management has assessed that the fair values of cash and cash equivalents, restricted and 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.

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 2021

	Fair value measurement categorised into			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss	**1,045,625**	**3,034,753**	**1,005,648**	**5,086,026**

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)

Financial assets measured at fair value (continued)

31 December 2020

	Fair value measurement categorised into			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	1,516,558	2,442,815	627,605	4,586,978

Financial liabilities measured at fair value

31 December 2021

	Fair value measurement categorised into			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Derivative financial instruments	**–**	**4,157**	**–**	**4,157**

31 December 2020

	Fair value measurement categorised into			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative financial instruments	–	20,939	–	20,939

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 (2020: Nil).

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)

Financial liabilities measured at fair value (continued)

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.

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 2021. Set out below is a summary of the valuation technique 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	2021: 3.9%- 4.7% (2020: 4.1%- 4.6%)	5% (2020: 5%) increase/decrease would result in decrease/increase in fair value by 0.19% (2020: 0.20%)

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)

Financial liabilities measured at fair value (continued)

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 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
31 December 2020 and at 1 January 2021	**627,605**
Purchases	**1,000,000**
Disposals	**(627,606)**
Total gains recognised in the statement of profit or loss included in other income and gains	**5,649**
As at 31 December 2021	**1,005,648**

48. 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, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2021, 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 RMB519,388,000 lower/higher (2020: RMB684,843,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate bank borrowings.

FOREIGN CURRENCY RISK

The Group has transactional currency exposures. These exposures arise from sales or purchases by its significant subsidiary operating in Mainland China in US$ other than the subsidiary's functional currency, which is RMB. During the year, approximately 82.10% (2020: 62.02%) of the Group's sales were denominated in currencies other than the functional currency of the subsidiary making the sale, whilst all of costs of sales were denominated in the subsidiary's functional currency.

The Group has currency exposures from a finance lease receivable held by its subsidiary operating in Mainland China. As at 31 December 2021, the finance lease receivable with a carrying amount of RMB8,423,996,000 (2020: Nil) was dominated in United States dollars, other than the subsidiary's functional currency which is RMB.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

	Increase/(decrease) in US$ rate	**Increase/(decrease) in profit before tax RMB'000**
Year ended 31 December 2021		
If RMB weakens against US$	**5%**	**421,200**
If RMB strengthens against US$	**(5%)**	**(421,200)**
Year ended 31 December 2020		
If RMB weakens against US$	5%	15,967
If RMB strengthens against US$	(5%)	(15,967)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK

The Group is exposed to credit risk primarily from finance lease receivables, factoring receivables and trade receivables in its operation. The credit risk of cash and cash equivalents and restricted and pledged deposits is not significant.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all counterparties are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis.

(a) *Maximum credit risk exposure*

The credit risk of the Group's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments without taking account of any collateral held or other credit enhancements.

(b) *Impairment assessment*

The detailed accounting policy and significant accounting judgements and estimates for impairment in relation to credit risk are given in notes 2.5 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 2021				31 December 2021				31 December 2021
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	RMB'000
At 1 January 2021 as previously reported	204,904	496,396	578,506	1,279,806	14,528	–	8,859	23,387	144,941
Effect of business combination under common control	–	–	–	–	–	–	–	–	8,750
At 1 January 2021 (restated)	204,904	496,396	578,506	1,279,806	14,528	–	8,859	23,387	153,691
Impairment losses recognised/(reversed)	89,818	(12,001)	869,090	946,907	12,656	–	(1,859)	10,797	(80,287)
Transfer to Stage 1	346,307	(346,307)	–	–	–	–	–	–	–
Transfer to Stage 2	(3,643)	3,643	–	–	–	–	–	–	–
Transfer to Stage 3	(17,562)	(6,305)	23,867	–	(21)	–	21	–	–
Disposal of a subsidiary	(549,377)	(107,164)	(385,439)	(1,041,980)	–	–	–	–	–
Amount written off as uncollectable	(2,424)	(27,637)	(206,400)	(236,461)	–	–	–	–	–
Exchange realignment	(647)	(313)	(20,991)	(21,951)	–	–	–	–	–
At 31 December 2021	67,376	312	858,633	926,321	27,163	–	7,021	34,184	73,404

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(b) *Impairment assessment (continued)*

	Finance lease receivables				Factoring receivables				Trade receivables
	31 December 2020				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	RMB'000
At 1 January 2020 as previously reported	254,901	296,396	363,765	915,062	15,741	–	7,996	23,737	160,924
Effect of business combination under common control	–	–	–	–	–	–	–	–	9,234
At 1 January 2020 (restated)	254,901	296,396	363,765	915,062	15,741	–	7,996	23,737	170,158
Impairment losses (reversed)/recognised	(52,541)	228,425	459,465	635,349	(1,213)	–	863	(350)	(10,863)
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	153,691

(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:

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(c) Credit quality (continued)

Finance lease receivables and factoring receivables

	Finance lease receivables				Factoring receivables			
	31 December 2021				31 December 2021			
	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	33,821,892	–	–	33,821,892	1,686,471	–	–	1,686,471
Past due and collectively impaired	–	5,060	–	5,060	–	–	–	–
Past due and individually impaired	–	–	1,248,558	1,248,558	–	–	21,867	21,867
	33,821,892	5,060	1,248,558	35,075,510	1,686,471	–	21,867	1,708,338

	Finance lease receivables				Factoring receivables			
	31 December 2020 (restated)				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	40,570,615	–	–	40,570,615	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
	41,375,983	4,663,261	1,102,240	47,141,484	1,459,697	–	12,357	1,472,054

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(c) *Credit quality (continued)*

Trade receivables

	31 December 2021					31 December 2020 (restated)				
	Aging based on the invoice date					Aging based on the invoice date				
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000	Within 1 year RMB'000	1 to years RMB'000	2 to years RMB'000	Over 3 years RMB'000	Total RMB'000
Not past due and collectively impaired	1,409,341	–	–	–	1,409,341	4,181,331	–	–	–	4,181,331
Past due and collectively impaired	4,703	1,174	–	–	5,877	126,790	1,642	34	–	128,466
Past due and individually impaired	–	–	–	30,492	30,492	–	11,436	33,317	36,417	81,170
	1,414,044	1,174	–	30,492	1,445,710	4,308,121	13,078	33,351	36,417	4,390,967

(d) *Concentration*

Concentrations of credit risk are managed by counterparty, by geographical region and by industry sector. The Group evaluates the concentration as low as its counterparties are located in several jurisdictions and operate in largely independent market.

LIQUIDITY RISK

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, bank and other borrowings, corporate bonds 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.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

LIQUIDITY RISK (continued)

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:

31 December 2021

	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	4,054,265	–	–	–	4,054,265
Financial liabilities included in other payables and accruals	2,335,825	–	–	–	2,335,825
Bank and other borrowings	43,201,009	17,260,379	18,209,321	7,482,195	86,152,904
Corporate bonds	3,764,470	201,770	3,714,705	2,088,550	9,769,495
Lease liabilities	51,003	33,302	36,475	60	120,840
Other long term payables	–	310,578	213,443	45,598	569,619
Total	53,406,572	17,806,029	22,173,944	9,616,403	103,002,948

31 December 2020

	Less than 1 year RMB'000 (Restated)	1 to 2 years RMB'000 (Restated)	2 to 5 years RMB'000 (Restated)	Over 5 years RMB'000 (Restated)	Total RMB'000 (Restated)
Trade payables	4,031,742	–	–	–	4,031,742
Financial liabilities included in other payables and accruals	4,852,682	–	–	–	4,852,682
Bank and other borrowings	51,982,428	22,000,977	22,286,654	3,803,361	100,073,420
Corporate bonds	9,759,677	6,350,088	1,351,049	1,223,000	18,683,814
Lease liabilities	118,125	35,135	27,435	4,444	185,139
Other long term payables	–	1,371,833	1,001,941	431,786	2,805,560
Total	70,744,654	29,758,033	24,667,079	5,462,591	130,632,357

48. 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 2021, which are valued at quoted market prices.

As at 31 December 2021, 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 RMB104,563,000 higher/lower (2020: RMB151,656,000) and equity would have been RMB78,422,000 higher/lower (2020: RMB113,742,000 higher/lower).

INTEREST RATE BENCHMARK REFORM

As at 31 December 2021, the Group had certain interest-bearing bank and other borrowings and an interest rate swap denominated in United States dollars. The interest rates of these instruments are based on the LIBOR with a tenor of six months or twelve months, which will cease to be published after 30 June 2023. Replacement of the benchmark rates of these instruments from LIBOR to an RFR has yet to commence but it is expected that there will be renegotiations of terms in the future. During the transition, the Group is exposed to the following risks:

- Parties to the contract may not reach agreement in a timely manner as any changes to the contractual terms require the agreement of all parties to the contract

- Additional time may be needed for the parties to the contract to reach agreement as they may renegotiate terms which are not part of the interest rate benchmark reform (e.g., changing the credit spread of the bank borrowings due to changes in credit risk of the Group)

- The existing fallback clause included in the instruments may not be adequate to facilitate a transition to a suitable RFR

The Group will continue to monitor the development of the reform and take proactive measures for a smooth transition.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

INTEREST RATE BENCHMARK REFORM (continued)

The information about financial instruments based on an interbank offered rate that has yet to transition to an alternative benchmark rate is as follows:

As at 31 December 2021

	Non – derivative financial liabilities – carrying value RMB'000	Derivatives – nominal amount RMB'000
Interest-bearing bank and other borrowings		
– United States dollar LIBOR	50,108,116	–
Interest rate swap		
– United States dollar LIBOR	–	531,253
	50,108,116	531,253

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 2021 and 31 December 2020.

48. 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 restricted and pledged deposits and cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2021	31 December 2020
	RMB'000	RMB'000
Bank and other borrowings	**82,229,268**	95,480,679
Corporate bonds	**8,500,000**	17,559,660
Lease liabilities	**113,692**	159,006
Restricted and pledged deposits	**(148,413)**	(590,266)
Cash and cash equivalents	**(17,871,147)**	(12,789,494)
Net debt	**72,823,400**	99,819,585
Total equity	**32,688,897**	27,405,690
Gearing ratio	**223%**	364%

49. EVENTS AFTER THE REPORTING PERIOD

On 30 March 2022, the board of directors proposed the payment of a final dividend of RMB0.226 per share (inclusive of applicable tax), totaling approximately RMB3,052,548,000 calculated based on 13,506,850,298 shares, being the number of issued shares of the Company of 13,586,477,301 as at 30 March 2022 deducting 79,627,003 A shares repurchased by the Company, for the year ended 31 December 2021. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company.

50. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the application of merger accounting, certain comparative amounts have been restated.

In addition, the comparative statement of profit or loss has been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period (note 11).

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2021 **RMB'000**	31 December 2020 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**6,318**	9,548,394
Right-of-use assets	**23,098**	39,403
Intangible assets	**10,818**	5,492
Investments in associates	**5,446,934**	1,618,929
Investments in subsidiaries	**44,618,883**	40,522,213
Financial assets at fair value through profit or loss	**2,966,859**	1,845,780
Loans and receivables	**8,607,047**	5,296,340
Total non-current assets	**61,679,957**	58,876,551
CURRENT ASSETS		
Inventories	**52**	380,282
Trade and notes receivables	**216,416**	427,622
Prepayments and other receivables	**4,798,855**	3,552,148
Loans and receivables	**5,538,929**	500,000
Restricted and pledged deposits	**4,204**	2,610
Cash and cash equivalents	**1,881,956**	2,773,005
Total current assets	**12,440,412**	7,635,667
Total assets	**74,120,369**	66,512,218

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	31 December 2021 RMB'000	31 December 2020 RMB'000
CURRENT LIABILITIES		
Trade payables	**167,594**	443,236
Other payables and accruals	**4,726,660**	9,359,874
Bank and other borrowings	**10,871,964**	13,680,100
Lease liabilities	**14,105**	13,492
Total current liabilities	**15,780,323**	23,496,702
NET CURRENT LIABILITIES	**(3,339,911)**	(15,861,035)
TOTAL ASSETS LESS CURRENT LIABILITIES	**58,340,046**	43,015,516
NON-CURRENT LIABILITIES		
Bank and other borrowings	**5,870,000**	3,132,000
Corporate bonds	**5,000,000**	4,500,000
Lease liabilities	**3,634**	17,731
Other long term payables	**15,000**	18,105
Total non-current liabilities	**10,888,634**	7,667,836
Net assets	**47,451,412**	35,347,680
EQUITY		
Share capital	**13,586,477**	11,608,125
Treasury shares	**(233,428)**	(233,428)
Other reserves (note)	**24,760,338**	19,278,493
Other equity instrument (note)	**5,000,000**	6,000,000
Retained profits/(accumulated losses) (note)	**4,338,025**	(1,305,510)
Total equity	**47,451,412**	35,347,680

Note:

A summary of the Company's reserves and retained profits/(accumulated losses) is as follows:

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Special reserve RMB'000	Other reserves RMB'000	Other equity instrument RMB'000	Retained profits/ (accumulated losses) RMB'000
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)
At 1 January 2021	**–**	**19,278,493**	**6,000,000**	**(1,305,510)**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**6,906,257**
Equity-settled share option arrangements	**–**	**7,250**	**–**	**–**
Repayment of other equity instruments	**–**	**–**	**(1,000,000)**	**–**
Issue of shares	**–**	**3,044,430**	**–**	**–**
Consideration for business combination under common control	**–**	**2,086,263**	**–**	**–**
Dividends declared	**–**	**–**	**–**	**(645,596)**
Dividends to holders of the other equity instruments	**–**	**–**	**–**	**(273,224)**
Transfer from retained profits	**1,832**	**343,902**	**–**	**(345,734)**
Utilisation of reserve funds	**(1,832)**	**–**	**–**	**1,832**
At 31 December 2021	**–**	**24,760,338**	**5,000,000**	**4,338,025**

52. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2022.

RESULTS

	Year ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
CONTINUING OPERATIONS					
REVENUE	**34,914,585**	12,853,145	7,668,504	10,114,452	10,016,505
Costs of sales	**(24,944,934)**	(10,324,027)	(6,503,965)	(8,815,244)	(9,235,064)
Gross profit	**9,969,651**	2,529,118	1,164,539	1,299,208	781,441
Other income	**257,439**	257,524	289,743	278,913	157,272
Other gains/(losses), net	**313,566**	106,095	939,946	(273,311)	(25,188)
Selling, administrative and general expenses	**(2,116,767)**	(1,449,369)	(1,148,502)	(553,162)	(777,466)
Finance costs	**(1,770,906)**	(2,220,953)	(3,545,660)	(3,406,547)	(2,701,922)
Share of profits of associates	**1,172,848**	1,985,148	2,292,840	2,314,450	2,057,169
Share of profits/(losses) of joint ventures	**4,751**	(4,774)	(1,077)	6,467	7,155
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**7,830,582**	1,202,789	(8,171)	(333,982)	(501,539)
Income tax expenses	**(1,757,417)**	(197,769)	(47,036)	(274,645)	(240,559)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**6,073,165**	1,005,020	(55,207)	(608,627)	(742,098)
DISCONTINUED OPERATION					
Profit for the year from a discontinued operation	**16,156**	1,134,382	1,655,035	2,044,902	2,276,430
PROFIT FOR THE YEAR	**6,089,321**	2,139,402	1,599,828	1,436,275	1,534,332
Attributable to:					
Owners of the parent	**6,089,321**	2,139,402	1,599,828	1,384,257	1,463,803
Non-controlling interests	**–**	–	–	52,018	70,529
	6,089,321	2,139,402	1,599,828	1,436,275	1,534,332

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)		
TOTAL ASSETS	**132,616,323**	153,234,883	149,675,539	137,837,422	139,037,660
TOTAL LIABILITIES	**(99,927,426)**	(125,829,193)	(122,152,923)	(119,797,287)	(122,163,873)
NON-CONTROLLING INTERESTS	**–**	–	–	–	(597,625)
	32,688,897	27,405,690	27,522,616	18,040,135	16,276,162