中遠海運控股股份有限公司

COSCO SHIPPING Holdings Co., Ltd.

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

(Stock Code: 1919)

2022
ANNUAL REPORT

Important notice

The board of directors (the "**Board**"), the supervisory committee (the "**Supervisory Committee**"), the directors (the "**Directors**"), the supervisors (the "**Supervisors**") and senior management of COSCO SHIPPING Holdings Co., Ltd. (the "**Company**" or "**COSCO SHIPPING Holdings**", together with its subsidiaries, the "**Group**") declare that there is no false information, misleading statements or material omissions in this annual report, and collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained herein.

All Directors attended the Board meeting held on 30 March 2023.

ShineWing Certified Public Accountants, LLP and PricewaterhouseCoopers have issued standard and unqualified auditor's reports for the Company.

Mr. Wan Min (chairman and executive Director), Mr. Yang Zhijian (executive Director and general manager), Ms. Zheng Qi (Chief Financial Officer) and Mr. Xu Hongwei (head of the accounting department) declare that they confirm the truthfulness, accuracy and completeness of the financial reports in this report.

The Board proposes the payment of a final dividend of RMB1.39 per share (tax inclusive) to the shareholders of the Company (the "**Shareholder(s)**") for the year 2022, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company.

Is there any occupancy of non-operating funds by controlling shareholders or its related parties?

No

Are there any guarantees provided to a third-party in violation of stipulated procedures?

No

Forward-looking statements

None of the forward-looking statements including future plan in this annual report constitutes a commitment by the Company to the investors. Investors are advised to be aware of the investment risks.

Material risk warning

Investors are advised to read the "Potential risks" of "Management Discussion and Analysis" as set out in this annual report carefully.

Miscellaneous

Not applicable

Contents

Company's Basic Information

I. Company's Information

Legal Chinese name	中遠海運控股股份有限公司
Legal Chinese stock short name	中遠海控
English name	COSCO SHIPPING Holdings Co., Ltd.
English stock short name	COSCO SHIP HOLD
Legal representative	WAN Min

II. Contact Persons and Methods

	Secretary to Board of Directors	**Representative of securities affairs**
Name	XIAO Junguang	ZHANG Yueming
Contact address	8/F, No. 658 Dong Da Ming Road, Shanghai, the PRC	8/F, No. 658 Dong Da Ming Road, Shanghai, the PRC
Telephone	(8621) 60298619	(8621) 60298619
Facsimile	(8621) 60298618	(8621) 60298618
E-mail	investor@coscoshipping.com	investor@coscoshipping.com

III. Basic Profile

Registered address	2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Pilot Free Trade Zone (Tianjin Port Free Trade Zone), Tianjin, the PRC
Postal code	300461
Place of business	8/F, No. 658 Dong Da Ming Road, Shanghai, the PRC
Postal code	200080
Company's website	http://hold.coscoshipping.com
Company's email	investor@coscoshipping.com

IV. Information Disclosure and Inspection

Designated newspapers for disclosure of the Company's information	Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily
Website designated by the China Securities Regulatory Commission ("**CSRC**") for publishing the annual report	www.sse.com.cn
Place for inspection of annual report	8/F, No. 658 Dong Da Ming Road, Shanghai, the PRC

V. Information on the Company's Shares

Type of share	**Place of listing**	**Stock short name**	**Stock code**	**Stock short name before change**
A Shares	Shanghai Stock Exchange	COSCO SHIP HOLD	601919	China COSCO
H Shares	The Stock Exchange of Hong Kong Limited	COSCO SHIP HOLD	01919	China COSCO

VI. Other Information

Domestic auditor engaged by the Company	Name:	ShineWing Certified Public Accountants, LLP
	Office address:	8/F, Block A, Fu Hua Mansion, No. 8 Chao Yang Men Bei Da Jie, Dongcheng District, Beijing, the PRC
	Name of signing auditor:	Wang Hui and Zhang Min
International auditor engaged by the Company	PricewaterhouseCoopers *Certified Public Accountants* *Registered Public Interest Entity Auditor* 22nd Floor, Prince's Building, Central, Hong Kong	
Other information	Place of business in Hong Kong 48/F, COSCO Tower, 183 Queen's Road Central, Hong Kong Major bankers Bank of China, Agricultural Bank of China, China Merchants Bank, etc.	

Company's Basic Information

Legal advisers as to Hong Kong law
Paul Hastings
Address: 22/F, Bank of China Tower, 1 Garden Road, Hong Kong

Legal advisers as to PRC law
Commerce and Finance Law Offices
Address: 6th Floor, NCI Tower, A12 Jianguomenwai Avenue, Beijing, the PRC

Domestic A share registrar and transfer office
China Securities Depository and Clearing Corporation Limited
Shanghai Branch
Address: 188 Yanggao South Road,
Pudong New District, Shanghai, the PRC

Hong Kong H share registrar and transfer office
Computershare Hong Kong Investor Services Limited
Address: 17M Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

2022 Milestones of COSCO SHIPPING Holdings (I)

13 January 2022 COSCO SHIPPING Holdings released the 2022 OCEAN Alliance DAY6 product, upgraded 8 services with an additional of 3 services, totalling to 42 routes, and invested in 352 vessels with a shipping capacity of 4.43 million TEUs.

21 February 2022 COSCO SHIPPING Holdings launched a special class for transportation of materials by sea for Hong Kong to build a "lifeline" for epidemic prevention and control.

27 May 2022 COSCO SHIPPING Holdings held 2021 Annual General Meeting, 2022 First A Share Class Meeting and 2022 First H Share Class Meeting. All resolutions at the meetings were supported by a majority of shareholders and were formally approved.

27 June 2022 The Global Shipping Business Network (GSBN) announced that the Yi Fu (易孚) eBL electronic bill of lading system (developed based on the GSBN blockchain platform API) has been approved by the International P&I Group and has the conditions for large-scale application and promotion.

27 June 2022 COSCO SHIPPING Holdings' Hisense special train for China-Europe Sea-rail Express Line debuted, marking the official opening of the fourth channel of China-Europe Seal-rail Express Line.

30 June 2022 COSCO SHIPPING Holdings launched its digital shipping supply chain solution, "Meta Ocean" cloud butler, in Shanghai and South China.

1 July 2022 COSCO SHIPPING Port, a subsidiary of COSCO SHIPPING Holdings, has completed the "the first full-process automation upgrade project for traditional container terminals in the world" for its Tianjin Container Terminal (TCT).

12 July 2022 In the 2022 Fortune China Top 500 list, COSCO SHIPPING Holdings ranked 37th with an operating income of RMB333.69 billion in 2021, up 31 places from last year. Meanwhile, among the 40 companies with the highest return on equity (ROE), COSCO SHIPPING Holdings ranked third with 67.1%, and OOIL, a subsidiary of the Company, ranked second with 74.6%.

8 August 2022 COSCO SHIPPING Holdings has decided to optimize its organizational structure by adding a supply chain logistics division and a capital operation department to further enhance its ability to expand and supplement the chain, serve customers and create value. It has also clearly positioned itself as an operation and investment platform of global digitalization supply chain focusing on container shipping to provide customers with supply chain solutions of container shipping + port + related logistics services.

30 August 2022 COSCO SHIPPING Holdings published its 2022 Interim Profit Distribution Plan for the payment of cash dividend of RMB2.01 per Share (inclusive of applicable tax), and also the Shareholders' Return Plan for the Next Three Years (2022-2024) of COSCO SHIPPING Holdings, which specifies that the total amount of cash dividend distributed by the Company during the year represents 30%-50% of the net profit attributable to shareholders of the listed company as recorded by the Company for the year.

1 September 2022 At the results release conference of the China International Fair for Trade in Services 2022, COSCO SHIPPING Lines and Bank of China jointly launched the electronic bill of lading service,"BOC Cross-border E-Presentation (COSCO SHIPPING IQAX eBL)".

3 September 2022 With Piraeus Port as the hub, DIAMOND Line launched a new route LGX1 (GREECE – LEVANT EXPRESS 1, Greece-Levant Express), which will once again connect LEVANT with the western trade channel, and further improve the route network layout of COSCO SHIPPING Lines and DIAMOND Line by extending to the east with Piraeus Port as the hub.

5 September 2022 A Shares of COSCO SHIPPING Holdings (601919.SH) was selected as a constituent of the Hang Seng (China A) Corporate Sustainability Index, the Hang Seng (Mainland and HK) Corporate Sustainability Index and the Hang Seng (China A) Corporate Sustainability Benchmark Index.

12 September 2022 The "COSCO ASHDOD" ship set sail smoothly, successfully loading with the first order of South African exhibits at the Fifth China International Import Expo as shipped by COSCO SHIPPING Holdings.

20 September 2022 COSCO SHIPPING Holdings held the event of "Institutional Investors Approaching to COSCO SHIPPING" with the attendance of more than 60 research institutions and more than 80 visitors.

26 September 2022 Wuhan Container Lines (武漢集運), CSP Wuhan Terminal (CSP武漢碼頭), Wuhan Yangtze River International Trade (武漢長江國貿) and Wuhan Railway Logistics (武鐵物流) jointly held the departure ceremony of the "Wuhan-Chengdu" water-rail intermodal train, the successful maiden departure of which will further leverage the advantages of Wuhan as the shipping center on the middle reaches of the Yangtze River and an important railway hub, significantly reducing the transportation time for customers.

2022 Milestones of COSCO SHIPPING Holdings (II)

29 September 2022 The "Technical Guide for Terminal Equipment of Intelligent Reefer Containers", which was compiled by Hailian Zhitong Information Technology Co., Ltd. (海聯智通信息科技有限公司), a subsidiary of COSCO SHIPPING Holdings, was officially issued by the Ministry of Transport of the PRC.

30 September 2022 COSCO SHIPPING Lines and COSCO SHIPPING Logistics Co., Ltd. ("COSCO SHIPPING Logistics"), each being a subsidiary of COSCO SHIPPING Holdings, entered into an equity transfer agreement, pursuant to which COSCO SHIPPING Logistics transferred its 13.46% equity interest in COSCO SHIPPING Supply Chain to COSCO SHIPPING Lines at a transaction price of RMB1.217 billion.

9 October 2022 SAIC holds 5% equity interest in COSCO SHIPPING Holdings. The transaction is conducive to deepening the cooperation between the two parties in the automobile field, further optimizing the transportation mode, and facilitating the deep integration of the advanced manufacturing industry and the modern service industry.

21 October 2022 COSCO SHIPPING Holdings issued an announcement on the formal operation of the supply chain logistics division of the Company, and made it clear that it will provide customers with one-stop supply chain logistics solutions by enhancing the integration of supply chain logistics resources, thereby providing stronger support for enhancing the resilience of the supply chain of the industrial chain, as well as promoting the in-depth integration of modern service industry and advanced manufacturing industry.

24 October 2022 The four major service channels of SynCon Hub, an e-commerce platform of COSCO SHIPPING Holdings, were fully optimized and upgraded into four service segments, namely shipping, land transportation, customs declaration and warehousing, marking the official launch of COSCO SHIPPING Holdings' digital supply chain services on the e-commerce platform SynCon Hub.

28 October 2022 COSCO SHIPPING Holdings acquired 14.93% of the shares of SIPG Group and 3.24% of the shares of Guangzhou Port. This transaction is conducive to further deepening the strategic cooperation relationship with SIPG Group and Guangzhou Port, and enhancing the integration and synergy of all links in the supply chain and the core competitiveness of the whole-chain services.

COSCO SHIPPING Holdings

28 October 2022 COSCO SHIPPING Holdings announced the order to build twelve 24,000TEU methanol dual-fuel-powered container vessels. All of these vessels will adopt advanced green methanol dual-fuel technology, which can provide customers with the overall solution for green and low-carbon supply chain, and will be conductive to the consolidation of the Company's long-term cost competitive advantage. After the delivery of the batch of vessels, it will further consolidate the competitive advantages of the dual-brand east-west trunk lines comprehensively, and realize the balanced development of the global service network through the tiered layout of the shipping capacity.

18 November 2022 The supply chain logistics trailer platform of COSCO SHIPPING Holdings was officially put into operation, marking another solid step forward in the construction of digital supply chain of COSCO SHIPPING Holdings. It has not only substantially improved the Company's shipping extension service capabilities, but also effectively facilitate the Company's end-to-end supply chain system to exert greater value.

22 November 2022 At the "2022 North Bund International Shipping Forum", COSCO SHIPPING Holdings released the "one-stop smart cold box front desk-MY REEFER, providing customers with digital solutions with full visibility and control and independent cold chain management, so as to help more industries and customers build a new generation of more reliable, smarter and more transparent global cold chain supply chain.

7 December 2022 COSCO SHIPPING Holdings released the 2023 DAY7 products of the OCEAN Alliance. The 2023 OCEAN Alliance's DAY7 will continue to uphold the customer-centric concept and provide a variety of service offerings, with a total of 353 vessels having 4.62 million TEU capacity to be put in operation.

26 December 2022 The annual throughput of Abu Dhabi Terminal (CSP Abu Dhabi Terminal) of COSCO Shipping Ports, a subsidiary of COSCO SHIPPING Holdings, exceeded 1 million TEU for the first time. We have fully exceeded the target for this year's container volume, and made further progress towards the construction of hub ports in the Middle East.

Chairman's Statement

Dear Shareholders and investors,

In 2022, in face of the challenges to the container shipping industry brought by the global political, economic and trade situation, the Group upheld its positioning as a "global digital supply chain operation and investment platform with a core focus on container shipping" and further adapted itself to industrial trends and customers' demands. As such, we made a rapid progress in digital transformation and low-carbon development and made proactive efforts in creating a digital supply chain service ecology. We achieved remarkable results in improving quality and efficiency, global deployment, digital intelligence transformation, low-carbon development, capital operation, risk prevention and control and giving back to the society, and have stepped into a new era of reform and transformation that is oriented to the market and featured by high-quality development.

Lay a solid foundation for value creation and high-quality development by improving quality and financial results

Pursuant to the Hong Kong Financial Reporting Standards, during the Reporting Period, the Group recorded EBIT of RMB170.857 billion, a year-on-year increase of 29.83%; total profit before tax of RMB167.176 billion, a year-on-year increase of 30.60%; net profit of RMB131.417 billion, a year-on-year increase of 26.48%; and net profit attributable to equity holders of the Company of RMB109.684 billion, a year-on-year increase of 22.76%, achieving another best record in our history. The Group actively reduced its interest-bearing liabilities, continued to optimize its financial structure and reduced its asset-liability ratio to 50.46%, a decrease of 6.22 percentage points as compared to the beginning of the period, which further consolidated the foundation for our high-quality development.

During the Reporting Period, after a comprehensive consideration on the profitability of the Company, the returns for Shareholders and the needs for future development, the Group formulated a dividend distribution policy for the years from 2022 to 2024 and decided that the total distribution of cash dividends in a year shall account for 30%-50% of the net profit attributable to the Shareholders of the Company for a particular year. The Board recommends the Company to distribute a final cash dividend of RMB1.39 per Share (tax inclusive) to all Shareholders. Based on the total share capital of the Company as of 31 December 2022, a final cash dividend for 2022 of RMB22.372 billion shall be distributed, together with the interim cash dividends of RMB32.350 billion already distributed to all Shareholders for 2022, a total cash dividend of RMB54.722 billion will be distributed for 2022, representing approximately 50% of the net profit attributable to the Shareholders of the Company for 2022.

Promote the new development pattern of "dual circulation" by making global deployment

During the Reporting Period, the Group, together with OCEAN Alliance, has launched brand new products, including Far East services to/from Europe/Mediterranean, Trans-Pacific, Trans-Atlantic and Far East to/from Middle East/the Red Sea, to further consolidate its advantages in its east-west trunk services. The Group actively captured the business opportunities brought by the "Belt and Road" initiative and regional economic and trade agreements such as the RCEP, and put more efforts in serving for overseas regional markets, emerging markets and third-country markets, and reached 7.5 million TEUs in terms of the freight volume of our third-country services. The Group actively participated in the constructions of the China Western Land-Sea Trade Corridor and the Hainan Free Trade Zone, and provided customers with efficient and smooth full-range transportation services by leveraging our sea and land logistic resources. As such, the rail-sea cargo volume of the China Western Land-Sea Trade Corridor carried by the Group achieved a year-on-year increase of 29% and the Group's cargo volume loaded and unloaded at the Yangpu Port in Hainan achieved a year-on-year increase of 38%. As of the end of the Reporting Period, the China domestic trade fleet of the Group continued to rank first in the market in terms of fleet size and played an active role in contributing to China domestic economic recovery and linking domestic and international dual circulation.

Create a global digital supply chain service system through digital intelligence transformation

During the Reporting Period, the Group facilitated the in-depth integration of industrial chains and supply chains in related industries, and created personalized and customized full-process logistics solutions for customers, by way of highlighting the value of shipping, deepening the global full-process cooperation and data resource sharing with its strategic partners. The Group efficiently completed the preparation of the top-level planning for the digital supply chain with a view to providing clear guidance for the long-term digital transformation and development path in the future, and optimized its organizational structure to better match its internal demands for understanding customers' needs and building a digital supply chain. The Global Shipping Business Network (GSBN), as an independent non-profit blockchain technology ecological platform jointly initiated by the Group, continued to help improve global trade efficiency and customer service experience, and was recognized as a "Future Leader in Industry Ecosystem" in the selection of the 2022 IDC China Future Enterprise Award. The Group and the Bank of China jointly launched an electronic bill of lading service to facilitate the transition into "paperless" trade settlement. The transaction volume on the SynCon Hub e-commerce platform grew rapidly. It has launched four product modules: ocean shipping, land transportation, customs declaration and warehousing and distribution, and has recently launched its first combined supply chain product - "Talent Pegasus" to provide customers with further options. The port automation improvement of the Group further accelerated. The "Full-process Automation Upgrading Project" of the container terminal in Tianjin was fully put into operation and was recognized as one of the "Top Ten Application Cases of the 2022 World 5G Conference".

Adapt to new trends in the industry and emerging demands of customers by pursuing low-carbon development

During the Reporting Period, the Group set up a special team for dual-carbon actions and green and low-carbon transformation procedure, and kept a close eye on the new environmental protection regulations issued by, among others, the International Maritime Organization (IMO) and the European Union, etc. The Group ordered 12 units of 24,000-TEU methanol dual-fuel container vessels, explored the pilot usage of biofuels on operating vessels and accelerated the construction of green fleet to enhance the momentum for sustainable development. The Group actively participated in the project of the first 700-TEU electric container vessel for the trunk line of the Yangtze River, and worked with its partners to set up demonstration for green zero-carbon shipping. With reference to the calculation rules of the Energy Efficiency Existing Ship Index (EEXI) and the rating rules of the Carbon Intensity Indicators (CII), the Group formulated a technical transformation plan for vessels to meet the latest regulatory requirements on environmental protection. The Group accelerated the construction of green ports, actively promoted the use of shore power at container berths and introduced distributed photovoltaic power generation projects at the terminals in Wuhan.

Chairman's Statement

Strengthen the links of upstream and downstream resources in the industry through capital cooperation

During the Reporting Period, the Group newly established a Capital Management & Operation Division to carry out a series of capital operation projects centered on our principal businesses, which aimed to create an industrial ecosystem by linking industrial resources and improve the quality of its business operations and future earnings at the same time. By holding shares in the supply chain company of COSCO SHIPPING Logistics, the Group strengthened the integration of the comprehensive container logistics service network and the fundamental resources within the COSCO SHIPPING Group, and expanded the boundaries for customer service. By introducing SAIC as a strategic investor, the Group promoted the in-depth collaboration between SAIC and the Group in terms of vehicle export, parts import and export, etc. Through equity acquisition, the Group increased its shareholding percentages in SIPG Group and Guangzhou Port to 15.55% and 6.50% respectively, and increased its shareholding percentage in COSCO SHIPPING Ports to 58.36% through share trading in the secondary market, which allowed the Group to deepen port collaboration and enhancing the quality of its own operations and earnings. On 16 January 2023, the Group subscribed for 5.81% of the shares of COFCO Fortune, with an aim to further explore intersections of business cooperation by capital investment and achieve in-depth integration of modern service industry and modern agriculture industry.

Pursue stable and long-term development through risk prevention and control

During the Reporting Period, in response to the complex and constantly-changing external operation environment, the Group strengthened its bottom-line awareness, maintained its strategic focus and further strengthened its risk prevention and control mechanism to pursue stable and long-term development. In respect of stable development, the Group adhered to the essence of shipping services, maintained its fleet size and the proportion of self-owned vessels/chartered vessels at a reasonable level, and effectively prevented the risk of significant fluctuations in charter hire. The Group enhanced the proportion of contracted cargo to optimize the structure of cargo sources and strengthened the engagement of direct customers to optimize customer structure, which to a certain extent prevented the risk of significant fluctuations in market freight rates. In respect of safety and stability, by centering on the core concept of "preventing risks, ensuring safety and promoting harmony", the Group carried out investigations and rectifications of potential safety risks to improve its corporate governance and ensured the safety and stability of its overall production and operation situation.

Demonstrate corporate responsibility and commitment by giving back to the society

During the Reporting Period, the Group removed the breaking points and blocking points in the supply chain for its "large arteries" of land-sea linkages, opened up the major channels of material transportation, and unblocked the "microcirculation" of the supply chain, and therefore discharging the responsibility of leading enterprises in the industry. The Group has made it easier for medium, small and micro customers to obtain product information, by creating a one-stop front platform with features such as one-click order placement, slot-and-container-guaranteed services, online settlement, flexible order signing, and extended services. The Group actively participated in the domestic public welfare, continued to consolidate and further the achievements of poverty alleviation, and promoted the revitalization of the rural areas, with an expenditure of approximately RMB44.39 million. During the Reporting Period, COSCO SHIPPING Holdings, COSCO SHIPPING Ports, and OOIL were all included in the Hang Seng Sustainable Development Enterprise Benchmark Index; COSCO SHIPPING Holdings and OOIL were included in the Hang Seng ESG50 Index; and OOIL was awarded the "Singapore Environmental Achievement Award" by the Singapore Environment Council.

Chairman's Statement

With the growth in recent years, the Group significantly improved its modernization level in terms of corporate governance, made its market-oriented mechanism more flexible and efficient, steadily adjusted its business structure, continuously optimized its global layout, significantly increased its economic benefits, fully released its reform dividend and strengthened its global influence, which recorded remarkable achievements after tremendous efforts. On behalf of the Company's Board of Directors, I would like to take this opportunity to extend my high respects to all the onshore and offshore employees who have always been fighting on the front line, and express my sincere gratitude to the global customers, shareholders of the Company and people from all walks of life who have always cared and supported the development of COSCO SHIPPING Holdings.

Looking forward to 2023, the external environment will become more complex and challenging. Geographical tensions, high inflation and tightening monetary policies adopted by European countries and America will continue to pose challenges to global economic development and commodity trade. The container shipping industry is not only facing long-term issues such as the slowing down in demand growth, the evolving trade patterns, and the accelerating process of decarbonization, but also facing the practical challenge of intensified industrial competition and increased supply of transportation capacity.

But meanwhile, China's proactive measures to promote economic recovery, further reform and opening up will contribute to the recovery of the world economy and formation of a more open, diversified and stable world economy order. The implementation of the new IMO environmental protection regulations may accelerate the dismantling of old container vessels and impose restrictions on the speed of certain low-efficiency vessels, and may also impose restrictions on the effective supply of the shipping industry for a long period of time in the future. In recent years, as the Group has also achieved remarkable results in promoting high-quality development of the corporation and properly responding to market fluctuations, and also significantly enhanced its ability to sustainably develop, resist risks, and create intrinsic value, laying a solid foundation for its work in 2023.

In 2023, the Group will adhere to its fundamental purpose of serving customers, further develop a global resource network layout, promote technological innovation and digital intelligence transformation, put into practice the concept of green and low-carbon sustainable development, and further enhance its adaptability to customers' increasingly diversified, reticular, digitalization and low-carbon service needs, with particular focus on the following aspects:

Firstly, the Group will improve global deployment and consolidate the foundation for providing quality services to customers. The Group will rely on its own global network and resource advantages to maintain an organic growth in the size of the container fleet, optimize the layout of the global route network and various parts of the logistics nodes resources, and seizing the opportunity of China's economic recovery to continuously services for emerging markets, regional markets, and the third-country markets, and contribute to the establishment of a new development pattern of domestic and overseas "dual circulation". The Group will continue to improve the quality of customer services, help customers to quickly obtain more abundant product information and realize reliable flow of goods and consolidate strong connections with customers in the process of mutual trust and cooperation.

Chairman's Statement

Secondly, the Group will strengthen the empowerment of digital intelligence and accelerate the construction of digital supply chain. The Group will continue to focus on customers' needs, promote the connection with customers' systems, and provide customers with more intelligent and visualized container full-chain service products and solutions. The Group will replicate and promote the successful cases of "sea transportation + overseas warehouse + secondary distribution transportation" in the home appliance industry, as well as the "end-to-end transportation of whole-vehicle container transportation" in the automobile industry, so as to provide more convenient and mature services and products to drive the construction of digital supply chain. The Group will further exert its function as an investment platform to integrate investment, construction and operation and provide more competitive resource guarantee and infrastructure support for the improvement and extension of supply chain service functions.

Thirdly, the Group will accelerate the transformation and upgrade process to achieve innovative breakthroughs in green and low-carbon development. The Group will continue to pay attention to the legislative process and related requirements of green and low-carbon shipping regulations worldwide and continue to improve the top-level design of its own green and low-carbon transformational development strategy. The Group will steadily implement the construction of 12 units of methanol dual-fuel container vessels, and follow the principles of "mature technology, reasonable cost and reliable supply" to prepare a route reserve for the overall fleet to achieve a steady low-carbon green transformation. The Group will steadily promote the EEXI and CII performance of its own fleet, optimize the allocation of transportation capacity, and promote the technological transformation of vessels to contribute to the sustainable and healthy development of the industry.

Fourthly, the Group will implement cost control and make further efforts to improve operational efficiency. In 2023, facing the normalized operation of the container logistics supply chain and the more challenging external operating environment, the Group will take practical measures to enhance its management and control of operating costs such as container management costs, fuel procurement costs, and cargo transportation costs, in order to improve the competitiveness of its main businesses. The Group will promote the integrated operation of the Dual Brands revenue management team, the information technology team and the global shipping operations team to help reduce costs and increase efficiency.

In the new year, the Group will adhere to its market-oriented, customer-oriented and problem-oriented approach to actively respond to changes in the global economy and trade and accelerate the transformation and upgrading of its main businesses. Through improving global deployment, strengthening digital intelligence empowerment, accelerating low-carbon transformation, implementing cost control and other specific business measures, the Group will strive to provide low-carbon, intelligent and reliable container logistics supply chain solutions for various industries and sectors, build an efficient, smooth and safe circulation system for global trade, provide better services to customers, and create greater value for the Shareholders.

WAN Min
Chairman of the Board

30 March 2023

Summary of Accounting Data

Results for the year ended 31 December 2022 (the "Reporting Period") prepared under the Hong Kong Financial Reporting Standards

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000 (Restated)	Change in Amount RMB'000
Revenue from continuing operations	**391,058,497**	333,693,943	57,364,554
Profit before income tax from continuing operations	**167,175,970**	128,006,540	39,169,430
Profit after income tax from continuing operations	**131,417,156**	103,905,361	27,511,795
Profit for the year	**131,417,156**	103,905,361	27,511,795
Profit attributable to equity holders of the Company	**109,684,166**	89,348,948	20,335,218
Basic earnings per share (RMB)	**6.83**	5.59	1.24
Final dividend per share (RMB)	**3.40**	0.87	2.53
– Interim dividend	**2.01**	–	2.01
– Final dividend	**1.39**	0.87	0.52
Final dividend payout ratio	**49.93%**	15.60%	34.33%
Total assets	**511,779,714**	414,275,122	97,504,592
Total liabilities	**258,256,246**	234,815,076	23,441,170
Non-controlling interests	**53,140,695**	45,765,217	7,374,478
Equity attributable to equity holders of the Company	**200,382,773**	133,693,829	66,688,944
Net cash (debt) to equity ratio	**55.97%**	29.90%	26.07%
Gross profit margin	**43.59%**	41.99%	1.60%

Results for the Reporting Period prepared in accordance with the Hong Kong Financial Reporting Standards

	Period from 1 January to 31 December 2022 RMB'000	Period from 1 January to 31 December 2021 RMB'000 (Restated)	Difference RMB'000
Revenues	**391,058,497**	333,693,943	57,364,554
Operating profit	**162,998,834**	128,346,320	34,652,514
Profit before income tax from continuing operations	**167,175,970**	128,006,540	39,169,430
Profit after income tax from continuing operations	**131,417,156**	103,905,361	27,511,795
Profit for the period	**131,417,156**	103,905,361	27,511,795
Profit attributable to equity holders of the Company	**109,684,166**	89,348,948	20,335,218
Basic earnings per share (RMB)	**6.83**	5.59	1.24

(I) Discussion and Analysis of the Board on the Operation of the Group during the Reporting Period

Revenues from continuing operations of the Group for the year of 2022 was RMB391,058,497,000, representing an increase of RMB57,364,554,000 or 17.19% as compared to 2021.

Profit attributable to equity holders of the Company arising from continuing operations for the year of 2022 was RMB109,684,166,000, representing an increase of RMB20,335,218,000 or 22.76% as compared to 2021.

(II) Major Profit or Loss Items and Cashflow Analysis

1. Table of analysis for related items in the consolidated income statement and consolidated cash flow statement

Items	**Period from 1 January to 31 December 2022 RMB'000**	Period from 1 January to 31 December 2021 RMB'000 (Restated)	Difference RMB'000	Percentage change (%)
Revenues	**391,058,497**	333,693,943	57,364,554	17.19
Cost of services and inventories sold	**(220,580,548)**	(193,576,640)	(27,003,908)	13.95
Other income and expense, net	**4,352,332**	736,636	3,615,696	490.84
Other income	**4,663,174**	1,542,066	3,121,108	202.40
Other expenses	**(310,842)**	(805,430)	494,588	-61.41
Net impairment losses on financial assets	**(35,720)**	(181,175)	145,455	-80.28
Selling, administrative and general expenses	**(11,795,727)**	(12,326,444)	530,717	-4.31
Finance income	**5,705,708**	1,110,293	4,595,415	413.89
Finance costs	**(3,840,637)**	(3,833,335)	(7,302)	0.19
Share of profits less losses of				
—joint ventures	**650,019**	694,459	(44,440)	-6.40
—associated companies	**1,662,046**	1,688,803	(26,757)	-1.58
Income tax expenses	**(35,758,814)**	(24,101,179)	(11,657,635)	48.37
Net cash flows generated from operating activities	**196,798,805**	171,008,537	25,790,268	15.08
Net cash flows used in investing activities	**(32,976,787)**	(8,498,017)	(24,478,770)	288.05
Net cash flows used in financing activities	**(115,377,634)**	(34,789,332)	(80,588,302)	231.65

Management Discussion and Analysis

2. Revenues

Management Discussion and Analysis and descriptions below contain amounts and figures, which are in RMB unless otherwise specified.

Overview

In 2022, the revenues of the Group amounted to RMB391,058,497,000, representing an increase of RMB57,364,554,000 or 17.19% as compared to the last year.

Revenue from container shipping business

In 2022, the revenue from container shipping business amounted to RMB384,035,553,000, representing an increase of RMB56,108,441,000 or 17.11% as compared to the last year, of which COSCO SHIPPING Lines generated revenues of RMB257,750,850,000 from container shipping business, representing an increase of RMB34,603,645,000 or 15.51% as compared to the last year.

Revenue from terminal business

In 2022, revenue generated from the terminal business amounted to RMB9,798,133,000, representing an increase of RMB1,866,724,000 or 23.54% as compared to the last year.

Major customers

Total sales to the top five customers of 2022 amounted to RMB17,115,508,000, accounting for 4.38% of the total sales for the year.

3. Costs

Cost analysis

Components of cost	Period from 1 January to 31 December 2022 RMB'000	Period from 1 January to 31 December 2021 RMB'000 (Restated)	Difference RMB'000	Percentage Change *(%)*
Equipment and cargo transportation costs	**114,504,633**	112,097,968	2,406,665	2.15
Voyage costs	**45,229,851**	32,503,081	12,726,770	39.16
Vessel costs	**38,274,198**	29,007,530	9,266,668	31.95
Other related business costs	**16,054,945**	15,461,430	593,515	3.84
Tax	**2,541,898**	987,219	1,554,679	157.48
Sub-total	**216,605,525**	190,057,228	26,548,297	13.97
Container terminals and related business costs	**6,697,113**	5,628,793	1,068,320	18.98
Other business costs	**–**	–	–	–
Tax and surcharges	**47,448**	48,831	(1,383)	-2.83
Sub-total	**6,744,561**	5,677,624	1,066,937	18.79
Elimination between different businesses	**(2,769,538)**	(2,158,212)	(611,326)	28.33
Total operating costs	**220,580,548**	193,576,640	27,003,908	13.95

Overview

In 2022, the operating cost of the Group amounted to RMB220,580,548,000, representing an increase of RMB27,003,908,000 or 13.95% as compared to the last year.

Container shipping business cost

In 2022, the container shipping business cost amounted to RMB216,605,525,000, representing an increase of RMB26,548,297,000 or 13.79% as compared to the last year, of which, the container shipping business cost incurred by COSCO SHIPPING Lines in 2022 amounted to RMB160,221,838,000, representing an increase of RMB22,370,874,000 or 16.23% as compared to the last year.

Terminal business cost

In 2022, the terminal business cost amounted to RMB6,744,561,000, representing an increase of RMB1,066,937,000 or 18.79% as compared to the last year.

4. Other profit or loss items

Other income and expense, net

In 2022, the other income and expense, net was RMB4,352,332,000, representing an increase of RMB3,615,696,000 as compared to the last year. The increase was mainly due to an increase in exchange gain and net gain from disposal of fixed assets such as containers as compared to the last year as well as a decrease in external donation expenditure as compared to the last year.

Selling, administrative and general expenses

In 2022, the selling, administrative and general expenses of the Group amounted to RMB11,795,727,000, representing a decrease of RMB530,717,000 or 4.31% as compared to the last year.

Finance income

The finance income of the Group in 2022 amounted to RMB5,705,708,000, representing an increase of RMB4,595,415,000 or 413.89% as compared to the last year. The increase was mainly due to an increase in the balance of average monetary funds and the average deposit yield through optimization of the structure of the Group's deposit products as compared to the last year.

Finance costs

In 2022, the finance costs of the Group amounted to RMB3,840,637,000, representing an increase of RMB7,302,000 or 0.19% as compared to the last year. The increase was mainly due to a combined effect of a decrease in the average interest-bearing debt balance and an increase in the US$ loan interest rate as compared to the last year.

Share of profits of joint ventures and associated companies

In 2022, the Group's share of profits of joint ventures and associated companies in aggregate amounted to RMB2,312,065,000, representing a decrease of RMB71,197,000 or 2.99% as compared to the last year. The decrease was mainly due to the decline in overall operating efficiency of the terminals of the affiliated joint ventures and associated companies of COSCO SHIPPING Ports, which lead to a decrease in the Group's equity method accounting investment income from the terminals of its joint ventures and associated companies in 2022 as compared to the last year.

Income tax expenses

In 2022, the income tax expenses of the Group amounted to RMB35,758,814,000, representing an increase of RMB11,657,635,000 as compared to the last year. The increase was mainly due to the fact that with significant improvement of operating performance in 2022 as compared to the last year, the taxable profit increased accordingly.

Major suppliers

Total purchases from the top five suppliers of the Group in 2022 amounted to RMB32,985,612,000, accounting for 15.13% of the total purchases for the year.

5. Cash flow

As at 30 December 2022, the total cash and cash equivalents amounted to RMB235,613,923,000, representing an increase of RMB57,185,461,000 or 32.05% from the end of last year. The cash and cash equivalents of the Group were principally denominated in RMB and US$, and the rest were denominated in Euro, HK$ and other currencies.

(1) Net cash flow from operating activities

In 2022, the net cash inflow from operating activities amounted to RMB196,798,805,000, representing an increase of RMB25,790,268,000 or 15.08% as compared to the last year. The increase was mainly due to the significant increase in the operating results of the Group during the Reporting Period.

(2) Net cash flow from investing activities

In 2022, the net cash outflow from investing activities amounted to RMB32,976,787,000, representing an increase of RMB24,478,770,000 as compared to that of the last year. The increase was mainly due to the significant increase in cash paid by the Group for external equity investments during the Reporting Period as compared to the last year.

(3) Net cash flow from financing activities

In 2022, the net cash outflow from financing activities amounted to RMB115,377,634,000, representing an increase of RMB80,588,302,000 as compared to that of last year. The increase was mainly due to the significant increase in cash paid by the Group for distribution of profit and repayment of borrowings during the Reporting Period as compared to the last year.

(4) Impact of changes in exchange rate on cash and cash equivalents

The balance of cash and cash equivalents increased by RMB8,741,077,000 as at 31 December 2022, which was primarily due to an increase in exchange rate of US$ against RMB during the Reporting Period.

(III) Working Capital, Financial Resources and Capital Structure

Overview

Mainly benefited from the continuous increase in net cash inflow from operating activities in 2022, as at 31 December 2022, the total assets of the Group amounted to RMB511,779,714,000, representing an increase of RMB97,504,592,000 or 23.54% as compared to the end of last year. The total liabilities amounted to RMB258,256,246,000, representing an increase of RMB23,441,170,000 or 9.98% as compared to the end of last year.

As at 31 December 2022, the total outstanding borrowings of the Group were RMB42,807,677,000. After deducting the cash and cash equivalents, the net cash were RMB192,806,246,000, while at the end of last year the net cash were RMB105,094,767,000. As at 31 December 2022, the Group's net current assets were RMB101,678,996,000, and RMB81,755,968,000 of net current assets was recorded at the end of last year. As at 31 December 2022, the net cash (debt) to equity ratio was 55.97%, and 29.90% at the end of last year. The formula for calculating the net cash (debt) to equity ratio is as follows: net cash (debt) to equity ratio = (cash and cash equivalents – total borrowings – total lease liabilities)/total equity.

The working capital and capital resources of the Group have been and will continue to be generated from cash flows from operating activities, proceeds from new share issuance and debt financing from financial institutions. Cash of the Group has been and is expected to continue to be utilized for various purposes such as payment of operating costs, construction of container vessels, purchase of containers, investments in terminals and repayment of loans.

Debt analysis

Categories	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Short-term borrowings	**2,241,818**	1,655,659
Long-term borrowings	**40,565,859**	71,678,036
Total of long-term and short-term borrowings	**42,807,677**	73,333,695
Among which:		
Interest payables —Short-term borrowings	**1,656**	1,119
—Long-term borrowings	**240,635**	211,602
Long-term borrowings were repayable as follows:		
– within one year	**5,806,773**	12,421,244
– in the second year	**9,680,863**	5,466,760
– in the third to fifth years	**13,348,978**	38,852,466
– after the fifth year	**11,729,245**	14,937,566
Total	**40,565,859**	71,678,036

Borrowings by categories

As at 31 December 2022, the Group had bank borrowings of RMB35,919,614,000, notes and bonds payable of RMB3,088,957,000 and other borrowings of RMB3,556,815,000, representing 84.38%, 7.26% and 8.36% of the total borrowings, respectively. Among the bank borrowings, secured borrowings amounted to RMB15,618,839,000 and unsecured borrowings amounted to RMB20,300,775,000, representing 36.69% and 47.69% of the total borrowings, respectively. Most of the borrowings of the Group bear interest at floating rate.

Borrowings by currency

As at 31 December 2022, the borrowings of the Group denominated in US$ were equivalent to RMB24,000,958,000, borrowings denominated in RMB amounted to RMB13,638,262,000, and borrowings denominated in Euro were equivalent to RMB4,926,166,000, representing 56.39%, 32.04% and 11.57% of the total borrowings, respectively.

Secured borrowings

As at 31 December 2022, certain properties, plant and equipment and right-of-use assets of the Group with net book value of RMB24,806,233,000 (as at 31 December 2021: RMB27,762,515,000) were mortgaged to banks and financial institutions as collaterals for borrowings in the total amount of RMB15,618,839,000 (as at 31 December 2021: RMB19,086,442,000), representing 6.96% of the total value of the property, plant and equipment and right-of-use assets (as at 31 December 2021: 9.75%).

Company 's guarantees

As at 31 December 2022, the guarantees provided among the Group's consolidated entities amounted to RMB12,835,652,000 (as at 31 December 2021: RMB23,297,702,000), and guarantees provided by the Group to an associate amounted to RMB243,471,000 (as at 31 December 2021: RMB214,405,000).

Contingent liabilities

Save as disclosed in note 40 to the consolidated financial statements in this report, there are no other material contingent liabilities.

Foreign exchange risk

The Group operates internationally and is exposed to various foreign exchange risks arising from non-functional currencies. Foreign exchange risks are derived from future business transactions and recognized assets and liabilities. The actual foreign exchange risks faced by the Group are therefore primarily with respect to bank balances, receivable and payable balances and bank borrowings denominated in non-functional currencies. The management monitors the exposure to foreign exchange risks and will consider hedging certain foreign currency risks with derivative financial instruments should the need arises.

Capital commitments (without taking into account discontinued operations)

As at 31 December 2022, the Group had a total of 44 container vessels under construction. The capital commitments for future construction of container vessels amounted to RMB43,275,007,000.

As at 31 December 2022, the Group's capital commitments for investment in terminals amounted to RMB8,042,396,000 in aggregate, of which the commitments for purchasing fixed assets amounted to RMB5,073,079,000 and the equity investment commitment in terminals amounted to RMB2,969,317,000.

Facilities

As at 31 December 2022, the unutilized bank loan facilities of the Group were RMB41,025,750,000. The Group paid close attention to the potential financial risks of the loan facilities, and has strengthened the monitoring of liabilities and gearing ratio of its subsidiaries and repaid bank loans in full as scheduled.

Financing plans

The Group will consider factors including repayment of maturing debt, loan replacement and material future capital expenditure, in order to make financing arrangements in advance, enhance funding and debts management, optimize the funding utilization and control the scale of debts effectively.

(IV) Investment Analysis

Overall analysis of external equity investments

As at the end of 2022, the total balance of the Group's equity investments in associated companies and joint ventures amounted to RMB58.067 billion, representing an increase of RMB26.080 billion compared to the end of last year. Including: the consideration of RMB793 million for 0.62% equity interest in Shanghai International Port (Group) Co., Ltd. acquired from the secondary market, and the consideration of RMB18.944 billion for 14.93% equity interest in Shanghai International Port (Group) Co., Ltd. acquired from China COSCO SHIPPING Corporation Limited.

1. Significant equity investment

Unit: '000 Currency: RMB

Name of investee	Principal activities	Whether the subject is main investment business	Means of investment	Amount of investment	Proportion of shareholding	Whether it should be consolidated	Items of statements (if applicable)	Source of funds	Cooperated parties (if applicable)	Investment period (If any)	The progress as of the balance sheet date	Expected revenue (if any)	The impact of profit or loss for the current period	Whether it involves litigation	Date of disclosure (if any)	Index of disclosure (if any)
SIPG Group Company Limited (上港集團股份有限公司)	Freight port	No	Direct investment	19,737,233	15.55	No	Long-term equity investment	Own funds			Completed			No	29 October 2022	Announcement number: 2022-067

2. Significant non-equity investment

The seven subsidiaries of Orient Overseas (International) Limited (a holding subsidiary of the Company) and a subsidiary of COSCO SHIPPING Lines (a wholly-owned subsidiary of the Company) and/or its nominee(s) entered into various shipbuilding contracts with Nantong COSCO KHI Ship Engineering Co., Ltd.* (南通中遠海運川崎船舶工程有限公司) and Dalian COSCO KHI Ship Engineering Co., Ltd.* (大連中遠海運川崎船舶工程有限公司) respectively, for the construction of 12 units of 24,000-TEU methanol dual-fuel container vessels for a consideration of US$239.85 million (equivalent to approximately RMB1,719.68 million) for each vessel and for an aggregate consideration of US$2,878.2 million (equivalent to approximately RMB20,636.12 million) for building vessels (the "**Shipbuilding Contracts**"). The Shipbuilding Contracts and the transactions contemplated thereunder have been considered and approved at the general meeting and are being implemented in accordance with the Shipbuilding Contracts. Please refer to the announcement dated 28 October 2022 and the circular dated 9 November 2022 of the Company for further details.

3. Financial assets at fair value

Unit: '000 Currency: RMB

Type of assets	Amount at the beginning of the period	Profits or losses on fair value change for the current period	Cumulative fair value change recorded in equity	Impairment provided for the current period	Amount of purchase for the current period	Amount of disposal/ repurchase for the current period	Other changes	Amount at the end of the period
Share, bonds, funds and other investment	360,105	-32,818	–	–	–	255,723	21,544	93,108
Guangzhou Port Co., Ltd.* (廣州港股份有限公司)	821,118	–	-54,279	–	778,828	–	–	1,545,667
Ocean Hotel Shanghai Co., ltd.* (上海遠洋賓館有限公司)	110,667	–	-2,176	–	–	–	–	108,491
Yantai Port Co., Ltd.* (煙台港股份有限公司)	149,211	–	-13,427	–	–	–	–	135,784
Hui Xian Holdings Ltd.* (匯賢控股有限公司)	53	–	–	–	–	56	3	–
Qinhuangdao Port Co., Ltd.* (秦皇島港股份有限公司)	45,633	–	-6,471	–	–	–	3,968	43,130
Convertible corporate bonds	394,798	-23,321	–	–	–	–	–	371,477
Interest rate swaps	–	–	42,303	–	–	–	–	42,303
Other financial assets at fair value	91,528	–	-16,396	–	792,565	577	-791,832	75,288
Total	**1,973,113**	**-56,139**	**-50,446**	**–**	**1,571,393**	**256,356**	**-766,317**	**2,415,248**

Investment in securities

Unit: '000 Currency: RMB

Type of securities	Stock code	Stock abbreviation	Initial investment cost	Source of fund	Carrying amount at the beginning of the period	Profits or losses on fair value change for the current period	Cumulative fair value change recorded in equity	Amount of purchase for the current period	Amount of disposal for the current period	Profits or losses for the investment in the current period	Carrying amount at the end of period	Accounting classification
Convertible bonds	127039	Beigang Convertible Bond	321,492	Own funds	394,798	-23,321	–	–	–	1,132	371,477	Other non-current financial assets
Bonds	Multiple stock codes	Bond Investment	721,811	Own funds	732,391	–	–	–	171,151	29,647	623,742	Bond investment
Stock	601228	Guangzhou Port	1,276,924	Own funds	821,118	–	-54,279	778,828	–	14,055	1,545,667	Investment in other equity instruments
Stock	3369.HK	QHD PORT	207,681	Own funds	45,633	–	-6,471	–	–	2,498	43,130	Investment in other equity instruments
Stock	000597	NORTHEAST PHARM	200	Own funds	1,721	–	25	–	–	4	1,746	Investment in other equity instruments
Stock	600821	NYOCOR	99	Own funds	798	–	-189	–	–	–	609	Investment in other equity instruments
Stock	600837	Haitong Securities	7,017	Own funds	59,703	–	-17,385	–	–	1,461	42,318	Investment in other equity instruments
Stock	Multiple stock codes	Stock Investment	170,947	Own funds	66,108	-9,867	–	–	–	1,487	62,001	Financial assets held for trading
Bonds	Multiple stock codes	Bond Investment	251,493	Own funds	251,088	-9,235	–	–	255,723	14,740	–	Financial assets held for trading
Funds	Multiple stock codes	Fund Investment	97,178	Own funds	41,475	-13,717	–	–	–	–	31,106	Financial assets held for trading
Total	/	/	**3,054,842**	/	**2,414,833**	**-56,140**	**-78,299**	**778,828**	**426,874**	**65,024**	**2,721,796**	/

(V) Industry Operation Information

Situation of the industry of the Company

Container shipping market

Since 2020, the container shipping market has rapidly entered into an upward cycle and the freight rate has been pushed to a historical high in the industry. In the second half of 2022, affected by factors such as geopolitical conflicts and high inflation, the slow-down in recovery of global economy and weak demand in the container shipping market, the freight rate declined continuously to the level before 2020.

In recent years, the changes in the global economic and trade landscape have had a profound and systematic impact on the global industrial chain and supply chain. The fragmentation of the industrial chain continues to be prominent, and the regionalization of trade shows a rapid development trend, which accelerates the adjustment of flow of goods and the reshaping of the supply chain. At the same time, global consumption and trade tend to move online with cross-border e-commerce trading as a new and rapidly developing model. With the development trend of more diversified global trade there are more demanding, requirements on the stability and reliability of the global supply chain.

In order to respond to the new trend of global trade development and meet the increasingly diversified service needs of customers for container transportation, mainstream liner companies have gradually extended their transportation services to both ends of the shipping section after achieving large-scale development. At the same time, by promoting the construction of shipping digitalization, we will create differentiated services for the entire logistics industry chain and continue to enhance our comprehensive logistics and transportation service capabilities, and to enhance our value creation capabilities.

During the Reporting Period, COSCO SHIPPING Holdings continued to leverage on the synergistic advantages of its dual-brand container transportation services to consolidate its leading position in global development. Data from Alphaliner showed that the Company's container fleet continued to rank tier one in the industry in terms of capacity.

Terminal business market

In 2022, global inflation, geopolitical conflicts and trade frictions brought uncertainties to the global economy. Despite the challenges in the macroeconomic environment, China's trade imports and exports maintained steady growth. According to the statistics of the General Administration of Customs of the PRC, the total value of China's import and export of goods in 2022 was RMB42.07 trillion, representing an increase of 7.7% compared to 2021, of which, exports amounted to RMB23.97 trillion, representing a year-on-year increase of 10.5%; imports amounted to RMB18.1 trillion, representing a year-on-year increase of 4.3%. In 2022, China's total import and export value exceeded RMB40 trillion for the first time, and continued to maintain a stable growth on the basis of the high base in 2021, and the scale reached a record high, maintaining the status of the world's largest trader of goods for six consecutive years.

Management Discussion and Analysis

In 2022, the container throughput of China's ports was 295.87 million TEUs, representing a year-on-year increase of 4.7%, of which the container throughput of coastal ports was 260.73 million TEUs, representing a year-on-year increase of 4.6%; and the container throughput of inland river ports was 35.15 million TEUs, representing a year-on-year increase of 5.2%.

The cooperation between port operators and shipping enterprises continued to increase, and the benefits, efficiency and capacity had been continuously improved, and the multi-win pattern was continuously deepened and expanded. Terminal operators with shipping company background are committed to exerting synergies and taking the lead in the competition for cargo sources. In addition, terminal operators actively develop supply chain extension services, strive to achieve diversification of revenue sources, more closely connect transportation and cargo owners, enhance industry competitiveness, and effectively improve terminal operation capabilities and service quality.

Situation of the business of the Company

Container shipping business

1. **Main business**

   COSCO Shipping Holdings mainly manages its international and domestic maritime container transportation services and related business through COSCO Shipping Lines, its wholly-owned subsidiary, and OOIL, its indirectly-controlled subsidiary, while leveraging its advantages in domestic and overseas route network and multimodal transportation services to enhance the linkage of port and shipping and the connection of sea and rail, providing a high-quality end-to-end logistics solution for global customers.

2. **Business model**

   COSCO Shipping Holdings carries out container-based cargo transportation and related business through its own container fleet. Dedicated to high-quality, leapfrog and integrated development, the Company has continuously deepened collaborative and integrated development, enhanced quality and efficiency, and accelerated digital transformation and upgrades in to improve its ability to create value for customers.

3. **Performance drivers**

   During the Reporting Period, there was a shrinking demand for container transportation due to a slowdown in global economic and trade growth, high inflation, low consumption and destocking in overseas markets, as well as a high base in 2021. Meanwhile, the congestion of the global supply chain has improved, the return of transportation capacity has accelerated, and the container shipping market has gradually returned to rational situation, showing a weak balance between supply and demand. Market freight rate has declined rapidly since the second half of the year. However, in view of a rise in price hub as compared to that before the pandemic, freight rate remained at a record high throughout the year. During the Reporting Period, the average level of China Containerized Freight Index (CCFI) recorded a year-on-year increase of 6.8%. Facing market fluctuations, the Company has always upheld a "customer-centric" service concept, proactively integrated into customers' supply chain, actively matched customers' demand for transportation, coordinated and deployed resources, made constant innovations and changes, fully discharged important role of technological innovation and digitalization in the supply chain system, and provided customers with convenient, efficient and differentiated full-process logistics and transportation services, effectively contributing to a stable and smooth global supply chain.

Management Discussion and Analysis

Terminal business

1. Main business

COSCO Shipping Holdings is mainly engaged in the loading, unloading and stockpiling of containers and bulk cargoes through COSCO Shipping Ports. The wharves of COSCO Shipping Ports are distributed all over the five major port groups along China's coastline, and major overseas hub ports in Europe, South America, the Middle East, Southeast Asia and the Mediterranean Sea. As of 31 December 2022, COSCO Shipping Ports invested in 46 wharves in 36 ports around the world, and operated 367 berths, including 220 container berths, with a total target annual processing capacity of 140 million TEUs. COSCO Shipping Port is committed to building a comprehensive terminal network layout around the world to provide customers with a perfect network with linkage effect in cost, service and coordination.

2. Business model

Terminal companies are established in the form of equity participation, equity controlling or sole proprietorship to organize the construction, marketing, production and management of related businesses for generation of operating income.

3. Performance drivers

Main performance drivers include: improving efficiency, reducing cost and increasing profit; enhancing service level and quality, actively acquiring customers and continuously increasing terminal throughput; actively pursuing new investment opportunities, expanding terminal investment scale and market share and striving for better return; expanding terminal extension services to further increase revenue.

Core competitiveness analysis

1. Overall scale advantages: the scale of two major business segments steadily ranked among the top in the world

COSCO SHIPPING Holdings is a key component of the core industry of China COSCO SHIPPING Corporation, an indirect controlling Shareholder, and serves as a listing platform focusing on the development of integrated logistics supply chain services for container transportation. The platform centralizes superior resources in both container shipping and terminal operation and management segments, and possess significant scale advantages. The container segment of the Company ranks tier one in the industry in terms of transportation capacity, providing a solid guarantee for sustainable and high-quality development. By the end of the Reporting Period, COSCO SHIPPING Holdings' self-operated container fleet size reached 489 vessels with a capacity of over 2.89 million TEUs. The Company focuses on long-term development and adapts itself to new industry development trend. During the Reporting Period, the Company ordered 12 new container vessels with a capacity of 288,000 TEUs. By the end of the Reporting Period, the Company had a total of 44 new vessel orders with a capacity of nearly 890,000 TEUs in aggregate, providing a solid guarantee for the sustainable development of the Company's self-operated fleet in the future. Meanwhile, the Company continued to promote the layout of global terminals and maintained its leading position in the global port operator industry.

2. Network coverage advantages: adapting to market changes and adhering to global strategic layout

COSCO SHIPPING Holdings adhered to adapting itself to the adjustment of global industrial chain and value chain from global vision and international thinking, continuously optimized the global layout, captured a new pole of growth for the global economy and steadily improved its profitability.

In respect of container shipping business, the Company deeply explored the advantages of resource integration and synergy, continuously enhanced the competitiveness of dual brands and new prospects were created in global development. Currently, the Company has nearly 700 container shipping sales and service outlets around the world, operating a total of 287 international services (including international feeder lines), 56 coastal services in China and 84 branch lines in Pearl River Delta and Yangtze River, and there are 576 ports of call in around 140 countries and regions in the world. In 2022, the OCEAN Alliance, which operates our dual brands, successfully launched the DAY6 route product with 8 services upgraded, 3 services added, in total of 42 services with the capacity of 4.43 million TEUs, continuously contributing to the global trade and enabling customers to have a global presence by leveraging its advantages in stable cooperation, abundant products and flexible response. Meanwhile, the Company has always committed to providing customers with better services to and to delivering consistent, stable and reliable services by guarantees of service advantages in abundant products and flexible responses through extensive cooperation, which has been highly praised in the market and has attracted customers, contributing to the global trade on an ongoing basis. Moreover, the Company has always adhered to a balanced globalization layout to actively expand into emerging markets, third-country markets and regional markets while steadily improving leading advantages in trunk services, stepping towards the goal of global shipping.

In respect of port business, the Company continued to implement a strategy of lean operations, promoted the growth of terminal business and global layout, continuously optimized the global terminal portfolio, and improved port management and operational efficiency. By the end of the Reporting Period, COSCO Shipping Ports (a subsidiary of COSCO SHIPPING Holdings) invested in 46 wharves in 36 ports around the world, and operated 367 berths, including 220 container berths, with a total target annual processing capacity of 140 million TEUs and the terminals cover the five major port clusters along the coast of China and the middle and lower reaches of the Yangtze River and major overseas hub ports in Europe, the Mediterranean, the Middle East, Southeast Asia, South America and Africa etc.

3. Business model advantages: enhancing value through innovation and development

The Company adhered to customer demand-oriented to constantly create new business models, strengthen new drivers of development, improve service quality, shape core competitiveness under new business models, and create new corporate value.

In respect of container shipping business, the Company leveraged its advantages in rich domestic and overseas container route network and multimodal transportation services to continuously enhance service and innovation capabilities, and to build a new digital supply chain service model that meets customers' demands, providing global customers with high-quality end-to-end full-process logistics solutions. The Company made full use of the strength of marine hub of Port Piraeus to continuously develop the transportation service network of the Asia and Europe land and sea fast services, leading to a continuous rise in brand influence. The Company adhered to promoting the innovative development of digital supply chain, fully leveraged to its own advantages in internal and foreign trade e-commerce platforms, and continuously enhanced the attractiveness, agglomeration and innovation of products, significantly improving customers' user convenience and interaction efficiency. The Company accelerated the construction of shipping digitalization and empowered the acceleration of its digital transformation and upgrading through the application of information and digital systems such as GSBN, IRIS-4 and 5G ports in a more extensive manner.

4. **Business synergy advantages: achieving mutual benefits through comprehensive synergy**

Both container shipping and terminal operation and management segments of COSCO SHIPPING Holdings had significant potential for synergistic effect, which could achieve mutual integration, mutual promotion and coordinated development. The Company adhered to the coordination and development of the integrated logistics supply chain of container transportation. While continuing to promote the development of its fleet, the Company constantly strengthened the coordination of global transportation capacity and terminal resources and consolidated its competitive advantages in the transportation capacity route network and the control of key resources. By exploiting the synergistic advantages of port and shipping to its fullest, the integrated logistics system that serves global customers was continuously improved, and cyclical risks were effectively mitigated, thereby promoting a sustainable and high-quality development of both segments and a steady improvement in the overall profitability of the Company.

In respect of dual-brand synergy, the Company leveraged its two container shipping service brands, namely "COSCO SHIPPING Lines" and "OOCL" to achieve complementary advantages and synergistic integration in terms of global network, digital capabilities and logistics layout, unleashing the synergies of dual brands on an on-going basis. The Company continuously enhanced the advantages of dual-brand core business, provided customers with more comprehensive global network support, more personalized products and services as well as better customer experience, accelerated the transformation from scale advantage to customer service advantage, and maximized the value of dual brands.

Container shipping business

(1) Shipping volume

Shipping volume of the Group (TEU)

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	4,508,287	4,998,501	-9.81
Asia and Europe (including the Mediterranean)	4,542,071	5,125,872	-11.39
Asia Region (including Australia)	8,178,984	8,554,973	-4.39
Other international regions (including the Atlantic)	2,703,538	2,846,214	-5.01
Mainland China	4,478,789	5,386,429	-16.85
Total	**24,411,669**	**26,911,989**	**-9.29**

Shipping volume of COSCO SHIPPING Lines (a subsidiary of the Group) (TEU)

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	2,735,550	2,925,278	-6.49
Asia and Europe (including the Mediterranean)	2,965,270	3,483,423	-14.87
Asia Region (including Australia)	4,849,143	5,161,887	-6.06
Other international regions (including the Atlantic)	2,253,559	2,367,814	-4.83
Mainland China	4,478,789	5,386,429	-16.85
Total	**17,282,311**	**19,324,831**	**-10.57**

(2) **Revenue from routes**

Revenue from routes by the Group (RMB'000)

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	115,103,508	85,607,306	34.46
Asia and Europe (including the Mediterranean)	97,279,508	93,503,183	4.04
Asia Region (including Australia)	89,478,213	73,145,113	22.33
Other international regions (including the Atlantic)	51,759,782	46,609,114	11.05
Mainland China	12,925,609	13,083,311	-1.21
Total	**366,546,620**	**311,948,027**	**17.50**

Of which revenue from routes by COSCO SHIPPING Lines (a subsidiary of the Group) (RMB'000)

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	68,966,954	49,763,191	38.59
Asia and Europe (including the Mediterranean)	65,663,365	64,487,682	1.82
Asia Region (including Australia)	54,055,741	44,709,694	20.90
Other international regions (including the Atlantic)	44,185,895	40,715,666	8.52
Mainland China	13,071,327	13,198,526	-0.96
Total	**245,943,282**	**212,874,759**	**15.53**

Revenue from routes by the Group (equivalent to US$'000)

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	17,108,386	13,265,663	28.97
Asia and Europe (including the Mediterranean)	14,459,119	14,489,204	-0.21
Asia Region (including Australia)	13,299,575	11,334,529	17.34
Other international regions (including the Atlantic)	7,693,304	7,222,524	6.52
Mainland China	1,921,195	2,027,383	-5.24
Total	**54,481,579**	**48,339,303**	**12.71**

Of which revenue from routes by COSCO SHIPPING Lines (a subsidiary of the Group) (equivalent to US$'000)

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	10,250,889	7,711,278	32.93
Asia and Europe (including the Mediterranean)	9,759,860	9,992,977	-2.33
Asia Region (including Australia)	8,034,564	6,928,191	15.97
Other international regions (including the Atlantic)	6,567,561	6,309,278	4.09
Mainland China	1,942,854	2,045,237	-5.01
Total	**36,555,728**	**32,986,961**	**10.82**

Major performance indicators of the container shipping business of the Group (RMB)

Items	Current period	Same period of last year	Difference
Revenue from container shipping business (RMB'000)	384,035,553	327,927,113	56,108,440
Including: Revenue from routes (RMB'000)	366,546,620	311,948,027	54,598,593
EBIT (RMB'000)	164,524,457	127,742,408	36,782,049
EBIT margin	42.84%	38.95%	3.89%
Net profit (RMB'000)	**136,708,001**	**107,044,342**	**29,663,659**

Among which: major performance indicators of the container shipping business of COSCO SHIPPING Lines (a subsidiary of the Group) (RMB)

Items	Current period	Same period of last year	Difference
Revenue from container shipping business (RMB'000)	257,750,850	223,147,207	34,603,643
Including: Revenue from routes (RMB'000)	245,943,282	212,874,759	33,068,523
EBIT (RMB'000)	96,829,781	80,057,033	16,772,748
EBIT margin	37.57%	35.88%	1.69%
Net profit (RMB'000)	**69,831,903**	**61,076,119**	**8,755,784**

Major performance indicators of the container shipping business of the Group (US$ equivalent)

Items	Current period	Same period of last year	Difference
Revenue from container shipping business (USD'000)	57,081,044	50,815,414	6,265,630
Including: Revenue from routes (USD'000)	54,481,579	48,339,303	6,142,276
Revenue per TEU from international routes (USD/TEU)	2,636.87	2,151.49	485.38
EBIT (USD'000)	24,454,058	19,794,897	4,659,161
Net profit (USD'000)	**20,319,565**	**16,587,535**	**3,732,030**

Among which: major performance indicators of the container shipping business of COSCO SHIPPING Lines (a subsidiary of the Group) (US$ equivalent)

Items	Current period	Same period of last year	Difference
Revenue from container shipping businesses (USD'000)	38,310,743	34,578,775	3,731,968
Including: Revenue from routes (USD'000)	36,555,728	32,986,961	3,568,767
Revenue per TEU from international routes (USD/TEU)	2,703.39	2,219.89	483.50
EBIT (USD'000)	14,392,274	12,405,596	1,986,678
Net profit (USD'000)	**10,379,450**	**9,464,323**	**915,127**

Note:

The revenue from routes and major performance indicators above were translated into US$ at an average exchange rate of RMB6.7279: US$1 and RMB6.4533: US$1 in 2022 and 2021, respectively.

Terminal business

In 2022, the total throughput of COSCO SHIPPING Ports (a subsidiary of the Group) amounted to 130.1071 million TEUs, representing an increase of 0.63% as compared to the last year, of which, the throughput of controlled terminals amounted to 31.6277 million TEUs, representing an increase of 35.1% as compared to the last year; the throughput of non-controlled terminals amounted to 98.4793 million TEUs, representing a decrease of 7.02% as compared to the last year.

Location of terminal	Current period (TEU)	Same period of last year (TEU)	Percentage of change (%)
Bohai Rim Region	43,120,988	42,835,185	0.67
Yangtze River Delta Region	13,986,956	15,436,773	-9.39
Southeast Coast and others	6,392,128	6,149,785	3.94
Pearl River Delta Region	27,817,027	28,841,688	-3.55
Southwest Coast	7,021,000	6,011,800	16.79
Overseas	31,768,975	30,011,144	5.86
Total	130,107,074	129,286,375	0.63
Of which: Controlled terminals	31,627,734	23,374,915	35.31
Non-controlled terminals	98,479,340	105,911,460	-7.02

Note:

In December 2021, COSCO SHIPPING Ports increased its shareholding in Tianjin Port Container Terminal Co., Ltd., making it a controlled subsidiary. The total throughput of the terminal was included in the controlled terminals since December 2021, and was no longer included in the non-controlled terminals. After COSCO SHIPPING Ports sold its shareholding in Tianjin Port Euroasia International Container Terminal Co., Ltd. in December 2021, the total throughput of the terminal was no longer included in the throughput of the non-controlled terminals.

Major acquisition and disposal of assets and equity

The Group had no major acquisition and disposal in respect of its subsidiaries, associates and joint ventures during the Reporting Period.

In 2022, the Group has increased its shareholdings in Shanghai Tianhongli Asset Management Limited* (上海天宏力資產管理有限公司) to 81% and acquired 100% of the equity interests in Shanghai Haizhenlan Real Estate Co., Ltd.* (上海海真藍實業有限公司), which constituted business combinations under common control. Accordingly, the comparative information in the consolidated financial statements of the Group for year 2022 has been restated under merger accounting.

Other material contracts

The Group had no other material contracts during the Reporting Period.

Dividend

On 30 March 2023, the board of directors proposed a final dividend in respect of 2022 of RMB1.39 per ordinary share (tax inclusive), with the total amount of RMB22,372 million, calculated according to the Company's total number of Shares of 16,094,861,636 as at 31 December 2022. If there is a change in the number of Shares between the beginning of 2023 and the registration date of dividend distribution, the dividend per Share shall remain unchanged, with a corresponding adjustment to the total amount of distribution. According to the above dividend distribution plan, and taking into account the interim dividend of RMB32,350 million already distributed to all Shareholders for 2022, the total dividend in respect of 2022 amounted to RMB54,722 million, accounting for approximately 50% of the profit attributable to equity holders of the Company for 2022.

The final dividend in respect of 2021 is RMB0.87 per ordinary share (tax inclusive), with total amount of RMB13,933 million.

The final dividend in respect of 2022 is subject to approval by the Shareholders at the forthcoming annual general meeting. The final dividend in respect of 2022 will be denominated and declared in Renminbi, and payable in Renminbi to holders of A Shares of the Company and in Hong Kong dollars to holders of H Shares of the Company within two months upon approval at the annual general meeting.

The Company will disclose in due course, among other things, further details regarding the expected timetable and arrangement for closure of register of H Shareholders in respect of the proposed payment of final dividend in respect of 2022 for the purpose of ascertaining Shareholders' entitlement to the payment of final dividend in respect of 2022 by the Company.

Subsequent events

From the end of the Reporting Period to the date of this annual report, the Group has no significant subsequent events.

DISCUSSION AND ANALYSIS OF THE BOARD CONCERNING THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Industry Competition Pattern and Development Trend

Container shipping market

In recent years, the difficult challenges in globalization process and the accelerated evolvement in international trade landscape created a significant impact on the global industrial chain and supply chain and promoted accelerated development and reform of the container shipping industry. As the development trend of diversification and regionalization of global trend and the newly and more efficient patterns such as the New International Land-Sea Trade Corridor and CHINA RAILWAY Express gradually mature, they bring more challenges to the whole container transportation and logistic process in terms of timeliness, organizational and professional ability. As the integration of shipping companies and the customer supply chain grows closer, the development of integration of whole logistic supply chain process will be key for shipping enterprises to enhance its tenacity and win the market competition. In the future, as various factors such as the unstableness, uncertainty and exceeded expectations in industrial chain and supply chain will increase, it will become industrial consensus to employ digitalized means to promote enhanced efficiency and strengthen flexibility of industrial chain collaboration and pliability of logistic supply chain.

Under the current development trend of integration of whole logistic supply chain process in the industry and shipping companies' further expansion into the upstream and downstream supply chain business scopes, the focus of competition in the industry will shift towards the provision of end-to-end integrated whole process logistic services. The deep integration of digital technology and industrial chain will bring about philosophical innovation and reform of efficiency in the container shipping industry, which will become important drivers for shipping liners to enhance their end-to end integrated whole process logistic services, and promotes pattern innovation of enterprise and empowers the core competitiveness of value creation.

Against the background of global carbon emission reduction, green transformation of shipping companies has became a compulsory course to promote sustainable development and highlight social responsibility. The application of energy-saving and emission reduction technologies, the research and development of green fuels, and customers' demand for carbon-neutral transportation services and products will together promote green and sustainable development of the shipping industry. Shipping companies are increasing their investment in vessels with green and new energy and actively deploying industry chain with green and new energy to promote the green transformation of the shipping industry. Meanwhile, the eco-friendly transportation solutions and green intelligence supply chain, as led by carbon neutrality and based on the customers' demand, is gradually becoming the new business growth point of the industry.

Terminal business market

The emerging market contains new potential, and the Regional Comprehensive Economic Partnership (RCEP) is expected to release new growth potential. According to the General Administration of Customs of China, China's imports from and exports to ASEAN increased by 15% in 2022. As indicated by the United Nations Conference on Trade and Development, RCEP will bring more than 10% growth in exports to member countries, bring new opportunities to the port industry, and attract terminal operators to layout potential emerging markets in the next three years.

As the terminal operators continue to further their cooperation with shipping enterprises, terminal operators who have the background of shipping companies are committed to leveraging on their synergies and taking the lead in supply competition. In addition, as the terminal operators continuously innovate the business pattern and expand their supply chain services, they gradually establish logistic network based on their terminals and connect with supply chain platform to better attract and retain customers, improve industry competitiveness and efficiently improve operation competence and service quality of their terminals.

(II) Development strategy of the Company

Positioned itself as an operation and investment platform of global digitalization supply chain focusing on container shipping, COSCO SHIPPING Holdings is the core company to undertake COSCO SHIPPING Group's vision of "building a world-class global integrated logistics supply chain service ecosystem". Consistently adhering to the concept of green, low-carbon and sustainable development, the Group is committed to constructing trinity digitalization supply chain service ecosystem of "container shipping + port + related logistics services" with global coverage and the aims to creating personalized, customized and green and low-carbon supply chain logistic resolution by strengthening the globalization and whole process cooperation with strategic partners and promoting the deep integration of relevant supply industry chain.

COSCO SHIPPING Holdings will endeavor to become one of the most reputable benchmark companies with the highest brand value in the transportation sector of the international capital market, as well as one of the most comprehensively competitive and influential multinational enterprise group in both container shipping and terminal operation management segments in the world, by continuously promoting the strategies and business synergies of both the container shipping segment and terminal operation management segment, enhancing comprehensive competitiveness, and promoting high-quality development.

In respect of the container shipping segment, the Company will enhance the "three networks" integrated development of its global shipping capacity route network, end-to-end service network and digital information network, promote the simultaneous upgrade of its global sales network and global service network, build a new strategic pattern of "Three Networks in One and Five Dimensions in One" of mutual support, organic integration and cyclical promotion, and continue to promote the maximization of brand value and benefit specialization, in order to attain the goal of becoming a "customer-oriented, value-leading and world-class integrated container ecosystem service provider".

In respect of the terminal operation management segment, the Company will strive to become the global leading integrated port operator through the "two-wheel" driven development of "M&A driven leapfrog growth" and "refined operation", supplemented by three major reform in terms of "establishing informatized and digitalized platform", "building industrial chain extension support center", and "improving organizational control and talent training system".

The Company will continue to strengthen and develop its container shipping, terminal operation management and related businesses by improving the shipping value chain. Through collaborated and refined management, and continuous enhancement of the comprehensive competitiveness of its container shipping and port services, the Group will further promote the healthy, stable and sustainable development of the core business in order to provide better quality services for customers and realize corporate benefits, enterprise value and maximize return for the Shareholders.

(III) Operation plan

Container shipping business

In 2023, the Company will continue to move towards higher quality development, and continue to develop itself into a customer-oriented, value-driven and world-class integrated service provider of container ecosystem.

Promoting the globalization strategy

The Company will actively promote the optimization of its global shipping strategy. The Company will strengthen its leading edge in the trunk route market, and continue to strengthen and optimize its trunk services in Europe and the United States, while being committed to practicing the concept of "green and low-carbon" and attaching great importance to legal and compliant operations. On 7 December 2022, the OCEAN Alliance, which operates our Dual Brands, launched the DAY7 services. 5 services will be upgraded and there will be a total of 41 services with 4.62 million TEU capacity. The Company's services portfolio is in line with the new pattern of regional integrated development and closely follows the changes in the industrial chain. The Company has increased its investments in emerging, regional and third-country markets such as the Southeast Asia region, the Red Sea region in the Middle East, India-Pakistan region, Trans-Atlantic, Latin America and Africa, and promoted the balanced improvement of its global service capability. Combining with the deepening of quality constructions in the country, the Company strengthened the coordinated development of terminals and shipping services, and focused on upgrading the trunk and branch services of Yangpu Port in Hainan, Beibu Gulf Port in Guangxi, Piraeus Port in Greece and Abu Dhabi Port in the Middle East, thereby consolidating the foundation for full-chain services.

Promoting the digital supply chain

The Company will closely follow the changes in customers' needs, develop a more resilient global and digital supply chain service system, and provide a more diversified and more personalized green and low-carbon digital supply chain solution of "container shipping + terminals + related logistics". In 2023, the Company intends to launch a series of full-chain services such as "Taihong (泰鴻)", which will not only improve the efficiency and resilience of the supply chain, but will also create a great leading impact in industry. Utilizing our resources as the guarantee, we will realize the innovative stacking of global supply chain resources, and create a more comprehensive and competitive global supply chain ecosystem. We will actively build a vertical management system for global supply chain integration, continue to optimize the flexible organization and mechanism for efficient operation, ensure coordinated operation, and provide effective support for the development of the digital supply chain.

Promoting green and low-carbon transformation

The Company will accelerate the green and low-carbon transformation and upgrade, and make effort to promote green and low-carbon transformation and development. We will steadily promote the construction of new energy and dual-fuel-powered vessels for the Dual Brands strategy, and accelerate the construction of green fleets equipped with the latest technologies developed in the industry. In consideration of the new requirements of the environmental protection regulations, the Company will dynamically carry out the pilot projects for energy-saving and emission reduction and the technical transformation in performing its contracts in order to ensure that the international and domestic regulatory requirements are met and our corporate responsibilities are fulfilled. The Company will actively explore the construction of a supply chain system for new energy fuels, such as methanol, to provide strong support for the Company's green and low-carbon transformation and development.

Terminal business

The Company will continue to promote lean operation, establish its presence in the global market, and fully leverage to its synergistic advantages. It will continue to increase its efforts in commerce marketing, operation and management of terminals, green, low-carbon and digital transformation, business expansion and the expansion of supply chain projects, so as to promote its quality development.

The Company will continue to improve its global terminals network, actively explore investment and development opportunities in emerging and regional markets, identify projects with development potential, explore investment opportunities in its strategic controlled terminals and invested high-profit terminals, and build a global terminals network for balanced development.

The Company will actively deepen customer marketing with a focus on customers' needs, and constantly increase revenue per container and improve the profitability of its terminals. At the same time, the Company will strengthen cost control, and optimize and improve terminal cost control through digital upgrade.

The Company will continue to promote digital transformation, further the development of smart terminals, expand the achievements of automated terminal construction, and accelerate the scale application of unmanned container truck operation mode and the construction of green and low-carbon terminals.

The Company will vigorously promote the development of the supply chain business, develop and construct the supply chain bases adjacent to the terminal area by leveraging its existing terminal resources, build a customer-centric supply chain service system, make full use of the advantages of the globalization strategy, deeply explore the market demand of enterprises, and create the supply chain services with corporate characteristics. Through the development of supply chain businesses, the Company is committed to building an overall network with a terminal-logistics linkage effect, and creating the most valuable win-win sharing platform for the upstream and downstream sectors of the shipping industry.

(IV) Possible Risks

Risks of Economic Volatility

1. Description of the risks

The slow recovery of the global macro-economy, the stagnation or downturn in investment, trade or consumption in key sectors or regions could cause a slower than expected growth in total logistics demand.

2. Causes and impacts of the risks

The key uncertainties in the global macroeconomic environment in 2023 include changes in geopolitical relationships and economic and trade landscapes, inflation and debt crises, the recovery and ongoing restructuring of global supply chains, as well as geopolitical conflicts. Under the continuous influence and fermentation of the above factors, the global macroeconomic recovery has been highly unstable and unbalanced.

3. Strategies and suggestions for addressing the risks

(1) To conduct tracking studies on the macroeconomic and strategic issues.

(2) To strengthen collection and analysis of market-related information and sensitivity to market and competitive changes.

(3) To promote a "globalisation" strategy to take advantage of imbalances in regions and industries to hedge risk impacts.

Risks of Political Policies

1. Description of the risks

Changes in the geopolitical landscapes between countries or regions, and even possible diplomatic or military conflicts may have an uncertain impact on the continued development and stable operation of the global business network, the stability of the regional markets related to individual services or terminals and the operation of local markets for the Company in 2023.

2. Analysis for causes and impacts of the risks

Currently, the global political situation is undergoing drastic changes, with an increased probability of military, diplomatic and trade conflicts in many countries and regions, which will have a greater impact on the global operations of the Company.

3. Strategies and suggestions for addressing the risks

(1) To establish a sound mechanism for the collection, tracking and research of geopolitical information on a regular basis.

(2) To explore development of a country-specific risk assessment mechanism in the decision-making process of major operations and investments.

(3) To incorporate unexpected risks and high-risk events into the mechanism for collecting and reporting on the prevention and resolution of major risks and risk events of the Company, and strengthen the risk collection, prevention and resolution mechanism of sudden geopolitical events.

Risk of changes in the international trade landscape

1. Description of the risks

The downturn of the global economy and weak trade demand, political games and regional conflicts, changes in trade policies and global geopolitical structure, and changes in the trade pattern have direct impact on the Company's resource layout, cargo source development, and full-process supply chain service capabilities.

2. Analysis for causes and impacts of the risks

Under the continuous influence of elements such as the game of great powers, geopolitical conflicts, domestic and foreign epidemic conditions, unbalanced prevention and control policies in various countries, and inconsistent production capacity recovery, the international trade pattern has gradually evolved, and growth of global trade has declined.

3. Strategies and suggestions for addressing the risks

(1) To continue to collect, track and analyse risk events and important information.

(2) To continuously promote the implementation of the "globalization" strategy, consolidate traditional advantages, and strengthen the development of emerging markets.

(3) To strengthen construction of global end-to-end service capacities and lay out the overseas end-to-end service milestones.

Profit Distribution of Ordinary Shares or Capitalization of Surplus Reserves Proposals

(I) Formulation, implementation or adjustment of cash dividend policies

The Company attaches great importance to reasonable investment returns to investors and has clearly stipulated the Company's distribution policy in the Articles of Association. During the Reporting Period, the management of the Company, taking in to account the relevant provisions of the Articles of Association on the dividend policy, comprehensively considered the Company's profitability, cash flow, capital requirements and Shareholders' return planning, respectively, and proposed to the Board of the Company the Profit Distribution Plan for 2021 and Interim Profit Distribution Plan for 2022. The aforesaid two profit distribution plans were approved by all Directors and Supervisors of the Company, and were submitted to the Company's 2021 annual general meeting and the first extraordinary general meeting of 2022 for consideration and approval after independent Directors have expressed their opinions. The 2021 annual dividend had been paid by the end of July 2022, and the 2022 interim dividend had been paid by the end of December 2022.

Final Dividend of the Company for year 2022

On 30 March 2023, the Board proposed a final dividend in respect of 2022 of RMB1.39 per ordinary Share (tax inclusive), with the total amount of RMB22,372 million, calculated according to the Company's total number of Shares of 16,094,861,636 as at 31 December 2022. If there is a change in the number of Shares between the beginning of 2023 and the registration date of dividend distribution, the dividend per Share shall remain unchanged, with a corresponding adjustment to the total amount of distribution. According to the above dividend distribution plan, and taking into account the interim dividend of RMB32,350 million already distributed to all Shareholders for 2022, the total dividend in respect of 2022 amounted to RMB54,722 million, accounting for approximately 50% of the profit attributable to equity holders of the Company for 2022.

The final dividend in respect of 2021 is RMB0.87 per ordinary Share (tax inclusive), with total amount of RMB13,933 million.

Significant Events

I. If there is an earning forecast as regard to the assets or projects of the Company and the Reporting Period remains in the earning prediction period, the Company will give an explanation as to the achievement of the original forecast as regard to the assets or projects and the relevant reasons

Not applicable

II. Material Litigation and Arbitration

There was no material litigation and arbitration in this year

III. Material Contracts and Performance Thereof

Not applicable

(I) Guarantees

Unit: Yuan Currency: RMB

External guarantees provided by the Company (excluding guarantees provided for its subsidiaries)														
Guarantor	Relationship of the Guarantor with the Company	Beneficiary	Amount of the guarantee	Date of guarantee (Date of agreement)	Commencement date of guarantee	End date of guarantee	Type of guarantee	Collateral (if any)	Whether the guarantee is discharged	Whether the guarantee is overdue	Amount of overdue guarantee	Counter guarantee	Whether it is a connected party guarantee	Connected relationship
COSCO SHIPPING Ports (Antwerp) NV	Holding subsidiary	Antwerp Gateway NV	243,471,120.00	15 June 2020	15 June 2020	29 June 2040	General guarantee	We are interested in equity interest of the beneficiary	No	No		Yes	Yes	Associates
Total amount of guarantees provided during the Reporting Period (excluding guarantees provided for subsidiaries)														29,066,333.62
Total outstanding guarantee amount as at the end of the Reporting Period (A) (excluding guarantees provided for subsidiaries)														243,471,120.00
Guarantees provided by the Company and its subsidiaries for its subsidiaries														
Total amount of the guarantees provided to subsidiaries during the Reporting Period														-10,462,050,142.10
Total outstanding guarantee amount of the guarantees provided to subsidiaries as at the end of the Reporting Period (B)														12,835,651,673.10
Total amount of the guarantees provided by the Company (including guarantees for subsidiaries)														
Total amount of guarantees (A+B)														13,079,122,793.10
Total amount of guarantees as a percentage to the net assets of the Company (%)														5.16
Of which:														
Amount of guarantees provided to shareholders, ultimate controller and its connected parties (C)														0.00
Amount of guarantees directly or indirectly provided for liability of parties with a gearing ratio exceeding 70% (D)														11,407,114,568.10
The portion of total amount of guarantee in excess of 50% of the net assets (E)														0.00
Total amount of the above three categories of guarantees (C+D+E)														11,407,114,568.10
Explanation on outstanding guarantees which may cause several and joint liability														Nil
Explanation on guarantees														Nil

(II) Other material contracts

Not applicable

Significant Events

IV. Other Significant Events

1. Based on its confidence in the Company's future development prospect and recognition of the Company's investment value, China COSCO SHIPPING Corporation Limited ("**COSCO SHIPPING Group**") increased its shareholdings in the Company's A Shares through the trading system of the Shanghai Stock Exchange on 18 October 2021 and formulated a subsequent plan to further increase its shareholdings. As of 15 April 2022, the implementation of the aforementioned shareholding increase plan had been completed. COSCO SHIPPING Group had increased its shareholdings in the A Shares and H shares of the Company by a total of 142,318,407 shares, with an accumulative amount of approximately RMB1,892 million. COSCO SHIPPING Group increased its shareholdings in the Company's A Shares and H Shares from 19 to 20 May 2022 and formulated a subsequent plan to further increase its shareholdings. As at the end of the Reporting Period, COSCO SHIPPING Group had accumulatively increased its shareholdings in the Company to 9,367,400 A Shares through the trading system of the Shanghai Stock Exchange, and its wholly-owned subsidiaries had accumulatively increased its shareholdings in the Company to 35,822,000 H Shares through the trading system of The Stock Exchange of Hong Kong Limited by way of on-exchange trading, with a cumulative amount of approximately RMB525 million. For details, please refer to the overseas regulatory announcements of the Company dated 18 October 2021, 26 October 2021, 22 December 2021, 18 April 2022, 20 May 2022, 10 June 2022, 21 July 2022 and 21 November 2022.

   Subsequent to the Reporting Period, as of 10 March 2023, COSCO SHIPPING Group and its wholly-owned subsidiaries held a total of 6,629,619,897 A Shares and 225,822,000 H Shares of the Company; COSCO SHIPPING Group and its wholly-owned subsidiaries directly and indirectly held a total of 6,855,441,897 shares of the Company, representing approximately 42.59% of the total issued share capital of the Company as of 10 March 2023, with an accumulative amount of approximately RMB1,677 million. For details, please refer to the overseas regulatory announcement of the Company dated 13 March 2023.

2. At the 21st meeting of the sixth session of the Board of the Company, the Board considered and unanimously approved the Proposal on the Company's Dividend Distribution Plan for the Next Three Years (2022-2024), which was submitted to the first extraordinary meeting of Shareholders of the Company in 2022 as held on 23 November 2022 for consideration and approval. For details, please refer to the Company's overseas regulatory announcement dated 30 August 2022.

For other significant events, please refer to the section headed "Connected Transactions" on pages 128 to 134.

V. Fulfillment of Social Responsibilities

Social Responsibility

Details of consolidation and expansion of the results of the poverty alleviation, rural revitalization and other work

Poverty alleviation and rural revitalization projects	Amount/content
Total investment	RMB44,385,600
Of which: funds	RMB41,132,000
Total value of materials	RMB3,253,600
Forms of assistance (such as industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)	Education assistance, infrastructure construction assistance, living environment improvement assistance, consumption assistance

In 2022, taking into account the actual conditions of the poverty-alleviation areas of Luolong County and Leiwuqi County in Tibet and Yongde County in Yunnan Province, COSCO SHIPPING Holdings made use of its own industry advantages, formulated assistance plans based on in-depth investigation and research, and actively implemented poverty alleviation and rural revitalization projects. The Company ensured the timely availability of investment and assistance funds, continued to consolidate and expand the results of poverty alleviation, and made positive contributions to the economic and social development of the corresponding regions.

Environmental Responsibility

Whether environmental protection-related mechanism is established	Yes
Investment in environmental protection during the Reporting Period	RMB3,390 million

COSCO SHIPPING Holdings is committed to the ecological environment protection and continuously promotes the realization of green shipping. Based on the framework of Task Force on Climate-related Financial Disclosures (TCFD), it has carried out a systematic identification and response analysis of climate change-related risks and set environmental protection targets.

COSCO SHIPPING Holdings has established a sound climate risk governance structure, incorporating climate-related risk management into the Company's risk management system and indicators regarding energy conservation, emission reduction and environmental protection into executive compensation.

Based on its own business characteristics and the development trend of global shipping, COSCO SHIPPING Holdings actively carried out the identification of climate change-related risks and sorted out the potential financial impact. At the same time, it identified and put forward a number of entity risks and transformation risks with reference to different climate scenarios and business development.

Significant Events

COSCO SHIPPING Holdings implemented the treatment and compliance discharge of sewage and wastewater of shipping vessels, strictly complied with relevant domestic and foreign laws and regulations, internally developed and implemented a clear and complete operation process of ballast water and oily sewage based on domestic and foreign laws and regulations as well as industry conventions and regulations to reduce and control the impact of ballast water and oily sewage on environment during shipping.

COSCO SHIPPING Holdings attaches great importance to the efficient use of water resources and optimized the use of water resources through seawater desalination. The Company's vessels are equipped with seawater desalination equipment to convert seawater into drinking water, so as to supplement the domestic water for vessels and reduce fresh water consumption. At the same time, the Company continuously cultivated employees' water-saving awareness and habits, and encouraged employees to participate in the optimization of water resources utilization.

The Company actively responds to climate change and explores energy transformation and carbon reduction measures to achieve the mutual development of environmental protection and economic benefits. COSCO SHIPPING Lines, COSCO SHIPPING Ports and OOIL, the subsidiaries of COSCO SHIPPING Holdings, cooperated with third-party professional organizations to pay close attention to the latest development in environmental protection at home and abroad, constantly integrating new requirements and standards into corresponding policies and management methods for environmental protection. At the same time, under the guidance of ISO140001 and ISO50001, the Company continuously promoted the construction of operating environment and energy management system and constantly improved the environment and energy management mechanism through the audit of internal and external environment and energy management systems. 86% of terminals controlled by COSCO SHIPPING Lines and COSCO SHIPPING Ports have been granted Environmental Management System Certification (ISO14001). OOIL also strictly followed relevant environmental management requirements according to the Safety, Quality and Environmental Management System (SQE). COSCO SHIPPING Ports continued to optimize port energy use, reduce greenhouse gas emissions, and strived to achieve sustainable development of enterprises and harmonious coexistence of ecological environment.

The Group takes green, low-carbon and intelligence as the main direction of future scientific research for vessels and strives to improve the overall technical level of its fleet. In order to achieve the long-term goal of green and low-carbon transformation, the Group will eagerly promote the application of green methanol fuel in its fleet. By the end of the Reporting Period, COSCO SHIPPING Lines has signed contracts in respect of five 24,000TEU methanol dual-fuel vessels. In addition, during the Reporting Period, OOIL announced that it has ordered seven 24,000TEU methanol-compatible container vessels, which are expected to be delivered in the third quarter of 2026 and are planned to be equipped with green power fuel technology. With the continuous establishment and improvement of the green methanol supply chain system, methanol stands out from many new energy fuels and will become the first choice for the Group to promote the construction of new energy container fleets in the future.

At the same time, as the first shipping company in mainland China to pass CCWG verification, COSCO SHIPPING Lines not only proactively reported carbon dioxide emissions in routine operations, but also managed and reported emissions of sulfur oxides and nitrogen oxides, constantly optimizing its own emission level and improving environmental protection performance. In addition, COSCO SHIPPING Lines followed the requirements of the Ministry of Transport of China on the Implementation Plan for Marine Air Pollutant Emission Control Areas and implemented strict emission standards to reduce the sulfur content of marine fuels in shipping.

Significant Events

COSCO SHIPPING Lines and OOIL launched the carbon emission calculator in 2021, which provided global customers with an advanced dynamic carbon emission calculation tools to assist customers in calculating carbon dioxide emissions in their supply chains and better help them drive their supply chain to achieve emission reduction targets. The Group has achieved remarkable results in reducing energy consumption and carbon dioxide emissions through multi-channel measures such as controlling ship fuel, optimizing navigation services, upgrading shore power at ports, and innovating energy-saving technologies.

In addition, during the Reporting Period, COSCO SHIPPING Lines has carried out the trial work of bio-fuel oil and selected "COSCO Houston" as the bio-fuel trial vessel for trial use of two batches of B20 and B24 bio-fuel with a total of 1,400 tons, which accumulated experience in use and management for subsequent promotion. OOCL has successfully completed the first trial voyage of marine biofuels for the cargo vessel, OOCL YOKOHAMA. COSCO SHIPPING Ports has achieved full coverage of shore power for container berths of domestic holding terminals, provided vessels with marine power, helped vessels effectively reduce carbon emissions, exhaust emissions and noise pollution during docking, and at the same time, it accelerated the promotion of "converting from oil to electricity" for gantry crane of domestic holding terminals and adopted electric drive instead of diesel generator drive, so as to improve energy efficiency. During the Reporting Period, the completion rate of "conversion from oil to electricity" reached 97.7%.

The environmental, social and governance report of the Company for 2022 in accordance with Appendix 27 to the Listing Rules will be published on the website of the Company and the website of the Stock Exchange simultaneously along with the publication of this annual report.

Changes in Equity and Shareholders' Information

I. Changes in Equity

During the Reporting Period, 1,328,115,666 restricted Shares held by COSCO Shipping Group were listed and traded on 24 January 2022 when the restricted period expired. For details, please see the Company's overseas regulatory announcement dated 17 January 2022.

During the Reporting Period, the Company implemented the stock option incentive plan, which encouraged subjects to exercise their own rights. In addition, the Company added 80,735,926 A Shares without sales restrictions. For details, please see the Company's overseas regulatory announcements dated 10 June 2022, 4 July 2022, 11 October 2022 and 4 January 2023.

During the Reporting Period, COSCO SHIPPING Group increased its shareholding in the Company. For details, please see "Shareholder and actual controller – (II) Shareholdings of the top 10 Shareholders and top 10 Shareholders of tradable Shares (or Shareholders not subject to selling restrictions) as the end of the Reporting Period".

II. Shareholder and actual controller

(I) Total number of Shareholders:

Total number of ordinary Shareholders as at the end of the Reporting Period	578,035
Total number of ordinary Shareholders as at the end of the month before the disclosure date of the annual report	580,717

(II) Shareholdings of the top 10 Shareholders and top 10 Shareholders of tradable Shares (or Shareholders not subject to selling restrictions) as the end of the Reporting Period

Shareholdings of the Top 10 Shareholders							
Name of Shareholder (In full)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the period	Type	Percentage (%)	Number of shares subject to selling restrictions	Pledge, marking or freezing Share	Nature of shareholders
China Ocean Shipping Company Limited	0	5,924,873,037	A Shares	36.81	0	None	State-owned legal person
HKSCC Nominees Limited	-629,205	3,344,447,539	H Shares	20.78	0	Unknown	Foreign legal person
Shanghai Automotive Industry Corporation (Group) (上海汽車工業(集團)有限公司)	804,700,000	804,700,000	A Shares	5.00	0	None	State-owned legal person
China COSCO SHIPPING Corporation Limited	-774,488,693	599,026,973	A Shares	3.72	0	None	State-owned legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	0	373,927,475	A Shares	2.32	0	None	State-owned legal person
Hong Kong Securities Clearing Company Limited	24,902,081	270,134,173	A Shares	1.68	0	None	Foreign legal person
Industrial and Commercial Bank of China-SSE 50 Trading – Index Securities Investment Open-ended Fund (中國工商銀行－上證50交易型開放式指數證券投資基金)	-3,132,730	50,418,940	A Shares	0.31	0	None	Other
Everbright Jin'ou Asset Management Limited (光大金甌資產管理有限公司)	0	45,189,740	A Shares	0.28	0	None	State-owned legal person
Bank of Communications Co., Ltd. - E Fund SSE 50 (交通銀行股份有限公司－易方達上證50指數增強型證券投資基金)	37,599,789	37,599,789	A Shares	0.23	0	None	Other
Maoming Carlyle Investment Management Co., Ltd. (茂名凱雷投資管理有限公司)	1,870,300	32,230,419	A Shares	0.20	0	None	Domestic non state – owned legal person

Changes in Equity and Shareholders' Information

Shareholdings of Top 10 Shareholders Not Subject to Selling Restrictions

Name of Shareholder	Number of tradable shares held and not subject to selling restrictions	Type and number of shares	
		Type	Number
China Ocean Shipping Company Limited	5,924,873,037	RMB-denominated ordinary Shares	5,924,873,037
HKSCC Nominees Limited	3,344,447,539	Overseas listed foreign Shares	3,344,447,539
Shanghai Automotive Industry Corporation (Group) (上海汽車工業(集團)有限公司)	804,700,000	RMB-denominated ordinary Shares	804,700,000
China COSCO SHIPPING Corporation Limited	599,026,973	RMB-denominated ordinary Shares	599,026,973
China Securities Finance Corporation Limited	373,927,475	RMB-denominated ordinary Shares	373,927,475
Hong Kong Securities Clearing Company Limited	270,134,173	RMB-denominated ordinary Shares	270,134,173
Industrial and Commercial Bank of China-SSE 50 Trading – Index Securities Investment Open-ended Fund (中國工商銀行－上證50交易型開放式指數證券投資基金)	50,418,940	RMB-denominated ordinary Shares	50,418,940
Everbright Jin'ou Asset Management Limited (光大金甌資產管理有限公司)	45,189,740	RMB-denominated ordinary Shares	45,189,740
Bank of Communications Co., Ltd. - E Fund SSE 50 (交通銀行股份有限公司－易方達上證50指數增強型證券投資基金)	37,599,789	RMB-denominated ordinary Shares	37,599,789
Maoming Carlyle Investment Management Co., Ltd. (茂名凱雷投資管理有限公司)	32,230,419	RMB-denominated ordinary Shares	32,230,419
Explanations on the special repurchase accounts among the top ten Shareholders	None		
Explanations on the voting rights entrusted by or to or waived by the aforesaid Shareholders	–		
Explanations to the connected relationship or parties acting in concert among the aforesaid Shareholders	China Ocean Shipping Company Limited is a wholly-owned subsidiary of the Group. Others are unknown.		
Description of preferential shareholders with restoration of voting rights and their shareholdings	Not applicable		

1. On 9 October 2022, COSCO SHIPPING Group (the indirect controlling Shareholder of COSCO SHIPPING Holdings) and Shanghai Automotive Industry Corporation (Group) (hereinafter referred to as "SAIC") signed the Gratuitous Transfer Agreement between COSCO SHIPPING Group and Shanghai Automotive Industry Corporation (Group) on the State-owned Shares of COSCO SHIPPING Holdings, whereby COSCO SHIPPING Group transferred 804,700,000 A Shares (accounting for 5.00% of the Company's total share capital) of the Company held by it to SAIC through gratuitous transfer. The gratuitous transfer of state-owned shares was approved by the State-owned Assets Supervision and Administration Commission of the State Council and the registration of the transfer was completed before 11 November 2022. For details, please see the Company's overseas regulatory announcements dated 10 October 2022, 1 November 2022 and 11 November 2022.

2. As of the end of the Reporting Period, COSCO SHIPPING Group directly held 599,026,973 A Shares of the Company, indirectly held 5,924,873,037 A Shares of the Company through its wholly-owned subsidiary, China Ocean Shipping Company Limited, indirectly held 221,672,000 H Shares of the Company through its wholly-owned subsidiary, Peaktrade Investments Limited, and indirectly held 4,150,000 H Shares of the Company through its wholly-owned subsidiary, COSCO SHIPPING (Hong Kong) Co., Limited. Therefore, COSCO Shipping Group directly and indirectly held a total of 6,749,722,010 Shares of the Company, representing approximately 41.94% of the Company's total share capital as of 31 December 2022.

III. Controlling Shareholder and actual controller

(I) Specific description of controlling shareholder

1 Legal person

Details of controlling shareholder:

Name	China Ocean Shipping Company Limited
Person in charge or legal representative	Wan Min
Date of establishment	22 October 1983
Principal business	International freight; supporting international freight; providing booking, chartering and time chartering services for domestic and foreign cargo owners; leasing, construction and trading of ships and containers, and their maintenance and spare parts manufacturing business; ship escrowing business; domestic and foreign shipping business-related ship materials, spare parts, communications services; business operators, cargo agency business and seafarers assigned to the management of enterprises (market players shall select operating items and operate autonomously according to law; international freight, supporting International freight and items that shall be approved according to law can be operated upon approval by relevant departments; the enterprise shall not engage in business activities prohibited by the industrial policies and restricted items of this country and city (note: Beijing).)
Control and shareholdings in other domestic or overseas listed companies during the Reporting Period	Controlling shareholdings: OOIL (0316HK) 71.07%; COSCO SHIPPING Ports (1199HK) 58.36%; COSCO SHIPPING International (Singapore) (F83) 53.35%; COSCO SHIPPING Specialized Carriers Co., Ltd. (600428) 50.94%; COSCO SHIPPING Energy Transportation (600026, 1138HK) 12.98%. Major shareholdings: Qingdao Port (601298, 6198HK) 19.79%; SIPG (600018) 15.62%; Beibu Gulf Port (000582) 9.82%; Guangzhou Port (601228) 6.50%; China Merchants Bank (600036, 3968HK) 6.46%; China Merchants Securities (600999, 6099HK) 6.26%.
Others	Nil

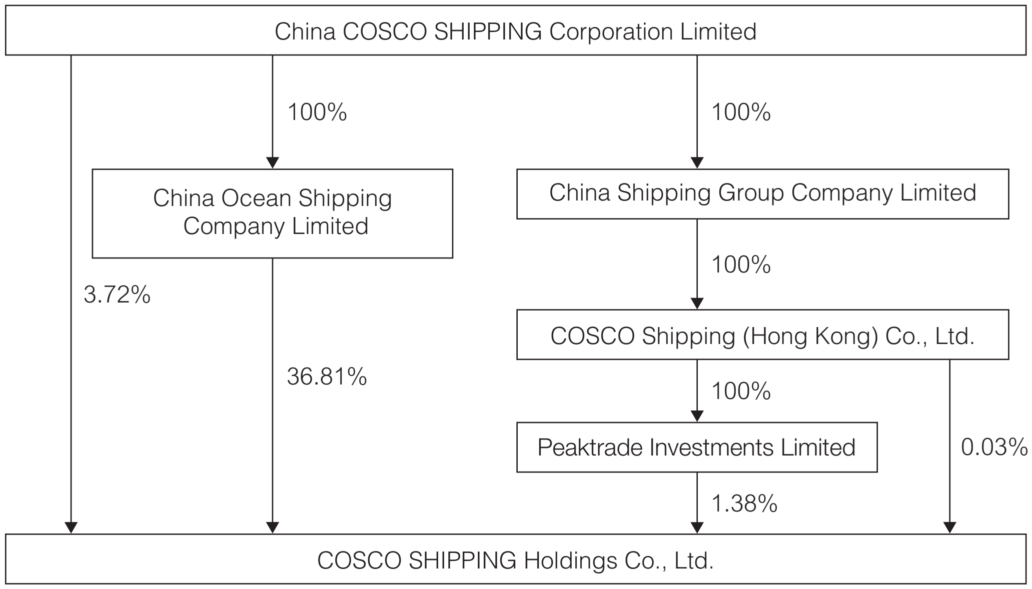
Changes in Equity and Shareholders' Information

Details of indirect controlling shareholder:

Name	China COSCO SHIPPING Corporation Limited
Person in charge or legal representative	Wan Min
Date of establishment	5 February 2016
Principal business	International freight, supporting International freight; import and export of goods and technology; agent of international freight by sea, road, and air; rental of self-owned ship; ship, container, steel sales; marine engineering equipment design; terminal and port investment; communications equipment sales, information and technical services; warehousing (except dangerous chemicals); technology development related to shipping, spare parts, technology transfer, technical advice, technical services, equity investment funds. (Business activities can only be operated after being approved by the relevant departments in accordance with the law.)
Control and shareholdings in other domestic or overseas listed companies during the Reporting Period	Controlling shareholdings: OOIL (0316HK) 71.07%; COSCO SHIPPING International (Hong Kong) (0517HK) 70.94%; Piraeus Port Authority S.A. (PPA GA) 67%; Hainan Strait Shipping (002320) 58.98%; COSCO SHIPPING Ports (1199HK) 58.36%; COSCO SHIPPING International (Singapore) (F83) 53.35%; COSCO SHIPPING Specialized Carriers Co., Ltd. (600428) 50.94%; COSCO SHIPPING Technology (002401) 48.93%; COSCO SHIPPING Development (601866, 2866HK) 45.81%; COSCO SHIPPING Energy Transportation (600026, 1138HK) 45.20%. Major shareholdings: Qilu Expressway (1576HK) 30.00%; Qingdao Port (601298, 6198HK) 21.27%; SIPG (600018) 15.62%; CHINA BOHAI BANK (9668HK) 11.12%; China Merchants Securities (600999, 6099HK) 10.02%; China Merchants Bank (600036, 3968HK) 9.97%; Beibu Gulf Port (000582) 9.82%; SRCB (601825) 8.29%; Guangzhou Port (601228) 6.50%; Rizhao Port Jurong (6117HK) 6.38%.
Others	Nil

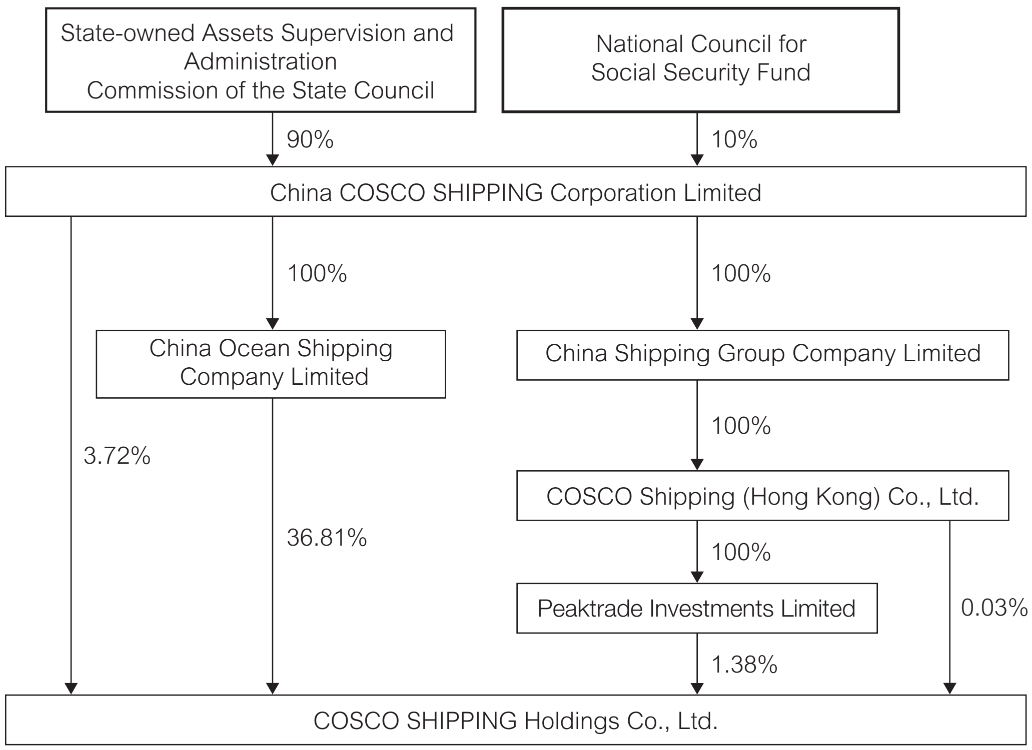
Changes in Equity and Shareholders' Information

2 The relationship of the property and control between the Company and controlling shareholders



(II) Specific description of actual controller

1 The relationship of the property and control between the Company and the actual controller



Corporate Bonds

I. Overview of corporate bonds

1. Overview of corporate bonds

Unit: 100 million Currency: US Dollar

Bonds name	Short name	Bond code	Issuing date	Value date	Date of maturity	Balance of bonds	Interest rate (%)	Repayment method of principal with interest	Stock exchange	Investor suitability arrangements (if any)	Transaction mechanism	Risk of termination of listing transactions
COSCO Finance (2011) Ltd. 4% Credit Enhanced Bonds due 2022	COSFINB2212	04584	2012/12/4	2012/12/4	2022/12/3	0.00	4.00	Interest shall be payable in arrears equally and biannually on 3 June and 3 December. The bonds shall be redeemed on 3 December 2022	Hong Kong Stock Exchange	Nil	Bidding, quotation, inquiry and agreement transactions according to the relevant rules of the stock exchange	No
COSCO SHIPPING PORTS FINANCE (2013) CO. LTD. 4.375% Guaranteed Notes due 2023	CSPFINN2301	5900	2013/1/31	2013/1/31	2023/1/31	3.00	4.375	Interest shall be payable twice a year while principal shall will be paid when the notes fall due	Hong Kong Stock Exchange	Nil	Bidding, quotation, inquiry and agreement transactions according to the relevant rules of the stock exchange	No

The Company's countermeasures against the risk of delisting and trading bonds

☐Applicable √Not applicable

Overdue bonds

☐Applicable √Not applicable

2. Repayment of bond interest payments during the Reporting Period

Bonds name	Description of repayment of interest repayment status
COSCO Finance (2011) Ltd. 4% Credit Enhanced Bonds due 2022	The interest payment was repaid on time and there was no breach of contract.
COSCO SHIPPING PORTS FINANCE (2013) CO. LTD. 4.375% Guaranteed Notes due 2023	The interest was repaid on time and there was no breach of contract.

II. Use of proceeds raised from the public issuance of the Company's bonds

1. Use of proceeds at the end of Reporting Period

Unit: 100 million Currency: RMB

Name of Bond	Total amount of proceeds	Used amount	Unused amount	Operation of the special account of proceeds (if any)	Rectification of inappropriate use of proceeds (if any)	Consistent with the purpose, usage and other agreements as stated in the prospectus
COSCO Finance (2011) Ltd. 4% Credit Enhanced Bonds due 2022	10	10	0	–	–	Yes
COSCO SHIPPING PORTS FINANCE (2013) CO. LTD. 4.375% Guaranteed Notes due 2023	3	3	0	–	–	Yes

The progress and operational benefits of using proceeds in construction projects

☐Applicable √Not applicable

Explanation on change of the use of above proceeds in the Reporting Period

☐Applicable √Not applicable

Other explanations

☐Applicable √Not applicable

Corporate Bonds

III. Accounting data and financial indicators of the Company during the last two years immediately before the end of the Reporting Period

Key indicator	2022	2021 (Restated)	Year-on-year increase or decrease (%)
EBITDA (RMB'000)	191,259,226	144,666,175	46,593,051
Liquidity ratio	1.64	1.67	(0.03)
Quick ratio	1.58	1.61	(0.03)
Asset-liability ratio (%)	50.46	56.68	(6.22)
All debt ratio of EBITDA	446.79%	197.27%	2.50
Interest coverage ratio	44.70	35.89	8.81
Cash interest coverage ratio	118.86	89.23	29.63
Interest coverage ratio of EBITDA	50.04	39.45	10.59
Loan repayment rate (%)	100.00	100.00	–
Interest coverage (%)	100.00	100.00	–

Note: The above accounting data and financial indicators are stated according to the audited financial statement of A Shares of the Company prepared in accordance with PRC GAAP.

Mr. WAN Min (萬敏)

Mr. Wan, aged 54, is currently the chairman of the board and the secretary of the party committee of China COSCO SHIPPING Corporation Limited, the chairman of the board and an executive director of the Company and the chairman of the board and an executive director of Orient Overseas (International) Limited (a non-wholly owned subsidiary of the Company and a company listed on the Stock Exchange (Stock Code: 316)). He had served as the general manager and the deputy secretary of the party committee of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), the deputy general manager and a member of the party committee of China Ocean Shipping (Group) Company (currently known as China Ocean Shipping Company Limited), a director, the general manager and the deputy secretary of the party committee of China COSCO SHIPPING Corporation Limited, the chairman of the Board and a non-executive Director of the Company, and the chairman of the board of China Tourism Group Co., Ltd.. Mr. Wan has over 30 years of experience in corporate management and has extensive experience of operation management in shipping and tourism industries. Mr. Wan has served as the chairman of the board and the secretary of the party committee of China COSCO SHIPPING Corporation Limited since October 2021. Mr. Wan graduated from Shanghai Maritime College (currently known as Shanghai Maritime University) majoring in transportation management and engineering, and obtained a master's degree in business administration from Shanghai Jiao Tong University. He is an engineer.

Mr. HUANG Xiaowen (黃小文)

Mr. Huang, aged 60, is the deputy general manager and member of the party group of China COSCO SHIPPING Corporation Limited, the vice chairman of the Board and an executive Director of the Company, an executive director and the chief executive officer of Orient Overseas (International) Limited (a non-wholly owned subsidiary of the Company and a company listed on the Stock Exchange (stock code:316)), and serves as director of certain subsidiaries of China COSCO SHIPPING. Mr. Huang started his career in 1981 and had served as the section chief of the container shipping section of Guangzhou Ocean Shipping Company Limited (廣州遠洋運輸公司); the general manager of container transportation department of China Ocean Shipping Company (formerly known as "China Ocean Shipping (Group) Company"); the container business advisor of Shanghai Haixing Shipping Co., Ltd. (上海海興輪船股份有限公司); the executive deputy general manager, managing director and deputy party secretary of COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (formerly known as "China Shipping Container Lines Co., Ltd.", a company listed on the Stock Exchange (stock code: 2866) and the Shanghai Stock Exchange (stock code: 601866)); the chairman of China Shipping Haisheng Co., Ltd. (中海(海南)海盛船務股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600896)); the deputy general manager and a member of the party group of China Shipping (Group) Company; the vice chairman and an executive director of COSCO SHIPPING Holdings Co., Ltd.; the chairman of COSCO SHIPPING Lines Co., Ltd.; the chairman of COSCO SHIPPING Bulk Co. Ltd. (中遠海運散貨運輸有限公司); the chairman and an executive director of COSCO SHIPPING Energy Transportation Co., Ltd., (中遠海運能源運輸股份有限公司) (a company listed on the Stock Exchange (stock code: 1138) and the Shanghai Stock Exchange (stock code: 600026)); the chairman of the board of directors and non-executive director of COSCO SHIPPING Ports Limited (中遠海運港口有限公司) (a non-wholly owned subsidiary of the Company and a company listed on the Stock Exchange (stock code: 1199)); and an executive director and chief executive officer of OOIL. Mr. Huang has more than 30 years of experience in the shipping industry. Mr. Huang graduated from China Europe International Business School with an EMBA degree and is a senior engineer.

Directors, Supervisors and Senior Management

Mr. YANG Zhijian (楊志堅)

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

Mr. ZHANG Wei (張煒)[2, 5]

Mr. Zhang, aged 56, is currently an executive Director, the deputy general manager,deputy secretary of the party committee of the Company, a director, the general manager and deputy party secretary of COSCO SHIPPING Lines Co., Ltd., the chairman and party secretary of Shanghai PANASIA Shipping Co., Ltd., a director of COSCO SHIPPING Ports Limited and a director of certain subsidiaries of the Company. Mr. Zhang started his career in 1987 and served successively as the third officer (三副) and second officer (二副) of Guangzhou Ocean Shipping Company Limited (廣州遠洋運輸公司), the deputy manager of European services of Container Shipping Division II, the business manager of Customer Service Division of Marketing Department, the assistant to the chief and the deputy chief of Global Sales Division of Marketing Department of COSCO Container Lines Co., Ltd. (中遠集裝箱運輸有限公司), the deputy general manager of Asia-Pacific trade area, the deputy general manager of European trade area, the deputy general manager of Business Process & System Division of COSCO Container Lines Co., Ltd. (中遠集裝箱運輸有限公司), the deputy general manager of Florens Container Services Company Limited (佛羅倫貨箱服務有限公司), the executive vice president of Piraeus Container Terminal S.A. (比雷埃夫斯集裝箱碼頭有限公司), the deputy general manager (in charge) and the general manager of Operating Management Division of China COSCO SHIPPING Corporation Limited (中國遠洋海運集團有限公司), the deputy general manager and a member of the party committee of COSCO SHIPPING Lines Co., Ltd., etc. Mr. Zhang has more than 30 years of experience in the shipping industry and has extensive experience in container shipping marketing management, port management and operation. Mr. Zhang holds a Master's degree in business administration from Shanghai Maritime University and is an engineer.

Directors, Supervisors and Senior Management

Mr. FENG Boming (馮波鳴)[1]

Mr. Feng, aged 53, was previously an executive Director of the Company and the chairman of the board of directors and an executive director of COSCO SHIPPING Ports Limited (a company listed on the Stock Exchange (stock code: 1199)), an executive director of Orient Overseas (International) Limited (a company listed on the Stock Exchange (stock code: 316)) , a non-executive director of each of Qingdao Port International Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 601298) and on the Stock Exchange (stock code: 6198)) and Piraeus Port Authority S.A. (a company listed on the Athens Stock Exchange), and a director of each of COSCO SHIPPING (Hong Kong) Co., Limited, COSCO SHIPPING International (Hong Kong) Co., Limited (a company listed on the Stock Exchange (stock code: 517)), COSCO SHIPPING Investment Holdings Co., Limited (中遠海運投資控股有限公司) (formerly known as COSCO SHIPPING Financial Holdings Co., Limited (中遠海運金融控股有限公司)), Hainan Harbour & Shipping Holding Co., Ltd. (海南港航控股有限公司) and certain subsidiaries of COSCO SHIPPING. Mr. Feng has previously held various positions including the manager of the commercial section of the ministry of trade protection of COSCO Container Lines Co., Ltd. (currently known as COSCO SHIPPING Lines Co., Ltd.), the general manager of COSCO Container Hong Kong Mercury Co., Ltd., the general manager of the management and administration department of COSCO Holdings (Hong Kong) Co., Ltd., the general manager of COSCO International Freight (Wuhan) Co., Ltd./COSCO Logistics (Wuhan) Co., Ltd., the supervisor of the strategic management implementation office of China Ocean Shipping Co., Ltd./China COSCO Holdings Company Limited and a non-executive Director of the Company, a non-executive director of COSCO SHIPPING Ports Limited, a non-executive director of COSCO SHIPPING Development Co. Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 601866) and the Stock Exchange (stock code: 2866)) and a non-executive director of COSCO SHIPPING Energy Transportation Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600026) and the Stock Exchange (stock code: 1138)), a director of COSCO SHIPPING Bulk Co., Ltd. and the general manager of the strategic and corporate management department of COSCO SHIPPING Group. Mr. Feng has over 20 years of work experience in the shipping industry. He has extensive experience in ports management and operation, enterprise strategy management, business management and container shipping management. Mr. Feng graduated from University of Hong Kong with a master of business administration degree and is an economist.

Mr. WU Dawei (吳大衛)

Mr. Wu, aged 69, is an independent non-executive Director of the Company. Mr. Wu previously served as the deputy head of Huaneng Shanghai Shidongkou No. 2 power plant (華能上海石洞口第二電廠), the deputy general manager (person in charge) of Huaneng International Power Development Company (Shanghai Branch) (華能國際電力開發公司上海分公司), head of Huaneng Shanghai Shidongkou No. 2 power plant, the deputy general manager, a party member and director of Huaneng Power International Co., Ltd. (華能國際電力股份有限公司), and the chairman of Huaneng Weihai power plant (華能威海電廠), Xindian power plant (辛店電廠), Rizhao power plant (日照電廠) and Xinhua power plant (新華電廠). He was also the party secretary and a director of Shanghai Times Shipping Company Limited (上海時代航運有限公司), the deputy chief engineer of China Huaneng Group (中國華能集團), and the general manager and party secretary of China Huaneng Group (East China Branch), the general manager, and deputy party secretary (responsible for leading the work of party group) of Huaneng International Power Development Company (華能國際電力開發公司), the chief economist of China Huaneng Group, the chairman of Huangneng Shanghai Gas Turbine Power Generation Co., Ltd., (華能上海燃機發電有限公司) the director of Huaneng International Power Development Company (華能國際電力開發公司) and an independent director of JinLiHua Electric Co., Ltd. (金利華電氣股份有限公司) (a company listed on the ChiNext). Mr. Wu has more than 20 years' experience in corporate management and extensive experience in corporate governance of listed companies. Mr. Wu currently serves as an independent non-executive director of the Company and as an independent director of Zhongtian Technology Co., Ltd., and has obtained an independent director qualification certificate issued by the Shanghai Stock Exchange in February 2013.

Directors, Supervisors and Senior Management

Mr. ZHOU Zhonghui (周忠惠)

Mr. Zhou, aged 75, is an independent non-executive Director of the Company, a senior member of the Chinese Institute of Certified Public Accountants, a member of the chief financial officer professional committee of the China Association for Public Companies and a member of the consultative committee of the China Appraisal Society. Currently, Mr. Zhou also serves as an independent non-executive director of Shanghai FudanZhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688505)), an independent non-executive director of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002352)), an independent non-executive director of CITIC Securities Co., Ltd. (中信証券股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600030) and the Stock Exchange (stock code: 6030). He has served as an external supervisor of Shanghai Oriental Pearl Group Co., Ltd. (上海東方明珠新媒體股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600637)) since June 2015. Mr. Zhou previously worked at Shanghai University of Finance and Economics, School of Accountancy as a lecturer, associate professor and professor. He also previously served as the chief financial officer of Hongkong Xinlong Co., Limited (香港鑫隆有限公司), the general manager and chief accountant of PricewaterhouseCoopers Zhong Tian CPAs Limited Company (普華永道中天會計師事務所), the senior partner of PricewaterhouseCoopers (普華永道會計師事務所), the chief accountant of the China Securities Regulatory Commission ("CSRC"), a member of the International Advisory Committee of CSRC, a member of the Auditing Standards Committee of the Chinese Institute of Certified Public Accountants and an executive director of the China Association of Chief Financial Officers (中國總會計師協會), an independent non-executive director of BesTV New Media Co., Ltd. (百視通新媒體股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600637)), an independent non-executive director of Juneyao Airlines Co., Ltd. (吉祥航空股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 603885)), an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601601) and the Stock Exchange (stock code: 02601)). Mr. Zhou holds a postgraduate degree and a doctorate degree.

Mr. TEO Siong Seng (張松聲)

Mr. Teo, aged 68, is an independent non-executive Director of the Company, the executive chairman of Pacific International Lines Pte Ltd, and the chairman and chief executive officer of Singamas Container Holdings Limited (勝獅貨櫃企業有限公司) (a company listed on the Stock Exchange (stock code: 716)). Mr. Teo currently also serves as an honorary president of Singapore Chinese Chamber of Commerce & Industry and an honorary vice chancellor of National University of Singapore, an independent director of Keppel Corporation Limited (a company listed on the Singapore Exchange Limited (stock code: BN4)), an independent director of Wilmar International Limited (a company listed on the Singapore Exchange Limited (stock code: F34)) and the chairman of China-Singapore International Logistics Park (Nanning) (中新南寧國際物流園). He was also the chairman of Singapore Business Federation, the president of Singapore Shipping Association, the chairman of Singapore Maritime Foundation (SMF), and the president of Lloyd's Register Asia Shipowners' Committee, a committee member of Committee on the Future Economy and a board member of Enterprise Singapore. Mr. Teo Siong Seng previously served as an independent non-executive director of the Company and COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601866) and the Stock Exchange (stock code: 2866)), and an independent director of COSCO SHIPPING Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600026) and the Stock Exchange (stock code: 1138). Mr. Teo graduated from University of Glasgow with a First Class Honours Degree in Naval Architecture & Ocean Engineering. Mr. Teo has extensive experience in corporate governance in terms of shipping companies and listed companies. He is currently the chairman of the Strategic Development Committee, member of the Risk Control Committee and member of the Compensation Committee of the Company's Board of Directors, focusing on the Company's operation management and strategic planning.

Prof. MA Si-hang Frederick (馬時亨)

Prof. Ma, aged 71, is an independent non-executive Director of the Company and also an independent non-executive director of FWD Group, Guangshen Railway Co. Ltd. (a company listed on the Stock Exchange (stock code: 525) and the Shanghai Stock Exchange (stock code: 601333)), HH&L Acquisition Co. (a company listed on New York Stock Exchange (stock code: HHLA)) and Unicorn II Holdings Limited. Prof. Ma is an honorary professor of the Faculty of Economic and Finance of the University of Hong Kong, a Permanent Honourable President of Hong Kong Special Schools Council, an honorary professor of Faculty of Business Administration of the Chinese University of Hong Kong, an honorary advisor of Faculty of Accounting of the Central University of Finance and Economics, a member of the Hong Kong Chief Executive's Council of Advisers on Innovation and Strategic Development, the chairman of the Council of the Education University of Hong Kong, a member of the International Advisory Council of China Investment Corporation, a member of the Global Advisory Council of Bank of America and a member of the International Advisory Council of Investcorp. Prof. Ma previously served as the managing director of UK branch of RBC Dominion Securities Inc., the vice chairman and managing director of Kumagai Gumi Co. Ltd. (Hong Kong Branch), the managing director and head of Asia of the private banking department of Chase Bank, the Asia Pacific Chief Executive Officer of JPMorgan Chase's private banking (a company listed on the New York Stock Exchange (stock code: JPM)), the financial controller and executive director of PCCW Limited (a company listed on the Stock Exchange (stock code: 0008)), the Secretary for Financial Services and the Treasury of the Government of the Hong Kong Special Administrative Region, the Secretary for Commerce and Economic Development of the Government of the Hong Kong Special Administrative Region, the non-executive chairman of China Strategic Holdings Limited (a company listed on the Stock Exchange (stock code: 0235)), an independent non-executive director of China Resources Land Limited (a company listed on the Stock Exchange (stock code: 1109)), an independent non-executive director of Hutchison Port Holdings Limited, an external director of China Oil and Foodstuffs Corporation, an external director of the China Mobile Communications Group Co. Ltd. (a company listed on the Stock Exchange (stock code: 941)), an independent non-executive director of the Agricultural Bank of China, an independent non-executive director of Aluminum Corporation of China Limited (a company listed on the Shanghai Stock Exchange (stock code: 601600) and the Stock Exchange (stock code: 2600)), the non-executive chairman of MTR Corporation Limited (a company listed on the Stock Exchange (stock code: 66)) and a non-executive director of each of Husky Energy Inc. (a company listed on Toronto Stock Exchange (stock code: HSE)) and New Frontier Corporation. Prof. Ma graduated with a Bachelor of Arts (Honours) degree from the University of Hong Kong majoring in economics and history. He was awarded the Gold Bauhinia Star and appointed a Non-Official Justice of the Peace.

Mr. YANG Shicheng (楊世成)

Mr. Yang, aged 58, is currently the chairman of the Supervisory Committee of the Company and also serves as a full-time external director of COSCO (Tianjin) Co., Ltd. and COSCO SHIPPING Bulk Co., Ltd. and a supervisor of COSCO SHIPPING (Dalian) Co., Ltd. (中遠海運(大連)有限公司)/COSCO Shipping Ferry Co., Ltd. Mr. Yang had been the deputy manager of the business department of COSCO Bulk Carrier Co., Ltd. (中遠散貨運輸有限公司), the director of the business division under the transportation department, the deputy general manager of the transportation department, the executive vice dean (corresponding to the level of the department principal) of the research and development center and a member of the Party Committee of China Ocean Shipping (Group) Company, the general manager of COSCO (UK) Ltd., the deputy general manager and a member of the Party Committee of COSCO SHIPPING Energy Transportation Co., Ltd. and the chairman and the party secretary of the Party Committee of COSCO SHIPPING Investment Dalian Co., Ltd. (中遠海運大連投資有限公司). Mr. Yang Shicheng graduated from the University of Bristol in U.K, majoring in business law and holds a master's degree in laws. He is a senior economist.

Directors, Supervisors and Senior Management

Mr. DENG Huangjun (鄧黃君)

Mr. Deng, aged 61, is currently an employee Supervisor of the Company. Mr. Deng joined China Ocean Shipping Company Limited (a controlling shareholder of the Company) in 1983. He had previously been the section manager of the cost section of finance department of Shanghai Ocean Shipping Co., Ltd., the deputy manager of finance division and the manager of the settlement division of COSCO SHIPPING Lines Co., Ltd., the deputy general manager and the general manager of the finance and accounting department of COSCO SHIPPING Lines Co., Ltd., the chief financial officer of COSCO SHIPPING Lines Co., Ltd., the chief financial officer of the Company, the executive director and deputy general manager of COSCO SHIPPING Ports Limited and the director of several fellow subsidiaries. Mr. Deng graduated from Shanghai Maritime Institute, majoring in shipping accounting. He is a senior accountant.

Mr. SONG Tao (宋濤)

Mr. Song, aged 49, is currently a supervisor representing staff and workers of the Company and the secretary of the Party Committee of Shanghai PanAsia Shipping Co., Ltd.* (上海泛亞航運有限公司) (a subsidiary of the Company). Mr. Song had been the deputy general manager, the deputy general manager (presiding over the work) and the general manager of the internal trade department of China Shipping Container Lines Co., Ltd. (currently known as COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司), a company listed on the Stock Exchange (stock code: 2866) and the Shanghai Stock Exchange (stock code: 601866)), the general manager of the domestic operation department and the director of the comprehensive division of China Shipping Container Lines Co., Ltd., the general manager, the deputy secretary of the Party Committee and the secretary of the Disciplinary Committee of Shanghai Puhai Shipping Co., Ltd.* (上海浦海航運有限公司) (a subsidiary of the Company), the party secretary and deputy general manager of Shanghai PANASIA Shipping Company Limited. Mr. Song graduated from Shanghai Maritime Transportation Institute with an undergraduate degree, majoring in marine communication and navigation.

Mr. MENG Yan (孟焰)

Mr. Meng, aged 67, is currently an independent Supervisor of the Company. Mr. Meng has been working at the Central University of Finance and Economics since 1982 and was the deputy director and the director of its Accounting Department and the dean of its Faculty of Accounting. He is currently a professor and a tutor of doctorate students of the Faculty of Accounting of Central University of Finance and Economics, and an independent non-executive director of Sinotrans Limited, Beijing Capital Co., Ltd. (北京首創股份有限公司), Qi An Xin Technology Group Inc (奇安信科技集團股份有限公司). (a company listed on the Shanghai Stock Exchange (stock code: 688561)), and Changchun Engley Automobile Industry Co., Ltd. (長春英利汽車工業股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601279)). Mr. Meng graduated from the Research Institute for Fiscal Science of the Ministry of Finance and obtained a doctorate degree in economics (accounting). He has been entitled to the governmental special allowance from the State Council of the PRC since 1997. He was named the National Outstanding Teacher in 1993 and was given the Higher Education National Level Teaching Award of by Ministry of Education of the PRC in 2011.

Mr. ZHANG Jianping (張建平)

Mr. Zhang, aged 57, is currently an independent Supervisor of the Company. He is a professor and tutor of PhD candidates of the International Business School and the director of the Capital Market and Investment and Financing Research Center of the University of International Business and Economics. Mr. Zhang was the vice president of the International Business School of the University of International Business and Economics, the visiting professor of the EMBA senior financial management programs of twelve universities including Peking University, Zhejiang University, Shanghai Jiaotong University and Cheung Kong Graduate School of Business, the financial and strategic consultant of more than ten companies, the chief consultant of the financial department group of a municipal people's government, a member of the expert committee of the China General Chamber of Commerce and a director of the Beijing Accounting Society. He has obtained ten national and provincial honors and four school-level honors, published (including co-editing) 16 books, authored more than 20 scientific research papers and hosted and participated in 15 national, provincial and school-level discussions. He is currently an independent non-executive director of Shen Zhen Worldunion Properties Consultancy Co., Ltd. (深圳世聯行地產顧問股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002285)), China First Heavy Industries Co., Ltd. (中國第一重型機械股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 601106)), Cinda Securities Company Limited (信達證券股份有限公司) and Beijing Wantong New Development Group Co., Ltd. (北京萬通新發展集團股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600246)), respectively. Mr. Zhang graduated from the University of International Business and Economics with a doctorate degree of transnational business management.

Mr. YE Jianping (葉建平)

Mr. Ye, aged 59, is currently the deputy general manager of the Company. He is the Chief Operating Officer, a director of the office of chief executive officer, the corporate and human resources department, the corporate operation department, the freight dispatching centre, the fleet management department and the global and regional management department of Orient Overseas Container Line Limited and the deputy general manager of COSCO SHIPPING Lines Co., Ltd.. Mr. Ye has been a director of Orient Overseas Container Line Limited since 2018 and a member of Executive Committee of Orient Overseas Container Line Limited since 2015.He had served as a director of Asia-Europe Trade Department, a director of Intra-Asia Trade Department and the Chief Executive Officer of OOCL Logistics. Mr. Ye graduated from Lixin Accounting Institute (currently known as Shanghai Lixin University of Accounting and Finance) with a Diploma of Accounting, and obtained a Master of Business Administration from Oklahoma City University.

Mr. ZHANG Mingwen (張銘文) [6]

Mr. Zhang, aged 44, previously served as the chief accountant (總會計師) of the Company, the chief financial officer of Orient Overseas (International) Limited, the chief financial officer of Orient Overseas Container Line Limited, a director and the member of the executive committee of Orient Overseas Container Line Limited. Mr. Zhang previously served as the deputy section chief and vice director of the capital centre of the planning and finance department of China Shipping (Group) Company, the assistant to the general manager of the planning and finance department of China Shipping (Group) Company, the assistant to the general manager of the financial capital department of China Shipping (Group) Company, the deputy chief accountant and the chief accountant of China Shipping Container Lines Co., Ltd. and the chief accountant of COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司). Mr. Zhang has more than 20 years of working experience in the shipping industry and has extensive experience in areas including finance and capital management, shipping finance and capital operation. Mr. Zhang graduated from the Faculty of Finance of Shanghai University of Finance and Economics majoring in investment economics and from the Antai College of Economics & Management of Shanghai Jiao Tong University majoring in business administration, and obtained a bachelor's degree in economics and a master's degree in business administration. Mr. Zhang is a Chartered Financial Analyst (CFA) and a senior accountant.

Directors, Supervisors and Senior Management

Mr. GU Zhongdong (辜忠東) 5

Mr. Gu, aged 52, is currently the deputy general manager of the Company and currently the deputy general manager of COSCO SHIPPING Lines Co., Ltd., a director of Shanghai PANASIA Shipping Co., Ltd. (上海泛亞航運有限公司) and a director of several subsidiaries of the Company. Mr. Gu started his career in 1992 and served successively as the captain of China Shipping International Ship Management Co., Ltd. (中海國際船舶管理有限公司), the deputy general manager of the third department of shipping works of the vessel administration center of China Shipping Container Lines Co., Ltd. (中海集裝箱運輸股份有限公司) ("CSCL"), the deputy general manager (in charge) of the Safety & Technology Management department of CSCL, the deputy general manager of the Transportation Department of China Shipping (Group) Company (中國海運(集團)總公司), the general manager of China Shipping Car Carrier Co., Ltd. (中海汽車船運輸有限公司) and the deputy general manager of CSCL, etc. Mr. Gu graduated from Dalian Maritime University with a Bachelor's degree in engineering, majoring in vessel piloting.

Ms. YU Tao (于濤) 5

Ms. Yu, aged 49, is currently the deputy general manager of the Company and the deputy general manager of COSCO SHIPPING Lines Co., Ltd.. She also serves as the director and a member of the executive committee of Orient Overseas Container Line Limited (東方海外貨櫃航運有限公司) ("OOCL"), the director of Equipment Management Center of Orient Overseas (International) Limited (東方海外(國際)有限公司) ("OOIL"), a director of COSCO SHIPPING (Piraeus) Port Co., Ltd. (中遠海運(比雷埃夫斯)港口有限公司), a director of COSCO SHIPPING Capital Insurance Co., Ltd. (中遠海運財產保險自保有限公司) and a director of several subsidiaries of the Company. Ms. Yu started her career in 1993 and served successively as the deputy general manager of the Engineering Logistics Division of COSCO Logistics Co., Ltd. (中國遠洋物流有限公司), the assistant to general manager and the deputy general manager of COSCO Container Lines Co., Ltd., etc. Ms. Yu holds a Master's degree in business administration from Guanghua School of Management of Peking University, and is a senior economist.

Ms. Zheng Qi (鄭琦)

Ms. Zheng, aged 53, is currently the Chief Financial Officer of the Company, the chief financial officer of COSCO SHIPPING Lines Co., Ltd. (a wholly-owned subsidiary of the Company), a director of COSCO Shipping Finance Co., Ltd. and Shanghai PANASIA Shipping Company Limited, the chief financial officer of Orient Overseas (International) Limited, and a director, CFO, member of the Executive Committee of Orient Overseas Container Line Limited, as well as directors and supervisors of certain subsidiaries of the Company. She had served as the deputy manager, manager, deputy chief financial officer and chief financial officer of the financial department of COSCO Shanghai International Freight Co., Ltd., and as the deputy general manager and general manager of the finance department of COSCO Container Lines Co., Ltd., Ms. Zheng holds a Master's degree in business administration from Shanghai Maritime University and is a senior accountant.

Mr. XIAO Junguang (肖俊光) 4

Mr. Xiao, aged 52, is currently the secretary to the Board, the Company Secretary and the general legal counsel of the Company, the board secretary and the general legal counsel of COSCO SHIPPING Lines Co., Ltd. and currently the group legal advisor, company secretary, compliance officer and the chairman of compliance committee, member of inside information committee and the risk committee of OOIL. He also serves as a director and a member of the executive committee of OOCL. Mr. Xiao joined the COSCO Group in 1994 and served as the general manager of the finance department of COSCO Americas Inc./COSCO Americas Terminals Inc. (中遠美洲公司／中遠美洲碼頭公司), the deputy general manager of the Investor Relations Division of China COSCO, the securities affairs representative of the Company, the deputy general manager of the Public Relations Department of China COSCO SHIPPING Corporation Limited. Mr. Xiao holds a Bachelor's degree in Finance from the Capital University of Economics and Business (formerly the Beijing Institute of Finance & Trade), and a Master's degree in Applied Finance from Macquarie University. Mr. Xiao is an associate member of The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute.

Directors, Supervisors and Senior Management

Mr. QIAN Ming (錢明) [5]

Mr. Qian, aged 47, is currently the deputy general manager of the Company and the deputy general manager of COSCO SHIPPING Lines Co., Ltd., a director of Shanghai PANASIA Shipping Co., Ltd. (上海泛亞航運有限公司) and a director of several subsidiaries of the Company. Mr. Qian started his career in 1998 and served successively as the business representative and the deputy general representative of China Shipping Colombo representative office (中國海運(科倫坡)代表處), the general manager of China Shipping (Indonesia) Shipping Co., Ltd. (中國海運(印尼)船務有限公司), the assistant to general manager of the First Market Department of China Shipping Container Lines (Hong Kong) Co., Ltd. (中海集裝箱運輸(香港)有限公司) ("CSCL"), the deputy general manager and the deputy general manager (in charge) of the Asia Pacific Department of CSCL, the general manager of the Asia Pacific Operation Department of CSCL, the general manager of the Latin America/Africa Trade Division of COSCO SHIPPING Lines Co., Ltd., the general manager of COSCO Tianjin International Freight Co., Ltd. (天津中遠海運集裝箱運輸有限公司), etc. Mr. Qian graduated from Dalian Maritime University with a Bachelor's degree in law, majoring in international maritime affairs.

Ms. WU Yu (吳宇) [5]

Ms. Wu, aged 47, is currently the deputy general manager of the Company and currently the deputy general manager of COSCO SHIPPING Lines Co., Ltd. and the director and a member of the executive committee of OOCL, as well as the chairperson, the general manager and the party secretary of the Party Committee of Shanghai COSCO Information and Technology Co., Ltd. (上海中遠海運資訊科技有限公司). Ms. Wu started her career in 1997 and served successively as the business manager of Business Process & System Division, deputy manager of Route Information Department, manager of Planning and Operation Division of Strategic Development Division, deputy general manager of Business Process & System Division of COSCO Container Lines, and the general manager of Business Process & System Division and assistant to the general manager of COSCO SHIPPING Lines Co., Ltd.. Ms. Wu holds a Master's degree in business administration from Fudan University and is an economist.

Mr. GE Heyue (戈和悦)

Mr. Ge, aged 46, is currently the deputy general manager of the Company and the deputy general manager of COSCO SHIPPING Lines Co., Ltd., a director of COSCO SHIPPING Logistics Co., Ltd., COSCO SHIPPING Logistics Supply Chain Co., Ltd. and Hainan Harbor and Shipping Holding Co., Ltd. (海南港航控股股份有限公司) as well as director of certain subsidiaries of the Company. Mr. Ge started his career in 1999 and served successively as the deputy manager of Business Division of Container Management Center of CSCL, the deputy manager of Container Management Center of China Shipping (North America) Holdings Co., Ltd. (中海(北美)控股有限公司), the assistant to general manager and deputy general manager of Americas Department, and deputy general manager and general manager of Americas Operations Department of CSCL, the deputy general manager of America Trade Division, general manager of Network Planning Division, and general manager of America Trade Division of COSCO SHIPPING Lines Co., Ltd. Mr. Ge graduated from Dalian Maritime University with a Bachelor's degree in economics, majoring in business intelligence.

Mr. CHEN Shuai (陳帥)

Mr. Chen, aged 48, is currently the deputy general manager of the Company, deputy general manager of COSCO SHIPPING Lines Co., Ltd., a director of Shanghai PANASIA Shipping Co., Ltd. (上海泛亞航運有限公司) and a director and a member of the executive committee of Orient Overseas Container Line Limited and a director of several subsidiaries of the Company. Mr. Chen joined the Group in July 1995, had served in various capacities, including the assistant to manager and the deputy manager of container shipping division I of China Shipping Container Lines Co., Ltd., the assistant to general manager of China Shipping Container Lines (Hong Kong) Co., Ltd., the general manager of America division of China Shipping Container Lines Co., Ltd., and the assistant to general manager and deputy general manager of China Shipping Container Lines Co., Ltd. Mr. Chen graduated from Shanghai Maritime Academy with major in marine engineering management.

Mr. GUO Huawei (郭華偉) [3]

Mr. Guo, aged 57, was the Secretary to the Board and company secretary of the Company, and the general legal counsel and the chairman of the labour union of the Company. Mr. Guo was the deputy department head (in charge of the work) of the enterprises restructure department of the management division, the deputy general manager and the deputy general manager (in charge of the work) of the capital operation division of COSCO, the general manager of the investor relationship department and the strategic development department of COSCO Corporation (Singapore) Limited. Mr. Guo has extensive experience in the shipping industry and in capital operation and is currently a Fellow of The Institute of Chartered Secretaries and Administrators (FCIS) and The Hong Kong Institute of Chartered Secretaries (FCS). Mr. Guo graduated from Northern Jiaotong University, majoring in transportation economics. He holds a doctorate degree and is a senior economist.

Remarks:

1. Effective from April 28, 2022, Mr. Feng Boming voluntarily resigned from the positions of executive Director of the sixth session of the Board of the Company, chairman of the Risk Control Committee and member of the Strategic Development Committee of the Board due to change of job positions. For details, please refer to the announcement of the Company dated 28 April 2022.

2. Effective from 23 November 2022, Mr. Zhang Wei was appointed as an executive Director of the Company. For details, please refer to the announcement of the Company dated 23 November 2022.

3. On 8 August 2022, Mr. Guo Huawei resigned as the secretary of the Board (the Company Secretary) and the general legal counsel of the Company due to change of job positions. For details, please refer to the announcement of the Company dated 8 August 2022.

4. On 8 August 2022, the Company convened the 20th meeting of the sixth session of the Board and appointed Mr. Xiao Junguang as the general legal counsel, secretary of the Board and the Company Secretary of the Company. For details, please refer to the announcement of the Company dated 8 August 2022.

5. On 8 August 2022, the Company convened the 20th meeting of the sixth session of the Board and appointed Mr. Zhang Wei, Mr. Gu Zhongdong, Ms. Yu Tao, Mr. Qian Ming, Ms. Wu Yu and Mr. Ge Heyue as the deputy general managers of the Company. For details, please refer to the announcement of the Company dated 8 August 2022.

6. On 16 June 2022, Mr. ZHANG Mingwen voluntarily resigned from the position of Chief Accountant of the Company due to change of job positions.

7. This section was prepared based on the information available as of 31 December 2022.

Corporate Governance Report

I. Corporate Governance

During the Reporting Period, the Company strictly complied with the requirements of laws and regulations, including Company Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, Guidance on the Establishment of Independent Director System in Listed Companies, Rules of Shareholders' General Meeting of Listed Companies and Guidance for Articles of Association of Listed Companies, and constantly improved the corporate governance and the standard operating level. The Company focused on the functions of the Board and the special committees. In light of the current actual situation of the Company, the Company has made full use of the functions of the Board and the committees to ensure that the functions and responsibilities of the Shareholders' general meetings, meetings of the Board and the Supervisory Committee are fully fulfilled and to protect the interests of the Shareholders and the Company.

During the Reporting Period, the Company attempted to meet the best standards of governance and strengthened internal governance by improving the corporate governance structure to promote the construction of a long-term mechanism of compliance management and standardize "the operation of the three meetings" to improve operational efficiency; establishing a communication and coordination platform to set up a mechanism for collaborated working process and operation to enhance the planning efficiency and foresight of various works; improving the internal control system and risk management process to clarify the main responsibility and management responsibilities to distinguish accountability and ensure the effectiveness of measures; and through improvements of on-the-job training, updates of regulatory regulations, management of equity information, regular report of information and on-site research and inspection, the functions of independent directors and intermediary institutions were fully utilized to promote the performance of duties and responsibilities of the Directors, Supervisors and senior management effectively.

II. Model Code for Securities Transactions by Directors

Since the listing of the Company on the Main Board of the Hong Kong Stock Exchange in 2005, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct for dealings in securities transactions by the Directors of the Company. Having made specific enquiries with all Directors and Supervisors, each of them has confirmed that he or she had complied with the required standards set out in the Model Code throughout the year ended 31 December 2022.

III. Report on the Company's compliance with the Corporate Governance Code

The Company has adopted its own corporate governance code, which incorporates all the code provisions and a majority of the recommended best practices in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Board has reviewed the daily corporate governance of the Company according to the relevant provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules and considered that the Company has operated according to the code provisions during the Reporting Period, and complied with the requirements of the provisions of the Corporate Governance Code, with an effort to carry out the recommended best practices.

To the knowledge of the Directors, there is no information that would reasonably indicate that the Company has not complied with the Corporate Governance Code at any time during the year ended 31 December 2022, save as set out below in the sub-section headed "F2. General Meeting".

A. Directors

A1. Corporate Strategies, Business Models and Culture

Principle of the Code
• The issuer should be headed by an effective Board. The Board should have the responsibility for leadership and control of the issuer and should be collectively responsible for directing and supervising the issuer's affairs to enable the success of the issuer. Directors should act objectively and make decisions that are in the best interest of the issuer.
Corporate governance of the Company • The Board of the Company fully represents the interests of the Shareholders and has set up development strategies of the Company within the scope of its powers as provided under the Articles of Association. The Board monitors and implements the Company's operation management, so as to achieve a steady and long-term return. • The Directors have attended Board meetings as scheduled and have carefully reviewed materials of the meetings and actively fulfilled their responsibilities. Independent non-executive Directors regularly inspected the management of connected transactions of the Company.

Compliance procedures of the Corporate Governance Code – Code Provisions

Code Provisions	Compliance	Procedures of Corporate Governance
• The Board should formulate the issuer's objectives, values and strategies and ensure alignment with the issuer's culture. All Directors must act with integrity, lead by example, and strive to promote corporate culture. This culture should be instilled throughout the enterprise and reinforce the concepts of acting in a legal, ethical and responsible manner.	Yes	The Board of Directors guides and shapes the Company's corporate culture, which is based on the Company's objectives, strategies, values and capabilities and is rooted in legal, ethical and responsible conduct at all levels of the Group. COSCO SHIPPING Holdings is positioned as a global digital supply chain operation and investment platform with core focus on container shipping, and is the core company that undertakes the vision of "building a world-class global integrated service ecosystem of logistics supply chain" of COSCO SHIPPING Group. The Group has always adhered to the concept of green, low-carbon, and sustainable development, and is committed to building a trinity digital supply chain service ecosystem of "shipping + port + related logistics" covering the world, strengthening the globalization and whole-process cooperation with strategic partners, driving the deep integration of related supply chains and industrial chains, and creating personalized, customized, green and low-carbon supply chain logistics solutions for customers. The Company's corporate culture has fully incorporated the foregoing objectives, strategies and values of the Company.
• The Directors should discuss and analyse the Group's performance in the annual report, explain the basis of the issuer for long-term generation or retention of value (the business model) and implement the strategies to achieve the objectives set by the issuer.	Yes	The basis of long-term generation or retention of value by the Company and implementation of the strategies to achieve the objectives of the Company are disclosed in the Company's annual report.

A2. Corporate Governance Functions

Principle of the Code • *The Board is responsible for discharging its corporate governance responsibilities and may also delegate responsibilities to one or more committees.*
Corporate governance of the Company • The Company has clearly defined the responsibilities of the Chairman and the general manager, and the functions of the Board and the management are segregated and set out in details in the Articles of Association, the Rules of Procedures of the Board and the Working Rules of the General Manager, to ensure a balanced distribution of rights and authority, and assure the independence of decision-making by the Board as well as the independence of the management in daily operation and management activities.

Compliance procedures of the Corporate Governance Code – Code Provisions

Code Provisions	Compliance	Procedures of Corporate Governance
• The terms of reference of the Board (or a committee performing this function) should include, at least, the responsibilities specified in the Corporate Governance Code.	Yes	The Company has established working rules and defined the powers and responsibilities of the Board.

B. Composition and Nomination of the Board

B1. Composition, Succession and Assessment of the Board

Principle of the Code

- *The Board should have the appropriate skills, experience and diversity of views and perspectives as required to the issuer's business, and should ensure that each Director is able to devote sufficient time to and contribute to the issuer in accordance with his/her role and Board responsibilities. The Board shall ensure that changes in its composition will not cause undue disruption. The Board should have a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board that can effectively exercise independent judgment. Non-executive Directors should have sufficient talent and number to enable their opinions to be influential.*

Corporate governance of the Company

- As at 31 December 2022, the Board of the Company consisted of eight Directors, including four executive Directors and four independent non-executive Directors.
- The independent non-executive Directors of the Company possess professional talents and experience in shipping, corporate management, finance, law and other fields, and are able to make independent judgments, which enable the Board to make more prudent and comprehensive decisions.
- There are no relationships, including financial, business, family or other material relationships, between members of the Board.

Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

Code Provisions	Compliance	Procedures of Corporate Governance
• Independent non-executive directors should be identified in all corporate communications that include the names of directors.	Yes	The Company has disclosed the names of Board members by category of Directors in all corporate communications that include the names of the Directors.
• The issuer shall maintain and provide an up-to-date list of Board members on its website and the website of the Stock Exchange (i.e. the HKEXnews website), specifying their roles and functions and whether they are independent non-executive directors.	Yes	The Company has published the name list and biographies of the members of the Board on the Company's website and the website of the Hong Kong Stock Exchange, specifying their roles, functions and independence.
• The Board should review the implementation and effectiveness of the issuer's board diversity policy on an annual basis.	Yes	The Board of the Company reviews the implementation and effectiveness of the board diversity policy on an annual basis based on the relevant reports of the Nomination Committee.

Code Provisions	Compliance	Procedures of Corporate Governance
• The issuer should have a mechanism in place to ensure that the Board has access to independent views and opinions and disclose such mechanism in its Corporate Governance Report. The Board should review the implementation and effectiveness of the mechanism on an annual basis.	Yes	The Company has established an effective mechanism to ensure that the Board has access to independent views and opinions. All independent non-executive Directors of the Company are financially independent from the Group bringing independent and diversified experience, competencies, skills and judgment to the Group's strategy and policies through their informed contributions. The Nomination Committee of the Company reviews the implementation and effectiveness of the above mechanism annually.
Recommended Best Practices	**Compliance**	**Procedures of Corporate Governance**
• The Board should regularly review its performance.	Yes	The Board conducts self-evaluation once a year.
• If individual proposed directors serve as directors in each other's companies or have material connections with other directors through participation in other companies or groups, but the Board still considers them to be independent, the Board should explain the reasons.	Yes	No proposed Directors of the Company serve as directors in each other's companies or have material connections with other Directors through participation in other companies or groups.

The Company strictly complies with the independence requirements for independent non-executive Directors under the Listing Rules.

Nomination Policy for Directors and Board Diversity Policy

The Company has adopted the Board Diversity Policy, and the Board understood and confirmed that diversity of Board members will be beneficial to enhance the efficiency of the Board and maintain a high standard of corporate governance, which will become one of the key factors for the sustainable development of the Company and maintenance of competitive advantages of the Company. To achieve diversity of Board members, when appointing Directors, the Company will consider on the overall needs of the Board and consider various objective conditions of the candidates comprehensively, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and term of service, and an appropriate balance will be maintained if practicable.

The board diversity policy of the Company is summarized as follows:

- the Company ensures that the Board has a balance of skills, experience and diversity of perspectives of the Board appropriate to the requirements of supporting the execution of its business strategy;

- selection of candidates will be based on a number of factors including but not limited to age, culture and educational background, race, industry experience, skills, knowledge and length of service. The appointment of the Board members should be based on meritocracy and diversity of perspectives appropriate to the Group's business and specific needs and the contribution that the selected candidates will bring to the Board; and

- the Nomination Committee will take into consideration of the board diversity policy in selecting and nominating eligible and qualified candidates to become the Board members.

For example, our independent non-executive Director Mr. Zhou Zhonghui is a fellow member of the Chinese Institute of Certified Public Accountants and a member of the chief financial officer professional committee of the China Association for Public Companies. He previously worked at Shanghai University of Finance and Economics, School of Accountancy as a professor and served as the chief accountant of the CSRC; our independent non-executive Director Mr. Wu Dawei previously served as the general manager of Huaneng International Power Development (華能國際電力開發公司) and the chief economist of China Huaneng Group; our independent Director Mr. Teo Siong Seng currently serves as the executive chairman of the Pacific International Lines Pte Ltd; Prof. Ma Si-hang Frederick, our independent non-executive Director, is an honorary professor of the Faculty of Economics and Finance of The University of Hong Kong and the Faculty of Business Administration of The Chinese University of Hong Kong, respectively, and serves as an independent non-executive director of FWD Group and as a director in New Frontier Health Corporation and other companies.

The above members of the Board of the Company are of diversified professional, educational and cultural background with extensive law and accounting knowledge, and also possess considerable experience in management of shipping related services and governance of listed companies, which enable them to provide diverse opinion for the Board on decision making.

The Company's board nomination policy is summarized as follows:

- The Board is responsible for selecting and appointing the Directors of the Company and nominating the Directors of the Company who will retire at regular intervals for election by the Shareholders of the Company, so that the Board has the necessary and appropriate skills, experience as well as diverse views and perspectives in accordance with the Company's strategic priorities and specific business needs. The Nomination Committee is responsible for evaluating and nominating candidates for approval by the Board.

- The Nomination Committee will assess whether the candidates meet the selection criteria, which should be based on the nomination policy and the board diversity policy that are appropriate to the Company's strategic priorities and specific business needs, and conducted in accordance with the formal procedures for the selection and appointment of the directors of the Company and the key management personnel of major subsidiaries of the Group. The candidate's contributions to the Board are reflected in the following:

The Nomination Committee will monitor and review the nomination policy on a regular basis to ensure that it continues to meet the Company's strategic priorities and business needs while reflecting current regulatory requirements and good corporate governance. The director candidate's contributions to the Board are reflected in the following:

- The structure, size and composition of the current Board of Directors;
- Time devoted to the Board;
- Board diversity as specified in the board diversity policy;
- Reputation and integrity;
- Board succession planning;
- The provisions of the Listing Rules; and
- Such other factors as the Board of Directors deems appropriate.

Measurable objectives

In view of the importance of gender diversity in the composition of the Board, the Company plans to appoint at least one female Director on the Board in the year of 2024. The Nomination Committee will identify female candidates through internal promotion, recommendation and other reasonable methods, and will gradually increase the proportion of female members on the Board to ensure that the Board has a reasonable and proper proportion of female. Meanwhile, the Nomination Committee will regularly review and monitor the board diversity policy to ensure its effectiveness.

B2. Appointment, Re-election and Removal

Principle of the Code • *The appointment process for new directors should be formal, carefully considered and transparent, and the issuer should have an orderly succession plan for directors. All Directors shall be re-elected at regular intervals. The issuer must explain the reasons for the resignation or removal of any director.*
Corporate governance of the Company • The Company has set up a Nomination Committee under the Board, which will make recommendation on the appointment, re-election, removal and relevant procedures of Director candidates, and submit the same to the Board for deliberation, and the ultimate decision will be made by way of election at the general meeting of Shareholders. The resignation of the relevant Directors and the reasons for their resignation have been disclosed to the public in a timely manner.

Compliance procedures of the Corporate Governance Code – Code Provisions

Code Provisions	Compliance	Procedures of Corporate Governance
• Directors should ensure that they are able to devote sufficient time and attention to the affairs of the issuer, otherwise they should not accept the appointment.	Yes	All Directors diligently performed their duties as Directors and performed their duties conscientiously and diligently. The high attendance rate of the Directors at the Board meetings and various special committee meetings in 2022 indicated that the Directors have devoted sufficient time to the business of the Company.
• Each Director (including Directors appointed for a specified term) shall retire from office by rotation at least once every three years.	Yes	Any Director appointed to fill a casual vacancy shall hold office upon re-election by Shareholders at a general meeting. The Articles of Association provide that Directors (including non-executive Directors) shall be elected at the general meeting for a term of three years and shall be re-elected upon expiry of the three years.
• If an independent non-executive Director has been in office for more than nine years, his/her re-appointment shall be subject to consideration and approval by the Shareholders by way of a separate resolution. The document accompanying the resolution to the Shareholders should state why the Board (or the Nomination Committee) considers that the Director is still independent and should be re-elected, including the factors considered by the Board (or the Nomination Committee), the process of making this decision and the content of the discussion.	Yes	Article 108 of Chapter 10 of the Articles of Association clearly stipulates that the term of an independent Director shall not exceed six years upon re-election. The rule is adhered to in practice and there will be re-election accordingly upon expiration of such term.

Code Provisions	Compliance	Procedures of Corporate Governance
• If all independent non-executive Directors on the Board of the issuer have served for more than nine years, the issuer shall: (a) disclose the name and term of office of each of the independent non-executive Directors in the letter to shareholders and/or explanation letter attached with the notice of annual general meeting; and (b) appoint a new independent non-executive Director at the next annual general meeting.	Yes	Article 108 of Chapter 10 of the Articles of Association clearly stipulates that the term of an independent Director shall not exceed six years upon re-election. The rule is adhered to in practice and there will be re-election accordingly upon expiration of such term.

B3. Nomination Committee

Principle of the Code • *The Nomination Committee shall give due consideration to the principles under B.1 and B.2 in discharging its duties.*
Corporate governance of the Company • The Company has formulated the Operation Rules for the Nomination Committee, which define the terms of reference and responsibilities of the Committee. In addition, the Company has disclosed the terms of reference of the Committee on the Company's website and the website of the Hong Kong Stock Exchange. • The Nomination Committee of the sixth Board of the Company consists of Professor Ma Si-hang Frederick (Chairman of the Company's Nomination Committee, independent non-executive Director), Mr. Yang Zhijian (executive Director) and Mr. Wu Dawei (independent non-executive Director). • During the Reporting Period, the Nomination Committee held one meeting, at which the nomination of Mr. Zhang Wei as a candidate of the executive Director of the sixth Board was considered and approved.

Compliance procedures of the Corporate Governance Code – Code Provisions

Code Provisions	Compliance	Procedures of Corporate Governance
• The issuer shall specify in writing the specific terms of reference of the Nomination Committee, clearly stating its powers and responsibilities. The Nomination Committee should discharge its responsibilities as stipulated in the Corporate Governance Code.	Yes	The Company has formulated the Operation Rules for the Nomination Committee, which specify its duties and responsibilities, and has also published its terms of reference on the Company's website and the website of the Hong Kong Stock Exchange.
• The Nomination Committee shall publish its terms of reference explaining its role and the authority delegated to it by the Board on the website of the Stock Exchange (i.e. the HKEXnews website) and the issuer's website.	Yes	The Company has formulated the Operation Rules for the Nomination Committee, which specifies its duties and responsibilities, and has also published its terms of reference on the Company's website and the website of the Hong Kong Stock Exchange.
• The issuer shall provide the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee shall seek independent professional advice, if necessary, in discharging its duties at the issuer's expense.	Yes	The Company has actively assisted the Nomination Committee in its work to ensure that it has sufficient resources to perform its duties. For matters that require advice from professional institutions, the Company engages professional institutions to issue independent opinions at the Company's expense.

Code Provisions	Compliance	Procedures of Corporate Governance
• If the Board proposes to propose a resolution at a general meeting to appoint a person as an independent non-executive Director, the circular to shareholders and/or the explanatory statement accompanying the notice of such general meeting should specify: (a) the procedures for identifying such individual, the reasons why the Board believes that such individual should be elected and the reasons they believe that such individual is independent; (b) if the proposed candidate of independent non-executive Director will be appointed as a director for the seventh (or beyond) listed company, the reasons why the Board considers that the individual can still devote sufficient time to discharge his responsibilities as a Director; (c) the views and perspectives, skills and experience that this individual can bring to the Board; and (d) how the individual contributes to Board diversity.	Yes	During the Reporting Period, the Company did not appoint any independent non-executive Director.

C. Directors' Responsibilities, Delegation of Powers and Board Procedures

C1. Directors' Responsibilities

Principle of the Code • *Each Director must be aware of his/her responsibilities as a Director of the issuer, as well as the way of operation, business activities and development of the issuer. As the Board is by nature a one-piece body, non-executive Directors should have the same fiduciary responsibilities and responsibility for acting with due care and skill as executive Directors.*
Corporate governance of the Company • The Company has formulated the Operation Rules for the Board, the Operation Rules for Independent Directors and the operation rules of each of the Board committees to clearly set out the duties of each Director to ensure that all Directors fully understand their roles and responsibilities. • The Secretary to the Board is responsible for ensuring that all Directors have access to the latest business developments and updated statutory information of the Company.

Compliance procedures of the Corporate Governance Code – Code Provisions

Code Provisions	Compliance	Procedures of Corporate Governance
• Newly appointed Directors should receive a comprehensive, formal and tailored induction upon their appointment, and thereafter receive the necessary introduction and professional development to ensure that they have proper understanding of the operation and business of the issuer, and have full knowledge of their responsibilities under the statutes and common law, the Listing Rules, legal and other regulatory requirements and under the issuer's business and governance policies.	Yes	Upon the appointment of new Directors, the Company has provided the relevant information to the new Directors in a timely manner, and made arrangements for new Directors to receive training, including the introduction of the Company's business, Directors' responsibilities, the Company's rules and regulations, domestic and overseas laws and regulations and regulatory requirements.
• The functions of non-executive Directors should include the functions specified in the Corporate Governance Code.	Yes	Non-executive Directors actively participate in Board meetings and serve as members of various special committees to check the accomplishment of the Company's business objectives and provide independent opinions regarding the decisions of the Board.

Corporate Governance Report

Code Provisions	Compliance	Procedures of Corporate Governance
• The Board should establish written guidelines on matters relating to employees' dealings in the securities of the issuer, the content of guidelines should be no less exacting than the Model Code. The "Relevant employee" includes any employee who, by reason of his or her position or employee relationship, may have possession of inside information about the issuer or its securities, or any such Director or employee of a subsidiary or holding company.	Yes	In accordance with the relevant requirements of the Model Code, the Company circulates a blackout period reminder to the Directors, Supervisors and the senior management of the Company within a certain period of time before the annual, semi-annual and quarterly results announcements, in order to remind the relevant personnel not to deal in the Shares of the Company within the prescribed period of time.
• A Director shall disclose to the issuer the number and nature of his office held in a public company or organization and other significant commitments upon acceptance of his appointment, and any subsequent changes shall be disclosed in a timely manner. In addition, the name of the public company or organization involved and the time committed to the relevant duties should also be disclosed. The Board should decide how often to make disclosures.	Yes	Each Director has provided the Company with information regarding his/her position in other companies and other significant commitments at the time of accepting his/her appointment, and shall provide update on any relevant change in a timely manner.

<table>
<tr><th>Code Provisions</th><th>Compliance</th><th>Procedures of Corporate Governance</th></tr>
<tr><td>• Independent non-executive Directors and other non-executive Directors, being members of the Board, have equal status with other Directors, should regularly attend meetings of the Board and the committees of which they are also appointed as members, and should actively participate in the affairs of the meetings, and make contributions with their skills, professional knowledge and different backgrounds and qualifications. In general, they should also attend general meetings and have a full and impartial understanding of the views of the Company's shareholders.</td><td>Yes</td><td>All Directors have had the opportunity to attend professional training programs arranged by the Company during their term of office, and provided the Company with a record of the trainings received at the Company's expense. The Company has assisted the Directors in participating in relevant trainings organized by regulatory authorities such as the Stock Exchange and the Shanghai Stock Exchange, and has also engaged domestic and overseas lawyers and personnel from regulatory authorities to provide special trainings for Directors.

<table>
<tr><th></th><th>Training</th><th>Attendance</th></tr>
<tr><td>WAN Min</td><td>4</td><td>100%</td></tr>
<tr><td>HUANG Xiaowen</td><td>4</td><td>100%</td></tr>
<tr><td>YANG Zhijian</td><td>4</td><td>100%</td></tr>
<tr><td>ZHANG Wei</td><td>4</td><td>100%</td></tr>
<tr><td>WU Dawei</td><td>4</td><td>100%</td></tr>
<tr><td>ZHOU Zhonghui</td><td>4</td><td>100%</td></tr>
<tr><td>TEO Siong Seng</td><td>4</td><td>100%</td></tr>
<tr><td>MA Si-hang Frederick</td><td>4</td><td>100%</td></tr>
<tr><td>FENG Boming</td><td>4</td><td>100%</td></tr>
</table></td></tr>
<tr><td>• Independent non-executive Directors and other non-executive Directors are required to contribute positively to the issuer in formulating strategies and policies by providing independent, constructive and informed opinions.</td><td>Yes</td><td>Each of the non-executive Directors has contributed to the formulation of the Company's strategies and policies by providing independent, constructive and informed opinions.</td></tr>
<tr><td>• The issuer should have appropriate insurance arrangements to cover legal actions that its Directors may be exposed.</td><td>Yes</td><td>The Company has purchased liability insurance for its Directors, Supervisors and senior management.</td></tr>
</table>

C2. Chairman and Chief Executive

Principle of the Code • *Each issuer has two major aspects in operation and management – the operation and management of the Board and the day-to-day management of the business. There must be a clear distinction between the two to ensure a balanced distribution of powers and authority so that powers will not concentrate on one person.*
Corporate governance of the Company • The Company has clearly defined the duties and responsibilities of the Chairman and the general manager. The functions of the Board and the management are segregated and set out in details in the Articles of Association, the Rules of Procedures of the Board and the Operation Rules for the General Manager to ensure a balanced distribution of powers and authority. This ensures the independence of the Board in decision-making and also ensures the independence of the management in daily operation and management activities.

Compliance procedures of the Corporate Governance Code – Code Provisions

Code Provisions	Compliance	Procedures of Corporate Governance
• The roles of Chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive should be clearly defined and set out in writing.	Yes	During the Reporting Period, Mr. Wan Min served as the Chairman of the Board of Directors of the Company and no chief executive was appointed by the Company.
• The Chairman shall ensure that all Directors at Board meetings are properly informed of current matters.	Yes	For all matters considered by the Board, sufficient information have been provided to the Board and sufficient communication has been conducted prior to the meeting, and special meetings were convened at the request of the Board to report on the relevant matters. Where necessary, the Chairman or the management of the Company would explain the proposal in details at the meeting.

Code Provisions	Compliance	Procedures of Corporate Governance
• The Chairman shall be responsible for ensuring that the Directors receive sufficient information in a timely manner, and such information must be accurate, clear, complete and reliable.	Yes	The Chairman arranged the Secretary to the Board to provide all Directors with information on the progress of major business of the Company every month, and the management of the Company would submit major performance data to the members of the Board every month, so that the Directors can obtain timely and sufficient information.
• The Chairman shall ensure that the Board functions effectively and fulfils its due responsibilities and discusses all important and appropriate matters in a timely manner. The Chairman shall be primarily responsible for determining and approving the agenda for each Board meeting and, where appropriate, taking into account any matters proposed by other Directors for inclusion in the agenda. The Chairman may delegate this responsibility to a designated Director or the Company Secretary.	Yes	The agenda of the Board meeting is approved by the Chairman after consultation with the executive Directors and the Secretary to the Board and taking into account all matters proposed by the Directors.
• The Chairman should have the primary responsibility to ensure that good corporate governance practices and procedures are in place.	Yes	The Chairman plays an important role in promoting the development of the Company's corporate governance, appoints the Secretary to the Board to formulate good corporate governance system and procedures, and supervises the management to implement various systems in good faith to ensure the standardized operations of the Company.

Code Provisions	Compliance	Procedures of Corporate Governance
• The Chairman should encourage all Directors to devote themselves fully to the affairs of the Board and to lead by example, ensuring that the Board acts in the best interest of the issuer. The Chairman should encourage dissenting Directors to voice their concerns, allow sufficient time for discussion on these matters, and ensure that decisions of the Board can fairly reflect the consensus of the Board.	Yes	The Chairman encourages all Directors to devote themselves fully to the affairs of the Board, facilitates the Directors to make effective contributions to the Board and to lead by example, and also directs the Board to act in the best interest of the Company.
• The Chairman shall hold a meeting with the independent non-executive Directors without the presence of other Directors at least once a year.	Yes	The Chairman had adequate face-to-face communication with the independent non-executive Directors at appropriate time before and after on-site Board meetings. In 2022, the Chairman took advantage of the opportunities of convening Board meetings to hold meetings with independent non-executive Directors for face-to-face communications and exchange, and conducted in-depth communication and discussion on relevant issues of concern with the independent non-executive Directors.

Code Provisions	Compliance	Procedures of Corporate Governance
• The Chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and ensure that shareholders' views are communicated to the Board as a whole.	Yes	The Chairman attaches great importance to the effective communication between the Company and the Shareholders, attends and presides over the Shareholders' general meetings, and continuously promotes and improves investor relations with a view to maximizing the return to Shareholders.
• The Chairman should promote a culture of open and active discussion, facilitate the effective contributions of Directors (especially non-executive Directors) to the Board and ensure that a constructive relationship is maintained between the executive Directors and the non-executive Directors.	Yes	The Chairman values the contributions made by Directors to the Board and endeavours to maintain a constructive relationship between the executive Directors and the non-executive Directors.

C3. Management Functions

Principle of the Code • *The issuer should have a formal pre-determined plan outlining matters specifically requiring the approval by the Board. The Board should give clear instructions to the management on matters that require prior approval of the Board before making decisions on behalf of the issuer.*
Corporate governance of the Company • The main functions and powers of the Board include convening the general meetings of shareholders; deciding on the Company's business plans and investment plans and establishing the Company's internal management organization; formulating the Company's annual financial budget, final accounts and profit distribution plan; formulating proposals for company merger, division and dissolution and major acquisition or disposal plans, etc., and implementing the resolutions of the general meetings of Shareholders. • The Board may delegate some of its functions and powers to special committees and management and identify matters that require approval by the Board.

Compliance procedures of the Corporate Governance Code – Code Provisions

Code Provisions	Compliance	Procedures of Corporate Governance
• When the Board delegates its managerial and administrative functions to the management, it must also give clear guidance on the powers of management, particularly where the management should report relevant matters to the Board and obtain approval from the Board before making any decision or entering into any commitment on behalf of the issuer.	Yes	The management is accountable to the Board, and its main duties include presiding over the operation and management of the Company, organizing the implementation of Board resolutions, carrying out investment, asset disposal and other economic activities related to the implementation of Board resolutions, and reporting to the Board. The management shall not exceed its terms of reference and resolutions of the Board in exercising its powers.
• The issuer should determine those functions reserved to the Board and those delegated to management; the issuer should also review regularly to ensure that such arrangement meets the needs of the issuer.	Yes	The Company sets out the matters required to be resolved by the Board and the functions delegated to the management in the established Rules of Procedures of the Board and Operation Rules for the General Manager.
• Directors should have a clear understanding of the delegation arrangements in place. The issuer should have a formal letter of appointment as a Director setting out the principal terms and conditions of the appointment.	Yes	Each newly appointed Director has a formal appointment letter which sets out the principal terms and conditions of such appointment.

C4. Committees of the Board

Principle of the Code
• *Each committee of the Board shall be established with specific written terms of reference which clearly set out the powers and duties of the committee.*
Corporate governance of the Company • The Board of the Company has established five Board committees, including the Strategic Development Committee, the Risk Management Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board thoroughly considers the professional skills and experience of each Director to select the members of each committee, so that the work of each committee can be carried out efficiently. Among them, the majority of the members of the Audit Committee, the Remuneration Committee and the Nomination Committee are independent non-executive Directors. • Each committee has clear operation rules, setting out the rights and duties of the committee and the rules of procedures of the committee.

The attendance of the meetings of special committees (number of meetings attended in person/number of meetings to be attended)

	Strategic Development Committee	Risk Control Committee	Audit Committee	Remuneration Committee	Nomination Committee
WAN Min	–	–	–	–	–
HUANG Xiaowen	–	–	–	–	–
YANG Zhijian	–	–	–	–	1/1
ZHANG Wei	–	–	–	–	–
FENG Boming	1/1	2/2	–	–	–
WU Dawei	–	3/3	5/5	5/5	1/1
ZHOU Zhonghui	–	–	5/5	5/5	–
TEO Siong Seng	1/1	3/3	–	5/5	–
MA Si-hang Frederick	1/1	–	5/5	–	1/1

Note: Effective from 28 April 2022, Mr. FENG Boming voluntarily resigned from the positions of executive Director of the sixth session of the Board of the Company, chairman of the Risk Control Committee and member of the Strategic Development Committee of the Board of Directors due to change of job positions. For details, please see the Company's announcement dated 28 April 2022.

Compliance procedures of the Corporate Governance Code – Code Provisions

Code Provisions	Compliance	Procedures of Corporate Governance
• Where a committee is to be set up to handle matters, the Board should provide such committee with sufficiently clear terms of reference to enable it to perform its functions properly.	Yes	The Board has five committees, including the Strategic Development Committee, the Risk Management Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, each committee has formulated detailed operation rules and defined the terms of reference.
• The terms of reference of each committee of the Board shall require such committee to report its decisions or recommendations to the Board, unless such committee is subject to legal or regulatory restrictions that prevent such reporting (e.g. restrictions on disclosure due to regulatory requirements).	Yes	Each committee reports its decisions and recommendations to the Board after each meeting and submits matters that require Board's decision to the Board for consideration.

C5. Proceedings of the Board and Supply of and Access to Information

Principle of the Code

- *The issuer shall ensure that its directors are able to participate in the proceedings of the Board in a meaningful and effective manner. Directors should be provided with appropriate and timely information in a form and quality that enables them to make decisions with such information and to discharge their duties and responsibilities.*

Corporate governance of the Company

- The Board of the Company fully represents the interests of the Shareholders, formulates the development strategies of the Company and monitors the implementation of the operation and management of the Company within the terms of reference stipulated in the Articles of Association, so as to achieve stable long-term performance and returns.

- The Directors have attended the Board meetings on time, carefully reviewed the meeting materials, and actively performed the responsibilities of the Directors. The independent non-executive Directors also conducted regular inspections on the management of the Company's connected transactions.

Compliance procedures of the Corporate Governance Code – Code Provisions

<table>
<tr><th>Code Provisions</th><th>Compliance</th><th>Procedures of Corporate Governance</th></tr>
<tr><td>• The Board shall meet regularly and the Board meetings shall be held at least four times a year, approximately once every quarter.</td><td>Yes</td><td>In 2022, the Company convened a total of 11 Board meetings. The attendance rate of the Board members for the 2022 Board meetings was close to 100%. The details of the attendance of the Board meetings and general meetings are as follows:
<table>
<tr><th></th><th colspan="4">(No. of meetings attended/
No.of meetings to be attended)</th></tr>
<tr><th></th><th>Board meetings</th><th>Attendance</th><th>General meetings</th><th>Attendance</th></tr>
<tr><td>WAN Min</td><td>11/11</td><td>100%</td><td>1/2</td><td>50%</td></tr>
<tr><td>HUANG Xiaowen</td><td>11/11</td><td>100%</td><td>1/2</td><td>50%</td></tr>
<tr><td>YANG Zhijian</td><td>11/11</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>ZHANG Wei</td><td>1/1</td><td>100%</td><td>–</td><td>–</td></tr>
<tr><td>WU Dawei</td><td>11/11</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>ZHOU Zhonghui</td><td>11/11</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>TEO Siong Seng</td><td>11/11</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>MA Si-hang Frederick</td><td>11/11</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>FENG Boming</td><td>2/2</td><td>100%</td><td>–</td><td>–</td></tr>
</table>
Notes:
1. Effective from 28 April 2022, Mr. FENG Boming voluntarily resigned from the positions of executive Director of the sixth session of Board of the Company due to change of job positions. For details, please see the Company's announcement dated 28 April 2022.
2. Since 23 November 2022, Mr. ZHANG Wei has been appointed as an executive Director of the Company. For details, please see the Company's announcement dated 23 November 2022.</td></tr>
<tr><td>• The Board should have arrangements in place to ensure that all Directors have the opportunity to put forward matters for discussion on the agenda of regular Board meetings.</td><td>Yes</td><td>A notice is given prior to the meeting to allow sufficient time for the Directors to put forward matters for discussion on the agenda of the Board meeting. All Directors have the opportunity to put forward matters for discussion on the agenda of regular Board meetings.</td></tr>
</table>

Code Provisions	Compliance	Procedures of Corporate Governance
• At least 14 days' notice should be given to convene a regular Board meeting to allow all Directors to be free to attend. For all other Board meetings, a reasonable notice should be given.	Yes	Notice of regular Board meeting was given at least 14 days before the meeting, and the notice and agenda were given within a reasonable period of time in compliance with the Articles of Association for extraordinary Board meetings.
• The secretary duly appointed for a meeting shall keep minutes of the meetings of the Board and its committees and, if reasonable notice has been given by any Director, make such minutes of meeting available for inspection at any reasonable time.	Yes	The Secretary to the Board is responsible for collating and keeping the minutes of the Board meetings, and the minutes of the Board meetings and the minutes of the Board committees and relevant materials, which are properly and permanently kept at the office of the Company as important files of the Company, are available for the Directors' inspection at any time.
• Minutes of meetings of the Board and its committees should be recorded in sufficient detail of the matters considered and decisions reached at the meetings, including any concerns raised or objections expressed by the Directors. After the conclusion of the Board meeting, the first draft and the final version of the meeting minutes shall be sent to all Directors within a reasonable period of time. The first draft is for the Directors to express their opinions, and the final version is used for their records.	Yes	The minutes of the Board meetings provide objective and detailed records of the matters considered at the meeting, the voting results and the opinions expressed by all Directors, and are confirmed by the Directors in attendance of the meetings.

Code Provisions	Compliance	Procedures of Corporate Governance
• The Board should agree on procedures for the directors to seek independent professional advice in appropriate circumstances upon reasonable request and at the expense of the issuer. The Board shall resolve to provide additional independent professional advice to the Directors to assist them in discharging their responsibilities to the Issuer.	Yes	For matters that require opinions from professional institutions, the Company shall hire professional institutions to issue independent opinions at the request of the Directors at the expense of the Company.
• Where a substantial shareholder or Director has a conflict of interest in a matter to be considered by the Board, the matter shall be dealt with by way of a board meeting rather than a written resolution. Independent non-executive directors who have no material interest in the transaction and their close associates should attend the relevant Board meeting.	Yes	The Company has stipulated in the Articles of Association and the Rules of Procedures of the Board the requirements on Directors to abstain from voting.

Code Provisions	Compliance	Procedures of Corporate Governance
• The agenda and relevant meeting documents for regular meetings of the Board shall be sent to all Directors in a timely manner and at least three days prior to the date of the scheduled meeting of the Board or its committees (or such other time as agreed). All other meetings of the Board should also adopt the above arrangements where practicable.	Yes	Documents for all meetings of the Board and special committees of the Company are delivered to each Director at least three days before the meeting.
• The management has responsibility to provide the Board and its committees with adequate and timely information to enable the Directors to make decisions with such information. Information provided by the management must be complete and reliable. The board and individual Directors should have independent access to the issuer's senior management.	Yes	The management of the Company is able to provide adequate information to the Board and its committees in a timely manner. Each Director is able to communicate with the management of the Company and obtain further information as required.
• All Directors have access to Board papers and related information. Such documents and related information shall be sufficient in form and quality to enable the Board to make informed decisions with grounds on the matters referred to the Board. Issuers must respond as promptly and fully as possible to questions raised by Directors.	Yes	The documents of the Board and the special committees are kept by the Secretary to the Board and are available for inspection by all Directors at any time. The Company have arranged relevant personnel to give timely responses to the questions raised by the Directors.

C6. Company Secretary

Principle of the Code • *The Company Secretary plays an important role in supporting the Board, ensuring that there is a good exchange of information among Board members and the Board policies and procedures are followed. The Company Secretary is responsible for advising the Board on governance matters through the Chairman and/or the Chief Executive, and making arrangements for induction training and professional development of Directors.*
Corporate governance of the Company • Currently, the Company has appointed a Company Secretary, whose main duties are to promote improvement in the Company's governance standards, provide support to the Directors to perform their duties, and take lead in arranging for information disclosure of the Company.

Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

Code Provisions	Compliance	Procedures of Corporate Governance
• The Company Secretary should be an employee of the issuer with knowledge of the issuer's day-to-day affairs.	Yes	The Company Secretary is an employee of the Company and is familiar with the daily affairs of the Company.
• The selection, appointment or dismissal of the Company Secretary shall be subject to approval by the Board.	Yes	The appointment of the current Company Secretary was considered and approved at the fifth meeting of the third session of the Board.
• The Company Secretary shall report to the Chairman of the Board and/or the Chief Executive.	Yes	The Company Secretary reports to the Chairman of the Board and/or the general manager.
• All Directors shall have access to the advice and services of the Company Secretary to ensure compliance with procedures of the Board and all applicable laws, rules and regulations.	Yes	The Company Secretary has established good communication channels with all Directors in order to assist the Board and the general manager to effectively perform their duties and powers in accordance with domestic and overseas laws and regulations, the Articles of Association and other relevant requirements.

D. Audit, Internal Control and Risk Management

D1. Financial Reporting

Principle of the Code • *The Board should assess the performance, position and prospects of the Company in a balanced, clear and comprehensive manner.*
Corporate governance of the Company • The Board has complied with the regulatory requirements of the Stock Exchanges in Hong Kong and Shanghai in all previous regular financial reports issued to Shareholders, and constantly improves the management's discussion and analysis, and fully discloses the Company's production and operation, finance, and project development status. At the same time, the Group has proactively increased the amount of information, including information on the Company's operating environment, development strategies and corporate culture, strengthened corporate governance reports, and makes comprehensive, objective, fair and clear presentation of the Group's operating and management status and prospects.

Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

Code Provisions	Compliance	Procedures of Corporate Governance
• The management should provide sufficient explanations and information to the Board to enable the Board to make an informed review of the financial and other information submitted to them for approval.	Yes	The management of the Company provides the Directors with information on the Company's business progress, development plans and financial objectives from time to time for the purpose of making an informed assessment by the Directors.

Code Provisions	Compliance	Procedures of Corporate Governance
• The management should provide members of the Board with monthly updates containing a fair and understandable assessment of the issuer's performance, financial position and prospects sufficient to enable the Directors to perform their required duties under Rules 3.08 and Chapter 13 of the Listing Rules.	Yes	The management of the Company submits key performance data of the Company to the members of the Board on a monthly basis.
• The directors should acknowledge their responsibility for the preparation of the accounts in the Corporate Governance Report and the auditors should state their reporting responsibilities in the auditor's report on the relevant financial statements. Unless it is inappropriate to assume that the Company will continue as a going concern, the Directors' accounts shall be based on the Company being a going concern, and supplemented by assumptions or qualifications where necessary.	Yes	The Directors acknowledge their responsibility for preparing financial statements that give a true and fair view of the Company's circumstances for the financial year. The auditor's report sets out the auditor's reporting responsibilities. The Company prepares performance and related reports in strict accordance with the laws and regulations of the place of listing. All previous annual reports, interim reports, quarterly reports (including the first quarter reports and the third quarter reports) and performance announcements issued by the Company have been unanimously approved by all the Directors and there has never been any case of having Directors expressing reserved opinions. Since the initial public offering, the domestic and foreign auditors have issued standard unqualified opinions in each annual audit report.

Code Provisions	Compliance	Procedures of Corporate Governance
• The relevant Board should provide a balanced, clear and understandable assessment of the performance of the Company in its annual and interim reports and other financial information required to be disclosed pursuant to the Listing Rules. In addition, it should make the same statement in the report submitted to the regulator and in the information disclosed in accordance with legal requirements.	Yes	There is disclosure of the basis for the Company's long-term generation or retention of value and the strategy for achieving the Company's goals in the Company's annual report.

Corporate Governance Report

Recommended Best Practices	Compliance	Procedures of Corporate Governance
• Issuers should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. The disclosure should be sufficient to allow shareholders to assess the issuer's performance, financial position and prospects. Issuers should follow the accounting policies in their semi-annual and annual accounts when preparing quarterly financial results.	Yes	In addition to the reports of annual results and interim results, the Company also prepares and publishes reports on the first quarterly and third quarterly results. The Company announces and publishes quarterly financial results within one month after the end of the first quarter and the third quarter, and the information disclosed therein is sufficient to enable Shareholders to evaluate the Company's performance, financial position and prospects.
• The issuer shall continue to report quarterly results for the third and ninth months for subsequent financial years after it begins to report quarterly financial results.	Yes	The Company announces and publishes quarterly financial results and discloses the quarterly results up to the third and ninth months within one month after the end of the first and third quarters of each year respectively.

D2. Risk Management and Internal Control

Principle of the Code • *The Board is responsible for assessing and determining the nature and extent of the risks that the issuer is willing to accept in achieving its strategic objectives and ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems. The above risks include but are not limited to material risks relating to environmental, social and governance ("ESG") aspects (Please refer to the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Listing Rules for details). The Board should oversee the management's design, implementation and monitoring of the risk management and internal control systems, and the management should provide the Board with confirmation of the effectiveness of such systems.*
Corporate governance of the Company • The Company has established an internal control system to review the financial, operational and regulatory control procedures from time to time, and constantly update and improve them according to the actual situation in order to protect the assets of the Company and the interests of Shareholders. • The Company has established an internal audit department within its organizational structure, which regularly inspects, supervises and evaluates the financial position, operation and internal control activities of the Company according to different businesses and processes, and engages external audit institutions to conduct regular audits on the Company's financial reports in accordance with the Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards, and to provide independent and objective evaluations and recommendations in the form of audit reports. • The Company has in place a strict system for handling and disseminating inside information in accordance with the relevant requirements of the Listing Rules and the Securities and Futures Ordinance, and to prohibit any unauthorized use or dissemination of confidential information or inside information. The Directors, Supervisors and senior management of the Company take all reasonable steps to ensure that proper precautions are in place to prevent non-compliance with the Company's disclosure requirements.

Compliance procedures of the Corporate Governance Code – Code Provisions

Code Provisions	Compliance	Procedures of Corporate Governance
• The Board should continue to monitor the issuer's risk management and internal control systems and ensure that the effectiveness of the risk management and internal control systems of the issuer and its subsidiaries will be reviewed at least once a year and reported to the shareholders in the Corporate Governance Report on the completion of the relevant review. The review should cover all important control aspects including financial control, operational control and compliance control.	Yes	The Board is fully responsible for assessing and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, maintaining a sound and effective risk management and internal control system and reviewing its effectiveness to safeguard the investments of the Shareholders and the assets of the Group. To this end, the management continues to devote resources to the internal control and risk management system with the aim of managing (rather than eliminating) the risk of failure in order to achieve business objectives, and can only provide reasonable (but not absolute) warranties for the absence of material misstatements or losses. The Board has conducted an annual review on the risk management and internal control systems of the Group for the year ended 31 December 2022 and is of the view that the operation of such systems is effective and adequate. The Company attaches great importance to internal control and has established an internal control system. An internal audit department has been set up within the Company's organizational structure to monitor the Company's financial, business, compliance and risk management. The chief financial officer of the Company reports to the Audit Committee and the Board of Directors on the internal control situation every year, which is evaluated by all Directors.
• When conducting an annual review, the Board should ensure that the issuer's accounting, internal audit and financial reporting functions, as well as resources, staff qualifications and experience, training programmes for staff in relation to the issuer's environmental, social and governance performance and reporting and the relevant budgets are adequate.	Yes	The Company attaches great importance to the professional management and training of financial personnel, and continuously improves the professional skills and comprehensive quality of financial personnel. The Company has strictly complied with the requirements of the Accounting Law by organizing in-service financial personnel to participate in annual continuing education for accounting personnel according to schedule, as well as planned arrangements for financial staff to receive professional training such as accounting standards in relation to changes in national financial and taxation policies and working requirements, and providing assurance for sufficient budget for training expenses.

Code Provisions	Compliance	Procedures of Corporate Governance
• The Board's annual review should include, in particular, the following: (a) changes in the nature and severity of material risks (including environmental, social and governance risks) since previous year's review, and the issuer's abilities in response to changes in business and external environment; (b) the management continuously monitors the working scope and quality of the risk (including environmental, social and governance risks) and internal control systems, and where applicable, the internal audit function and the work of other assurance providers; (c) the detail level and frequency of communicating the control results to the Board (or its committees) to help the Board assess the issuer's control and the effectiveness of risk management; (d) occurrence of material failure in control or discovery of material control deficiency during the period, and the severity of unforeseen consequences or emergencies as a result, and the material effects of such consequences or conditions have, may have or will likely have in future on the financial performance or conditions of the issuer; and (e) the effectiveness of the issuer's procedures for financial reporting and compliance with the Listing Rules.	Yes	Regarding the annual review of the Board: (a) The Company annually reviews the possible risks of the previous year, analyzes their causes and effects, puts forward strategic suggestions, and discloses such matters in the annual report, social responsibility report and internal control evaluation report; (b) During the Reporting Period, the Risk Control Committee of the Board held three meetings to review the Company's internal control evaluation report, sustainability report and the amendments to the Rules of Procedure of the Risk Control Committee. The Management of the Company continuously monitors the scope and quality of risk and internal control system, as well as the internal audit function and the work of other assurance providers: the Board is responsible for enabling the Company to establish, improve and effectively implement internal control, evaluate its effectiveness and truthfully disclose the internal control evaluation report in accordance with the provisions of the Company's internal control standard system. The Supervisory Committee supervises the establishment and implementation of internal control by the Board. The managers are responsible for organizing and leading the daily operation of the Company's internal control; (c) During the Reporting Period, there was no occurrence of material failure in terms of control or discovery of any material control deficiency; and (d) The Company has complied with the Listing Rules, the Hong Kong Financial Reporting Standards and the Companies Ordinance in the preparation of the annual audit report, which was submitted to the Board, the Supervisory Committee and the Audit Committee of the Board for review and publication.

Code Provisions	Compliance	Procedures of Corporate Governance
• The issuer should disclose in the Corporate Governance Report in narrative form on how it has complied with the code provisions on risk management and internal control during the Reporting Period. Specifically, the content should include matters stipulated in the Corporate Governance Code.	Yes	According to the relevant requirements of the Corporate Governance Report, the Company has disclosed in narrative form that the code provisions on risk management and internal control have been complied with during the Reporting Period.
• The issuer should set up an internal audit function.	Yes	The Company has set up an internal audit function which is responsible by the supervision and audit department of the Company. The Board has authorized the Audit Committee to review the effectiveness of the Company's internal audit function, supervise the establishment and implementation of the Company's internal audit system, and ensures that the internal audit function will have sufficient resources and appropriate status to operate within the Company. The Audit Committee has reviewed the effectiveness of the Company's internal audit function during the Reporting Period.
• The issuer should have a whistleblowing policy and system in place whereby employees and others with whom the issuer interacts (such as customers and suppliers) can report confidentially and anonymously to the Audit Committee (or any designated committee comprising a majority of independent non-executive Directors) on their concerns about any possible impropriety in relation to the issuer.	Yes	The Company has established a mechanism for notifying Directors about relevant misconduct cases, and has formulated the Company's "Regulations on Internal Reporting Procedures for Information about Major Violations of Laws and Regulations Cases", which has been approved by resolutions passed by the Board and the Audit Committee. The Regulations require that "information about major violations of laws and regulations cases shall be submitted in the form of a special report, and shall be submitted in a timely manner after details of the case are known, and one report should be submitted for each case".

Code Provisions	Compliance	Procedures of Corporate Governance
• Issuer should develop policies and systems to promote and support anti-corruption laws and regulations.	Yes	The Company has established a mechanism for notifying Directors about relevant misconduct cases, and has formulated the Company's "Regulations on Internal Reporting Procedures for Information about Major Violations of Laws and Regulations Cases", which has been approved by resolutions passed by the Board and the Audit Committee. The Regulations require that "information about major violations of laws and regulations cases shall be submitted in the form of a special report, and shall be submitted in a timely manner after details of the case are known, and one report should be submitted for each case".
Recommended Best Practices		
• The Board may disclose in the Corporate Governance Report that it has obtained the management's confirmation on the effectiveness of the issuer's risk management and internal control systems.	Yes	The Board is responsible for establishing and maintaining appropriate and effective internal control systems for the Group and reviewing the effectiveness of such systems at least once a year through the Audit Committee. Such reviews cover all major controls, including financial, operational and compliance controls and risk management functions, and the procedures taken to review the effectiveness of these internal control systems include discussing with the management of the Company the scope of risks as determined by the management and the Group's major subsidiaries and reviewing significant issues identified during the internal and external audit processes.
• The Board may disclose details of any material concerns in the Corporate Governance Report.	Yes	The Company has no material concerns to be disclosed for the year of 2022.

D3. Audit Committee

Principle of the Code • *The Board should establish formal and transparent arrangements on how to apply the principles of financial reporting, risk management and internal control and how to maintain an appropriate relationship with the issuer's auditor. The Audit Committee established under the Listing Rules must have clear terms of reference.*
Corporate governance of the Company • The Board has set up an Audit Committee, chaired by Mr. Zhou Zhonghui, an independent non-executive Director. Other members include Mr. Wu Dawei (an independent non-executive Director) and Prof. Ma Si-hang Frederick (an independent non-executive Director), all of whom have professional skills and experience in financial management or legal affairs, and all committee members are independent non-executive Directors. One independent Director with professional qualification and professional experience in financial management has also been appointed. • The Audit Committee is mainly responsible for the supervision of the internal design system set up by the Company and its subsidiaries and its implementation, audit on the financial information and disclosures of the Company and its subsidiaries, review on the internal control system (including financial control and risk management) of the Company and its subsidiaries, planning of material connected transactions and communications, supervisions and verifications of the Company's internal and external audits. • In 2022, the Audit Committee held five meetings in total, at which 25 issues such as the annual reports, interim reports, quarterly reports, effectiveness of risk management and internal control, internal audit, appointment of domestic and international accountancy firms, etc. were fully reviewed and considered. The Audit Committee fully affirmed the work efficiency of COSCO SHIPPING Holdings, while providing recommendations in respect of expansion of the global coverage and improvement of the shipping competitiveness, respectively.

The Audit Committee arrived at the opinion that the financial reports of COSCO SHIPPING Holdings for various periods in 2022 which had been reviewed in 2022 were prepared in compliance with the accounting standards of China mainland and Hong Kong, and the content of disclosure therein also satisfied the requirements of the listing system and regulations of both places.

Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

Code Provisions	Compliance	Procedures of Corporate Governance
• Full minutes of the Audit Committee meetings should be kept by a duly appointed secretary of the meeting (usually the Company Secretary). The first draft and the final version of the minutes shall be sent to all members of the Committee within a reasonable time after the meeting for their comments and the final version shall be used for their records.	Yes	The minutes of the Audit Committee meetings and relevant meeting materials shall be properly kept by the secretary to the Board. The secretary of the Audit Committee is responsible for making detailed records of the matters considered at the meetings, and submitting the minutes to relevant leading officers, departments and intermediaries attending the meeting for modification and confirmation. Upon confirmation by all members of the Audit Committee in attendance, the minutes shall be signed by the Chairman.
• A former partner of the audit firm currently auditing the issuer's accounts shall not be a member of the issuer's Audit Committee within two years from the following date, whichever is the later: (a) the date on which the person ceased to be a partner of the firm; or (b) the date on which the person ceases to have a financial interest in the firm.	Yes	Two years prior to the date of appointment of Mr. Zhou Zhonghui as the chairman of the Audit Committee and the appointment of Mr. Wu Dawei as a member of the Audit Committee, each of them was not a partner of, nor had any financial interest in, the audit firm currently responsible for auditing the accounts of the Company.
• The terms of reference of the Audit Committee shall include at least the scope of work as stipulated in the Corporate Governance Code.	Yes	The Company has formulated the Terms of Reference of the Audit Committee, which sets out the terms of reference and rules of procedure of the Audit Committee in respect of its relationship with the Company's auditors, review of the Company's financial information, supervision of the Company's financial reporting system and internal control procedures.

Code Provisions	Compliance	Procedures of Corporate Governance
• The Audit Committee shall make available its terms of reference explaining its role and the authority delegated to it by the Board on the website of the Stock Exchange (i.e. the HKEXnews website) and the website of the issuer.	Yes	The terms of reference of the Audit Committee have been published on the Company's website and the website of the Hong Kong Stock Exchange.
• Where the Board disagrees with the Audit Committee's opinion on the selection, appointment, resignation or removal of the external auditor, the issuer should include a statement from the Audit Committee elaborating its recommendation in the Corporate Governance Report and the reasons of disagreement from the Board.	Yes	The Board has never disagreed with the opinions of the Audit Committee on the selection, appointment, resignation or removal of external auditors.
• The Audit Committee should be provided with sufficient resources to discharge its duties.	Yes	The Company actively assists the Audit Committee in its work. Its members may seek independent professional advice in accordance with established procedures at the Company's expense.
• The terms of reference of the Audit Committee shall include additional requirements for the Audit Committee as stipulated in the Corporate Governance Code.	Yes	The Company has formulated the Rules of Procedures of the Audit Committee to facilitate the Company to set up corresponding channels to report to the Audit Committee on possible improprieties in financial reporting, internal control or other aspects, so that the Company can conduct fair and independent investigation and take appropriate actions.

E. Remuneration

E1. Level and Composition of Remuneration and Disclosure

Principle of the Code • *The issuer should establish formal and transparent policies on Directors' remuneration and other remuneration-related matters, and should have formal and transparent procedures in place to formulate the policies on Directors' remuneration and remuneration and benefits of all Directors. The level of remuneration should be sufficient to attract and retain the Directors to manage the operation of the Company without excessive remuneration. No director shall participate in deciding his own remuneration.*
Corporate governance of the Company • The Company has established a Remuneration Committee, the terms of reference of which include formulating and reviewing the remuneration policies and plans of the Directors and the managers of the Company. • In 2022, the Remuneration Committee held a total of five meetings to consider and approve 13 resolutions. For details, please refer to "Corporate Governance Report – Summary report on the performance of the Remuneration Committee under the Board" in this report.

Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

Code Provisions	Compliance	Procedures of Corporate Governance
• The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer on the remuneration proposals of other executive Directors. The Remuneration Committee should be able to seek independent professional advice, if necessary.	Yes	The Remuneration Committee communicated with the Chairman and the general manager on the remuneration of Directors, Supervisors and senior management. The Remuneration Committee should be able to seek independent professional advice, if necessary.

Corporate Governance Report

Code Provisions	Compliance	Procedures of Corporate Governance
• The terms of reference of the Remuneration Committee should include, at a minimum, the duties as stipulated in the Corporate Governance Code.	Yes	The Company has formulated the "Operation Rules for the Remuneration Committee of the Company" to clarify the duties of the committee.
• The Remuneration Committee shall make available its terms of reference explaining its role and authority delegated to it by the Board on the website of the Stock Exchange (i.e. the HKEXnews website) and the website of the issuer.	Yes	The terms of reference of the Remuneration Committee are published on the Company's website and the website of the Hong Kong Stock Exchange.
• The Remuneration Committee should be provided with sufficient resources to discharge its duties.	Yes	The Human Resources Department and the General Manager's Office of the Company actively cooperate with the Remuneration Committee to discharge their duties.
• The issuer shall disclose in its annual report the Directors' remuneration policy, details of the remuneration of senior management by remuneration bands and other remuneration-related matters.	Yes	The Company has disclosed the remuneration of senior management by remuneration bands in the annual report and accounts.

Code Provisions	Compliance	Procedures of Corporate Governance
Recommended Best Practices		
• Where the remuneration or emolument arrangements resolved by the Board meeting are not agreed by the Remuneration Committee, the Board shall disclose the reasons for such resolution in the next Corporate Governance Report.	Yes	The remuneration of the Directors, Supervisors and senior management of the Company strictly adheres to the plan reviewed by the Board (For the senior management who takes part-time jobs and receives salaries from the subordinates of the Company, the remuneration standards are determined by the board of directors of such subordinates).
• A substantial portion of the remuneration of executive Directors should be linked to corporate and individual performance.	Yes	The remuneration of executive Directors and the senior management is linked to corporate and individual performance.
• The issuer shall disclose the remuneration of each senior management in its annual report and include the name of each senior management.	Yes	The Company has disclosed the remuneration of each Director, Supervisor and senior management in its annual report and accounts.
• Issuers generally should not pay independent non-executive Directors' equity-settled performance-based remuneration (such as share options or grants of shares) as this may bias their decisions and affect their objectivity and independence.	Yes	Independent Directors and Supervisors are not participants of the Company's share option.

F. Participation of Shareholders

F1. Effective Communication

Principle of the Code • *The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.*
Corporate governance of the Company • The Board endeavours to maintain on-going communication with Shareholders and considers annual general meetings and extraordinary general meetings to be the principal opportunities to engage with Shareholders, and all Shareholders who hold shares of the Company are entitled to attend. • The Company issued notices and circulars of general meetings in accordance with the Articles of Association and the Listing Rules, setting out the matters to be considered and voting procedures at the meetings in detail.

Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

Code Provisions	Compliance	Procedures of Corporate Governance
• The issuer should have a policy for the payment of dividends and disclose in the annual report.	Yes	The Company has formulated a policy for the payment of dividends. For details, please refer to the sub-section headed "3. Profit Distribution of Ordinary Shares or Capitalization of Surplus Reserves Proposals" under the section of "Management Discussion and Analysis" in this annual report.

Recommended Best Practices	Compliance	Procedures of Corporate Governance
• The Stock Exchange encourages an issuer to include the following information in its Corporate Governance Report: (a) details of the class of shareholders and total shareholding; (b) a diary of significant shareholder events for the following financial year; (c) percentage of public float, which shall be based on the public information available to the issuer as at the latest practicable date prior to the publication of the annual report and to the knowledge of its directors; and (d) the shareholding of each senior management officer.	Yes	(a) The Company has disclosed details of the class of Shareholders and total shareholding in the section headed "Shareholder and actual controller" of this annual report; (b) The Company has disclosed the significant shareholder events for the following financial year in the section headed "Other Significant Events" of this annual report; (c) Based on the information available to the public and also as known to the Company as at the latest practicable date, i.e. 18 April 2023, the percentage of public float of the Company was 57.38%; and (d) The shareholding of Mr. Yang Zhijian, Mr. Zhang Wei and Mr. Teo Siong Seng in the Company has been disclosed in the section headed "Directors' and Supervisors' Interests in Shares, Underlying Shares and Debentures" of this annual report; as of the end of the Reporting Period, Mr. Ye Jianping held 505,532 A Shares of the Company, Mr. Zhang Mingwen held 505,532 A Shares of the Company, Mr. Chen Shuai held 505,532 A Shares of the Company, Mr. Guo Huawei held 384,134 A Shares of the Company, Ms. Yu Tao held 601,532 A Shares of the Company, Ms. Zheng Qi held 517,566 A Shares of the Company, and Ms. Wu Yu held 156,040 A Shares of the Company.

F2. General Meeting

Principle of the Code
• *The issuer shall give sufficient notice to shareholders to convene a general meeting, and shall ensure that shareholders are familiar with the detailed procedures for voting by way of poll. At the same time, the issuer shall arrange for shareholders' questions to be answered at the general meeting.*
Corporate governance of the Company • The Board endeavours to maintain on-going communication with Shareholders and considers annual general meetings and extraordinary general meetings to be the principal opportunities to engage with Shareholders and all Shareholders who hold shares of the Company are entitled to attend. • The Company issued notices and circulars of general meetings in accordance with the Articles of Association and the Listing Rules, setting out the matters to be considered and voting procedures at the meetings in detail.

Compliance procedures of the Corporate Governance Code – Code Provisions and Recommended Best Practices

Code Provisions	Compliance	Procedures of Corporate Governance
• At a general meeting, the chairman of the meeting shall propose a resolution on each of the practically independent matters individually. An issuer should avoid "bundling" resolutions unless they are interdependent and connected so as to form a material proposal. If the resolutions are to be "bundled", the issuer should explain the reasons and the material effects involved in the meeting notice.	Yes	Each of the practically independent matters submitted to the general meetings was proposed as a separate resolution. No resolutions have been "bundled" at all previous general meetings of the Company.

Code Provisions	Compliance	Procedures of Corporate Governance
• The Chairman of the Board should attend the annual general meeting and invite the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and any other committees (as appropriate) to attend. If the chairman of the relevant committee fails to attend, the Chairman of the Board shall invite another member (or, if such member is not present, his duly appointed representative) to attend. The person is required to answer questions at the annual general meeting The chairman of the independent committee under the Board, if any, should also respond to questions at any general meeting to approve the following transaction, that is, a connected transaction or any other transaction that required separate approval. The issuer's management should ensure that the external auditor is present at the annual general meeting to answer questions about, inter alia, audit work, the preparation of the auditor's report and its contents, the accounting policies and independence of the auditor.	No	The Chairman of the Board did not attend the annual general meeting in person due to business affairs but attended the extraordinary general meeting, and the annual general meeting and the extraordinary general meeting were presided over by Mr. Yang Zhijian, an executive Director and the general manager of the Company. Meanwhile, the Chairman has arranged for members of the committees and the management of the Company to answer questions raised by Shareholders at the meetings. The external auditors of the Company were present at all annual general meetings and extraordinary general meetings and were ready to answer questions from Shareholders.
• The chairman of the meeting shall ensure that detailed procedures for voting by poll are explained to shareholders at the meeting and answer any questions from shareholders regarding voting by poll.	Yes	Prior to the voting procedure at the general meeting, the chairman of the general meeting explained to the Shareholders the voting method and the detailed procedure for voting, and held a question-and-answer session.

Rights of Shareholders

The Company has strictly complied with relevant domestic and foreign laws and regulations and has taken various measures to actively create conditions in accordance with requirements of the Articles of Association of the Company with a view to ensuring that rights of the Shareholders can be well achieved.

According to the latest Articles of Association approved at the 2020 first extraordinary general meeting of the Company held on 30 November 2020, the Board shall convene an extraordinary general meeting within two months at the request of the Shareholders individually or jointly holding 10% or more Shares of the Company. The Shareholders individually or jointly holding over 10% of the Shares of the Company for more than 90 consecutive days may convene and preside over an extraordinary general meeting himself or themselves. The Shareholders individually or jointly holding over 3% of the Shares of the Company may submit proposals to the Company. The Shareholders individually or jointly holding 3% or more of the Shares of the Company may propose ex tempore motions no later than ten days prior to the convening of the shareholders general meeting by submitting the same in writing to the convener who shall issue a supplementary notice of general meeting within two days upon receipt of the motions to announce the details of such motions. For details, please refer to article 66, article 68 and article 92 of the Articles of Association. In addition, according to the provisions of article 54 of the Articles of Association, Shareholders of the Company have the right to supervise and manage the Company's business operations, make recommendations or inquiries.

The Company values and welcomes the Shareholders, investors and the public to make enquiries and suggestions to the Company. For contact information of the Company, please see the section headed "Company's Basic Information" in this annual report.

Shareholders' communication policy

The Company attaches great importance to communication with Shareholders. The annual reports and interim reports of the Company provide comprehensive information about the Group's businesses, development strategy, business strategy and development. It encourages Shareholders to attend general meetings of the Company and do its best to help Shareholders participate in the meetings. In 2022, despite the COVID-19 pandemic, in accordance with the pandemic prevention policies of Shanghai and Hong Kong, it held the annual general meeting and extraordinary general meeting in combination of the online and offline modes to provide the Shareholders with the valuable opportunity of interactive exchanges with the Board and management of the Company.

The Company has also formulated a set of Shareholders' communication policies to ensure that Shareholders can be provided at any time on equal basis in a timely manner with unbiased and digestible information about the Company. Such policies will be reviewed from time to time to ensure its effectiveness, and can be obtained from the Company if required in writing.

The Company also attaches great importance to the effective communication of domestic and overseas capital markets. The investor relations team led by the Company's secretary reports the communication to the Board in a timely manner. In 2022, through the performance briefing, reverse roadshow, investor conferences organized by domestic and foreign brokers, and reception research, etc., we strengthened extensive interaction and communication with the capital market. There were 162 one-on-one or one-to-many meetings, and we communicated with 2,827 investors, and actively responded to investors through calls, emails, designated network platforms and other channels.

During the above work process, the Directors, senior management and relevant staff participated in the related work strictly abided by the regulatory provisions inside and out of China and the rules and regulations of the Company, and actively carried out the work in accordance with the laws and regulations.

During the year, the Company has reviewed the implementation and effectiveness of the Shareholders' Communication Policy. As a result of the above measures, the Shareholders' Communication Policy is deemed to have been effectively implemented.

Remuneration of Senior Management by bands during the Reporting Period

	2022
HK$1,000,000 to HK$1,500,000 (equivalent to approximately RMB860,000 to RMB1,290,000)	3
HK$1,500,001 to HK$2,000,000 (equivalent to approximately RMB1,290,000 to RMB1,720,000)	4
HK$2,000,001 to HK$2,500,000 (equivalent to approximately RMB1,720,000 to RMB2,150,000)	1
HK$5,500,001 to HK$6,000,000 (equivalent to approximately RMB4,730,000 to RMB5,160,000)	1
HK$7,000,001 to HK$7,500,001 (equivalent to approximately RMB6,020,000 to RMB6,440,000)	1
HK$25,000,001 to HK$25,500,000 (equivalent to approximately RMB21,480,000 to RMB21,910,000)	1
	11

Summary report on the conditions and details of the establishment of relevant systems and performance of the Audit Committee under the Board

The Company has formulated the Terms of Reference of the Audit Committee, which have defined the duties and responsibilities of the Audit Committee, including its relationship with external accounting firms, the review of financial information of the Company, the review of the financial control, internal control and risk management, the review of whether the investigations regarding the financial reporting, internal control, risk management and other matters that are not in the ordinary course of business of the Company were conducted independently and fairly, and whether appropriate actions or remedial actions have been taken.

The Audit Committee under the sixth session of the Board comprised Mr. Zhou Zhonghui (chairman of the Audit Committee of the Company), Mr. Wu Dawei (independent non-executive Director) and Prof. Ma Si-hang Frederick (independent non-executive Director).

During the Reporting Period, the Audit Committee held a total of five meetings, mainly for reviewing the annual reports, interim reports, quarterly reports, annual budget plans, continuing connected transactions reports, the effectiveness and adequacy of risk management and internal control systems, internal audit, effectiveness of internal audit functions, appointment of accounting firms, and put forward opinions and recommendations on financial budget, cost control and other issues.

The Audit Committee arrived at the opinion that the financial reports of COSCO SHIPPING Holdings for various periods in 2022, which had been reviewed, were prepared in compliance with the Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards, and that the content of disclosure therein also satisfied the requirements of the listing system and regulations of both China mainland and Hong Kong.

Summary report on the performance of the Remuneration Committee under the Board

The Remuneration Committee under the sixth session of the Board comprised Mr. Wu Dawei (chairman of the Remuneration Committee of the Company, an independent non-executive Director), Mr. Zhou Zhonghui (independent non-executive Director) and Mr. Teo Siong Seng (independent non-executive Director).

During the Reporting Period, the Remuneration Committee held a total of 5 meetings, during which 13 proposals were considered and approved as follows: (1) Proposal on the Consideration and Confirmation of the 2021 Annual Appraisal of the Senior Management of COSCO SHIPPING Holdings; (2) Proposal on the 2021 Annual Remuneration Redemption Plan of the Senior Management of COSCO SHIPPING Holdings; (3) Proposal on the Performance of the Remuneration Committee of the Board of Directors in 2021; (4) Proposal on Adjusting the Vesting Date of the Stock Option Incentive Scheme; (5) Proposal on Adjusting the List of Incentive Objects Reserved for Granting Share Options and the Number of Share Options Granted and Cancellation of Stock Options Granted but Not Exercised; (6) Proposal on the Eligibility for the Exercise Conditions for the First Exercise Period of the Share Options Reserved for Granting under the Stock Option Incentive Scheme; (7) Proposal on Adjusting the List of Incentive Objects and the Number of Share Options Granted for the First Time and Cancellation of Certain Stock Options Granted but Not Exercised; (8) Proposal on the Eligibility for the Exercise Conditions for the Second Exercise Period of the Share Options Granted for the First Time under the Stock Option Incentive Scheme; (9) Proposal on Adjusting the Exercise Price under the Stock Option Incentive Scheme; (10) Proposal on Adjusting the List of Incentive Objects and the Number of Share Options Granted for the First Time and Cancellation of Certain Stock Options Granted but Not Exercised; (11) Proposal on Cancellation of Share Options Expired for the First Exercise Period but Not Exercised of Options Granted for the First Time under the Stock Option Incentive Scheme; (12) Proposal on Adjusting the Exercise Price under the Stock Option Incentive Scheme; (13) Proposal on Amending the Detailed Rules of Procedure for the Remuneration Committee of the Board of Directors.

The Remuneration Committee, in evaluating the remuneration of Directors and senior management, shall recommend to the Board the remuneration of individual executive Directors and senior management.

Pursuant to the Administrative Measures for the Remuneration of Officers in Charge of COSCO SHIPPING Holdings Co., Ltd. (considered and approved by the Remuneration Committee of the fifth session of the Board and the Board of the Company), annual salary was paid to senior management members of the Company, including the general manager, deputy general managers, chief financial officer and secretary to the Board. The annual salary comprises basic salary, annual salary based on performance, and task accomplishment bonus, among which, the performance-based annual salary is linked to the appraisal results of the Company and individual appraisal results of the senior management of the Company, and it shall be submitted to the Board of the Company to determine after consideration by the Remuneration Committee; task accomplishment bonus shall be determined by the accomplishment condition of the Company's annual task objectives. The annual remuneration criteria of the senior management of the Company who hold positions and receive remuneration in the affiliated subsidiaries (COSCO SHIPPING Lines, COSCO SHIPPING Ports, OOCL) shall be determined by the Board of Directors of the Company to which they work in accordance with the remuneration system, and the payment results shall be reported to COSCO SHIPPING Holdings.

The Remuneration Committee shall participate in determining the compensation criteria of Directors, and submit it to the Board of Directors for consideration, which shall be finally decided by Shareholders' meetings, and the Company specifies the compensation criteria in the service contracts signed with Directors; The remuneration of senior management members was determined pursuant to the Administrative Measures for the Remuneration of Officers in Charge of COSCO SHIPPING Holdings Co., Ltd. (considered and approved by the Remuneration Committee of the fifth session of Board and the Board of the Company), and the annual salary was paid to senior management members of the Company, including the general manager, deputy general managers, chief financial officer and secretary to the Board. The annual salary comprises basic salary, annual salary based on performance, and task accomplishment bonus, among which, the performance-based annual salary is linked to the appraisal results of the Company and individual appraisal results of the senior management of the Company, and it shall be submitted to the Board of the Company to determine after consideration by the Remuneration Committee; task accomplishment bonus shall be determined by the accomplishment condition of the Company's annual task objectives;

The criteria for the share options granted for the incentive objects shall be reviewed and approved by the Remuneration Committee and then presented to the Board of Directors for deliberation and determination. The following major factors shall be taken into consideration in the determination of the criteria: (1) The level of compensation at the time of grant based on the average income level of the incentive objects from 2015 to 2017; (2) The expected return of share option incentive shall not exceed 30% of the total compensation level (as per the relevant regulations in the Trial Measures for Implementing the Equity Incentive System by the State-Controlled Listed Companies (Domestic) at the time of grant; (3) The total number granted shall not exceed the 218,236,900 shares approved and reviewed by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會) (the"**SASAC**") (being 1.78% of the total share capital). Directors and general managers of the Company were granted the most options in practice, which accounted for 0.43% of the total number granted and 0.0076% of the total capital stock, conforming to the relevant restrictions.

In order to maximize the incentive role of the incentive scheme, the Company has set higher EOE, net profit growth rate attributable to the parent company, EVA and other indicators as three batches of exercise conditions from 2020 to 2022 in order to improve the enthusiasm of the core personnel in completing the required tasks through the high return incentive policy, and promote the implementation of the Company's strategic objectives of "globalization, dual brands, end-to-end and digitalization".

The Remuneration Committee arrived at the opinion that the remuneration of the Company's senior management for 2022 was in compliance with the requirements of performance appraisal and remuneration management system of the Company and the relevant decision-making procedures were lawful and valid.

Summary Report on the Performance of the Nomination Committee under the Board

The Nomination Committee under the sixth session of the Board comprised Prof. Ma Si-hang Frederick (chairman of the Nomination Committee of the Company), and other members were Mr. Yang Zhijian (executive Director) and Mr. Wu Dawei (independent non-executive Director).

During the Reporting Period, the Nomination Committee held a total of one meeting, at which the nomination of Mr. Zhang Wei as a candidate to executive Director of the sixth session of the Board was considered and approved.

Auditors and their Remuneration

The Company has appointed PricewaterhouseCoopers as the international auditor of the Company and ShineWing Certified Public Accountants, LLP as the domestic auditor of the Company for 2022. Fees in respect of audit services, audit related services and non-audit services provided by the above auditors to the Group during 2022 amounted to RMB54,069,000, RMB10,961,000 and RMB14,284,000, respectively.

Nature of Services

	2022 (RMB'000)	2021 (RMB'000)
Audit services	**54,069**	54,041
Audit related services	**10,961**	9,731
Non-audit services		
• Tax related services	**11,888**	9,563
• Circular related services	**2,120**	2,120
• Other advisory services	**276**	1,633

Amendments to Articles of Association

During the Reporting Period, the Company had not amended the Articles of Association.

Directors' Report

The Board is pleased to present the Directors' Report of the year 2022 together with the audited financial statements of the Group for the year ended 31 December 2022.

Principal Business

During the Reporting Period, the Group was principally engaged in providing container shipping, managing and operating container terminals and other terminal related businesses. The Company is an investment holding company and details of the principal activities of the Company's principal subsidiaries as at 31 December 2022 are set out in note 45 to the consolidated financial statements.

Business Review

A review of the business of the Group during the Reporting Period and a discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "**Discussion and Analysis of the Board Concerning the Future Development of the Company**" on pages 10 to 14 and pages 38 to 42 respectively. The particulars of important events affecting the Group that have occurred since the end of the financial year 2021 and the description of possible risks and uncertainties that the Group may be facing are set out in the sections headed "**Subsequent events**" and "(IV) Possible risks" on page 38 and pages 41 to 42. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "**Management Discussion and Analysis**" on pages 16 to 43 of this report. For details of the discussion on the Company's environmental policies and performance, please refer to "(II) Social responsibilities" and "(III) Environment protection" on page 47 to 49.

Compliance with the relevant laws and regulations which have a significant impact on the Group

During the Reporting Period, the Company further optimized corporate governance and operation efficiency strictly in compliance with applicable laws and regulations, including the Company Law, the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Guiding Opinions for the Establishment of Independent Directorship by Listed Companies (《關於在上市公司建立獨立董事制度的指導意見》), the Rules for the General Meetings of Shareholders of Listed Companies (《上市公司股東大會規則》), the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》) and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》). During the Reporting Period, in compliance with the requirements of regulatory authorities in a timely manner and following the requirements related to risk management and internal control of State-owned Enterprises, the Company further refined its internal control system and risk management procedures. The budget management for the whole system was also strengthened and the organization structure and accountability system of the assets supervision were further improved. Moreover, the Company actively participated in training programmes for directors, supervisors and senior management of listed companies organized by regulatory authorities, and raised the awareness of all employees on compliance through effective trainings. In addition, the Listing Rules, the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and the Codes on Takeovers and Mergers and Share Buy-backs are also applicable to the Company and the Group is committed to ensuring the compliance with such requirements through various measures such as internal control and approval procedures, trainings and supervision on different business segments.

Relationships with major stakeholders

The Company continues to engage with its employees, suppliers and customers through different channels to develop mutually beneficial relationships and promote sustainability. An account of the Company's key relationship with its employees is set out in the section headed "**Employees and Remuneration Policies**" on page 153. An account of the Company's relationship key relationship with its customers and suppliers are set out in the sections headed "(III) Operation plan" and "**Major Suppliers and Customers**" on pages 40 to 41 and page 124, respectively. The Company also recognises its obligations as a responsible member of the communities in which the Company operates. For details of the Company's engagement in and contributions to these communities, please refer to the section headed "V. Fulfillment of Social Responsibilities" on pages 47 to 49.

Results of the Group

The Group's results for the year ended 31 December 2022 are set out on pages 180 to 181 of this report.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "**Five Year Financial Summary**" of this report.

Major Suppliers and Customers

For the year ended 31 December 2022, the Group's purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases, and the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales.

During the Reporting Period, none of the Company's Directors and their close associates, the Company's controlling Shareholders nor their subsidiaries had any interests in the five largest suppliers or customers.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 24 to the consolidated financial statements. There were no distributable reserves of the Company as at 31 December 2022.

Statutory Reserve Funds

Details of the statutory reserve funds are set out in note 24 to the consolidated financial statements.

Property, Plant and Equipment and Investment Properties

Details of movements in property, plant and equipment and investment properties of the Group and the Company during the Reporting Period are set out in notes 6 and 8 to the consolidated financial statements.

Employees' Retirement Plans

Details of the employees' retirement plans are set out in note 28 to the consolidated financial statements.

Pre-emptive Rights

The Articles of Association and the laws of the PRC contain no provision for any pre-emptive rights, requiring the Company to offer new shares to the Shareholders on a pro-rata basis to their shareholdings.

Tax Relief

The Company is not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities.

Share Capital

Details of the share capital of the Company are set out in note 23 to the consolidated financial statements.

Donations

Charitable donations made by the Group during the year under review amounted to approximately RMB44,385,630.

Directors' Report

Directors and Supervisors

The Directors during the year under review and up to the date of this report were as follows:

Name	Date of appointment as Director	Date of resignation as Director
Executive Directors		
WAN Min (Chairman)	29 December 2021	N/A
HUANG Xiaowen (Vice Chairman)	30 November 2020	N/A
YANG Zhijian	9 October 2019	N/A
FENG Boming(1)	9 October 2019	28 April 2022
ZHANG Wei(2)	23 November 2022	N/A
Independent non-executive Directors		
WU Dawei	25 May 2017	N/A
ZHOU Zhonghui	25 May 2017	N/A
TEO Siong Seng	25 May 2017	N/A
MA Si-hang Frederick	30 November 2020	N/A

Notes:

(1) On 28 April 2022, Mr. FENG Boming voluntarily resigned from the position of the executive Director of the sixth session of the Board of Directors of the Company due to the change of job positions. For details, please refer to the announcement of the Company dated 28 April 2022.

(2) Effective from 23 November 2022, Mr. ZHANG Wei was appointed as an executive Director of the Company. For details, please refer to the announcement of the Company dated 23 November 2022.

The Supervisors during the year under review and up to the date of this report were as follows:

Name	Positions	Date of appointment as Supervisor	Date of resignation as Supervisor
YANG Shicheng	Chairman of the supervisory committee, Shareholder Supervisor	30 November 2020	N/A
DENG Huangjun	Employee Supervisor	30 January 2019	N/A
SONG Tao	Employee Supervisor	30 November 2020	N/A
MENG Yan	Independent Supervisor	20 May 2014	N/A
ZHANG Jianping	Independent Supervisor	20 May 2014	N/A

Independence of the Independent Non-executive Directors

The Company has received the letter of annual confirmation issued by each of the independent non-executive Directors as to his independence pursuant to Rule 3.13 of the Listing Rules. The Company confirms that all four independent non-executive Directors are considered to be independent.

Biographies of the Directors, Supervisors and Members of the Senior Management

Biographies of the Directors, Supervisors and members of the senior management of the Company as at the date hereof are set out on pages 59 to 68 of this report.

Competing Interest

None of the Directors or Supervisors has interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Pursuant to Chapter 14A of the Listing Rules, details of the Company's continuing connected transactions and connected transactions during the Reporting Period are as follows:

1. On 29 April 2022, COSCO SHIPPING Lines (as purchaser), a wholly-owned subsidiary of the Company, entered into an equity interest transfer agreement with LING HUI INVESTMENTS LIMITED (領惠投資有限公司) ("**Ling Hui**") (as vendor) in relation to the sale and purchase of 81% of the total equity interest in Shanghai Tianhongli Asset Management Limited (上海天宏力資產管理有限公司) (the "**Shanghai Tianhongli Equity Interest Transfer Agreement**"). The consideration under the Shanghai Tianhongli Equity Interest Transfer Agreement is approximately RMB2,282,508,318. COSCO SHIPPING Group is a controlling shareholder of the Company and a connected person of the Company. Ling Hui is an indirect wholly-owned subsidiary of COSCO SHIPPING Group. Accordingly, Ling Hui is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and the Shanghai Tianhongli Equity Interest Transfer Agreement and the transaction contemplated thereunder constitute connected transaction of the Company. For details of the above transaction, please refer to the announcement dated 29 April 2022 of the Company.

2. On 19 May 2022, among others, the Company, COSCO SHIPPING International Freight Co., Ltd. (中遠海運國際貨運有限公司) ("**COSCO SHIPPING Freight**") (a wholly-owned subsidiary of the Company) and other selling shareholders (the "**Selling Shareholders**") entered into an equity transfer agreement, pursuant to which (i) the Company conditionally agrees to purchase and the Selling Shareholders conditionally agree to sell an aggregate of 11.9246% of the equity interests of COSCO SHIPPING Finance Company Limited (中遠海運集團財務有限責任公司) ("**COSCO SHIPPING Finance**") at a total consideration of approximately RMB1,087,092,827 (the "**Acquisition from the Selling Shareholders**"); and (ii) the Company also conditionally agrees to purchase and COSCO SHIPPING Freight conditionally agrees to sell 3.2012% of the equity interests of COSCO SHIPPING Finance at the consideration of approximately RMB291,833,819. On the same day, the Company and COSCO SHIPPING Lines and other shareholders of COSCO SHIPPING Finance also entered into a capital increase agreement pursuant to which they conditionally agree to increase the registered capital of COSCO SHIPPING Finance (among which, the Company and COSCO SHIPPING Lines agreed to contribute RMB2,041,983,000 and RMB1,058,805,000 respectively, in an aggregated amount of RMB3,100,788,000) (the "**Capital Increase**"). COSCO SHIPPING Group is a controlling shareholder of the Company and a connected person of the Company. COSCO SHIPPING Finance and all the Selling Shareholders are the subsidiaries of COSCO SHIPPING Group, each of COSCO SHIPPING Finance and the Selling Shareholders is an associate (as defined under the Hong Kong Listing Rules) of COSCO SHIPPING Group and therefore a connected person of the Company. Accordingly, the Acquisition from the Selling Shareholders and the Capital Increase by the Group will constitute connected transactions of the Company under the Hong Kong Listing Rules. For details of the above transactions, please refer to the announcement dated 19 May 2022 of the Company.

3. On 30 August 2022, among others, (i) the Company and COSCO SHIPPING Group entered into various master agreements in respect of certain transactions (the "**COSCO SHIPPING Master Agreements**"), the nature of which is similar to the transactions under certain existing master agreements with COSCO SHIPPING Group, for a term of three years from 1 January 2023 to 31 December 2025, which can be extended for further three years as agreed in writing by the parties upon the expiration of the term on the basis that the relevant requirements of the applicable listing rules are satisfied; (ii) the Company and COSCO SHIPPING Finance entered into a financial services agreement in relation to the provision of certain financial services by COSCO SHIPPING Finance to the Company and its subsidiaries and associates (the "**Financial Services Agreement**"), for a term of three years from 1 January 2023 to 31 December 2025, which can be extended for further three years as agreed in writing by the parties upon the expiration of the term on the basis that the relevant requirements of the applicable listing rules are satisfied. COSCO SHIPPING Group is the indirect controlling Shareholder and therefore members of COSCO SHIPPING Group (including COSCO SHIPPING Finance) are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the COSCO SHIPPING Group Master Agreements and the Financial Services Agreement, constitute continuing connected transactions of the Company. For details of the above transactions, please refer to the announcement dated 30 August 2022 and the circular dated 21 October 2022 of the Company.

4. On 30 August 2022, the Company and Pacific International Lines Pte Ltd ("**Pacific International Lines**", a limited liability company incorporated in Singapore) entered into a master shipping and terminal services agreement in relation to the mutual provision of shipping services and terminal services between the Group and Pacific International Lines and/or its subsidiaries and associates (the "**Pacific International Lines Group**") (the "**PIL Master Shipping and Terminal Services Agreement**") for a term of three years from 1 January 2023 to 31 December 2025. Mr. Teo Siong Seng (an independent non-executive Director), together with his family members (as defined in Rule 14A.12(2)(a) of the Hong Kong Listing Rules), is able to control the composition of the majority of the board of directors of Pacific International Lines. Accordingly, Pacific International Lines is a connected person of the Company and the transactions under the PIL Master Shipping and Terminal Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. For details of the above transactions, please refer to the announcement dated 30 August 2022 and the circular dated 21 October 2022 of the Company.

5. On 30 August 2022, the Company and Shanghai International Port (Group) Co., Ltd. (上海國際港務(集團)股份有限公司) ("**SIPG**", a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600018)) entered into a shipping and terminal services agreement in relation to the mutual provision of shipping services and terminal services between the Group and SIPG and its subsidiaries or associates (the "**SIPG Shipping and Terminal Services Agreement**") for a term of three years from 1 January 2023 to 31 December 2025, which can be extended for further three years as mutually agreed by the parties upon the expiration of the term on the basis that the relevant requirements of the applicable listing rules are satisfied. SIPG holds 20% of the equity interests in PANASIA Shipping, a non-wholly subsidiary of the Company. Therefore, SIPG is a substantial shareholder of PANASIA Shipping and a connected person of the Company at the subsidiary level. Accordingly, the entering into of the SIPG Shipping and Terminal Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. For details of the above transactions, please refer to the announcement dated 30 August 2022 and the circular dated 21 October 2022 of the Company.

6. On 30 September 2022, COSCO SHIPPING Lines and COSCO SHIPPING Logistics Co., Ltd. (中遠海運物流有限公司) ("**COSCO SHIPPING Logistics**", a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Group) entered into an equity interest transfer agreement, pursuant to which COSCO SHIPPING Lines conditionally agrees to purchase and COSCO SHIPPING Logistics conditionally agrees to sell approximately 13.46% of the equity interests in COSCO SHIPPING Supply Chain Co., Ltd. (中遠海運供應鏈有限公司) ("**COSCO SHIPPING Supply Chain**") (representing 7% of the equity interests after completion of the proposed public listing and capital increase and employee stock ownership plan of COSCO SHIPPING Supply Chain) at the consideration of RMB1,216,544,807.69 (the "**COSCO SHIPPING Supply Chain Equity Interest Transfer Agreement**"). COSCO SHIPPING Logistics is a wholly-owned subsidiary of COSCO SHIPPING Group. Accordingly, COSCO SHIPPING Logistics is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and therefore the acquisition of COSCO SHIPPING Supply Chain under the COSCO SHIPPING Supply Chain Equity Interest Transfer Agreement constitutes a connected transaction of the Company. For details of the above transaction, please refer to the announcement dated 30 September 2022 of the Company.

7. On 28 October 2022, the Company entered into a share transfer agreement with COSCO SHIPPING Group, pursuant to which the Company agrees to purchase and COSCO SHIPPING Group agrees to sell 3,476,051,198 SIPG shares (representing approximately 14.93% of the equity interest in SIPG) at a total consideration of RMB18,944,479,029.10 (the "**SIPG Share Transfer Agreement**"). COSCO SHIPPING Group is a controlling shareholder of the Company and a connected person of the Company. Accordingly, the acquisition of SIPG Shares from COSCO SHIPPING Group by the Company under the SIPG Share Transfer Agreement constitutes a connected transaction of the Company under the Hong Kong Listing Rules. For details of the above transaction, please refer to the announcement dated 28 October 2022 and the circular dated 9 November 2022 of the Company.

8. On 28 October 2022, the Company entered into a share transfer agreement with China Ocean Shipping Co., Ltd. (中國遠洋運輸有限公司) ("**COSCO**", a PRC State-owned enterprise, the controlling Shareholder, and a wholly-owned subsidiary of COSCO SHIPPING Group), pursuant to which the Company has agreed to purchase and COSCO has agreed to sell 244,105,940 shares of Guangzhou Port Company Limited (廣州港股份有限公司) ("**Guangzhou Port**", a joint stock limited company incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (601228.SH)) (representing approximately 3.24% of the equity interest in Guangzhou Port) at a total consideration of RMB778,697,948.60 (the "**Guangzhou Port Share Transfer Agreement**"). COSCO SHIPPING Group is a controlling shareholder of the Company and a connected person of the Company. Further, COSCO is a wholly-owned subsidiary of COSCO SHIPPING Group, and therefore is also a connected person of the Company. Accordingly, the acquisition of shares of Guangzhou Port from COSCO by the Company under the Guangzhou Port Share Transfer Agreement constitutes a connected transaction of the Company under the Hong Kong Listing Rules. For details of the above transaction, please refer to the announcement dated 28 October 2022 and the circular dated 9 November 2022 of the Company.

9. On 28 October 2022, COSCO (CAYMAN) MERCURY CO. LTD. ("**COSCO MERCURY**"), a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of COSCO SHIPPING Lines), as the buyer, entered into five shipbuilding contracts on substantially the same terms with Dalian COSCO KHI Ship Engineering Co., Ltd. (大連中遠海運川崎船舶工程有限公司) ("**Dalian COSCO KHI**"), a company incorporated in the PRC with limited liability and an indirect subsidiary of COSCO SHIPPING), as the builder for the construction of five units of vessels for a consideration of US$239.85 million for each vessel and for an aggregate consideration of US$1,199.25 million for all five vessels. Nantong COSCO KHI Ship Engineering Co., Ltd. (南通中遠海運川崎船舶工程有限公司) ("**Nantong COSCO KHI**", a company incorporated in the PRC with limited liability, is an associate of COSCO SHIPPING which indirectly holds 50% equity interests in Nantong COSCO KHI, and Dalian COSCO KHI is an indirect subsidiary of COSCO SHIPPING. COSCO SHIPPING holds 36% equity interests, and Nantong COSCO KHI directly holds 30% equity interests, respectively, in Dalian COSCO KHI. Accordingly, both Dalian COSCO KHI and Nantong COSCO KHI are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules, and the transactions contemplated under the above shipbuilding contracts constitute connected transactions of the Company. For details of the above transactions, please refer to the announcement dated 28 October 2022 and the circular dated 9 November 2022 of the Company.

10. On 28 October 2022, seven indirect wholly-owned subsidiaries of Orient Overseas (International) Limited ("**OOIL**"), a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange (Stock Code: 316) and a non-wholly-owned subsidiary of the Company), as the buyers (the "**OOIL Buyers**", each a company incorporated in Marshall Islands, and each a single-vessel company wholly-owned by OOIL, and therefore each an indirect subsidiary of the Company), respectively, entered into seven shipbuilding contracts on substantially the same terms with Nantong COSCO KHI, as the builder, for the construction of seven units of vessels for a consideration of US$239.85 million for each vessel and for an aggregate consideration of US$1,678.95 million for all seven vessels. Nantong COSCO KHI is an associate of COSCO SHIPPING which indirectly holds 50% equity interests in Nantong COSCO KHI, and Dalian COSCO KHI is an indirect subsidiary of COSCO SHIPPING. COSCO SHIPPING holds 36% equity interests, and Nantong COSCO KHI directly holds 30% equity interests, respectively, in Dalian COSCO KHI. Accordingly, both Dalian COSCO KHI and Nantong COSCO KHI are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules, and the transactions contemplated under the OOIL Shipbuilding Contracts constitute connected transactions of the Company. For details of the above transactions, please refer to the announcement dated 28 October 2022 and the circular dated 9 November 2022 of the Company.

11. On 12 December 2022, COSCO SHIPPING Lines (Shanghai) Co., Ltd. (上海中遠海運集裝箱運輸有限公司) ("**COSCO SHIPPING Lines (Shanghai)**", a limited liability company incorporated in the PRC and a wholly-owned subsidiary of COSCO SHIPPING Lines) and COSCO SHIPPING Property Co., Ltd. (中遠海運資產經營管理有限公司) ("**COSCO SHIPPING Property**", a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of COSCO SHIPPING Group) entered into an equity transfer agreement, pursuant to which COSCO SHIPPING Lines (Shanghai) agrees to purchase and COSCO SHIPPING Property agrees to sell 100% of the equity interests of Shanghai Haizhenlan Real Estate Co., Ltd.* (上海海真藍實業有限公司) ("**HZL**", a limited liability company incorporated in the PRC, and a wholly-owned subsidiary of COSCO SHIPPING Property) at a total consideration of approximately RMB1.191 billion (the "**HZL Equity Transfer Agreement**"). COSCO SHIPPING Group is a controlling Shareholder and therefore a connected person of the Company. COSCO SHIPPING Property is an indirect wholly-owned subsidiary of COSCO SHIPPING Group. Accordingly, COSCO SHIPPING Property is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and therefore the acquisition of HZL under the HZL Equity Transfer Agreement constitutes a connected transaction of the Company. For details of the above transaction, please refer to the announcement dated 12 December 2022 of the Company.

12. On 12 December 2022, Shanghai Haizhilan Real Estate Co., Ltd. (上海海至藍實業有限公司) ("**Haizhilan**", a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with China SHIPPING (Shanghai) Assets Management Co., Ltd. *(中海海運(上海)資產經營管理有限公司) ("**China Shipping Assets**" a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of COSCO SHIPPING Group) pursuant to which Haizhilan agrees to purchase and China Shipping Assets agrees to sell five office buildings and 200 parking spaces of COSCO SHIPPING Park, located at No. 201 Shijie Road, Yangpu District, Shanghai, the PRC (中國上海市楊浦區世界路201號海尚智慧廣場) at a total consideration of approximately RMB730 million (the "**Acquisition of COSCO SHIPPING Park Office**"). China Shipping Assets is an indirect wholly-owned subsidiary of COSCO SHIPPING Group. Accordingly, China Shipping Assets is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and therefore the Acquisition of COSCO SHIPPING Park Office constitutes a connected transaction of the Company. For details of the above transaction, please refer to the announcement of the Company dated 12 December 2022.

13. On 12 December 2022, COSCO SHIPPING Lines (Huanan) Co., Ltd. (華南中遠海運集裝箱運輸有限公司) ("**COSCO SHIPPING Lines (Huanan)**", a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company) entered into a letter of intent with Guangzhou Hailong Real Estate Co., Ltd. (廣州海瓏置業有限公司) ("**Hailong Real Estate**", a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of COSCO SHIPPING Group), pursuant to which COSCO SHIPPING Lines (Huanan) agrees to purchase and Hailong Real Estate agrees to sell 19th-22nd floors, Guangzhou International Shipping Building (excluding parking spaces), Area A, Pazhou Internet Innovation Cluster, Haizhu District, Guangzhou, the PRC (中國廣州市海珠區琶洲互聯網電商產業集聚區A區廣州國際航運大廈19-22層) at the expected total consideration of approximately RMB520 million, the final consideration of which is subject to the measured area as set forth in the property ownership certificate. The commercial arrangements, terms and price of the transaction shall be subject to the final binding agreement to be entered by COSCO SHIPPING Lines (Huanan) and Hailong Real Estate (the "**Acquisition of Shipping Building Office**"). Hailong Real Estate is an indirect wholly-owned subsidiary of COSCO SHIPPING Group. Accordingly, Hailong Real Estate is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and therefore the Acquisition of Shipping Building Office constitutes a connected transaction of the Company. For details of the above transaction, please refer to the announcement of the Company dated 12 December 2022.

The following table sets out the relevant annual caps and the actual transaction amounts for the year ended 31 December 2022 in relation to the non-exempt continuing connected transactions of the Group:

Transactions			Transaction annual cap for the year ended 31 December 2022 RMB'000	Actual transaction amount for the year ended 31 December 2022 RMB'000
1.	Transactions under the Financial Services Agreement			
	(a)	Maximum daily outstanding balance of deposits (including accrued interest and handling fee) placed by the Group	150,000,000	127,936,506
2.	Transactions under the Master Shipping Services Agreement			
	(a)	Purchase of shipping services from the COSCO SHIPPING Group	42,000,000	32,890,115
	(b)	Provision of shipping services to the COSCO SHIPPING Group	7,500,000	7,143,942
3.	Transactions under the Master General Services Agreement			
	(a)	Purchase of general services from the COSCO SHIPPING Group	400,000	134,646
	(b)	Provision of general services to the COSCO SHIPPING Group	90,000	11,733
4.	Transactions under the Master Port Services Agreement			
	(a)	Purchase of port services from the COSCO SHIPPING Group	4,500,000	2,640,476
	(b)	Provision of port services to the COSCO SHIPPING Group	800,000	191,550
5.	Transactions under the Master Vessel and Container Asset Services Agreement		20,000,000	2,074,225
6.	Transactions under the PIL Master Shipping and Terminal Services			
	(a)	Purchase of services from Pacific International Lines	350,000	207,553
	(b)	Provision of services to Pacific International Lines	1,000,000	77,586
7.	Transactions under the SIPG Shipping and Terminal Services Agreement			
	(a)	Purchase of terminal services from Shanghai International Port Group	3,500,000	1,494,047
	(b)	Provision of shipping services to Shanghai International Port Group	500,000	82,963

Review of Continuing Connected Transactions for 2022

The independent non-executive Directors have reviewed the above non-exempt continuing connected transactions and confirm that these transactions have been entered into:

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

(2) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company, PricewaterhouseCoopers, to report on the above continuing connected transactions for the year ended 31 December 2022 (the "**Transactions**") in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the Transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Substantial Interests in the Shares and Underlying Shares of the Company

As at 31 December 2022, so far as was known to the Directors, save as disclosed below, there was no person (other than a Director, Supervisor or chief executives of the Company) who had any other interest or short position in the Shares and 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

		Number of shares/Percentage of total issued share capital of the Company					
Name	Capacity and nature of interest	Long position	% (approx.)	Short position	% (approx.)	Lending pool	% (approx.)
China Ocean Shipping Co., Ltd. (a State-owned enterprise in China and a direct controlling shareholder of the Company)	Beneficial owner	A Shares: 5,924,873,037	36.81	–	–	–	–
China COSCO SHIPPING Corporation Limited (a State-owned enterprise in China and an indirect controlling shareholder of the Company)	Beneficial owner	A Shares: 599,026,973	3.72				
	Interest of controlled corporation	A Shares: 5,924,873,037					
		H Shares: 225,822,000 (1)					
		Subtotal: 6,150,695,037	38.22				
		Total: 6,749,722,010	**41.94**	**-**	**-**	**-**	**-**
China Shipping Group Co., Ltd.	Interest of controlled corporation	H Shares: 225,822,000 (1)	1.40	-	–	–	–
Shanghai Automotive Industry Corporation (Group) Co., Ltd. (上海汽車工業(集團)有限公司)	Beneficial owner	A Shares: 804,700,000	5.00				
BlackRock, Inc. (2)	Interest of controlled corporation	H Shares: 205,364,862	1.28	H Shares: 6,904,000	0.04	–	–

Notes:

(1) Among those Shares, 221,672,000 H Shares, representing approximately 6.61% of the total issued H Shares as at 31 December 2022, were directly held by Peaktrade Investments Limited ("**Peaktrade**"), and 4,150,000 H Shares, representing approximately 0.12% of the total number of H Shares in issue as of 31 December 2022, were directly held by COSCO SHIPPING (Hong Kong) Co., Limited. Peaktrade was directly and wholly-owned by COSCO SHIPPING (Hong Kong) Co., Limited, which was directly and wholly-owned by China Shipping Group Co., Ltd., which was in turn directly and wholly-owned by China COSCO SHIPPING Corporation Limited.

(2) BlackRock, Inc. held relevant interests and short positions in the H Shares through a series of its controlled corporations, representing approximately 6.12% and 0.21% of the total issued H Shares respectively as at 31 December 2022.

A Share Option Incentive Scheme

On 3 December 2018, the Board approved the Company's proposed adoption of the Share Option Incentive Scheme. In order to further optimize the Share Option Incentive Scheme, the Board approved the Company's proposed adoption of the further revised share option incentive scheme (the "**Further Revised Scheme**") on 7 May 2019. On 30 May 2019, the Further Revised Scheme was considered and approved by the extraordinary general meeting, A Share class meeting and H Share class meeting of the Company. Pursuant to the Further Revised Scheme, the total number of underlying A Shares in relation to the share options to be granted shall not exceed 218,236,900 A Shares, representing approximately 2.25% of the A share capital of the Company and approximately 1.78% of the total issued share capital of the Company as at 30 June 2020. According to the Further Revised Scheme, the exercise price of the first batch of share options was determined in accordance with the "Management Measures on Share Option Incentive Scheme" 《股票期權激勵計劃管理辦法》 of the Company and the relevant requirements under the laws and regulations of the PRC including the "Trial Measures for Implementing the Share Incentive System by the State-Controlled Listed Companies of the PRC (Domestic)" 《國有控股上市公司(境內)實施股權激勵試行辦法》, and represented the higher of the followings: (i) the average trading price of the A Shares on the last trading day immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; (ii) the average trading price of the A Shares during the last 20 trading days immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; (iii) the closing price of the A Shares on the last trading day immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; (iv) the average closing price of the A Shares for the last 30 trading days immediately preceding the date of the announcement of the draft of the Share Option Incentive Scheme and the summary thereof on the Shanghai Stock Exchange; and (v) the par value of the A Shares. When the reserved share options will be granted, the exercise price of reserved share options shall be determined by the Board in accordance with the principle of determining the exercise price of the first batch of share options.

On 3 June 2019 (the "**Date of Grant for the First Batch of the Share Options**"), pursuant to the authorization at the General Meetings, 192,291,000 share options were granted by the Board to 465 participants in the first batch under the Further Revised Scheme. The exercise price was RMB4.10 per A Share. The exercise price will be adjusted in accordance with the relevant requirements under the Further Revised Scheme upon occurrence of the adjustment events (including but not limited to the conversion of capital reserve into share capital, bonus issue, sub-division or consolidation of Shares, rights issue or distribution of dividends of the Company). On the Date of Grant for the First Batch of the Share Options, the closing price of A Shares was RMB4.82 per A Share. The closing price of A Shares on the trading day immediately before the Date of Grant for the First Batch of the Share Options was RMB4.78 per A Share.

In the process of registration after the Date of Grant for the First Batch of the Share Options, five participants (not being senior management of the Company) did not accept the share options granted to them due to personal reasons. Under the Further Revised Scheme, the number of participants who were granted share options in the first batch has been adjusted from 465 to 460 and the number of the share options granted in the first batch has been adjusted from 192,291,000 to 190,182,200. For details, please refer to the overseas regulatory announcement of the Company dated 19 July 2019. On 24 July 2019, COSCO SHIPPING Holdings completed the registration in respect of the grant of the share options in the first batch with 190,182,200 share options and 460 participants registered. For details, please refer to the overseas regulatory announcement of the Company dated 25 July 2019.

In order to further enhance the corporate governance of the Company and to promote the Company's operating results and sustainable and healthy development, on 30 March 2020, the Board approved the inclusion of, among others, Directors (excluding independent Directors) to the further revised scope of the participants of the Share Option Incentive Scheme (the "**Participant(s)**"). The relevant amendments were approved by the shareholders of the Company at the shareholders' meetings and the class meetings on 18 May 2020 (the "**Share Option Incentive Scheme (Revised)**"). Please refer to the related announcements of the Company dated 30 March 2020 and 18 May 2020.

On 29 May 2020 (the "**Date of Grant for Reserved Share Options**"), 16,975,200 reserved share options were granted by the Board to 39 participants under the Share Option Incentive Scheme (Revised). The exercise price was RMB3.50 per A Share. The exercise price will be adjusted in accordance with the relevant requirements under the Share Option Incentive Scheme (Revised) upon occurrence of the adjustment events (including but not limited to the conversion of capital reserve into share capital, bonus issue, sub-division or consolidation of Shares, rights issue or distribution of dividends of the Company). On the Date of Grant for Reserved Share Options, the closing price of A Shares was RMB3.16 per A Share. The closing price of A Shares on the trading day immediately before the Date of Grant for Reserved Share Options was RMB3.19 per A Share. Please refer to the related announcement of the Company dated 29 May 2020. On 7 July 2020, COSCO SHIPPING Holdings completed the registration in respect of the grant of the Reserved Share Options with 16,975,200 share options and 39 participants registered. For details, please refer to the overseas regulatory announcement of the Company dated 8 July 2020.

On 17 May 2021, the Company convened the sixth meeting of the sixth session of the Board and the fourth meeting of the sixth session of the Supervisory Committee, where the Proposal on Adjusting on Scope of Incentive Objects of the Share Option Incentive Scheme, Number of Share Options and Cancellation of Partial Granted but Outstanding Share Options《關於調整股票期權激勵計劃首次授予激勵對象名單、期權數量並註銷部分已獲授但未行權的股票期權的議案》 and the Proposal on Fulfillment of Exercise Conditions Under the First Grant of Share Option Incentive Scheme《關於股票期權激勵計劃首次授予期權第一個行權期符合行權條件的議案》 were passed. It was agreed to cancel the 6,791,000 share options granted to the 17 participants in the first batch of incentive objects who no longer complied with the conditions of such incentive due to reasons including resignation, retirement and dismissal, and the number of incentive objects in the first batch and that of the share options initially granted to be adjusted from 460 to 443, and from 190,182,200 to 183,391,200, respectively. It was also agreed to eliminate Sinotrans from the peer benchmark companies, along with the approval for the incentive objects who have fulfilled the exercise conditions under the first grant of Share Option Incentive Scheme to exercise their stock options.

On 7 July 2021, the Company convened the seventh meeting of the sixth session of the Board and the fifth meeting of the sixth session of the Supervisory Committee, where the Proposal on Adjusting the Exercise Price and Number of Options under the Stock Option Incentive Scheme《關於調整股票期權激勵計劃行權價格及期權數量的議案》and the Proposal on Adjusting the List of Incentive Objects and the Number of Share Options Granted for the First Time and Cancellation of Certain Stock Options Granted but Not Exercised《關於調整股票期權首次授予激勵對象名單和期權數量並註銷部分已獲授但未行權的股票期權的議案》 were passed. It was agreed that the Company would adjust both the exercise price and number of stock options under the Stock Option Incentive Scheme according to the actual circumstance of the capitalization of capital reserve in 2020. It was also agreed to cancel the 345,000 share options (equivalent to 448,500 share options upon the adjustment of the number of stock options) granted to one participant in the first batch of incentive objects who no longer complied with the conditions of such incentive due to his/her dismissal, and the number of incentive objects in the first batch and that of the share options initially granted but not exercised (upon the adjustment of the number of stock options) to be adjusted from 443 to 442, and from 164,997,999 to 164,549,499, respectively.

On 19 May 2022, the Company convened the 17th meeting of the sixth session of the Board and the 10th meeting of the sixth session of the Supervisory Committee, where it was resolved to cancel 1,905,800 options granted to 2 reserved incentive objects who no longer met the incentive conditions due to the change of job position and death respectively, thus adjusting the number of reserved incentive objects from 39 to 37, and adjusting the number of reserved options from 22,067,760 to 20,161,960; approve the fulfillment of exercise conditions for the first exercise period of the reserved share options under the Stock Option Incentive Scheme, and the incentive objects who meet the exercise conditions to exercise options; to cancel 6,364,049 stock options which were granted but not exercised for the 2nd and 3rd exercise periods of the share options for the first 16 incentive objects who no longer met incentive conditions due to retirement and dismissal for disciplinary violation, thus adjusting the number of incentive objects granted for the first time from 442 to 426, and adjusting the number of options granted but not exercised for the 2nd and 3rd exercise periods for the first time to 153,069,191.

On 10 June 2022, the Company convened the 18th meeting of the sixth session of the Board and the 11th meeting of the sixth session of the Supervisory Committee where it was resolved to adjust the exercise price of options granted for the first time from RMB3.15 per share to RMB2.28 per share, and adjust the exercise price of reserved options from RMB2.69 per share to RMB1.82 per share; to cancel the 461,630 stock options which were granted but not exercised for the 2nd and 3rd exercise periods for the first 1 incentive object who no longer met the incentive conditions due to death, thus adjusting the number of incentive objects granted for the first time from 426 to 425, and adjusting the number of options granted but not exercised for the 2nd and 3rd exercise periods for the first time to 152,607,564.

On 4 July 2022, the Company issued the Implementation Announcement for the First Exercise Period and Eligibility of the Exercise Conditions for the Second Exercise Period Granted for the First Time under the Stock Option Incentive Scheme (《股票期權激勵計劃預留授予期權第一個行權期及首次授予期權第二個行權期符合行權條件實施公告》), pursuant to which the reserved options for the first exercise period were 6,653,450 shares, the number of persons to exercise rights was 37 with the exercise price of RMB1.82 per share, and the first exercise period of reserved options was from 8 July 2022 to 26 May 2023. The exercisable number of options granted for the first time was 75,164,920 shares for the 2nd exercise period, the number of persons to exercise rights was 425 with the exercise price of RMB2.28 per share, and the second exercise period of options granted for the first time was from 8 July 2022 to 2 June 2023.

On 30 August 2022, the Company convened the 21st meeting of the sixth session of the Board and the 12th meeting of the Supervisory Committee, where it was resolved to cancel the 909,559 stock options which were due but not exercised by the 11 incentive objects.

On 12 December 2022, the Company convened the 24th meeting of the sixth session of the Board, where it was resolved to adjust the exercise price of options granted for the first time from RMB2.28 per share to RMB1 per share, and adjust the exercise price of reserved options from RMB1.82 per share to RMB1 per share in accordance with the Interim Profit Distribution Plan of 2022.

Movements of share options during the Reporting Period are set out below:

(1) Share options granted to the directors and chief executive of the Company

Name of Participant	Position of Participant	Number of share options: Outstanding as at 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period Note [6]	Lapsed during the Reporting Period	Adjusted during the Reporting Period Note [2]	Outstanding as at 31 December 2022	Weighted average closing price immediately before the exercise date	Date of grant
YANG Zhijian	Director and General Manager	1,216,800	–	401,544	–	–	–	815,256	14.72	Note (3)
FENG Boming	Former Director	1,216,800	–	–	1,216,800	–	–	0	–	Note (3)
ZHANG Wei	Director and Deputy General Manager	980,200	–	323,466	–	–	–	656,734	14.72	Note (3)

(2) Share options granted to all participants

Participants	Number of Participants (person-time) Note [15]	Number of share options: Outstanding as at 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period Note [4], [6], [7]	Lapsed during the Reporting Period [9]	Adjusted during the Reporting Period Note [1], [2], [7], [10]	Outstanding as at 31 December 2022	Weighted average closing price immediately before the exercise date	Date of grant
Directors and chief executive of the Company	2	3,413,800	–	725,010	1,216,800	–	–	1,471,990	14.72	Note (3)
Senior management of the Company	10	5,829,466	–	2,873,812	–	–	–	2,955,654	13.637	Note (5)
Other key business personnel and management personnel of the Company	415	155,392,879	–	71,436,034	6,825,679	909,556	–	76,221,610	14.620	Note (5)
	35	18,653,960	–	5,701,070	689,000	–	–	12,263,890	14.622	Note (3)
Total	**462**	**183,290,105**	**-**	**80,735,926**	**8,731,479**	**909,556**	**-**	**92,913,144**		

Notes:

(1) On 7 July 2021, the Board of Directors agreed that the Company to adjust the exercise price and the number of share options under the Share Option Incentive Scheme (Revised) in accordance with the Conversion Capital Reserve to Share Capital of the Company for 2020 and the Share Option Incentive Scheme (Revised). After the adjustments, the exercise price of options granted for the first time but not yet exercised was adjusted from RMB4.10 per A share to RMB3.15 per A share, and the number of share options granted for the first time but not yet exercised was adjusted from 126,921,538 to 164,997,999. The above changes in the exercise price and the number of the share options granted for the first time but not yet exercised were registered with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 27 August 2021.

(2) On 7 July 2021, the Board of Directors agreed that the Company to adjust the exercise price and the number of share options under the Share Option Incentive Scheme (Revised) in accordance with the Conversion Capital Reserve to Share Capital of the Company for 2020 and the Share Option Incentive Scheme (Revised). After the adjustment, the exercise price of reserved share options was adjusted from RMB3.50 per A share to RMB2.69 per A share, and the number of reserved share options was adjusted from 16,975,200 to 22,067,760. The above changes in the exercise price and the number of the reserved share options were registered with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 24 August 2021.

(3) Such A share options were granted on 29 May 2020 (i.e. the Date of Grant for Reserved Share Options).

(4) On 17 May 2021, the Board of Directors approved the cancellation of 6,791,000 share options granted to but not exercised by the 17 grantees who were no longer eligible for the scheme due to reasons such as resignation, retirement and dismissal in accordance with the Share Option Incentive Scheme (Revised). On July 7, 2021, the Board of directors also agreed to cancel the 345,000 share options granted to but not yet exercised by the grantee of the First Batch of Share Options who was no longer eligible for the scheme due to dismissal (which was 448,500 share options after adjustment of the number of share options).

(5) Such A share options were granted on 3 June 2019 (i.e. the Date of Grant for the First Batch of the Share Options).

(6) On 19 May 2022, the Company convened the 17th meeting of the sixth session of the Board and the 10th meeting of the sixth session of the Supervisory Committee, where it was resolved to cancel 1,905,800 options granted to 2 reserved incentive objects who no longer met the incentive conditions due to the change of job position and death respectively, thus adjusting the number of reserved incentive objects from 39 to 37, and adjusting the number of reserved options from 22,067,760 to 20,161,960; approve the fulfillment of exercise conditions for the first exercise period of the reserved share options under the Stock Option Incentive Scheme, and the incentive objects who meet the exercise conditions to exercise options; to cancel 6,364,049 stock options which were granted but not exercised for the 2nd and 3rd exercise periods of the share options for the first 16 incentive objects who no longer met incentive conditions due to retirement and dismissal for disciplinary violation, thus adjusting the number of incentive objects granted for the first time from 442 to 426, and adjusting the number of options granted but not exercised for the 2nd and 3rd exercise periods for the first time to 153,069,191.

(7) On 10 June 2022, the Company convened the 18th meeting of the sixth session of the Board and the 11th meeting of the sixth session of the Supervisory Committee, where it was resolved to adjust the exercise price of options granted for the first time from RMB3.15 per share to RMB2.28 per share, and adjust the exercise price of reserved options from RMB2.69 per share to RMB1.82 per share; to cancel the 461,630 stock options which were granted but not exercised for the 2nd and 3rd exercise periods for the first 1 incentive object who no longer met the incentive conditions due to death, thus adjusting the number of incentive objects granted for the first time from 426 to 425, and adjusting the number of options granted but not exercised for the 2nd and 3rd exercise periods for the first time to 152,607,564.

(8) On 4 July 2022, the Company issued the Implementation Announcement for the First Exercise Period and Eligibility of the Exercise Conditions for the Second Exercise Period Granted for the First Time under the Share Option Incentive Scheme《股票期權激勵計劃預留授予期權第一個行權期及首次授予期權第二個行權期符合行權條件實施公告》, pursuant to which the reserved options for the first exercise period were 6,653,450 shares, the number of persons to exercise rights was 37 with the exercise price of RMB1.82 per share, and the first exercise period of reserved options was from 8 July 2022 to 26 May 2023. The exercisable number of options granted for the first time was 75,164,920 shares for the 2nd exercise period, the number of persons to exercise rights was 425 with the exercise price of RMB2.28 per share, and the second exercise period of options granted for the first time was from 8 July 2022 to 2 June 2023.

(9) On 30 August 2022, the Company convened the 21st meeting of the sixth session of the Board and the 12th meeting of the Supervisory Committee, where it was resolved to cancel the 909,559 share options which were due but not exercised by the 11 incentive objects.

(10) On 12 December 2022, the Company convened the 24th meeting of the sixth session of the Board, where it was resolved to adjust the exercise price of options granted for the first time from RMB2.28 per share to RMB1 per share, and adjust the exercise price of reserved options from RMB1.82 per share to RMB1 per share in accordance with the Interim Profit Distribution Plan of 2022.

(11) There were no Participants who were granted and would be granted share options in excess of 1% of the individual limit during the year, nor were there any related entity Participants or service providers who were granted or would be granted share options in excess of 0.1% of the relevant class of shares issued by the Company during the year.

(12) During the Reporting Period, the number of the A Shares which may be issued by the Company under the Share Option Incentive Scheme was 183,290,105 shares, representing approximately 1.44% of the weighted average number of the Company's A Shares in issue during the Reporting Period. Among them, 80,735,926 A Shares were issued after the exercise of share options, 9,641,035 share options were cancelled and 92,913,144 share options are exercisable in the future, representing 0.64%, 0.08% and 0.73% of the weighted average number of the Company's A Shares in issue during the Reporting Period, respectively.

(13) As of the end of the Reporting Period, the total number of Shares which could be issued under the Share Option Incentive Scheme of the Company was 140,532,742 Shares, representing approximately 0.87% of the total number of Shares issued by the Company and approximately 1.10% of the total number of A Shares Issued by the Company.

(14) The accumulative equity interests of the Company granted to any one Participant through the Share Option Incentive Scheme shall not exceed 1% of the total number of the Company's A Shares.

(15) Only the Participants who satisfied the exercise conditions as at the end of the Reporting Period were counted.

Validity Period

The Further Revised Scheme (subsequently revised as the "Share Option Incentive Scheme (Revised)") shall be effective for 10 years upon approval by the shareholders' meetings on 30 May 2019.

Exercise Period

(i) The exercise period in respect of the first batch of the share options commences on the first trading day after the expiration of the 24-month period (two years) from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options) and ending on the last trading day of the 36-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options). The exercisable share options shall be 33% of the total number of share options granted;

(ii) The exercise period in respect of the second batch of the share options commences on the first trading day after the expiration of the 36-month period (three years) from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options) and ending on the last trading day of the 48-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options). The exercisable share options shall be 33% of the total number of share options granted; and

(iii) The exercise period in respect of the third batch of the share options commences on the first trading day after the expiration of the 48-month period (four years) from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options) and ending on the last trading day of the 84-month period from the Date of Grant for the First Batch of the Share Options (or, as the case may be, the Date of Grant for Reserved Share Options). The exercisable share options shall be 34% of the total number of share options granted.

Conditions of Exercise

The following conditions must be satisfied before the share options (including the share options granted on 3 June 2019 and the reserved share options granted on 29 May 2020 by the Company) become effective and exercisable by the Company and the Participants pursuant to the terms of the Share Option Incentive Scheme:

(i) the Company having achieved the following performance targets, and none of the circumstances as stipulated in the relevant requirements of the SASAC and the CSRC that the share options shall not become effective having occurred:

Exercise period	Performance targets
Exercise period in respect of the first batch of the share options	(a) the EOE for 2020 shall be no less than 12.15% and the 75th percentile of the peer benchmark companies; (b) the growth rate of the net profit attributable to the owners of the parent company for 2020 shall be no less than 8% as compared to that of the financial year ended 31 December 2018; and (c) the EVA for 2020 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.
Exercise period in respect of the second batch of the share options	(a) the EOE for 2021 shall be no less than 13% and the 75th percentile of the peer benchmark companies; (b) the growth rate of the net profit attributable to the owners of the parent company for 2021 shall be no less than 18% as compared to that of the financial year ended 31 December 2018; and (c) the EVA for 2021 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.
Exercise period in respect of the third batch of the share options	(a) the EOE for 2022 shall be no less than 14% and the 75th percentile of the peer benchmark companies; (b) the growth rate of the net profit attributable to the owners of the parent company for 2022 shall be no less than 30% as compared to that of the financial year ended 31 December 2018; and (c) the EVA for 2022 shall reach the target assigned by COSCO SHIPPING and the change in EVA is greater than 0.

(ii) the Participants of the share options granted on 3 June 2019 having met the following conditions conducted pursuant to the revised appraisal measures for the Share Option Incentive Scheme, and none of the circumstances under which a person shall not become a Participant as set out in the Share Option Incentive Scheme having occurred:

Exercise of the first batch of the Share Options	Exercise of the second batch of the Share Options	Exercise of the third batch of the Share Options
the Participant having obtained an assessment grade of "qualified" (or equivalent to "qualified") or above in his/her performance review for 2020	the Participant having obtained an assessment grade of "qualified" (or equivalent to "qualified") or above in his/her performance review for 2021	the Participant having obtained an assessment grade of "qualified" (or equivalent to "qualified") or above in his/her performance review for 2022

(iii) the Participants of the reserved share options granted on 29 May 2020 having met the following conditions conducted pursuant to the revised appraisal measures for the Share Option Incentive Scheme, and none of the circumstances under which a person shall not become a Participant as set out in the Share Option Incentive Scheme having occurred:

Exercise of the first batch of the Share Options	Exercise of the second batch of the Share Options	Exercise of the third batch of the Share Options
the Participant having obtained an assessment grade of "qualified" (or equivalent to "qualified") or above in his/her performance review for 2021	the Participant having obtained an assessment grade of "qualified" (or equivalent to "qualified") or above in his/her performance review for 2022	the Participant having obtained an assessment grade of "qualified" (or equivalent to "qualified") or above in his/her performance review for 2023

(iv) According to relevant regulations, in order to protect the interests of the minority Shareholders and potential shareholders of the Company, in connection with the non-public issuance of A shares by the Company, the Directors (excluding independent non-executive Directors) and senior management of the Company have undertaken to ensure the Company's strict implementation of the remedial measures of the current return. The Directors (excluding independent non-executive Directors) and senior management of the Company who are also Participants under the Share Option Incentive Scheme, in addition to fulfilling the conditions of exercise above, shall also fulfill the condition of the Company implementing the remedial measures of the current return. The remuneration committee of the Company will appraise the implementation of the remedial measures of the return by the Company.

If one or more of the conditions of exercise in respect of any exercise period are not satisfied, such part of the share options shall lapse and be cancelled by the Company.

The COSCO SHIPPING Ports Share Option Scheme

General Information of the Share Option Scheme

On 8 June 2018, the Company and COSCO SHIPPING Ports held an annual general meeting and a special general meeting respectively to consider and approve the adoption of the COSCO SHIPPING Ports Share Option Scheme.

Summary of the Principal Terms of the Share Option Scheme

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

Eligible participants for the COSCO SHIPPING Ports Share Option Scheme include the directors of COSCO SHIPPING Ports, key management personnel such as senior management members at the headquarters of COSCO SHIPPING Ports and departmental deputy managers and above, and management personnel (including senior and midlevel management personnel) appointed to subsidiaries and other invested companies of COSCO SHIPPING Ports, and senior management members of COSCO SHIPPING Ports' subsidiaries excluding independent non-executive directors, shareholders or de facto controllers of COSCO SHIPPING Ports who on their own or in aggregate holding more than 5% of the shares of COSCO SHIPPING Ports and their respective spouses, parents, children or other associates (as defined under the Listing Rules).

The number of share options to be granted to each participant of the COSCO SHIPPING Ports Share Option Scheme shall be determined on the basis that the estimated benefit upon exercise of the share options will not exceed 40% of twice of his/her total annual emolument (inclusive of the estimated benefit upon exercise of the share options) which was determined according to the annual salary level in 2016. If the results of COSCO SHIPPING Ports is exceptionally outstanding, the cap on the benefit upon exercise of the share options mentioned above may be adjusted according to the regulations of the SASAC. The specific operation and arrangement will be implemented by the board of directors of COSCO SHIPPING Ports in accordance with the then regulations of the SASAC.

The maximum entitlement for any one participant of the COSCO SHIPPING Ports Share Option Scheme (including exercised, cancelled and outstanding options) in any 12 months' period shall not exceed 1% of the total number of shares of COSCO SHIPPING Ports in issue.

Directors' Report

As at the date of this report, a total of 31,486,030 shares (representing approximately 0.92% of the existing issued shares of COSCO SHIPPING Ports) may be issued upon exercise of all options which were granted and yet to be exercised under the COSCO SHIPPING Ports Share Option Scheme. According to the provisions of the COSCO SHIPPING Ports Share Option Scheme, no share options could be granted under the COSCO SHIPPING Ports Share Option Scheme since 19 June 2019 (i.e. one year from the date of the initial grant of share options under the COSCO SHIPPING Ports Share Option Scheme).

Share options cannot be exercised during the two-year period commencing from the date of grant of the share options (the "**Restriction Period**"). Subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, and each batch of share options vested is exercisable within the relevant exercise period. For details of the vesting and exercise periods in respect of the share options granted, please refer to the table and relevant notes of the table regarding movement of the share options during the year 2022 which is set out at the end of this section.

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

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

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

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

Category	Capacity in which such interests are held	Exercise price per share HK$	Outstanding at 1 January 2022	Granted during the year	Exercised during the year	Transfer (to)/ from other categories during the year	Lapsed/ Cancelled during the year	Outstanding at 31 December 2022	% of total number of issued Shares	Exercise period	Notes
			Number of share options								
Directors of COSCO SHIPPING Ports											
Mr. ZHU Tao	Spouse	7.27	N/A	–	–	557,097	(186,071)	371,026	0.01%	19.6.2020-18.6.2023	(1), (2), (13)
Dr. WONG Tin Yau, Kelvin	Personal	7.27	1,200,000	–	–	–	(400,800)	799,200	0.02%	19.6.2020-18.6.2023	(1), (3), (13)
Former directors of COSCO SHIPPING Ports											
Mr. ZHANG Dayu	Personal	7.27	1,200,000	–	–	(1,200,000)	–	–	–	19.6.2020-18.6.2023	(1), (3), (4)
Mr. DENG Huangjun	Personal	7.27	1,200,000	–	–	(1,200,000)	–	–	–	19.6.2020-18.6.2023	(1), (3), (5)
			3,600,000	–	–	(1,842,903)	(586,871)	1,170,226			
Continuous contract employees											
		7.27	37,607,778	–	–	(2,252,178)	(12,445,530)	22,910,080	0.67%	19.6.2020-18.6.2023	(1), (2), (6), (7)
		8.02	604,971	–	–	–	(206,567)	398,404	0.01%	29.11.2020-28.11.2023	(8), (14)
		8.48	449,726	–	–	–	(224,525)	225,201	0.01%	29.3.2021-28.3.2024	(9),(14)
		7.27	135,143	–	–	–	(67,470)	67,673	0.00%	23.5.2021-22.5.2024	(10), (14)
		7.57	849,428	–	–	–	(424,078)	425,350	0.01%	17.6.2021-16.6.2024	(11), (14)
Others		7.27	6,294,680	–	–	4,095,081	(3,951,603)	6,438,158	0.19%	19.6.2020-18.6.2023	(1), (12), (13)
			45,941,726	–	–	1,842,903	(17,319,773)	30,464,856			
			49,541,726	–	–	–	(17,906,644)	31,635,082			

Notes:

(1) The share options were granted on 19 June 2018 under the COSCO SHIPPING Ports Share Option Scheme at an exercise price of HK$7.27 per share of COSCO SHIPPING Ports. According to the provisions of the COSCO SHIPPING Ports Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during during the two-year period commencing from the date of grant of the share options (the "**Restriction Period**"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 19 June 2020; (b) 33.3% of the share options were vested on 19 June 2021; and (c) 33.4% of the share options were vested on 19 June 2022. Details of the vesting conditions for the share options are more particularly set out in section headed "11. Performance Target before the Options can be granted and vested – Performance Conditions for the vesting of Share Options" of the circular of COSCO SHIPPING Ports dated 18 May 2018.

(2) These share options is held by the spouse(s) of the director(s) (being employees of COSCO SHIPPING Ports as at the date of appointment of the director) and hence, is the interest of spouse of the director. To avoid duplication in calculation, these share options were transferred from the category of "continuous contract employees" to the category of "directors".

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

(4) Mr. ZHANG Dayu resigned as an executive director of COSCO SHIPPING Ports on 28 June 2022. In this regard, the options held by Mr. ZHANG Dayu were transferred from the category of "directors" to the category of "others".

(5) Mr. DENG Huangjun resigned as an executive director of COSCO SHIPPING Ports on 1 April 2022. In this regard, the options held by Mr. DENG Huangjun were transferred from the category of "directors" to the category of "others".

(6) These 2,252,178 share options comprise 557,097 share options as described in note (2) and 1,695,081 share options transferred from the category of "continuous contract employees" to the category of "others" pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme.

(7) Amongst the 12,445,530 share options, 766,250 share options were lapsed due to resignation or retirement of the relevant employees and 11,679,280 share options were cancelled due to failure to fulfill the performance targets of the COSCO SHIPPING Ports pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme.

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

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

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

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

(12) These 4,095,081 share options included those transferred from the categories of "directors" of COSCO SHIPPING Ports or "continuous contract employees" to the category of "others" as mentioned under notes (4), (5) and (6).

(13) Amongst the 3,951,603 share options, 1,166,522 share options were lapsed due to resignation or retirement of the relevant employee and 2,785,081 share options were cancelled due to failure to fulfill the performance targets of COSCO SHIPPING Ports pursuant to the terms of the COSCO SHIPPING Ports Share Option Scheme.

(14) These share options were cancelled due to failure to fulfill the performance targets of COSCO SHIPPING Ports.

(15) No share options were granted or exercised under the COSCO SHIPPING Ports Share Option Scheme during the year.

Capital Increase and Employees' Participation Plan Implemented by Shanghai PANASIA Shipping Company Limited

Pursuant to the Opinion on Commencement of Pilot Employee Stock Ownership by Stated-Owned Holding Mixed Ownership Enterprises (Guo Zi Fa Gai Ge [2016] No. 133)《關於國有控股混合所有制企業開展員工持股試點的意見》(國資發改革[2016]133號)), during 2017, Shanghai PANASIA Shipping Company Limited (上海泛亞航運有限公司) ("**PANASIA Shipping**"), a subsidiary of COSCO SHIPPING Lines, decided to implement the capital increase and employees participation plan. PANASIA Shipping introduced certain strategic investor(s) by participating in the public tender for subscribing for equity on the Shanghai United Assets and Equity Exchange. The subscription price per unit will be not less than the appraised net asset value (after the filing procedures having been completed) per unit of the registered capital of PANASIA Shipping. Meanwhile, it introduced employees' participation through the employees' participation platform, under which employees will subscribe for equity interests at the final subscription price of strategic investor(s). Please refer to the announcement of COSCO SHIPPING Holdings dated 18 April 2017 for details.

As at the end of June 2017, COSCO SHIPPING Lines, PANASIA Shipping, Shanghai Fosun Industrial Investment Company Limited (上海復星產業投資有限公司) (a strategic investor) ("**Fosun Industrial Investment**") and Ningbo Hongyang Investment and Management LLP (寧波泓陽投資管理合夥企業(有限合夥)) (the employees' participation platform) ("**Hongyang**") signed an agreement on capital increase and completed the change of industrial and commercial registration. As at the end of 2022, the equity interest in PANASIA Shipping was held by COSCO SHIPPING Lines, Shanghai International Port (Group) Co., Ltd., Fosun Industrial Investment, Hongyang and 共青城寰海投資管理合夥企業(有限合夥) (Fosun Group Project Team) as to 62%, 20%, 9.9382%, 8% and 0.0618%, respectively. The participating employees (including employees in subsidiaries), of a total number of 184, are core management personnel of PANASIA Shipping, accounting for 28.53% of its total headcount.

Directors' and Supervisors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2022, the interests of the Directors and Supervisors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company:

Name of Director	Capacity	Number of Shares held as at 31 December 2022	Approximated percentage of total number of the relevant class of the issued share capital	Approximated percentage of total number of the issued share capital
Mr. YANG Zhijian[1]	Beneficial owner	130,000 H Shares	0.00388%	0.00081%
	Beneficial owner	1,216,800 A Shares	0.00955%	0.00756%
Mr. ZHANG Wei[2]	Beneficial owner	980,200 A Shares	0.00769%	0.00609%
Mr. TEO Siong Seng	Beneficial owner	146,250 H Shares	0.00436%	0.00091%

Notes:

1. As at 31 December 2022, Mr. Yang Zhijian held 401,544 A Shares and 815,356 A share options under the A share option incentive scheme of the Company.

2. As at 31 December 2022, Mr. Zhang Wei held 323,466 A Shares and 656,734 A share options under the A share option incentive scheme of the Company.

(b) Long positions in shares, underlying shares and debentures of associated corporations of the Company:

Name of associated corporation	Name of Director/ Supervisor	Capacity	Number of shares held	Percentage of total number of issued shares of the relevant class of the relevant associated corporation	Approximate percentage of total number of the issued share capital of the relevant associated corporations
COSCO SHIPPING Development	Mr. WAN Min	Beneficial owner	200,000 H shares	0.00544%	0.00147%
		Interest of spouse	2,000 A shares	0.00002%	0.00001%
	Mr. YANG Zhijian	Beneficial owner	400,000 H shares	0.01088%	0.00294%
	Mr. DENG Huangjun	Interest of spouse	20,000 A shares	0.00020%	0.00015%
COSCO SHIPPING Ports	Mr. WAN Min	Beneficial owner	312,854 H shares	0.07821%	0.07821%
	Mr. ZHANG Wei	Beneficial owner	30,000 H shares	0.00750%	0.00750%
	Mr. DENG Huangjun[1]	Beneficial owner	1,206,354 H shares	0.03780%	0.30159%
COSCO SHIPPING Energy Transportation	Mr. WAN Min	Interest of spouse	16,000 A shares	0.00046%	0.00046%

Note:

1. As at 31 December 2022, Mr. DENG Huangjun was interested in 407,154 H shares and 799,200 share options of COSCO SHIPPING Ports.

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

Nil.

Share options were granted by COSCO SHIPPING Ports to its certain directors (some of whom were also Directors and Supervisor of COSCO SHIPPING Holdings) pursuant to the share option scheme of COSCO SHIPPING Ports. Details of the Directors' and Supervisor's interest in share options granted by COSCO SHIPPING Ports are set out under the previous section headed "COSCO SHIPPING Ports Share Option Scheme" of this report.

Save as disclosed above, as at 31 December 2022, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Arrangements to Purchase Shares or Debentures

At no time during the Reporting Period was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors, Supervisors or senior management of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors', Supervisors' and Five Highest Paid Individuals' Remunerations

Details of the remuneration of the Directors and the Supervisors and the five highest paid individuals of the Group are set out in note 37 to the consolidated financial statements.

There were no arrangements under which a Director or Supervisor had waived or agreed to waive any remuneration in respect of the year ended 31 December 2022.

Service Contracts of Directors and Supervisors

Each of the Directors and Supervisors has entered into a service contract with the Company. No Director or Supervisor has entered into any service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Interests of Directors and Supervisors in Contracts or Arrangements

None of the Directors or Supervisors had any material interest, whether directly or indirectly, in any contracts or arrangements of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2022.

Permitted Indemnity Provisions

At no time during the Reporting Period and as at the date of this report, there was or is, any permitted indemnity provision being in force for the benefit at any of the Directors or Supervisors of the Company (whether made by the Company or otherwise) or the directors or supervisors of an associated corporation of the Company (if made by the Company).

The Company has arranged appropriate liability insurance for the Directors and Supervisors concerning the relevant legal action they may be faced with.

Board Committees

The Company has established a strategic development committee, a risk management committee, an audit committee, a remuneration committee, a nomination committee.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance by the Group and the Board is of the view that effective corporate governance is essential and makes important contribution to the corporate success and to enhancing Shareholder value. Please refer to pages 69 to 122 of this annual report for details.

Employees and Remuneration Policies

As at 31 December 2022, there were approximately 31,510 employees in the Group. Total staff costs of the Group for the year, including directors' remuneration, was approximately RMB18,093,681,000 in total.

During the Reporting Period, to enhance the quality and capability of its human resources as well as team spirit and to fully cope with the business development of the Company, the Group organised many professional and comprehensive training programmes. The remuneration policies of the Group (including with respect to emolument payable to the Directors) are reviewed on a regular basis, taking into account the Group's results and market conditions, in order to formulate better incentives and appraisal measures.

Directors' Report

Shareholders' General Meetings

Meeting session	Date of meeting	The designated website for the publication on the announcement of the resolutions	The date of publication of the announcement of the resolutions
2021 Annual General Meeting, 2022 First A Share Class Meeting and 2022 First H Share Class Meeting	27 May 2022	www.sse.com.cn www.hkexnews.hk	27 May 2022
2022 First Extraordinary General Meeting	23 November 2022	www.sse.com.cn www.hkexnews.hk	23 November 2022

Explanation on general meetings

Please refer to relevant announcements for details.

Objections of independent non-executive directors on relevant matters of the Company

Not applicable

Major opinions and recommendations made by special committees under the Board when performing duties during the Reporting Period

Strategic Development Committee

In 2022, the strategic development committee held one meeting to consider and unanimously approve the 2022 Investment Plan and Disposal Plan of COSCO SHIPPING Holdings.

Audit Committee

In 2022, the audit committee of the Board held 5 meetings, at which the issues considered included reviewing the annual report, interim report, quarterly reports, annual budget plans, continuing connected transactions reports, the effectiveness and adequacy of risk management and internal control systems, internal audit, effectiveness of internal audit functions, appointment of accountancy firms and considered issues including adjustments to accounting estimates. The audit committee fully affirmed the work efficiency of COSCO SHIPPING Holdings, while at the same time provided opinions and recommendations on the controllable variables such as the freight volume, the port throughput, the management fees, the operating costs and the fuel prices, as well as the cost control and cash coordination, respectively.

The audit committee of the Board is of the view that the financial reports of COSCO SHIPPING Holdings for various periods in 2022 which had been reviewed were prepared in compliance with Accounting Standards for Business Enterprises and HKFRSs, and the content of disclosure therein also satisfied the requirements of the listing system and regulations of China mainland and Hong Kong.

Remuneration Committee

In 2022, the remuneration committee of the Board held a total of five meetings, during which 13 proposals were considered and approved (1) Proposal on the Consideration and Confirmation of the 2021 Annual Appraisal of the Senior Management of COSCO SHIPPING Holdings; (2) Proposal on the 2021 Annual Remuneration Redemption Plan of the Senior Management of COSCO SHIPPING Holdings; (3) Proposal on the Performance of the Remuneration Committee of the Board of Directors in 2021; (4) Proposal on Adjusting the Vesting Date of the Stock Option Incentive Scheme; (5) Proposal on Adjusting the List of Incentive Objects Reserved for Granting Share Options and the Number of Share Options Granted and Cancellation of Stock Options Granted but Not Exercised; (6) Proposal on the Eligibility for the Exercise Conditions for the First Exercise Period of the Share Options Reserved for Granting under the Stock Option Incentive Scheme; (7) Proposal on Adjusting the List of Incentive Objects and the Number of Share Options Granted for the First Time and Cancellation of Certain Stock Options Granted but Not Exercised; (8) Proposal on the Eligibility for the Exercise Conditions for the Second Exercise Period of the Share Options Granted for the First Time under the Stock Option Incentive Scheme; (9) Proposal on Adjusting the Exercise Price under the Stock Option Incentive Scheme; (10) Proposal on Adjusting the List of Incentive Objects and the Number of Share Options Granted for the First Time and Cancellation of Certain Stock Options Granted but Not Exercised; (11) Proposal on Cancellation of Stock Options Expired for the First Exercise Period but Not Exercised of Options Granted for the First Time under the Stock Option Incentive Scheme; (12) Proposal on Adjusting the Exercise Price under the Stock Option Incentive Scheme; (13) Proposal on Amending the Detailed Rules of Procedures for the Remuneration Committee of the Board of Directors.

Nomination Committee

In 2022, the nomination committee held one meeting, at which the nomination of Mr. Zhang Wei as a candidate to executive Director of the sixth session of the Board was considered and approved.

Risk Management Committee

In 2022, the risk management committee of the Board held three meetings, whereby it reviewed the evaluation report of internal control of the Company and the amendments to the Rules of Procedures of the Risk Management Committee. Through systematic inspection and assessment, it is of the view that COSCO SHIPPING Holdings has a relatively reasonable and effective internal control and risk management system which provides reasonable assurance to achieve the risk management objective of the Company and the Company is able to analyze the existing conditions of its own control system objectively and to improve, satisfy and adapt to the development requirements of the Company in a timely manner.

The establishment and implementation of the appraisal system and incentive mechanism for senior management during the Reporting Period

Pursuant to the Administrative Measures for the Remuneration of Officers in Charge of COSCO SHIPPING Holdings Co., Ltd.（《中遠海運控股股份有限公司企業負責人薪酬管理辦法》）(considered and approved by the remuneration committee of the fifth session of Board and the Board of the Company), annual salary were paid to senior management members of the Company, including the general manager, deputy general managers, Chief Financial Officer and secretary to the Board. The annual salary comprises basic salary, annual salary based on performance, and task accomplishment bonus, among which, the performance-based annual salary is linked to the appraisal results of the Company and individual appraisal results of the senior management of the Company, and shall be submitted to the Board of the Company to determine after consideration by the remuneration committee; task accomplishment bonus shall be determined by the accomplishment condition of the Company's annual task objectives. Where the senior executives of the Company hold their posts in and receive remunerations from its subsidiaries (COSCO SHIPPING Lines, COSCO SHIPPING Ports and OOIL), their annual salary standard shall be determined by their respective board of directors in accordance with corresponding salary system, and its results of fulfillment will be reported to the COSCO SHIPPING Holdings.

Internal Control and Self-evaluation Report

According to the requirements of corporate internal control standard system, the Board is responsible for establishing, improving and effectively implementing the internal control, evaluating the effectiveness of the internal control and disclosing the internal control evaluation report accurately. The Supervisory Committee shall supervise the internal control established and implemented by the Board. The management is responsible for organizing and leading the day-to-day operation of the internal control of the Company. The Board, the Supervisory Committee and the Directors, Supervisors and senior management officers of the Company confirm that information contained in this report is true, accurate, and complete without any false and misleading statements or material omissions, and assume several and joint liability for the above.

The objectives of the Company's internal control are to reasonably guarantee the authenticity and completeness of information of the compliance, asset security, financial report and relevant information of operation and management of the Company, improve the operating efficiency and results, and promote the realization of development strategies. Due to the inherent limitations of the internal control, reasonable guarantees shall only be provided for realizing the above objectives. In addition, changes in situation may result in that the internal control becomes inappropriate or the extent to which the compliance with policies and process is lessened. There may be certain risks in presuming the effectiveness of future internal control according to the evaluation results of the internal control.

The Company's self-evaluation of internal control in 2022

According to the requirements of corporate internal control standard system of the Company, the Board is responsible for establishing, improving and effectively implementing the internal control, evaluating the effectiveness of the internal control and disclosing the internal control evaluation report accurately. The Supervisory Committee shall supervise the internal control established and implemented by the Board. The management is responsible for organizing and leading the day-to-day operation of the internal control of the Company.

Evaluation work on internal control of the Company in 2022: the Company completed the self-evaluation work on internal control within the year through a combination of sampling evaluation by the headquarter and the self-evaluation by each unit. Units included in the evaluation were samples picked by the headquarter. All other units completed the self-evaluation in accordance with the requirement of the headquarter. Therefore, overall, the scope of the evaluation covered most of the units within the scope of the listing. The primary businesses and affairs included in the evaluation were governance structure and organizational structure management, development strategy management, human resource management, social responsibility management, corporate culture management, capital management, investment management, procurement and supplier management, asset management, sales business management, financial reporting management, comprehensive budgeting management, contract management, legal affairs management, internal information transmission management, information system management, production and operation management, internal system, connected transactions management, internal supervision management, system management, internal control and risk management, cargo agency business management, shipping agency business management, container business management etc.

Defects of internal control and rectification: the rectification of the Company's defects of internal control from the last year was completed. This year's internal control is in good condition. The Company will continue to strengthen the daily monitoring and annual evaluation of internal control in the next year to ensure the effectiveness of internal control and continuously enhance the management standard of the Company through the establishment of internal control system and the evaluation of internal control.

Directors' Report

The Company's self-evaluation report on internal control for 2022 was published on the website of Shanghai Stock Exchange and the website of the Company on 30 March 2023.

Audit report on internal control

In accordance with the relevant requirements, such as the guidelines on internal control audit, the Company engaged ShineWing Certified Public Accountants to audit and prepare the audit report on the internal control of the Company.

For details of the internal control audit report, please refer to the report of the Company released on 30 March 2023 on the website of Shanghai Stock Exchange.

I. Positions of current Directors, Supervisors and senior management and those who resigned during the Reporting Period

(I) Position in the Controlling Shareholder and other subsidiaries of the Company

Name	Name of entity	Position	Date of appointment	Date of termination
WAN Min	China COSCO SHIPPING Corporation Limited	Chairman of the Board and Secretary of the Party Committee	October 2021	N/A
	Orient Overseas (International) Limited	Chairman of the Board and Executive Director	December 2021	N/A
HUANG Xiaowen	China COSCO SHIPPING Corporation Limited	Deputy General Manage	January 2016	N/A
	Orient Overseas (International) Limited	Executive Director, Chief Executive Officer	August 2020	N/A
	Star Cruise International Co. Ltd (星旅郵輪國際有限公司)	Chairman	June 2019	N/A
YANG Zhijian	China COSCO SHIPPING Corporation Limited	Staff Director	May 2019	N/A
	COSCO SHIPPING Lines Co., Ltd.	Chairman, General Manager and Deputy Party Secretary	August 2019	June 2022
	COSCO SHIPPING Lines Co., Ltd.	Chairman and Party Secretary	June 2022	N/A
	COSCO SHIPPING Ports Limited	Chairman of the Board of Directors, Executive Director and Party Secretary	April 2022	N/A
	Orient Overseas (International) Limited	Executive Director	September 2019	N/A
	Orient Overseas Container Line Limited	Director, Chief Executive Officer (CEO) and member of the Executive Committee	September 2019	N/A
	Orient Overseas Container Line Limited	Chairman of the Board and Chairman of the Executive Committee	March 2020	N/A
	Hainan Harbor & Shipping Holding Co., Ltd.	Director	November 2019	December 2022

Name	Name of entity	Position	Date of appointment	Date of termination
ZHANG Wei	COSCO SHIPPING Lines Co., Ltd.	Director, General Manager and Deputy Party Secretary	June 2022	N/A
	Shanghai PANASIA Shipping Co., Ltd.	Chairman and Party Secretary	June 2022	N/A
	COSCO SHIPPING Ports Limited	Director	October 2016	N/A
FENG Boming	COSCO SHIPPING Ports Limited	Chairman of the Board of Directors, Executive Director	September 2019	April 2022
	Orient Overseas (International) Limited	Executive Director	September 2019	April 2022
	Qingdao Port International Co., Ltd.	Non-executive director	June 2020	June 2022
	COSCO SHIPPING (Hong Kong) Co., Limited	Director	March 2016	June 2022
	COSCO SHIPPING Investment Holdings Co., Limited	Director	March 2016	June 2022
	Piraeus Port Authority S.A.	Non-executive director	March 2016	June 2022
	COSCO SHIPPING (North America) Co., Limited	Director	March 2017	June 2022
	COSCO SHIPPING (Europe) Co., Limited	Director	March 2017	June 2022
	COSCO SHIPPING International (Hong Kong) Co., Limited	Director	January 2018	June 2022
	Hainan Harbour & Shipping Holding Co., Ltd.	Director	November 2019	June 2022
TEO Siong Seng	COSCO SHIPPING Energy Transportation Co., Ltd.	Independent Non-executive Director	December 2015	July 2022
YANG Shicheng	COSCO SHIPPING (Tianjin) Company Limited	Full-time External Director	June 2020	N/A
	COSCO SHIPPING Bulk Co., Ltd.	Full-time External Director	June 2020	N/A
	COSCO SHIPPING (Dalian) Co., Ltd./COSCO Shipping Ferry Co., Ltd.	Supervisor	June 2020	N/A
SONG Tao	Shanghai PANASIA Shipping Company Limited	Party Secretary and Deputy General Manager	March 2016	June 2022
	Shanghai PANASIA Shipping Company Limited	Deputy Party Secretary	June 2022	N/A
DENG Huangjun	COSCO SHIPPING Ports Limited	Executive Director and Deputy General Manager	October 2015	April 2022
YE Jianping	Orient Overseas Container Line Limited	Director and Member of Executive Committee	November 2015	N/A
		Chief Operation Officer	January 2020	N/A
	COSCO SHIPPING Lines Co., Ltd	Deputy General Manager	February 2021	N/A
ZHANG Mingwen	Orient Overseas (International) Limited	Chief Financial Officer (CFO)	August 2018	June 2022
	Orient Overseas Container Line Limited	Director, Chief Financial Officer and Member of Executive Committee	August 2018	June 2022

Name	Name of entity	Position	Date of appointment	Date of termination
CHEN Shuai	COSCO SHIPPING Lines Co., Ltd.	Deputy General Manager	January 2016	N/A
	Orient Overseas Container Line Limited	Director and Member of Executive Committee	October 2019	N/A
	Shanghai PANASIA Shipping Company Limited	Director	May 2020	N/A
ZHENG Qi	COSCO SHIPPING Lines Co., Ltd.	Chief Financial Officer	March 2016	N/A
	Shanghai PANASIA Shipping Company Limited	Director	May 2019	N/A
	COSCO Shipping Finance Co., Ltd.	Director	December 2017	N/A
	Orient Overseas (International) Limited	CFO	June 2022	N/A
	Orient Overseas Container Line Limited	Director, CFO, member of the Executive Committee	June 2022	N/A
GU Zhongdong	COSCO SHIPPING Lines Co., Ltd.	Deputy General Manager	January 2016	N/A
	Shanghai PANASIA Shipping Company Limited	Director	May 2020	N/A
YU Tao	COSCO SHIPPING Lines Co., Ltd.	Deputy General Manager	January 2016	N/A
	Orient Overseas Container Line Limited	Director, member of the Executive Committee	December 2020	N/A
	COSCO SHIPPING (Piraeus) Ports Limited	Director	October 2021	N/A
	COSCO SHIPPING Captive Insurance Co., Ltd	Director	July 2020	N/A
XIAO Junguang	COSCO SHIPPING Lines Co., Ltd.	Secretary of the Board, General Legal Counsel	August 2022	N/A
	Orient Overseas Container Line Limited	Director, member of the Executive Committee	October 2020	N/A
	Orient Overseas (International) Limited	Secretary of the Company, Legal Counsel of the Group	August 2020	N/A
QIAN Ming	COSCO SHIPPING Lines Co., Ltd.	Deputy General Manager	January 2020	N/A
	Shanghai PANASIA Shipping Company Limited	Director	August 2022	N/A
WU Yu	COSCO SHIPPING Lines Co., Ltd.	Deputy General Manager	July 2022	N/A
	Orient Overseas Container Line Limited	Director, member of the Executive Committee	December 2020	N/A
	Shanghai COSCO Shipping Information Technology Co., Ltd.	Chairman	February 2020	N/A
	Shanghai COSCO Shipping Information Technology Co., Ltd.	Secretary of Party Committee, General Manager	December 2022	N/A
GE Heyue	COSCO SHIPPING Lines Co., Ltd.	Deputy General Manager	July 2022	N/A
	COSCO SHIPPING Logistics Co., Ltd.	Director	November 2022	N/A
	COSCO Shipping Logistics & Supply Chain Management Co., Ltd.	Director	November 2022	N/A
	Hainan Harbour & Shipping Holding Co., Ltd.	Director	December 2022	N/A

(II) Position in other entities

Name	Name of entity	Position	Date of appointment	Date of termination
HUANG Xiaowen	China Marine Bunker (Petro China) Co., Ltd.	Chairman	July 2017	N/A
	China Shipping & Sinopec Suppliers Co., Ltd.	Deputy chairman	June 2017	N/A
	China LNG Shipping (Holdings) Limited	Chairman	July 2017	N/A
WU Dawei	Jiangsu Zhongtian Technology Co., Ltd.	Independent Non-executive Director	June 2019	N/A
ZHOU Zhonghui	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.	Independent Non-executive Director	May 2013	N/A
	Oriental Pearl Group Co., Ltd.	External Supervisor	June 2015	N/A
	S.F. Holding Co., Ltd.	Independent Non-executive Director	December 2016	N/A
	CITIC Securities Company Limited	Independent Non-executive Director	December 2019	N/A
TEO Siong Seng	Pacific International Lines (Pte) Ltd	Executive Chairman	January 1979	N/A
	Singamas Container Holdings Limited	Chairman and Chief Executive Officer	October 1988	N/A
	Keppel Corporation Limited	Independent Non-executive Director	November 2019	N/A
	Wilmar International Limited	Independent Non-executive Director	February 2020	N/A
MA Si-hang Frederick	FWD Group Limited	Independent Non-executive Director	December 2013	N/A
	FWD Group Limited	Chairman	July 2022	N/A
	Guangshen Railway Co. Ltd	Independent Non-executive Director	June 2020	N/A
	HH&L Acquisition Co.	Independent Non-executive Director	February 2021	N/A
	Unicorn II Holdings Limited	Independent Non-executive Director	January 2022	N/A
MENG Yan	Sinotrans Limited	Independent Non-executive Director	January 2019	N/A
	Beijing Bashi Media Co., Ltd.	Independent Non-executive Director	June 2017	June 2020
	Beijing Capital Co., Ltd	Independent Non-executive Director	December 2017	N/A
	Qianxin Technology Co., Ltd. (奇安信科技股份有限公司)	Independent Non-executive Director	May 2019	N/A
	Changchun Engley Automobile Industry Co., Ltd. (長春英利汽車工業股份有限公司)	Independent Non-executive Director	July 2018	N/A
ZHANG Jianping	Hunan Valin Steel Co., Ltd.	Independent Non-executive Director	February 2016	February 2022
	Shenzhen Worldunion Group Incorporated (深圳世聯行集團有限公司)	Independent Non-executive Director	October 2019	N/A
	China First Heavy Industries Co., Ltd.	Independent Non-executive Director	June 2019	N/A
	Cinda Securities	Independent Non-executive Director	May 2019	N/A
	Vantone Neo Development Group Co., Ltd.	Independent Non-executive Director	February 2021	N/A

II. Remuneration of Directors, Supervisors and Senior Management of the Company

Determination of remuneration of Directors, Supervisors and senior management	Remuneration of Directors and Supervisors were determined at Shareholders' meeting. Determination of the remuneration of the senior management of the Company is set out in the section headed "Appraisal system and the establishment and implementation of incentive mechanism for senior management during the Reporting Period" under the Directors' Report of this annual report.
Basis of remuneration of Directors, Supervisors and senior management	Remuneration of Directors and Supervisors were determined at Shareholders' meeting. Decision-making process of the remuneration of the senior management of the Company is set out in the section headed "Appraisal system and the establishment and implementation of incentive mechanism for senior management during the Reporting Period" under the Directors' Report of this annual report.
Remuneration payable to Directors, Supervisors and senior management	The salaries of Directors and Supervisors shall be paid in accordance with the service contracts entered into by them. Remuneration of the senior management of the Company shall be determined on annual basis taking into account the operating results and annual personal appraisal results and in accordance with the "Administrative Measures for the Remuneration of Officers in Charge of COSCO SHIPPING Holdings Co., Ltd." approved by the Board. Where the senior executives of the Company hold their posts in and receive remunerations from its subsidiaries (COSCO SHIPPING Lines, COSCO SHIPPING Ports and OOIL), their annual salary standard shall be determined by their respective Board of Directors in accordance with corresponding salary system, and its results of fulfillment will be reported to the COSCO SHIPPING Holdings for check.
Total actual remuneration of all Directors, Supervisors and senior management during the Reporting Period	RMB53.4423 million (before tax)

III. Changes in Directors, Supervisors and Senior Management of the Company during the Reporting Period

1. Appointment of Directors and Changes

On 28 April 2022, Mr. FENG Boming voluntarily resigned from the position of the executive director of the sixth session of the Board of Directors of the Company with immediate effect due to change of his job positions. For details, please refer to the announcement of the Company dated 28 April 2022.

On 23 November 2022, the Company convened the first extraordinary general meeting in 2022 and approved the appointment of Mr. Zhang Wei as an executive Director of the Company with immediate effect. For details, please refer to the announcement of the Company dated 23 November 2022.

2. Appointment of Supervisors and Changes

Not applicable

3. Changes in Senior Management

On 16 June 2022, Mr. Zhang Mingwen voluntarily resigned from the position of the Company's chief accountant with immediate effect due to change of his job positions. For details, please refer to the announcement of the Company dated 16 June 2022.

On 16 June 2022, the Company held the 19th meeting of sixth session of the Board of Directors to appoint Ms. Zheng Qi as the Company's chief accountant with immediate effect. For details, please refer to the announcement of the Company dated 16 June 2022.

On 8 August 2022, Mr. Guo Huawei resigned as the secretary to the Board (the Company Secretary) and the general legal counsel of the Company with immediate effect due to change of job positions. For details, please refer to the announcement of the Company dated 8 August 2022.

On 8 August 2022, the Company convened the 20th meeting of the sixth session of the Board and appointed Mr. Zhang Wei, Mr. Gu Zhongdong, Ms. Yu Tao, Mr. Qian Ming, Ms. Wu Yu and Mr. Ge Heyue as the deputy general managers and Mr. Xiao Junguang as the general legal counsel, secretary to the Board and the Company Secretary of the Company with immediate effect. For details, please refer to the announcement of the Company dated 8 August 2022.

IV. Penalty imposed by security regulatory authorities in recent three years

Not applicable

V. Staff of the Company and its significant subsidiaries

(1) Information of staff

Number of working staff of parent company	35
Number of working staff of significant subsidiaries	31,475
Total number of working staff	31,510
Qualification	
Category of qualification	**Number of staff**
Production	5,128
Sales	8,431
Technicians	3,969
Accounting	2,131
Administration	2,080
Others	9,771
Total	31,510
Education level	
Education background	**Number of staff**
Secondary or below	5,228
Tertiary	8,191
Graduate	15,818
Master's degree or above	2,273
Total	31,510

(2) Employee diversity policy

As at the end of the Reporting Period, the Company had a total of 31,510 employees, of which 62% were male employees and 38% were female employees.

The Company attaches great importance to the building of pool of talent pool and continues to explore talents in the industry. Under the principle of fair, transparent and equal recruitment, the Company continues to recruit and build a pool of outstanding talents through online and offline campus and social recruitments. The Group actively recruits new graduates and solicited a group of outstanding students through special campus promotion activities and corporate publicity to join the shipping team.

Combining the principle of equal recruitment, the Company continuously builds a diversified and inclusive team and provides its employees with equal employment opportunities. Any form of discrimination or unfair treatment based on any non-work-related factors is prohibited, irrespective of colour, nationality, ethnicity, age, gender, religious belief or physical disability. The Company actively recruits retired firefighters and provides diversified stages and career development opportunities for such retired personnel. The Company also cares for the disabled persons and offered various benefits and remunerations to the disabled employees, helping them to explore their career development and job positioning.

There are no factors and circumstances that would make it more challenging or less possible to achieve gender diversity for all employees, including senior management.

During the year, the Company had reviewed the implementation and effectiveness of the gender diversity policy for employees, including senior management. As a result of the above measures, the gender diversity policy for employees, including senior management, was considered to have been effectively implemented.

(3) Remuneration policy

To allow all staff to enjoy the development results of the Company, the Company regularly improve its staff remuneration, benefit and insurance policy in accordance with the conditions of the Company and the external and internal business environment to facilitate the development of the Company and the building of a strong working team.

The Company also safeguards the legal rights of less privileged group of staff strictly in accordance with the laws and regulations of China. For entities operating in the PRC, the Company determines the minimum salary standard of staff in accordance with the requirements of the local governments. The Company has established retirement benefit scheme, medical insurance scheme, work injury insurance scheme, pregnancy and birth insurance scheme and unemployment insurance scheme for all staff. The Company has also established a housing provident fund. For entities operating outside China, the Company has established a remuneration policy strictly in accordance with the laws and regulations and policies of the local governments.

(4) Training plans

The training for 2022 of COSCO SHIPPING Holdings centred on building dual brands and a new strategic pattern of "Three Networks in One and Five Dimensions in One" with the goal of deepening the implementation of the Company's 14th Five-Year Plan of talent development, in order to provide services for strategy implementation, empower business development, build talent echelons, and accurately carry out special trainings. Focusing on professional fields and the core functions of the Company as a "listing platform", it carried out key business training on capital operation, market value and brand management, compliance risk control and management, etc. in order to build a refined, professional and strong talent team with the characteristics of COSCO SHIPPING Holdings and provide support for high-quality development of the Company.

(5) Outsourcing

Total cost of outsourcing	RMB0.581 billion

VI. Repurchase, Sale or Redemption of the Company's Shares

During the Reporting Period, the Company did not redeem any of its listed shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the year.

VII. Public Float

As at the latest practicable date prior to the issue of this report, i.e. 18 April 2023, based on information that is publicly available to the Company and within the knowledge of the Directors, the public float of the Company satisfied the requirement of the Listing Rules.

By Order of the Board of Directors
Wan Min
Chairman

Shanghai, the PRC
30 March 2023

Report of Supervisory Committee

Dear Supervisors,

The Supervisory Committee of the Company conscientiously performs its duties conducts its work proactively and diligently in accordance with the laws and regulations in the places where the Company's shares are listed, the Articles of Association, the Rules of Procedures of the Supervisory Committee and other applicable laws. In 2022, the Company held seven meetings of the Supervisory Committee in total, including three physical+video meetings and four meetings by written correspondence.

I. Basic information

Members of the Supervisory Committee were present at general meetings, Board meetings and meetings of the Supervisory Committee to listen to work reports and financial presentation, review financial reports and audit reports and supervise the procedures and the resolutions of the Board meetings and general meetings, the implementation of resolutions made at general meetings, the discharge of duties by the Directors and senior management of the Company, financial position of the Company, the implementation of the Company's internal control, the Share Option Incentive Scheme, the profit distribution of the Company etc., and issued their opinion independently so as to safeguard the interests of the Shareholders and the Company lawfully.

The Supervisory Committee is of the opinion that the Board and the senior management of the Company have strictly complied with the Articles of Association and the relevant requirements of the applicable laws in the places where the Company's shares are listed, and have dutifully and diligently conducted the Company's operations within the relevant regulatory framework. The Supervisory Committee was not aware of any situation where the Directors and senior management of the Company have violated applicable laws, the Articles of Association or the interests of the Company. The Supervisory Committee has no objection to the matters under its supervision during the Reporting Period.

The Supervisory Committee has carefully reviewed the periodic reports such as annual and semi-annual reports and signed the written confirmation for the periodic reports of the Company. The Supervisory Committee is of the opinion that there are no false and misleading statements or material omissions in the periodic reports such as annual and semi-annual reports of the Company.

The Supervisory Committee has reviewed the 2022 annual financial report of the Company, the profit distribution plan and the unqualified auditor's report issued by the Company's domestic and overseas auditors. The Supervisory Committee agreed with the unqualified auditor's reports issued by ShineWing Certified Public Accountants and PricewaterhouseCoopers.

The Supervisory Committee has reviewed the "COSCO SHIPPING Holdings 2022 Annual Evaluation Report of Internal Control" issued by the Board and was of the view that the report truly reflected the basic situation of the Company's internal control and complied with the relevant laws and regulations of the PRC and the requirements of the securities regulatory authorities.

The Supervisory Committee has carefully reviewed the Proposal on Adjusting the Exercise Date of the Share Option Incentive Plan of COSCO SHIPPING Holdings《關於調整中遠海控股票期權激勵計劃可行權日的議案》, the Proposal on Adjusting the List of Participants and Number of Options Reserved under the Share Option Incentive Scheme and the Cancelling Certain Share Options Granted but not Exercised《關於調整股票期權激勵計劃預留授予激勵對象名單、期權數量並註銷部分已獲授但未行權的股票期權的議案》, the Proposal on the Compliance with the Exercising Conditions for the First Exercise Period of the Reserved Grant of Share Option under the Share Option Incentive Scheme《關於股票期權激勵計劃預留授予期權第一個行權期符合行權條件的議案》, the Proposal on Adjusting the List of Participants and Number of Options of the First Grant under the Share Option Incentive Scheme and Cancelling Certain Share Options Granted but Not Exercised《關於調整股票期權激勵計劃首次授予激勵對象名單、期權數量並註銷部分已獲授但未行權的股票期權的議案》and the Proposal on the Compliance with the Exercising Conditions for the Second Exercise Period of the First Grant of Share Option under the Share Option Incentive Scheme《關於股票期權激勵計劃首次授予期權第二個行權期符合行權條件的議案》in the year, and signed the review opinions on the matters considered. The Supervisory Committee is of the opinion that the resolution is true and in compliance with standardized procedure and in accordance with the requirements of relevant laws, regulations and regulatory documents.

II. Investigation

Due to the pandemic, the Supervisory Committee could not conduct on-site work investigations on the subsidiaries in 2022. In 2023, based on the work situation, the Supervisory Committee will adhere to the basis of laws and regulations such as those in relation to listed companies, the Articles of Association and the Rules of Procedures of the Supervisory Committee, and will not participate or intervene with the daily decision-making and the specific operating and management activities. It will conduct on-site supervisory inspection and investigations at the grassroots units of the Company, conduct investigations and supervisory inspection on areas such as the Company's implementation of relevant laws and regulations and the preservation and appreciation of value of assets in order to ensure sufficient supervision and scientific appraisals and suggestions, and to further improve the standardized operation of the Company's corporate governance.

Work Plan of the Supervisory Committee for 2023

In 2023, the Supervisory Committee of COSCO SHIPPING Holdings will continue to strictly comply with the Articles of Association and the relevant requirements, strengthen the development of the Supervisory Committee and to increase its supervision efforts to effectively safeguard and protect the lawful interests of the Company and the Shareholders. The main work plan is as follows:

I. Work of the Supervisory Committee

1. Further improving various systems according to the requirements of domestic and overseas regulatory authorities to ensure that the Supervisory Committee conducts supervision and inspection in accordance with the law.

2. Receiving reports on financial, asset and operational management from the management of the Company.

3. Checking the implementation of the Company's financial decisions and financial systems.

4. Inspecting the production, operation and management of the Company's subsidiaries.

5. Supervising the Directors and senior management in their discharge of duties and the implementation of relevant laws, regulations, Articles of Association and the Board resolutions.

6. Inspecting the Company's internal control system and internal management, evaluating the integrity of the Company's internal control system, the effectiveness of its implementation, and the standardization of its operation.

II. Work Forms of the Supervisory Committee

(I) Supervising and inspecting the work of the Company by holding meetings of the Supervisory Committee and attending the meetings of the Board of the Company.

The work plan of the Supervisory Committee of COSCO SHIPPING Holdings in 2023 is as follows:

No.	Date	Issues
1	Thursday, March 30	1. To consider the 2022 Annual Report of COSCO SHIPPING Holdings;
		2. To consider the 2022 financial report and audit report of COSCO SHIPPING Holdings;
		3. To consider the 2022 final profit distribution plan of COSCO SHIPPING Holdings;
		4. To consider the 2022 internal control evaluation report of COSCO SHIPPING Holdings;
		5. To consider the proposal on the appointment of domestic and overseas auditors for the year of 2023;
		6. To consider the work report of the Supervisory Committee for 2022 and the work plan of the Supervisory Committee for 2023 of COSCO SHIPPING Holdings;
		7. To review the implementation of resolutions of the Supervisory Committee of COSCO SHIPPING Holdings for 2022;
2	Friday, April 28	To consider the first quarterly report for 2023 of COSCO SHIPPING Holdings, etc.
3	Tuesday, August 29	To consider the 2023 interim report of COSCO SHIPPING Holdings, etc.
4	Monday, October 30	To consider the third quarterly report for 2023 of COSCO SHIPPING Holdings, etc.

(II) Further promoting the standardized operation of corporate governance of relevant entities through on-site investigation and supervision and inspection of the subsidiaries of COSCO SHIPPING Holdings.

Supervisory Committee of COSCO SHIPPING Holdings Co., Ltd.

30 March 2023

Independent Auditor's Report

TO THE SHAREHOLDERS OF COSCO SHIPPING HOLDINGS CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of COSCO SHIPPING Holdings Co., Ltd. (the "Company") and its subsidiaries (together, the "Group"), which are set out on pages 178 to 311, comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

- Impairment assessment of property, plant and equipment, intangible assets, right-of-use assets and goodwill;
- Freight revenues for vessel voyages in progress at year end;
- Operating costs accrual; and
- Provision for onerous contract for the Terminal Service Agreement ("TSA") for Long Beach Container Terminal ("LBCT");

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of property, plant and equipment, intangible assets, right-of-use assets and goodwill *Refer to notes 2(d), 2(f), 2(g), 2(h), 4(a), 4(b), 6, 7, 9 and 10 to the consolidated financial statements.*	
As at 31 December 2022, the Group had property, plant and equipment with total carrying amount of RMB119,519 million, right-of-use assets with total carrying amount of RMB54,918 million, intangible assets with total carrying amount of RMB4,769 million and goodwill with total carrying amount of RMB6,104 million. Management performed assessment at the end of each reporting period whether there is any indication that the property, plant and equipment, right-of-use assets and intangible assets may be impaired. Goodwill and indefinite lived intangible assets are required to be tested annually for impairment. For the purpose of impairment assessment, management identified the relevant cash generating unit ("CGU") or group of CGUs and estimated the recoverable amounts of these CGUs using value-in-use model. The value-in-use calculations use cash flow projections based on financial budgets which involve judgments by management such as revenue growth rates, operating margins and the discount rate. We focused on this area because of the significance of the carrying amounts of the assets, estimation uncertainty of recoverable amounts, subjectivity and significance of management judgements applied.	Our procedures in relation to the impairment assessment of property, plant and equipment, intangible assets, right-of-use assets and goodwill included: • obtained an understanding of management's internal control and assessment process of impairment of property, plant and equipment, right-of-use assets, intangible assets, goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • agreed the input data used by the management with supporting evidence such as approved financial budgets; • involved our internal valuation experts to assess the appropriateness of the valuation methodologies used to determine value-in-use and benchmarked the discount rates applied to other comparable companies in the same industry; • assessed the reasonableness of key assumptions applied in the financial budgets such as revenue growth rates and operating margins applied by management by comparing historical performance and available market reports, where applicable; and • tested the mathematical accuracy of the value-in-use calculations; • assessed management's sensitivity analyzes on the key assumptions, to ascertain the extent to which adverse changes, both individually or in aggregate, would result in the assets being impaired. Based on the audit procedures performed, we found the key judgement and assumptions used in impairment assessment of property, plant and equipment, intangible assets, right-of-use assets and goodwill were supportable based on the evidence we gathered.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Freight revenues for vessel voyages in progress at year end *Refer to note 2(v), 4(c) and 5 to the consolidated financial statements.*	
For the year ended 31 December 2022, the Group recognized revenue of RMB391,058 million from its continuing operations, out of which RMB383,993 million was related to freight revenues from container shipping. The Group recognizes freight revenues over time which is determined on the time proportion of each individual vessel voyage completed at year end with reference to their voyage details such as freight rates, voyage departure and arrival information. We focused on the recognition of freight revenues at year end because the transaction volume of the voyages which were in progress at year end is significant and complex calculations are involved in the estimation of freight revenue on a percentage of completion basis.	Our procedures in relation to management's estimation of freight revenues for vessel voyages in progress at year end included: • obtained an understanding of management's internal control and estimation process and assessed the level of inherent risk by considering the degree of estimation uncertainty and factors such as complexity; • evaluated and tested the key controls that management has established in respect of recording freight revenues, focusing on management's controls over the estimate of freight revenues for vessel voyages which were still in progress at year end; • tested the freight rates maintained in the Group's operation system on a sample basis by comparing with supporting documents such as customer contracts; • checked the vessel voyage departure and arrival information (i.e. time and date) from the Group's operation system on a sample basis against the supporting documents such as terminal records; and • recomputed the estimated freight revenues calculations of vessels voyages in progress recorded in the Group's operation system on a sample basis and reconciled to the accounting records. Based on the audit procedures performed, we found the freight revenues for vessel voyages in progress at year end were supportable based on the evidence we gathered.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Operating costs accrual *Refer to note 4(c), 29 and 30 to the consolidated financial statements.*	
As at 31 December 2022, included in the accrued expenses of RMB86,215 million was a provision for operating costs for container shipping business which mainly comprise cargo costs and voyage costs. As generally, it would take management several months to finalize certain costs with suppliers subsequent to the receipts of such services, management makes a provision at the period end for operating costs that are yet to be billed by the suppliers based on known services received, pattern of historical cost and estimated vendor tariffs etc. We focused on the estimation of operating costs accrual because it involved significant management's judgments which are subjective taking into account a number of factors, such as pattern of historical cost, completeness of services received and the estimated vendor tariffs.	Our procedures in relation to management's estimation of operating costs accrual included: • obtained an understanding of management's internal control and assessment of process for operating costs accrual, and assessed the level of inherent risk by considering the degree of estimation uncertainty and factors such as subjectivity; • evaluated and tested the key controls over the operating costs, cost provisioning and accounts payable cycle, in particular relating to the accuracy of the vendor tariffs in the operation system; • reviewed and discussed monthly trend analysis for provision for operating costs with management to assess the sufficiency of provisions made; • reviewed paid and unpaid invoices after year end to ascertain whether liabilities had been recorded in the proper period, on a sample basis; • checked and discussed with management about the subsequent utilization of provision for operating costs to evaluate the sufficiency of provision made; and • recomputed the provision for operating costs, on a sample basis. Based on the audit procedures performed, we found the operating costs accrual were supportable based on the evidence we gathered.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for onerous contract for the TSA for LBCT *Refer to notes 2(n), 4(d) and 26 to the consolidated financial statements.*	
In October 2019, Orient Overseas International Limited ("OOIL"), a subsidiary of the Company, entered into a terminal service agreement for procuring the placement of an annual minimum number of vessel lifts ("MVC") for each of the 20 years commencing on 1 November 2019. According to the TSA, OOIL is entitled to an excess rebate or obliged to pay a deficiency payment when there is surplus or shortfall over the respective MVC for each year during the contract period. A provision should be made for the present obligation under the TSA where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Management performed an assessment to determine if any onerous provision for the TSA is required. As at 31 December 2022, OOIL recognized a provision for onerous contract of approximately RMB6,231.5 million for the TSA, which is calculated using an expected value approach involving probability weighted possible scenarios taking into considerations of respective economic benefits to be received and associated fulfilment costs during the remaining contract period. The estimation of the fulfilment costs and economic benefits over the remaining contract period involves significant judgements and assumptions including, a) the projected vessel lifts to be placed at LBCT, b) the expected amount of deficiency payment/excess rebates as stipulated in the TSA when the volume is below/in excess of the MVC, c) the amount of expected bunker costs and other operating costs and d) the expected freight rate from operating the services to/from LBCT. We focused on this area because of the significance of the onerous provision as well as the estimation of it involved a high degree of uncertainty. The inherent risk in relation to the onerous contract assessment is significant due to the complexity of the calculation methodology and model and high level of subjectivity of management's judgements and assumptions made.	Our procedures in relation to the assessment of the provision for onerous contract for the TSA included: • obtained an understanding of management's assessment process of the onerous provision for the TSA and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and factors such as complexity and subjectivity; • evaluated the appropriateness of the identification of expected economic benefits and fulfilment cost element included in management's assessment through discussion with management and corroborated with our review of the key terms of the TSA and our understanding of the applicable accounting standard requirements; • assessed the calculation methodology and model for onerous contract provision with the involvement of our in house specialists; • evaluated management's projected vessel lifts for the remaining contract period under the TSA through discussion with management, referencing to market data and comparing to historical vessel lifts and trends of LBCT; • checked management's calculation of the excess rebate or deficiency payment according to the terms in the TSA and the projected vessel lifts at LBCT; • assessed the reasonableness of expected bunker costs with reference to market forecast and other expected operating costs and freight rate based on the approved budget, market data, and our knowledge of the business and industry;

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for onerous contract for the TSA for LBCT (Continued) *Refer to notes 2(n), 4(d) and 26 to the consolidated financial statements.*	
	• evaluated the probability weighting applied to the possible scenarios prepared by management based on our understanding of the OOIL's business and industry as well as discussion with management and corroborated with management's sensitivity analysis on the probability weighting applied to possible scenarios; • evaluated the appropriateness and adequacy of the relevant disclosures made in the Group's consolidated financial statements. Based on the procedures performed, we found the provision for onerous contract for the TSA for LBCT were supportable based on the evidence we gathered.

Other Information

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

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

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

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

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

We communicate with 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 Jack Li.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2023

Consolidated Balance Sheet

As At 31 December 2022

	Note	2022 RMB'000	2021 RMB'000 (Restated, note 43)
ASSETS			
Non-current assets			
Property, plant and equipment	6	**119,518,590**	106,535,455
Right-of-use assets	7	**54,918,414**	55,636,057
Investment properties	8	**2,701,063**	2,584,821
Intangible assets	9	**4,769,242**	4,795,515
Goodwill	10	**6,104,494**	5,638,475
Investments in joint ventures	12	**8,358,662**	8,571,651
Investments in associates	13	**49,707,918**	23,414,756
Financial assets at fair value through other comprehensive income	15	**1,908,361**	1,218,207
Financial assets at fair value through profit or loss	16	**371,477**	394,798
Financial assets at amortized cost	17	**368,886**	626,954
Derivative financial assets		**16,324**	–
Restricted bank deposits	20	**11,126**	9,758
Deferred income tax assets	18	**885,746**	721,831
Loans to a joint venture and associates	14	**664,991**	765,644
Pension and retirement assets	28	**70,294**	78,090
Other non-current assets	19	**261,123**	161,608
Total non-current assets		**250,636,711**	211,153,620
Current assets			
Inventories	21	**7,017,037**	5,409,245
Trade and other receivables and contract assets	22	**16,762,308**	18,037,125
Financial assets at fair value through profit or loss	16	**93,107**	360,105
Financial assets at amortized cost	17	**254,856**	105,438
Derivative financial assets		**25,980**	–
Taxes recoverable		**124,228**	61,838
Restricted bank deposits	20	**1,251,564**	377,532
Cash and cash equivalents	20	**235,613,923**	178,428,462
Assets classified as held for sale		**–**	341,757
Total current assets		**261,143,003**	203,121,502
Total assets		**511,779,714**	414,275,122

The notes on pages 186 to 311 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet (Continued)

As At 31 December 2022

	Note	2022 RMB'000	2021 RMB'000 (Restated, note 43)
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	23	**16,094,862**	16,014,126
Reserves	24	**184,287,911**	117,679,703
		200,382,773	133,693,829
Non-controlling interests		**53,140,695**	45,766,217
Total equity		**253,523,468**	179,460,046
LIABILITIES			
Non-current liabilities			
Long-term borrowings	25	**34,759,086**	59,256,792
Lease liabilities	7	**38,030,000**	40,471,216
Provisions and other liabilities	26	**6,655,007**	4,558,851
Put option liability	27	**1,664,811**	1,480,838
Pension and retirement liabilities	28	**310,214**	406,431
Derivative financial liabilities		**–**	19,071
Deferred income tax liabilities	18	**17,373,121**	7,256,343
Total non-current liabilities		**98,792,239**	113,449,542
Current liabilities			
Trade and other payables and contract liabilities	29	**129,762,356**	87,051,824
Derivative financial liabilities		**–**	21,826
Short-term borrowings	25	**2,241,818**	1,655,659
Current portion of long-term borrowings	25	**5,806,773**	12,421,244
Current portion of lease liabilities	7	**12,887,982**	10,963,457
Current portion of provisions and other liabilities	26	**39,142**	40,988
Tax payables		**8,725,936**	9,210,536
Total current liabilities		**159,464,007**	121,365,534
Total liabilities		**258,256,246**	234,815,076
Total equity and liabilities		**511,779,714**	414,275,122
Net current assets		**101,678,996**	81,755,968
Total assets less current liabilities		**352,315,707**	292,909,588

The notes on pages 186 to 311 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 178 to 311 were approved by the Board of Directors on 30 March 2023 and were signed on its behalf.

Mr. Yang Zhijian
Director

Mr. Zhang Wei
Director

Consolidated Income Statement

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000 (Restated, note 43)
Continuing operations			
Revenues	5	**391,058,497**	333,693,943
Cost of services	30	**(220,580,548)**	(193,576,640)
Gross profit		**170,477,949**	140,117,303
Other income	31	**4,663,174**	1,542,066
Other expenses	31	**(310,842)**	(805,430)
Net impairment losses on financial assets		**(35,720)**	(181,175)
Selling, administrative and general expenses	30	**(11,795,727)**	(12,326,444)
Operating profit		**162,998,834**	128,346,320
Finance income	32	**5,705,708**	1,110,293
Finance costs	32	**(3,840,637)**	(3,833,335)
Net finance income/(costs)		**1,865,071**	(2,723,042)
		164,863,905	125,623,278
Share of profits less losses of			
– joint ventures	12	**650,019**	694,459
– associates	13	**1,662,046**	1,688,803
Profit before income tax from continuing operations		**167,175,970**	128,006,540
Income tax expenses	33	**(35,758,814)**	(24,101,179)
Profit for the year from continuing operations		**131,417,156**	103,905,361
Profit for the year		**131,417,156**	103,905,361
Profit attributable to:			
– Equity holders of the Company		**109,684,166**	89,348,948
– Non-controlling interests		**21,732,990**	14,556,413
		131,417,156	103,905,361

	Note	2022 RMB	2021 RMB
Earnings per share attributable to equity holders of the Company:			
Basic earnings per share	35	**6.83**	5.59
Diluted earnings per share	35	**6.78**	5.56

The notes on pages 186 to 311 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000 (Restated, note 43)
Profit for the year	**131,417,156**	103,905,361
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Share of other comprehensive (loss)/income of joint ventures and associates, net	**(65,249)**	26,435
Cash flow hedges, net of tax	**62,569**	24,361
Currency translation differences	**4,892,461**	(1,386,228)
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	**12,423**	(50,176)
Remeasurements of post-employment benefit obligations	**(20,527)**	158,188
Share of other comprehensive (loss)/income of an associate	**(57,362)**	21,489
Currency translation differences	**2,012,978**	(743,528)
Other comprehensive income/(loss) for the year, net of tax	**6,837,293**	(1,949,459)
Total comprehensive income for the year	**138,254,449**	101,955,902
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	**114,538,006**	88,105,176
– Non-controlling interests	**23,716,443**	13,850,726
	138,254,449	101,955,902

The notes on pages 186 to 311 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to equity holders of the Company				
	Share capital RMB'000	Reserves RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2022, as previously reported	16,014,126	117,080,199	133,094,325	45,766,217	178,860,542
Business combination under common control (note 43)	–	599,504	599,504	–	599,504
Balance at 1 January 2022, as restated	16,014,126	117,679,703	133,693,829	45,766,217	179,460,046
Comprehensive income					
Profit for the year	–	109,684,166	109,684,166	21,732,990	131,417,156
Other comprehensive income:					
Share of other comprehensive income of joint ventures and associates, net	–	(78,334)	(78,334)	(44,277)	(122,611)
Cash flow hedges, net of tax	–	19,134	19,134	43,435	62,569
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	–	33,218	33,218	(20,795)	12,423
Remeasurements of post-employment benefit obligations	–	(12,639)	(12,639)	(7,888)	(20,527)
Currency translation differences	–	4,892,461	4,892,461	2,012,978	6,905,439
Total other comprehensive income	–	4,853,840	4,853,840	1,983,453	6,837,293
Total comprehensive income	–	114,538,006	114,538,006	23,716,443	138,254,449
Transactions with owners:					
Issue of A shares in connection with the exercise of share options	80,736	219,437	300,173	–	300,173
Business combination under common control (note 43)	–	(3,560,029)	(3,560,029)	–	(3,560,029)
Transaction with non-controlling shareholders of subsidiaries	–	1,834,786	1,834,786	(2,584,245)	(749,459)
Dividends declared to shareholders of the Company	–	(46,283,357)	(46,283,357)	–	(46,283,357)
Dividends declared to non-controlling shareholders of subsidiaries	–	–	–	(13,783,221)	(13,783,221)
Fair value of share options granted	–	(62,509)	(62,509)	(4,137)	(66,646)
Put option liability movement	–	(26,602)	(26,602)	(18,986)	(45,588)
Others	–	(51,524)	(51,524)	48,624	(2,900)
Total transactions with owners	80,736	(47,929,798)	(47,849,062)	(16,341,965)	(64,191,027)
Balance at 31 December 2022	16,094,862	184,287,911	200,382,773	53,140,695	253,523,468

The notes on pages 186 to 311 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2022

	Attributable to equity holders of the Company				
	Share capital RMB'000	Reserves RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2021, as previously reported	12,259,529	31,654,337	43,913,866	34,783,191	78,697,057
Business combination under common control (note 43)	–	546,694	546,694	–	546,694
Balance at 1 January 2021, as restated	12,259,529	32,201,031	44,460,560	34,783,191	79,243,751
Comprehensive income					
Profit for the year	–	89,348,948	89,348,948	14,556,413	103,905,361
Other comprehensive income/(loss):					
Share of other comprehensive income of joint ventures and associates, net	–	40,137	40,137	7,787	47,924
Cash flow hedges, net of tax	–	8,905	8,905	15,456	24,361
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	–	(26,444)	(26,444)	(23,732)	(50,176)
Remeasurements of post-employment benefit obligations	–	119,858	119,858	38,330	158,188
Currency translation differences	–	(1,386,228)	(1,386,228)	(743,528)	(2,129,756)
Total other comprehensive loss	–	(1,243,772)	(1,243,772)	(705,687)	(1,949,459)
Total comprehensive income	–	88,105,176	88,105,176	13,850,726	101,955,902
Transactions with owners:					
Issue of A shares in connection with the exercise of share options	59,797	182,209	242,006	–	242,006
Transfer from capital reserve	3,694,800	(3,694,800)	–	–	–
Transaction with non-controlling shareholders of subsidiaries	–	821,836	821,836	2,983,799	3,805,635
Acquisition of a subsidiary	–	–	–	1,755,698	1,755,698
Dividends declared to non-controlling shareholders of subsidiaries	–	–	–	(7,591,237)	(7,591,237)
Fair value of share options granted	–	87,172	87,172	3,807	90,979
Put option liability movement	–	(21,341)	(21,341)	(21,147)	(42,488)
Others	–	(1,580)	(1,580)	1,380	(200)
Total transactions with owners	3,754,597	(2,626,504)	1,128,093	(2,867,700)	(1,739,607)
Balance at 31 December 2021, as restated	16,014,126	117,679,703	133,693,829	45,766,217	179,460,046

The notes on pages 186 to 311 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000 (Restated, note 43)
Cash flows from operating activities			
Cash generated from operations	38(a)	218,027,771	181,603,228
Interest received		5,337,262	1,108,077
Income tax paid		(26,566,228)	(11,702,768)
Net cash generated from operating activities		196,798,805	171,008,537
Cash flows from investing activities			
Purchase of property, plant and equipment, investment properties and intangible assets		(10,491,470)	(9,549,916)
Acquisition of subsidiaries, net cash paid		(201)	(904,953)
Investments in a joint venture and associates, financial assets at fair value through profit or loss		(26,303,919)	(1,443,091)
Proceeds from disposal of property, plant and equipment, investment properties, and intangible assets		1,057,460	409,033
Cash received from disposal of investment in associates, joint ventures and subsidiaries		424,228	841,407
Disposal of financial assets at fair value through profit or loss, or financial assets at amortized cost		431,944	476,280
Dividends received from joint ventures		695,011	637,692
Dividends received from associates		1,053,476	862,845
Interest income from financial assets		39,974	51,719
Others		116,710	120,967
Net cash used in investing activities		(32,976,787)	(8,498,017)

The notes on pages 186 to 311 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement (Continued)

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000 (Restated, note 43)
Cash flows from financing activities	38(b)		
Proceed from borrowings		6,787,671	7,322,347
Repayment of borrowings		(41,313,124)	(27,896,655)
Draw down of loan from non-controlling shareholders of subsidiaries		67,785	524,826
Repayment of loans from non-controlling shareholders of subsidiaries		(77,783)	(340,674)
Draw down of loans from an associate and a joint venture		285,000	137,486
Repayment of loans from an associate		(365,001)	–
Transaction with non-controlling shareholders of subsidiaries		(1,056,547)	3,805,635
Dividends paid to non-controlling shareholders of subsidiaries		(13,286,467)	(7,598,713)
Dividends paid to shareholders of the Company		(46,013,481)	–
Issue of A shares in connection with the exercise of share options		181,652	242,006
Payment of lease liabilities		(15,025,986)	(8,867,335)
Interest paid		(1,894,207)	(2,072,228)
Business combination under common control		(3,560,029)	–
Others		(107,117)	(46,027)
Net cash used in financing activities		(115,377,634)	(34,789,332)
Net increase in cash and cash equivalents		48,444,384	127,721,188
Cash and cash equivalents as at 1 January		178,428,462	52,665,382
Exchange differences		8,741,077	(1,958,108)
Cash and cash equivalents as at 31 December	20	235,613,923	178,428,462

The notes on pages 186 to 311 are an integral part of these consolidated financial statements.

1 General information

COSCO SHIPPING Holdings Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") on 3 March 2005 as a joint stock company with limited liability under the Company Law of the PRC. The address of its registered office is 2nd Floor, 12 Yuanhang Business Center, Central Boulevard and East Seven Road Junction, Tianjin Pilot Free Trade Zone (Tianjin Port Free Trade Zone), Tianjin, the PRC. The H-Shares and A-Shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange respectively.

The businesses of the Company and its subsidiaries (the "Group") included the provisions of a range of container shipping, managing and operating container terminals services on a worldwide basis.

The directors of the Company (the "Directors") regard China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), a state-owned enterprise established in the PRC, as being the Company's parent company, COSCO SHIPPING and its subsidiaries (other than the Group) are collectively referred to as "COSCO SHIPPING Group". The Directors regard China Ocean SHIPPING Company Limited ("COSCO") as the immediate parent company.

During the year, the Group completed the acquisitions from COSCO SHIPPING of the equity interests in certain entities ("Acquired Entities") for considerations as further discussed in note 43.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

These consolidated financial statements have been approved for issue by the Directors on 30 March 2023.

2 Basis preparation and significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise mentioned.

(a) Basis of preparation

The consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention except for certain financial assets and liabilities (including derivative instruments) which have been stated at fair value or revalued amount.

(i) New standards, amendments and interpretation to existing standards which are effective in 2022 and adopted by the Group

The following new standards, amendments and interpretation to existing standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2022:

Amendments to existing standards	
HKAS 16 (Amendment)	Property, Plant and Equipment – Proceeds before Intended Use
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRSs	Annual Improvements 2018-2020 Reporting Cycle
HKFRS 3 (Amendment)	Business Combinations
HKFRS 16 (Amendment)	COVID-19 Related Rent Concessions beyond 30 June 2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The adoption of the above new standards, amendments and interpretation to existing standards do not have a material impact on the consolidated financial statements of the Group.

2 Basis preparation and significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(ii) New standards, amendments, interpretation and improvements to existing standards which have not been adopted

The following standards, amendments, interpretation and improvements to existing standards, which are relevant to the operations of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2023 but have not been early adopted by the Group:

New standards, amendments, interpretation and improvements		**Effective for accounting periods beginning on or after**
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January, 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1 January, 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January, 2023
HKFRS 17	Insurance Contracts	1 January, 2023
HK Int 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January, 2023
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January, 2024
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1 January, 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

2 Basis preparation and significant accounting policies (Continued)

(b) Group accounting

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(i) Merger accounting for common control combinations

Business combinations under common control are accounted for in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations". In applying merger accounting, 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 recognized in consideration for joint ventures or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

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

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

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

2 Basis preparation and significant accounting policies (Continued)

(b) Group accounting (Continued)

(ii) Purchase method of accounting for non-common control combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group, other than the common control combinations (note 2(b)(i)). The consideration transferred for the acquisition of subsidiaries is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss.

(iii) Subsidiaries

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

In the Company's balance sheet, the investments in subsidiaries are accounted for at cost less impairment (note 2(h)). For common control combination, the cost of investment is being either the cash consideration amount (for cash-settled transaction) or the amount of the net asset value of the subsidiary acquired at date of completion (for share-settled transaction). For non-common control combination, the cost of investment is being the amount of the fair value of the consideration for the subsidiary acquired at date of completion.

The results of subsidiaries are accounted by the Company on the basis of dividend income.

2 Basis preparation and significant accounting policies (Continued)

(b) Group accounting (Continued)

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

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

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

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

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

(v) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as joint venture, associate, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(vi) Investments in joint ventures/associates

HKFRS 11 classifies joint arrangements as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

2 Basis preparation and significant accounting policies (Continued)

(b) Group accounting (Continued)

(vi) Investments in joint ventures/associates (Continued)

Investments in joint ventures/associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investments in joint ventures/associates include goodwill identified on acquisition. The measurement of goodwill is the same as that of goodwill arising from the acquisition of subsidiaries. Appropriate adjustments to the Group's share of the profits or losses after acquisition are made to the consolidated financial statements based on the fair values of the assets and liabilities acquired at the date of acquisition.

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

The Group's share of its joint ventures'/associates' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture/an associate equals or exceeds its interest in the joint ventures/associates, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures/associates.

Dilution or partial disposal gains and losses arising in investments in joint ventures/associates are recognized in the consolidated income statement.

In the Company's balance sheet, the investments in the joint ventures/associates are stated at cost less provision for impairment losses (note 2(h)). The results of joint ventures/associates are accounted for by the Company on the basis of dividend received and receivable.

Accounting policies of subsidiaries, joint ventures and associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Intercompany transactions and balances between group companies are eliminated. Unrealized gains on transactions between group companies and between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest. Unrealized losses are also eliminated but unless the transaction provides evidence of an impairment of the asset transferred.

2 Basis preparation and significant accounting policies (Continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses that related to borrowings and cash and cash equivalents are presented in profit or loss within "finance income and costs". All other foreign exchange gains and losses are presented in profit or loss within "other income and other expenses".

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets are analyzed between translation differences resulting from changes in the amortized cost of the securities, and other changes in the carrying amount of the securities. Translation differences related to changes in the amortized cost are recognized in the consolidated income statement, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial assets at fair value through other comprehensive income ("FVOCI") are included in other comprehensive income.

2 Basis preparation and significant accounting policies (Continued)

(c) Foreign currency translation (Continued)

(iii) Group companies

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

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

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

(3) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange difference arising are recognized in other comprehensive income and accumulated in a separate reserve within equity.

(iv) Disposal of foreign operation and partial disposal

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

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

2 Basis preparation and significant accounting policies (Continued)

(d) Property, plant and equipment

(i) Assets under construction

Assets under construction represent primarily vessels and buildings under construction, and plant and equipment pending installation and are stated at cost less accumulated impairment losses. Cost includes all direct costs relating to the construction of the assets and acquisition. No depreciation is provided for assets under construction until such time as the relevant assets are completed and ready for intended use. Assets under construction are transferred to relevant categories of property, plant and equipment upon the completion of their respective construction.

(ii) Container vessels and containers

Container vessels and containers are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Container vessels and containers are depreciated on a straight-line basis over their anticipated useful lives, after taking into account the estimated residual values.

Container vessels	25 years
Containers	15 years

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. Costs incurred on subsequent dry-docking of vessels are capitalized and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

(iii) Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Other property, plant and equipment are depreciated at rates sufficient to write off their costs less accumulated impairment losses over their estimated useful lives to their respective residual values estimated by the Directors or management on a straight-line basis. The estimated useful lives of these assets are summarized as follows:

Buildings	not exceeding 75 years
Trucks, chassis and motor vehicles	5 to 10 years
Computers, office and other equipment	3 to 30 years
Terminal equipment and improvement	3 to 15 years

2 Basis preparation and significant accounting policies (Continued)

(d) Property, plant and equipment (Continued)

(iii) Other property, plant and equipment (Continued)

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in profit or loss during the period in which they are incurred.

The residual values of the property, plant and equipment and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(h)).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the entities in the Group, is classified as investment property.

Investment properties are stated at cost less accumulated depreciation and impairment losses. The cost less accumulated impairment and residual values of investment properties are depreciated on a straight-line basis over their estimated useful lives.

(f) Intangible assets

(i) Computer software

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

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

2 Basis preparation and significant accounting policies (Continued)

(f) Intangible assets (Continued)

(ii) Concession

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

(iii) Customer relationships

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

(iv) Trademarks

Trademarks are capitalized at their fair value as at the acquisition date. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment on an annual basis, as is the case with goodwill. Trademarks are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

(g) Goodwill

Goodwill arises on acquisition of subsidiaries, joint ventures and associates represents the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the fair value of the Group's interest in the net identifiable assets, liabilities and contingent liabilities of the acquiree.

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

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

2 Basis preparation and significant accounting policies (Continued)

(h) Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

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

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

(i) Non-current assets (or disposal groups) held-for-sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets, (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out in note 2.

Non-current assets classified as held for sale and the assets of disposal group classified as held for sale are presented separately from the other assets in the consolidated balance sheet. The liabilities of disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2 Basis preparation and significant accounting policies (Continued)

(j) Investments and other financial assets

(i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortized cost.

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

2 Basis preparation and significant accounting policies (Continued)

(j) Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income and other expenses together with foreign exchange gains and losses. Impairment losses are presented in other income and other expenses.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income and other expenses. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented in other income and other expenses.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other income and other expenses in the period in which it arises.

Equity instruments

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

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

2 Basis preparation and significant accounting policies (Continued)

(j) Investments and other financial assets (Continued)

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 22 for further details.

(k) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are calculated on a weighted average basis. Net realizable value of bunkers is the expected amount to be realized from use as estimated by the Directors/management. Net realizable value of other inventories such as general merchandises, spare parts and consumable stores and marine supplies is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(l) Trade and other receivables and contract assets

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

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables and contract assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See note 22 for further information about the Group's accounting for trade and other receivables and contract assets and note 2(j)(iv) for a description of the Group's impairment policies.

(m) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in short-term borrowings on the balance sheet.

2 Basis preparation and significant accounting policies (Continued)

(n) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses.

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

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

A provision for onerous contracts is recognized where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under them.

The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both:

- the incremental costs of fulfilling that contract – for example, cargo cost; and
- an allocation of other costs that relate directly to fulfilling contracts – for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

(o) Share capital

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

2 Basis preparation and significant accounting policies (Continued)

(p) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

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

(q) Government subsidies

Subsidies from the government are recognized at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions.

Government subsidies relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government subsidies as compensation for costs already incurred or for immediate financial support, with no future related costs, should be recognized as income in the period in which they are receivable.

Government subsidies relating to property, plant and equipment are included in non-current liabilities as deferred government subsidies and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(r) Employee benefits

(i) Post-retirement and early retirement benefit costs

The Group has both defined benefit and defined contribution plans in a number of territories. The assets of defined contribution plans are generally held in separate trustee-administered funds. The plans are generally funded by payments from employees and the relevant companies in the Group.

Contributions under the defined contribution plans are charged to profit or loss as expense when incurred.

2 Basis preparation and significant accounting policies (Continued)

(r) Employee benefits (Continued)

(i) Post-retirement and early retirement benefit costs (Continued)

The liability recognized in the balance sheet in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries/management using the projected unit credit method/ expected benefit payments. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognized immediately in income statements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

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

For defined contribution plans, the Group pays contributions to publicly or privately administered retirement benefit insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due and reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

2 Basis preparation and significant accounting policies (Continued)

(r) Employee benefits (Continued)

(ii) Housing funds

All full-time employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(iii) Housing subsidies

The Group has provided one-off cash housing subsidies based on PRC regulations to those eligible employees who have not been allocated with staff quarters at all or who have not been allocated with quarters up to the prescribed standards before 31 December 1998 when the staff quarter allocation schemes were terminated. The subsidies are determined based on staff member's years of service, position and other criteria. In addition, monthly cash housing allowances should be made to other employees following the withdrawal of allocation of staff quarters regulations, which are recognized as incurred.

The liability recognized in the balance sheet is the present value of the obligation of the one-off housing subsidies at the balance sheet date and the past-service costs are recognized immediately in profit or loss.

(iv) Share-based payments

The Group regularly entered into equity-settled or cash-settled share-based payment transactions with employees.

(1) Employee services settled in cash

Employee services received in exchange for cash-settled share-based payments, are recognized at the fair value of the liability incurred and are expensed over the vesting period, when consumed or capitalized as assets, which are depreciated or amortized. The liability is remeasured at each balance sheet date to its fair value, with all changes recognized immediately in profit or loss.

(2) Employee services settled in equity instruments

The Company and one of the Group's subsidiaries operates certain equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share options of the subsidiary is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium of the subsidiary when the options are exercised.

2 Basis preparation and significant accounting policies (Continued)

(r) Employee benefits (Continued)

(iv) Share-based payments (Continued)

(3) Modification and cancellation

If the terms of an equity-settled award are modified, at a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognized for that award, as at the date of forfeiture, is treated as if it had never been recognized. At the same time, any expense previously recognized on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

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

(4) Cash-settled share-based payment transactions

For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

The Group recognized the services received, and a liability to pay for those services, as the employees render services. For example, some share appreciation rights vest immediately, and the employees are therefore not required to complete a specified period of service to become entitled to the cash payment. In the absence of evidence to the contrary, the Group presumes that the services rendered by the employees in exchange for the share appreciation rights have been received. Thus, the Group recognized immediately the services received and a liability to pay for them. If the share appreciation rights do not vest until the employees have completed a specified period of service, the Group recognized the services received, and a liability to pay for them, as the employees render service during that period.

The liability shall be measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

2 Basis preparation and significant accounting policies (Continued)

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2 Basis preparation and significant accounting policies (Continued)

(t) Contingent liabilities and contingent assets

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

A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

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

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

(u) Trade and other payables

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

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

(v) Recognition of revenues and income

Revenue are recognized when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point of time.

When control of goods or services is transferred over time, the progress towards complete satisfaction of performance obligation is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

(i) direct measurements of the value of individual services transferred by the Group to the customer, such as units produced or delivered, contract milestones, or surveys of work performed; or

(ii) the Group's efforts or inputs to the satisfaction of the performance obligation.

2 Basis preparation and significant accounting policies (Continued)

(v) Recognition of revenues and income (Continued)

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, and it should be presented separately. Incremental costs incurred to obtain a contract, if recoverable, are capitalized and presented as contract assets and subsequently amortized when the related revenue is recognized. A contract asset becomes a receivable when receipt of the consideration is conditional only on the passage of time.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortized cost.

Contract liabilities (included in trade and other payables and contract liabilities) are recognized for expected volume discounts to customers in relation to sales made until the end of the reporting period.

The Group do not have any significant variable consideration such as discounts, refunds, rebates, credits, penalties, performance bonuses or royalties. Trade receivables and contract assets expected to be recovered in one year or less are classified as current assets. If not, they are represented as non-current assets.

The Group assesses, and includes in the transaction price at contract inception, the amount of variable, consideration to which it expects to be entitled. There is no material contract fulfilment cost or cost of obtaining contracts of the Group.

The following is a description of accounting policy for the revenue streams of the Group:

(i) Revenues from container shipping

Freight revenues from the operation of international and domestic containerised transportation business are recognized over time, which are determined on the time proportion of each individual vessel voyage completed at year end.

(ii) Revenues from container terminal operations

Revenues from container terminal operations are recognized over time in which the services are rendered as the Group's performance provides all of the benefits received and consumed simultaneously by the customer. Revenues are recognized based on the price specified in the contract, net of the estimated volume discounts. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Accumulated experience is used to estimate and provide for the discounts, using either the expected value or the most likely amount approach, and revenues are only recognized to the extent that it is highly probable that a significant reversal will not occur.

2 Basis preparation and significant accounting policies (Continued)

(v) Recognition of revenues and income (Continued)

(iii) Revenues from freight forwarding

Revenues are recognized when the services are rendered or over time which is determined on the time proportion method of the progress of the transportation.

(iv) Interest income

Interest income on financial assets at amortized cost and financial assets at FVPL and FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

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

(v) Dividend income

Dividend income is recognized when the right to receive payment is established.

(vi) Other service income

Other service income is recognized when the services are rendered.

(w) Leases

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

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

2 Basis preparation and significant accounting policies (Continued)

(w) Leases (Continued)

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

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

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

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

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

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

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

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

2 Basis preparation and significant accounting policies (Continued)

(w) Leases (Continued)

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

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

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term (note 2(v)). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

(x) Dividend distribution

Dividend distribution to the Company's equity holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's equity holders or Directors, where appropriate.

(y) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to profit or loss in the year in which they are incurred.

Interest expense is presented in the consolidated cash flow statement within "Cash flows from financing activities".

2 Basis preparation and significant accounting policies (Continued)

(z) Financial guarantee contracts

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

- the amount determined in accordance with the expected credit loss model under HKFRS 9 "Financial Instruments"; and

- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of HKFRS 15 "Revenue from Contracts with Customers".

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

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

(aa) Derivatives and hedging activities

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

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

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2 Basis preparation and significant accounting policies (Continued)

(aa) Derivatives and hedging activities (Continued)

Cash flow hedge

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

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

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

(ab) Offsetting financial instruments

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

(ac) Segment reporting

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

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including market freight rate risk, foreign exchange risk, interest rate risk and bunker price risk), credit and counterparty risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to mitigate certain risk exposures.

The Group's Risk Management Committee identifies the financial risks associated with the Group. The Risk Management Committee reviews the controls and procedures for managing the risks identified. The risk management controls and procedures are carried out by respective operating units under the risk management policies as approved by the Directors.

(i) Market risk

(1) Market freight rate risk

The freight rates of the Group's shipping businesses are very sensitive to economic fluctuations. The Group's revenues from operations of container shipping may be impacted if freight rates will have any significant changes.

(2) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various non-functional currencies. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The actual foreign exchange risk faced by the Group therefore is primarily with respect to non-functional currency bank balances, receivable and payable balances and borrowings (collectively "Non-Functional Currency Items").

Management monitors foreign exchange exposure and will consider hedging certain foreign currency exposure by using foreign exchange forward contracts when the need arises.

As at 31 December 2022, with all other variables held constant, if non-functional currencies had strengthened/weakened by 5%, the Group's post-tax profit for the year would have increased/decreased by approximately RMB2,351,412,000 (2021: increased/decreased by approximately RMB1,116,239,000) and the equity as at 31 December 2022 would have increased/decreased by approximately RMB2,351,412,000 (2021: increased/decreased by approximately RMB1,116,239,000) respectively as a result of the translation of those Non-Functional Currency Items.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(3) Cash flow and fair value interest rate risk

Other than the deposits placed with banks and financial institutions, and loans to joint ventures and associates (collectively the "Interest Bearing Assets"), the Group has no other significant interest bearing assets.

The Group's interest rate risk also arises from borrowings and certain balances payable to related parties (collectively the "Interest Bearing Liabilities"). Interest Bearing Assets and Interest Bearing Liabilities are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk.

As at 31 December 2022, with all other variables held constant, if the interest rate had increased/decreased by 50 basis points, the corresponding increase/decrease in net finance cost would have resulted in an increase in the Group's post-tax profit for the year by approximately RMB908,462,000 (2021: an increase by approximately RMB526,207,000) and the equity as at 31 December 2022 would have increased by approximately RMB908,462,000 (2021: increase by approximately RMB526,207,000).

Management monitors the capital market conditions and where appropriate, interest rate swap contracts with financial institutions will be used to achieve optimum ratio between fixed and floating rates borrowings.

(4) Bunker price risk

The Group is also exposed to fluctuations in bunker prices. Bunker cost is part of the voyage expenses and is a significant cost item to the Group. Management monitors the market conditions and bunker price fluctuations and where appropriate, bunker forward contracts are used to lock up the price of part of the Group's bunker requirements.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Credit and counterparty risk

The credit and counterparty risk mainly arises from deposits placed with banks and financial institutions, financial assets transacted with banks, financial institutions and shipping companies through shipping agents or brokers, loans to joint ventures and associates, trade and other receivables and contract assets, down payment to shipyards, and other financial assets at amortized cost.

The Group has limited its credit exposure by restricting their selection of financial institutions on those state-owned PRC banks, overseas banks with good credit rating, and the associate, a state-owned financial institution with high credit rating. Management does not expect significant losses from non-performance by these counterparties.

The trade customers (including related parties), joint ventures, associates and shipping companies are assessed and rated based on their credit quality, taking into account their financial position, past experience and other factors. Individual risk limits are set by management of the respective operating units.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group has assessed that during the year ended 31 December 2022, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit losses approach that results from possible default event within 12 months of each reporting date is adopted by management. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available.

In addition, the Group monitors the exposure to credit risk in respect of the financial assistance provided to subsidiaries, joint ventures and associates through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

(iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group's cash management policy is to regularly monitor its current and expected liquidity positions to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all time so that the Group can meet its short-term and long-term funding requirements.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

The table below analyzes the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table, except for derivative financial instruments, are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2022				
Bank and other borrowings	**9,610,374**	**11,212,800**	**16,232,716**	**13,860,811**
Trade and other payables	**128,862,209**	**–**	**–**	**–**
Put option liability	**–**	**–**	**–**	**1,950,088**
Lease liabilities	**24,454,012**	**11,990,650**	**10,535,130**	**20,742,842**
As at 31 December 2021				
Bank and other borrowings	16,489,215	7,449,178	43,203,408	17,822,248
Derivative financial instruments	21,826	15,494	3,577	–
Trade and other payables	85,641,464	–	–	–
Put option liability	–	–	–	1,785,196
Lease liabilities	11,662,420	9,988,284	14,464,043	24,992,227

3 Financial risk management (Continued)

(b) Capital risk management

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

The Group monitors capital on the basis of the net debt to total equity (capital and reserves attributable to equity holders of the Company and non-controlling interests) ratio and the compliance of covenants of its borrowings. Net debt is calculated as total borrowings less cash and cash equivalents. As at 31 December 2022, the net debt to equity ratio is summarized as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Total borrowings (note 25)	**42,807,677**	73,333,695
Less: Cash and cash equivalents (note 20)	**(235,613,923)**	(178,428,462)
Net cash	**(192,806,246)**	(105,094,767)
Total equity	**253,523,468**	179,460,046
Net debt to total equity ratio	**N/A**	N/A

(c) Fair value estimation

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

b. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

c. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVPL (note 16)				
– Equity securities	93,107	–	–	93,107
– Listed convertible bonds	371,477	–	–	371,477
Financial assets at FVOCI (note 15)	1,632,865	–	275,496	1,908,361
Derivative financial instruments	–	42,304	–	42,304

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2021:

	Level 1 RMB'000 (Restated)	Level 2 RMB'000 (Restated)	Level 3 RMB'000 (Restated)	Total RMB'000 (Restated)
Financial assets at FVPL (note 16)				
– Equity securities	107,584	–	–	107,584
– Debt securities	252,521	–	–	252,521
– Listed convertible bonds	394,798	–	–	394,798
Financial assets at FVOCI (note 15)	928,177	–	290,030	1,218,207
Derivative financial instruments	–	40,897	–	40,897

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at FVOCI.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

Specific valuation techniques used to value financial instruments include:

– Quoted market prices or dealer quotes for similar instruments.

– Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Movements of financial instruments classified as level 3 recognized in the consolidated balance sheets are as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Financial assets at FVOCI		
As at 1 January	290,030	846,174
Addition	–	495
Disposals	(58)	(7,505)
Transfer to an associate	–	(394,160)
Fair value change	(14,642)	(154,234)
Currency translation differences	166	(740)
As at 31 December	275,496	290,030

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

As at 31 December 2022, description of the valuation techniques and the inputs used in the fair value measurement in level 3 include:

– The fair value of investments in unlisted property management companies and a hotel are determined using valuation techniques (including asset-based approach and market comparable approach). The inputs are mainly prices per square meter.

– The fair value of other unlisted financial assets is determined by reference to valuation report or the valuation performed by management using valuation techniques (including price/book multiple method and direct market quote). The inputs are mainly price/book multiples. A discount rate of 20% is applied to computing the fair value on top of market price/book multiples.

Financial assets and liabilities approximate their carrying amounts including: trade and other receivables and contract assets, financial assets at amortized cost, cash equivalents, restricted bank deposits, loans to joint ventures and associates, trade and other payables and contract liabilities, lease liabilities, short-term and long-term borrowings.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment assessment of property, plant and equipment, intangible assets and right-of-use assets of container shipping business

The Group's major operating assets represent vessels and containers in property, plant and equipment, related intangible assets and right-of-use assets ("Operating assets"). In assessing the indications of potential impairment of the Operating assets, management considered both internal and external sources of information. Management tests whether the carrying amount of the Operating assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

4 Critical accounting estimates and judgments (Continued)

(a) Impairment assessment of property, plant and equipment, intangible assets and right-of-use assets (Continued)

Due to the significant reduction in market freight rates in the second half of 2022 and the introduction of environmental protection regulations to shipping companies in 2023, management identified indications that the vessels might be impaired, and performed an impairment assessment.

The Operating assets are considered as two CGUs, which consists of a CGU for COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines CGU") and another CGU Orient Overseas Container Line Limited ("OOCL CGU"). Each CGU should be assessed on a portfolio basis given the operations of each trade route are dependent upon each other and vessels and containers are interchangeable in the two CGUs.

The recoverable amounts of each CGU have been determined based on value-in-use calculations which require the use of assumptions. The key assumptions and sensitivity test was disclosed in note 6.

(b) Impairment assessment of goodwill and intangible assets with indefinite useful lives impairment

The Group tests annually whether goodwill and intangible assets with indefinite useful lives have suffered any impairment and when there is indication that they may be impaired, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of assumptions. These calculations require the use of estimates. The key assumptions and sensitivity test was disclosed in note 10.

(c) Recognition of container shipping revenue and costs for vessel voyages in progress at year end

Revenue for container shipping is one performance obligation per shipment, which is rendered on a period-related basis, i.e. for the duration of transport. The Group recognizes revenue for container shipping over time which is determined on the time proportion of each individual voyage completed at end of reporting period with reference to their voyage details, such as freight rates, departure dates and arrival dates. If the total estimated voyage days were different from the estimate, this would have an impact on the freight revenues in the following reporting period.

Invoices for operating costs, which mainly comprise cargo costs and voyage costs, are normally received several months after the transaction. For voyages completed or in progress as at end of reporting period, recognition of accrual expenses are estimated based on known services received, pattern of historical cost and estimated vendor tariffs. If the actual voyage expenses were different from the estimate, this would have an impact on the related costs in the following reporting period.

Had the freight revenues from voyages in progress at year end been decreased/increased by 10% from management's estimates for the year ended 31 December 2022, the revenue would have been RMB543,414,000 (2021: RMB1,040,444,000) lower or higher in the future periods.

4 Critical accounting estimates and judgments (Continued)

(c) Recognition of container shipping revenue and costs for vessel voyages in progress at year end (Continued)

Had the actual costs of the voyages in progress at year end been decreased/increased by 10% from management's estimates for the year ended 31 December 2022, the voyage expenses would have been RMB362,532,000 (2021: RMB411,415,000) lower or higher in the future periods.

Changes in management's estimate of container shipping revenue and costs for vessel voyages in progress at year end could caused a material change in the revenue and voyage expenses recognized in the future periods.

(d) Commitment to long-term service agreement

The Group's subsidiary, Orient Overseas International Limited ("OOIL"), entered into a Terminal Service Agreement ("TSA") in October 2019 following the completion of the disposal of Long Beach Container Terminal ("LBCT"). According to the TSA, OOIL committed to place, or procure the placement of an annual minimum number of vessel lifts ("MVC") for 20 years. Failure to meet the committed volume for each of the contract year would require certain level of deficiency payment as stipulated in the TSA.

As at 31 December 2022, OOIL reassessed the expected number of vessel lifts in LBCT for each of the remaining contract years with reference to future prospects of the market and its expected load factor. Management considered the overall economic environment in the USA is still highly uncertain, in particular, dropping cargo demand and freight rates becoming more evident from the fourth quarter of 2022. It is expected that the high inflation and interest rate environment would further slow down the USA economy growth and would adversely affect the demand/import of the USA for some time, it is expected the economy in the USA would take years to recover. The operational results for the LBCT services were very strong in the first half of 2022, which were primarily due to the remarkable freight rates, driven by the terminal congestion and shortage in supply of container vessels. However, the high freight rates began to drop in the second half of 2022. As at 31 December 2022, with these uncertainties over such long-term contract period, management reassessed that the projected vessel lifts in LBCT would continue result in a shortfall on minimum volume commitment over the remaining contract period.

As such, OOIL further estimated the present value of the unavoidable costs of meeting the obligations under the remaining term of the TSA (till October 2039) and the corresponding associated economic benefits in relation to OOIL with reference to a) the expected number of vessel lifts; b) the expected amount of deficiency payment/excess rebates as stipulated in the TSA when the volume is below/in excess of the MVC; c) the expected operating costs (including cargo and logistics cost, vessel and voyage costs and equipment and repositioning costs); and d) the associated income expected to be earned from operating the services to/from LBCT. Based on the assessment performed by management, an onerous provision of US$894.7 million (equivalent to approximately RMB6,231.5 million) (2021: US$651.7 million (equivalent to approximately RMB4,155.3 million)) was recognized as at 31 December 2022.

4 Critical accounting estimates and judgments (Continued)

(d) Commitment to long-term service agreement (Continued)

OOIL applied the expected value approach considering several probability-weighted possible scenarios which included adjusting key assumptions such as volume, freight rate, bunker cost and probability applied on the scenarios. The onerous contract assessment involves a significant level of management estimates and judgment, including the future profitability generated from services using LBCT and the expected number of vessel lifts handled in LBCT during the remaining contract term.

To the extent that the actual results differ from these estimates, the amount of provision will be differed and will affect the consolidated profit and loss account. The provision, including the estimates and assumptions contained therein, are reviewed regularly by management. The key assumptions used by management as at 31 December 2022 and 2021 are as follows:

Key assumptions	**Range of possible scenarios**	
	2022	2021
Volume growth rate	**-6% to +10%**	-5% to +16%
Freight rate growth rate	**-20% to +10%**	-30% to +17%
Bunker cost	**-4% to +0% on fuel oil futures**	-5% to +5% on fuel oil futures
Probability applied	**2% to 60%**	2% to 60%

The major changes in key assumptions from previous year are as follows:

- adjusted bunker price based on the latest 10-year futures in the market as compared to previous year's forecast; and

- increased the discount rate based on the latest rate for the US Treasury Bills.

4 Critical accounting estimates and judgments (Continued)

(d) Commitment to long-term service agreement (Continued)

For illustration purpose, management has performed sensitivity analysis by adjusting the probability applied to the possible scenarios. The effects for the respective sensitivity analysis, holding other factors constant, are set out below:

Sensitivity cases	Change of onerous provision as at 31 December 2022
Changing the most probable scenario to 100%	Decrease by approximately US$20 million (equivalent to approximately RMB134 million)
Changing the most probable scenario to 40% and the most probable pessimistic scenario to 35%	Increase by approximately US$65 million (equivalent to approximately RMB437 million)
Changing the most probable scenario to 40% and the most probable optimistic scenario to 35%	Decrease by approximately US$45 million (equivalent to approximately RMB303 million)

Sensitivity cases	Change of onerous provision as at 31 December 2021
Changing the most probable scenario to 100%	Decrease by approximately US$3 million (equivalent to approximately RMB19 million)
Changing the most probable scenario to 40% and the most probable pessimistic scenario to 35%	Increase by approximately US$66 million (equivalent to approximately RMB421 million)
Changing the most probable scenario to 40% and the most probable optimistic scenario to 35%	Decrease by approximately US$61 million (equivalent to approximately RMB389 million)

(e) Estimated useful lives and residual values of container vessels and containers

The Group's major operating assets represent container vessels and containers. Management determines the estimated useful lives, residual values and related depreciation expenses for its container vessels and containers. Management estimates useful lives of the container vessels and containers by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the vessels, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the vessel market.

Management determines the estimated residual value for its container vessels and containers by reference to all relevant factors (including the use of the current scrap values of steels in an active market) at each measurement date. The depreciation expense will change where the useful lives or residual value of container vessels and containers are different from the previous estimate.

Had the useful lives been extended/shortened by 10% from management's estimates as at 31 December 2022 with all other variables held constant, the estimated depreciation expenses of container vessels and containers for the year would have been decreased by RMB859,402,000 (2021: RMB611,702,000) or increased by RMB1,232,487,000 (2021: RMB902,923,000) for the year ended 31 December 2022.

Had the residual values been increased/decreased by 10% from management's estimates as at 31 December 2022 with all other variables held constant, the estimated depreciation expenses of container vessels and containers for the year would have been decreased or increased by RMB221,112,000 (2021: RMB157,027,000) for the year ended 31 December 2022.

4 Critical accounting estimates and judgments (Continued)

(f) Impairment assessment of terminal assets, investments in joint ventures and associates

Management determines whether terminal assets, investments in joint ventures and associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. The determination of impairment indication requires significant judgment, and the calculations require the use of estimates which are subject to change of economic environment in future.

(g) Impairment of trade and other receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. For other receivables and loan receivables, management makes periodic assessments on a portfolio basis on the recoverability based on historical settlement records and past experiences and adjusts for forward looking information.

Management generally assesses whether, other receivables and loan receivables, have not had a significant increase in credit risks since initial recognition. if not, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management.

(h) Income taxes and withholding taxes

The Group is subject to income taxes and withholding taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes and withholding taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of overseas subsidiaries to be repatriated and distributed by way of dividends as the Directors consider that the timing of the reversal of the related temporary differences can be controlled or such profits will not be distributed and such temporary differences will not be reversed in the foreseeable future (note 18).

If those undistributed earnings of the overseas subsidiaries had been repatriated and distributed by way of dividends, the deferred income tax charge for the year and deferred income tax liabilities as at 31 December 2022 would have been increased by the same amount of RMB14,725,274,000 (2021: RMB11,058,807,000).

Recognition of deferred tax assets, which principally relate to temporary differences, depend on the management's expectation of the timing of reversal and the taxable profit that will be available against which tax losses can be utilized. The outcome of their actual utilization or reversal may be different (note 18).

5 Revenues and segment information

Operating segments

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and analyzed from a business perspective:

– Container shipping business
– Terminal business
– Corporate and other operations that primarily comprise investment holding, management services and financing.

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude investments in joint ventures, investments in associates, loans to a joint venture and associates, financial assets at fair value through other comprehensive income ("FVOCI"), financial assets at fair value through profit or loss ("FVPL"), financial assets at amortized cost and assets classified as held for sale not related to the segment. Segment liabilities are these operating liabilities that result from the operating activities of a segment.

Addition to non-current assets comprises additions to property, plant and equipment, investment properties, intangible assets and right-of-use assets.

5 Revenues and segment information (Continued)

Operating segments (Continued)

	Year ended 31 December 2022				
	Container shipping business RMB'000	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Income statement					
Total revenues	384,035,553	9,798,133	–	(2,775,189)	391,058,497
Comprising:					
– Inter-segment revenues	42,320	2,732,869	–	(2,775,189)	–
– Revenues (from external customers)	383,993,233	7,065,264	–	–	391,058,497
Revenues from contracts with customers:					
Recognized over time	384,035,553	9,798,133	–	(2,775,189)	391,058,497
Segment profit	160,426,816	1,779,797	63,129,022	(62,336,801)	162,998,834
Finance income	4,056,368	114,062	1,560,278	(25,000)	5,705,708
Finance costs	(2,132,642)	(869,088)	(863,907)	25,000	(3,840,637)
Share of profits less losses of					
– joint ventures	144,902	505,117	–	–	650,019
– associates	75,573	1,567,240	19,233	–	1,662,046
Profit before income tax	162,571,017	3,097,128	63,844,626	(62,336,801)	167,175,970
Income tax expenses	(25,762,594)	(479,443)	(9,516,777)	–	(35,758,814)
Profit for the year	136,808,423	2,617,685	54,327,849	(62,336,801)	131,417,156
Gain on disposals of property, plant and equipment, net	399,085	2,927	–	–	402,012
Depreciation and amortization	18,730,960	1,668,755	2,701	–	20,402,416
Additions to non-current assets	20,241,904	2,433,002	146	–	22,675,052

5 Revenues and segment information (Continued)

Operating segments (Continued)

	Year ended 31 December 2021 (Restated)				
	Container shipping business RMB'000	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Income statement					
Total revenues	327,927,112	7,931,409	–	(2,164,578)	333,693,943
Comprising:					
– Inter-segment revenues	17,543	2,147,035	–	(2,164,578)	–
– Revenues (from external customers)	327,909,569	5,784,374	–	–	333,693,943
Revenues from contracts with customers:					
Recognized over time	327,927,112	7,931,409	–	(2,164,578)	333,693,943
Segment profit	126,706,024	1,672,869	(32,573)	–	128,346,320
Finance income	908,778	72,716	214,240	(85,441)	1,110,293
Finance costs	(1,946,551)	(640,003)	(1,332,222)	85,441	(3,833,335)
Share of profits less losses of					
– joint ventures	157,579	536,880	–	–	694,459
– associates	65,268	1,588,770	34,765	–	1,688,803
Profit/(loss) before income tax	125,891,098	3,231,232	(1,115,790)	–	128,006,540
Income tax expenses	(18,846,755)	(610,927)	(4,643,497)	–	(24,101,179)
Profit/(loss) for the year	107,044,343	2,620,305	(5,759,287)	–	103,905,361
Gain/(loss) on disposals of property, plant and equipment, net	275,698	(16,327)	–	–	259,371
Depreciation and amortization	11,611,063	1,453,640	1,774	–	13,066,477
Additions to non-current assets	21,906,938	6,183,840	234	–	28,091,012

5 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 31 December 2022				
	Container shipping business RMB'000	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Balance sheet					
Segment operating assets	365,806,964	46,709,323	122,745,049	(85,209,880)	450,051,456
Investments in joint ventures	1,133,728	7,224,934	–	–	8,358,662
Investments in associates	3,457,491	22,745,161	23,574,821	(69,555)	49,707,918
Loans to a joint venture and associates	–	664,991	–	–	664,991
Financial assets at FVOCI	167,470	971,957	768,934	–	1,908,361
Financial assets at FVPL	93,110	371,474	–	–	464,584
Financial assets at amortized cost	623,742	–	–	–	623,742
Assets classified as held for sale	–	–	–	–	–
Total assets	371,282,505	78,687,840	147,088,804	(85,279,435)	511,779,714
Segment operating liabilities & total liabilities	213,252,591	32,644,622	22,369,628	(10,010,595)	258,256,246

	As at 31 December 2021 (Restated)				
	Container shipping business RMB'000	Terminal business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Balance sheet					
Segment operating assets	278,016,650	45,195,700	126,609,364	(71,345,902)	378,475,812
Investments in joint ventures	1,203,036	7,368,615	–	–	8,571,651
Investments in associates	1,533,763	21,884,169	66,328	(69,504)	23,414,756
Loans to a joint venture and associates	–	765,644	–	–	765,644
Financial assets at FVOCI	185,974	1,032,233	–	–	1,218,207
Financial assets at FVPL	360,105	394,798	–	–	754,903
Financial assets at amortized cost	732,392	–	–	–	732,392
Assets classified as held for sale	341,757	–	–	–	341,757
Total assets	282,373,677	76,641,159	126,675,692	(71,415,406)	414,275,122
Segment operating liabilities & total liabilities	161,960,301	32,469,326	41,725,777	(1,340,328)	234,815,076

5 Revenues and segment information (Continued)

Geographical information

(a) Revenues

The Group's businesses are managed on a worldwide basis. The revenues generated from the world's major trade lanes for container shipping business mainly include Trans-Pacific, Asia-Europe, Intra-Asia, within Mainland China, other international region (including the Atlantic) which are reported as follows:

Geographical	Trade lanes
America	Trans-Pacific
Europe	Asia-Europe (including Mediterranean)
Asia Pacific	Intra-Asia (including Australia)
Mainland China	Within Mainland China
Other international market	Other international region (including the Atlantic)

For the geographical information, freight revenues from container shipping are analyzed based on trade lanes for container shipping operations.

In respect of terminals operations, revenues are based on the geographical locations in which the business operations are located.

	Year ended 31 December 2022 RMB'000		
	Total revenues	Inter-segment revenues	External revenues
Container shipping business			
– America	115,007,179	–	115,007,179
– Europe	100,760,668	–	100,760,668
– Asia Pacific	92,876,196	–	92,876,196
– Mainland China	23,807,585	(42,320)	23,765,265
– Other international market	51,583,925	–	51,583,925
	384,035,553	(42,320)	383,993,233
Terminal business			
– Mainland China	4,804,472	(1,383,836)	3,420,636
– Europe	4,618,739	(1,199,448)	3,419,291
– Asia Pacific	339,548	(149,585)	189,963
– Other international market	35,374	–	35,374
	9,798,133	(2,732,869)	7,065,264
Total	393,833,686	(2,775,189)	391,058,497

5 Revenues and segment information (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

	Year ended 31 December 2021 RMB'000 (Restated)		
	Total revenues	Inter-segment revenues	External revenues
Container shipping business			
– America	86,283,078	–	86,283,078
– Europe	95,108,013	–	95,108,013
– Asia Pacific	76,527,231	–	76,527,231
– Mainland China	23,495,507	(17,543)	23,477,964
– Other international market	46,513,283	–	46,513,283
	327,927,112	(17,543)	327,909,569
Terminal business			
– Mainland China	3,502,675	(1,099,305)	2,403,370
– Europe	4,203,345	(938,518)	3,264,827
– Asia Pacific	225,389	(109,212)	116,177
	7,931,409	(2,147,035)	5,784,374
Total	335,858,521	(2,164,578)	333,693,943

The Group's revenues are mainly with contract period of less than one year, the Group takes the expedient not to disclose the unsatisfied performance obligation under HKFRS 15.

5 Revenues and segment information (Continued)

Geographical information (Continued)

(b) Non-current assets

The Group's non-current assets, other than financial instruments and deferred income tax assets ("Geographical Non-Current Assets"), consist of its property, plant and equipment, investment properties, intangible assets, right-of-use assets, investments in joint ventures, investments in associates and other non-current assets.

The container vessels and containers (included in property, plant and equipment and right-of-use assets) are primarily utilized across geographical markets for shipment of cargoes throughout the world. Accordingly, it is impractical to present the locations of the container vessels and containers by geographical areas and thus the container vessels, containers and vessels under construction are presented as unallocated non-current assets.

In respect of the remaining Geographical Non-Current Assets, they are presented based on the geographical locations in which the business operations/assets are located.

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000 (Restated)
Unallocated	**138,098,642**	128,531,957
Remaining assets		
– Mainland China	**74,825,546**	47,962,189
– Outside mainland China	**33,415,318**	30,844,192

6 Property, plant and equipment

	Leasehold land and buildings RMB'000	Container vessels RMB'000	Terminal equipment and improvement RMB'000	Containers RMB'000	Trucks, chassis and motor vehicles RMB'000	Computers, office and other equipment RMB'000	Assets under construction RMB'000	Total RMB'000
Cost								
As at 1 January 2022 (Restated)	20,117,560	75,942,001	10,483,905	19,279,762	208,531	2,826,476	6,575,745	135,433,980
Currency translation differences	(49,981)	6,659,624	468,016	1,081,583	56,392	249,071	679,411	9,144,116
Reclassification between categories and transfer among property, plant and equipment, investment properties, right-of-use assets and intangible assets	159,375	614,737	260,731	428,136	–	221,169	(813,120)	871,028
Additions	101,027	423,194	211,451	738,672	11,520	612,091	10,054,485	12,152,440
Acquisition of subsidiaries	68,173	–	–	–	729	4,257	670,177	743,336
Disposals	(20,323)	(194,203)	(35,308)	(1,415,954)	(27,670)	(256,008)	(2,968)	(1,952,434)
As at 31 December 2022	20,375,831	83,445,353	11,388,795	20,112,199	249,502	3,657,056	17,163,730	156,392,466
Accumulated depreciation and impairment								
As at 1 January 2022 (Restated)	3,905,703	18,451,470	3,894,014	1,599,711	121,396	926,231	–	28,898,525
Currency translation differences	(259,210)	1,858,665	362,661	122,959	57,493	200,594	–	2,343,162
Depreciation charge for the year (note 30)	650,655	4,030,370	594,074	1,315,719	11,861	605,216	–	7,207,895
Disposals	(5,478)	(186,549)	(26,730)	(1,079,359)	(25,265)	(252,325)	–	(1,575,706)
As at 31 December 2022	4,291,670	24,153,956	4,824,019	1,959,030	165,485	1,479,716	–	36,873,876
Net book value								
As at 31 December 2022	16,084,161	59,291,397	6,564,776	18,153,169	84,017	2,177,340	17,163,730	119,518,590

6 Property, plant and equipment (Continued)

	Leasehold land and buildings RMB'000	Container vessels RMB'000	Terminal equipment and improvement RMB'000	Containers RMB'000	Trucks, chassis and motor vehicles RMB'000	Computers, office and other equipment RMB'000	Assets under construction RMB'000	Total RMB'000
Cost								
As at 1 January 2021 (Restated)	17,791,542	77,042,913	10,418,730	16,538,609	364,224	1,844,231	3,576,080	127,576,329
Currency translation differences	(317,059)	(1,645,303)	(403,864)	(248,396)	(27,358)	(69,034)	(91,634)	(2,802,648)
Reclassification between categories and transfer among property, plant and equipment, investment properties, right-of-use assets and intangible assets	432,921	526,674	381,551	–	–	129,597	(1,195,314)	275,429
Additions	217,635	129,062	59,041	3,424,089	10,718	382,509	4,121,647	8,344,701
Acquisition of subsidiaries	2,001,808	–	98,923	–	–	723,499	166,347	2,990,577
Disposals	(9,287)	(111,345)	(70,476)	(434,540)	(139,053)	(184,326)	(1,381)	(950,408)
As at 31 December 2021 (Restated)	20,117,560	75,942,001	10,483,905	19,279,762	208,531	2,826,476	6,575,745	135,433,980
Accumulated depreciation and impairment								
As at 1 January 2021 (Restated)	3,431,796	15,754,317	3,481,201	955,521	212,155	807,301	–	24,642,291
Currency translation differences	(54,632)	(380,117)	(101,819)	(15,950)	(16,074)	(34,379)	–	(602,971)
Depreciation charge for the year (note 30)	528,767	3,160,730	579,017	1,037,652	17,500	324,914	–	5,648,580
Disposals	(228)	(83,460)	(64,385)	(377,512)	(92,185)	(171,605)	–	(789,375)
As at 31 December 2021 (Restated)	3,905,703	18,451,470	3,894,014	1,599,711	121,396	926,231	–	28,898,525
Net book value								
As at 31 December 2021 (Restated)	16,211,857	57,490,531	6,589,891	17,680,051	87,135	1,900,245	6,575,745	106,535,455

(a) As at 31 December 2022, certain property, plant and equipment with net book value of RMB24,599,297,000 (2021: RMB27,555,536,000) were secured as security for short-term and long-term bank borrowings (note 25(i)(i)).

(b) During the year, interest expenses of RMB150,247,000 (2021: RMB65,333,000) were capitalized in costs during the construction period (note 32).

(c) As described in note 4(a), for the purpose of impairment assessment, management identified two CGUs for the operating assets of container shipping business and estimated the recoverable amounts of each CGU using value-in-use model. The value-in-use calculations use cash flow projections using an estimated revenue growth rate ranging from 1.94% to 2.74% and average gross margin ranging from 17.32% to 21.04%. Future cash flows are discounted at a pre-tax rate of 9.0% to 10.2%. Based on management's best estimates, there was no impairment for the property, plant and equipment, intangible assets and right-of-use assets of container shipping business as at 31 December 2022.

Assuming discount rate increased by 10 basis points, it would have resulted in a decrease in headroom by RMB791,944,000 for CGU of COSCO SHIPPING Lines and a decrease in headroom by RMB617,203,000 for CGU of OOCL. Considering there was still sufficient headroom based on the assessment, the Directors believe there was no impairment for the property, plant and equipment, intangible assets and right-of-use assets container shipping business as at 31 December 2022.

7 Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to leases:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Right-of-use assets		
Land use rights (note a)	**2,783,189**	2,983,752
Concession	**4,512,496**	4,295,463
Container vessels	**45,636,699**	45,928,862
Others	**1,986,030**	2,427,980
	54,918,414	55,636,057
Lease liabilities (note b)		
Current	**12,887,982**	10,963,457
Non-current	**38,030,000**	40,471,216
	50,917,982	51,434,673

Notes:

(a) The Group has land lease arrangement with mainland China government.

(b) The balance included lease liabilities due to related parties of RMB23,504,325,664 as at 31 December 2022 (2021: RMB23,063,354,000).

7 Leases (Continued)

(ii) Right-of-use assets

	Container vessels RMB'000	Concession RMB'000	Land use rights RMB'000	Others RMB'000	Total RMB'000
Cost					
As at 1 January 2022	64,709,683	5,184,096	3,542,414	4,021,396	77,457,589
Currency translation differences	4,296,205	257,360	(167,349)	337,841	4,724,057
Reclassification between property, plant and equipment and right-of-use assets	(752,717)	–	–	(745,176)	(1,497,893)
Additions (note)	9,267,202	256	2,516	294,533	9,564,507
Acquisition of subsidiaries	–	–	40,256	49,336	89,592
Disposals	(2,946,345)	–	(16,743)	(201,608)	(3,164,696)
Others	–	175,443	–	–	175,443
As at 31 December 2022	74,574,028	5,617,155	3,401,094	3,756,322	87,348,599
Accumulated depreciation and impairment					
As at 1 January 2022	18,780,821	888,633	558,662	1,593,416	21,821,532
Currency translation differences	477,712	40,946	(25,722)	71,081	564,017
Reclassification between property, plant and equipment and right-of-use assets	(271,673)	–	–	(317,039)	(588,712)
Depreciation charge for the year (note 30)	11,955,248	175,080	88,497	598,618	12,817,443
Disposals	(2,004,779)	–	(3,532)	(175,784)	(2,184,095)
As at 31 December 2022	28,937,329	1,104,659	617,905	1,770,292	32,430,185
Net book value					
As at 31 December 2022	45,636,699	4,512,496	2,783,189	1,986,030	54,918,414

Note:

Additions to the right-of-use assets included the recognition of lease from related parties amounted to RMB191,137,000 (2021: RMB417,123,000).

7 Leases (Continued)

(ii) Right-of-use assets (Continued)

	Container vessels RMB'000	Concession RMB'000	Land use rights RMB'000	Others RMB'000	Total RMB'000
Cost					
As at 1 January 2021	52,648,684	5,459,984	2,496,037	4,124,251	64,728,956
Currency translation differences	(972,655)	(431,897)	(16,255)	(148,992)	(1,569,799)
Reclassification between property, plant and equipment and right-of-use assets	(893,969)	–	65	(76,768)	(970,672)
Additions (note)	14,632,399	146,548	133,293	354,502	15,266,742
Acquisition of subsidiaries	–	10,203	929,274	–	939,477
Disposals	(704,776)	–	–	(228,258)	(933,034)
Others	–	(742)	–	(3,339)	(4,081)
As at 31 December 2021	64,709,683	5,184,096	3,542,414	4,021,396	77,457,589
Accumulated depreciation and impairment					
As at 1 January 2021	13,819,794	793,741	499,176	1,304,793	16,417,504
Currency translation differences	(162,192)	(79,915)	(2,702)	(65,452)	(310,261)
Reclassification between property, plant and equipment and right-of-use assets	(396,381)	–	–	(18,256)	(414,637)
Depreciation charge for the year (note 30)	6,224,376	174,807	62,188	584,950	7,046,321
Disposals	(704,776)	–	–	(212,619)	(917,395)
As at 31 December 2021	18,780,821	888,633	558,662	1,593,416	21,821,532
Net book value					
As at 31 December 2021	45,928,862	4,295,463	2,983,752	2,427,980	55,636,057

8 Investment properties

	2022 RMB'000	2021 RMB'000 (Restated)
Cost	**2,945,115**	2,961,982
Accumulated depreciation	**(360,294)**	(315,876)
Net book value as at 1 January	**2,584,821**	2,646,106
Currency translation differences	**179,804**	(46,314)
Addition of purchase	**13,214**	31,141
Reclassification between property, plant and equipment and investment properties	**9**	(967)
Disposals	**(33,340)**	(931)
Depreciation (note 30)	**(43,445)**	(44,214)
Net book value as at 31 December	**2,701,063**	2,584,821
Cost	**3,108,166**	2,945,115
Accumulated depreciation	**(407,103)**	(360,294)
Net book value as at 31 December	**2,701,063**	2,584,821

The fair value of the investment properties as at 31 December 2022 approximates their net book value. The fair value is estimated by management or independent professional property valuers. The valuations are derived using direct comparison method and income capitalization method respectively. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. Income capitalization method is based on the capitalization of the net rental income derived from the existing leases and/or achievable in existing market with reversionary income potential by adopting appropriate capitalization rates. Capitalization is estimated by valuer based on the risk profile of the properties being valued.

9 Intangible assets

	Computer software RMB'000	Trademark RMB'000	Concession RMB'000	Customer relationships RMB'000	Total RMB'000
Cost	**1,922,723**	**2,776,235**	**1,647,467**	**303,228**	**6,649,653**
Accumulated depreciation and impairment	**(1,381,909)**	**–**	**(375,962)**	**(96,267)**	**(1,854,138)**
Net book value as at 1 January 2022	**540,814**	**2,776,235**	**1,271,505**	**206,961**	**4,795,515**
Currency translation differences	**4,121**	**256,430**	**31,439**	**4,812**	**296,802**
Additions	**110,805**	**–**	**74**	**–**	**110,879**
Reclassification from property, plant and equipment	**36,045**	**–**	**2,099**	**–**	**38,144**
Acquisition of subsidiaries	**693**	**–**	**–**	**–**	**693**
Disposals	**(162,900)**	**–**	**–**	**–**	**(162,900)**
Amortization (note 30)	**(188,338)**	**–**	**(98,813)**	**(22,740)**	**(309,891)**
Net book value as at 31 December 2022	**341,240**	**3,032,665**	**1,206,304**	**189,033**	**4,769,242**
Cost	**1,941,937**	**3,032,665**	**1,732,717**	**311,756**	**7,019,075**
Accumulated amortization	**(1,600,697)**	**–**	**(526,413)**	**(122,723)**	**(2,249,833)**
Net book value as at 31 December 2022	**341,240**	**3,032,665**	**1,206,304**	**189,033**	**4,769,242**

	Computer software RMB'000	Trademark RMB'000	Concession RMB'000	Customer relationships RMB'000	Total RMB'000
Cost	1,670,135	2,841,203	1,799,940	354,485	6,665,763
Accumulated depreciation and impairment	(1,279,093)	–	(297,285)	(80,977)	(1,657,355)
Net book value as at 1 January 2021	391,042	2,841,203	1,502,655	273,508	5,008,408
Currency translation differences	(12,745)	(64,968)	(128,653)	(42,089)	(248,455)
Additions	89,166	–	620	–	89,786
Reclassification from property, plant and equipment	278,598	–	2,975	–	281,573
Acquisition of subsidiaries	9,052	–	–	–	9,052
Disposals	(2,416)	–	–	–	(2,416)
Amortization (note 30)	(211,883)	–	(106,092)	(24,458)	(342,433)
Net book value as at 31 December 2021	540,814	2,776,235	1,271,505	206,961	4,795,515
Cost	1,922,723	2,776,235	1,647,467	303,228	6,649,653
Accumulated amortization	(1,381,909)	–	(375,962)	(96,267)	(1,854,138)
Net book value as at 31 December 2021	540,814	2,776,235	1,271,505	206,961	4,795,515

Impairment test for trademark

Trademark arose from the business acquisition of OOIL and is allocated to the Group's CGUs of container shipping operation of OOIL. The impairment testing is performed annually on trademark (note 10(a)).

The Directors believe there was no impairment for the trademark as at 31 December 2022.

10 Goodwill

	2022 RMB'000	2021 RMB'000
As at 1 January	**5,638,475**	5,826,764
Acquisition of a subsidiary	**–**	12,326
Currency translation differences	**466,019**	(200,615)
As at 31 December	**6,104,494**	5,638,475

Impairment test for goodwill

Goodwill is allocated to the Group's CGUs that are expected to benefit from business combination and impairment testing is performed annually on goodwill allocated to their operating segments and CGUs.

A segment-level summary of the goodwill is presented below:

Operating segment	**Cash generating unit**	2022 RMB'000 Carrying amount	2021 RMB'000
Container shipping business	Container shipping operation of OOIL (note a)	**4,939,772**	4,522,083
Terminal business	Container terminal operation of COSCO SHIPPING Ports (Spain) Holding, S.L. (note b)	**816,719**	794,361
Others		**348,003**	322,031
		6,104,494	5,638,475

Notes:

The most significant goodwill amount relates to the container shipping and terminal segment, where the impairment test is based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the financial budget and future forecast respectively.

(a) For the goodwill and trademark (note 9) related to the container shipping operation of OOIL, major cash flow projections are based on forecasts using an estimated revenue growth rate ranging from 0% to 2.72% and average gross margin of 16.21% (2021: revenue growth rate ranging from 0% to 2% and average gross margin of 18.0%). Future cash flows are discounted at a pre-tax rate of 10.37% (2021: 7.7%).

Assuming discount rate increased by 10 basis points, it would have resulted in a decrease in headroom by RMB782,055,000. Considering there was still sufficient headroom based on the assessment, the Directors believe there was no impairment for the goodwill as at 31 December 2022.

(b) For goodwill related to the terminal business, forecast profitability is based on past performance and expected future changes in cost and revenues. Major CGUs cash flow projections are based on financial forecasts covering a five to eleven year period using an estimated annual average revenue growth rate of 7.1% (2021: 7.2%) and average operating margin of 36.7% (2021: 41.8%) with cash flows beyond this period at 2.2% (2021: 1.9%) terminal growth rate. Future cash flows are discounted at a rate equivalent to pre-tax rate of 11.5% (2021: 10.9%).

Assuming discount rate increased by 50 basis points, impairment charge of US$9,706,000 (equivalent to approximately RMB67,598,000) would be required for the goodwill in terminals and related business segment at 31 December 2022 (2021: US$26,446,000 (equivalent to approximately RMB168,612,000).

11 Subsidiaries

(a) Details of the principal subsidiaries that impose material influence on either the financial position or the financial performance of the Group as at 31 December 2022 are shown in note 44(a).

(b) Material non-controlling interests

The total non-controlling interests for the year is RMB53,140,695,000 of which RMB23,122,127,000 is for COSCO SHIPPING Ports Limited ("COSCO SHIPPING Ports"), and RMB28,403,651,000 is for OOIL.

Set out below are summarized financial information for COSCO SHIPPING Ports.

Summarized balance sheet

	COSCO SHIPPING Ports	
	2022	2021
	RMB'000	RMB'000
Current		
– Assets	**9,519,779**	9,701,564
– Liabilities	**(9,362,267)**	(9,770,033)
Total current net assets/(liabilities)	**157,512**	(68,469)
Non-current		
– Assets	**69,255,502**	67,019,210
– Liabilities	**(23,282,352)**	(22,699,309)
Total non-current net assets	**45,973,150**	44,319,901
Net assets	**46,130,662**	44,251,432

Summarized income statement

	COSCO SHIPPING Ports	
	2022	2021
	RMB'000	RMB'000
Revenues	**9,696,741**	7,797,213
Profit before income tax	**3,095,568**	3,229,650
Income tax expenses	**(479,443)**	(610,925)
Post-tax profit from continuing operations	**2,616,125**	2,618,725
Other comprehensive (loss)/income	**(3,999,913)**	324,587
Total comprehensive (loss)/income	**(1,383,788)**	2,943,312
Total comprehensive income attributable to non-controlling interests	**91,082**	386,385
Dividends paid to non-controlling interests	**407,785**	232,106

11 Subsidiaries (Continued)

(b) Material non-controlling interests (Continued)

Summarized cash flows

	COSCO SHIPPING Ports	
	2022 RMB'000	2021 RMB'000
Cash flows from operating activities	3,146,222	2,640,813
Cash flows from investing activities	(513,393)	(2,560,662)
Cash flows from financing activities	(3,298,299)	(582,018)
Net decrease in cash and cash equivalents	(665,470)	(501,867)

Set out below are summarized financial information for OOIL.

Summarized balance sheet

	OOIL	
	2022 RMB'000	2021 RMB'000
Current		
– Assets	85,469,190	53,513,195
– Liabilities	(28,838,606)	(21,016,675)
Total net current assets	56,630,584	32,496,520
Non-current		
– Assets	77,252,938	68,685,222
– Liabilities	(20,482,978)	(21,391,884)
Total net non-current assets	56,769,960	47,293,338
Net assets	113,400,544	79,789,858

11 Subsidiaries (Continued)

(b) Material non-controlling interests (Continued)

Summarized income statement

	OOIL 2022 RMB'000	2021 RMB'000
Revenues	133,348,243	108,623,139
Profit before income tax from continuing operations	67,465,652	47,296,531
Income tax expenses	(413,799)	(1,328,305)
Post-tax profit from continuing operations	67,051,853	45,968,226
Other comprehensive (loss)/income	(395,076)	88,017
Total comprehensive income	66,656,777	46,056,243
Total comprehensive income attributable to non-controlling interests	6,681	1,439
Dividends paid to non-controlling interests	–	1,542

Summarized cash flows

	OOIL 2022 RMB'000	2021 RMB'000
Cash flows from operating activities	75,709,154	57,426,891
Cash flows from investing activities	9,554,109	(12,788,879)
Cash flows from financing activities	(47,870,542)	(28,179,606)
Net increase in cash and cash equivalents	37,392,721	16,458,406

The information above is the amount before inter-company eliminations.

12 Investments in joint ventures

	2022 RMB'000	2021 RMB'000
Investments in joint ventures (including goodwill on acquisitions) (note a)	**7,364,403**	7,661,462
Equity loan to a joint venture (note b)	**994,259**	910,189
	8,358,662	8,571,651

Notes:

(a) The carrying amount of goodwill on acquisitions of joint ventures amounted to RMB461,781,000 (2021: RMB422,696,000), mainly represented the goodwill on acquisitions of equity interests in Shanghai Pudong International Container Terminals Limited and Asia Container Terminals Holding Limited of RMB218,932,000 (2021: RMB200,420,000) and RMB242,055,000 (2021: RMB221,549,000) respectively.

(b) The balance is equity in nature, unsecured, interest free and has no fixed terms of repayment.

(c) In December 2021, 30% equity interests in Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Tianjin Euroasia Terminal") was disposed for a consideration of approximately RMB269,620,000 (equivalent to US$42,325,000).

(d) There is no joint venture that is individually material to the Group as at 31 December 2022. The financial information below, after making necessary adjustments to conform to the Group's significant accounting policies, represents the Group's interests in respective joint ventures:

	Net assets RMB'000	Profit less losses for the year RMB'000	Other comprehensive income/(loss) RMB'000	Total comprehensive income RMB'000
31 December 2022	**6,902,622**	**650,019**	**2,523**	**652,542**
31 December 2021	7,238,766	694,459	(148)	694,311

(e) There are no contingent liabilities relating to the Group's interest in joint ventures.

(f) The Company has no directly owned joint ventures as at 31 December 2021 and 2022. Details of the principal joint ventures as at 31 December 2022 are shown in note 44(b).

13 Investments in associates

	2022 RMB'000	2021 RMB'000
Investments in associates (including goodwill on acquisitions) (note b)	**49,394,511**	23,127,850
Equity loan	**313,407**	286,906
	49,707,918	23,414,756

Notes:

(a) In December 2022, the Group acquired 14.93% equity interest of Shanghai International Port (Group) Co., Ltd. ("SIPG") at a consideration of RMB18,944,479,000 (being RMB5.45 per share), and together with the previously held 0.62% equity interests, the Group holds 15.55% effective interest of SIPG in total, and is accounted for as an associate.

In July 2021, COSCO SHIPPING Ports acquired 20.00% equity interest in Red Sea Gateway Terminal Company Limited ("RSGT") at a cash consideration of US$140,000,000 (equivalent to approximately RMB903,462,000).

In December 2021, COSCO SHIPPING Ports stepped up its interests in Tianjin Port Container Terminal Co., Ltd. from a 16.01% owned associate to a 51% subsidiary, where COSCO SHIPPING Ports has obtained control at a cash consideration of approximately RMB1,247,710,000.

In 2021, COSCO SHIPPING Ports contributed EURO17,400,000 (equivalent to approximately RMB129,158,000) and EURO33,880,000 (equivalent to approximately RMB251,488,000) respectively by way of cash and capitalisation of loan to an associate. APM Terminals Vado Holding B.V. ("Vado"). The contribution was made in proportion with the shares holding percentage. The Group's equity interest in Vado remains unchanged after the contribution.

(b) The carrying amount of goodwill on acquisitions of associates amounted to RMB2,220,509,000 (2021: RMB2,219,158,000), mainly represented the goodwill on acquisitions of equity interests in QPI, RSGT, Sigma, Suez Canal Container Terminal S.A.E., Euromax Terminal Rotterdam B.V. ("Euromax Terminal") and Wattrus of RMB1,455,859,000 (2021: RMB1,455,668,000), RMB305,140,000 (2021: RMB334,065,000). RMB143,951,000 (2021: RMB131,778,000), RMB115,780,000 (2021: RMB105,992,000), RMB104,991,000 (2021: RMB102,117,000) and RMB52,395,000 (2021: RMB47,967,000) respectively.

(c) There is no associate that is individually material to the Group as at 31 December 2022. The financial information below, after making necessary adjustments to conform to the Group's significant accounting policies, represents the Group's interests in respective associates:

	Net assets RMB'000	Profit less losses for the year RMB'000	Other comprehensive income/(loss) RMB'000	Total comprehensive income RMB'000
2022	**47,174,002**	**1,662,046**	**16,604**	**1,678,650**
2021	20,908,692	1,688,803	(445)	1,688,358

(d) There are no significant contingent liabilities relating to the Group's interest in associates.

(e) The Company had no directly owned associates as at 31 December 2021 and 2022. Details of the principal associates as at 31 December 2022 are shown in note 44(c).

14 Loans to a joint venture and associates

	2022 RMB'000	2021 RMB'000
Loans to a joint venture (note a)	–	147,168
Loans to associates (note b)	664,991	618,476
	664,991	765,644

Notes:

(a) A balance of RMB160,791,720 (2021: RMB147,168,000) was unsecured and interest bearing at the rate of 2.1% above Hong Kong Interbank Offered Rate ("HIBOR") per annum quoted in respect of a one month's period, and repayable on or before March 2023. As at 31 December 2022, the balance was reclassified to other receivables (note 22(d)).

(b) Loans to associates mainly included a balance of RMB623,450,000 (2021: RMB606,450,000), which is unsecured, bearing interest at the aggregate of 2.0% per annum and EURIBOR (2021: the aggregate of 2.0% per annum and EURIBOR), and is repayable in 2024.

These balances are all denominated in EURO.

15 Financial assets at fair value through other comprehensive income

Financial assets at FVOCI comprise the following investments in listed and unlisted equity:

	2022 RMB'000	2021 RMB'000 (Restated)
Non-current assets		
Listed securities (note a)	1,632,865	928,177
Unlisted investments (note b)	275,496	290,030
	1,908,361	1,218,207

Notes:

(a) Listed securities represent equity interests in entities which are principally engaged in provision of port related services and securities service.

(b) Unlisted investments mainly comprise equity interests in terminal operating companies, port information system engineering companies and property investment companies.

15 Financial assets at fair value through other comprehensive income (Continued)

Notes: (Continued)

(c) Financial assets at FVOCI are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000 (Restated)
RMB	**1,908,124**	1,167,449
EURO	**28**	4,935
HKD	**–**	45,631
Others	**209**	192
	1,908,361	1,218,207

(d) Movement of the financial assets at FVOCI during the year is as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
As at 1 January	**1,218,207**	1,787,572
Addition	**1,571,393**	495
Disposals	**(58)**	(7,505)
Fair value change recognized in other comprehensive income	**(92,752)**	(165,704)
Transfer to an associate	**(792,565)**	(394,160)
Currency translation differences	**4,136**	(2,491)
As at 31 December	**1,908,361**	1,218,207

(e) Financial assets at fair value through other comprehensive income includes the following classes of financial assets:

	2022 RMB'000	2021 RMB'000 (Restated)
Listed securities in the PRC	**1,632,865**	928,177
Unlisted investments	**275,496**	290,030
	1,908,361	1,218,207

16 Financial assets at fair value through profit or loss

Financial assets at FVPL include the following:

	2022 RMB'000	2021 RMB'000
Listed equity securities (note a)		
– Hong Kong, China	78,843	92,958
– Overseas	14,264	14,626
Market value of listed equity securities	93,107	107,584
Listed debt securities (note a)		
– Hong Kong, China	–	212,228
– Overseas	–	40,293
Market value of listed debt securities	–	252,521
Listed convertible bonds (note b)	371,477	394,798
Total	464,584	754,903

Notes:

(a) As at 31 December 2022, the carrying amounts of the Group's financial assets at FVPL of listed equity securities and debt securities are mainly denominated in US dollar.

The credit quality of listed debt securities by reference to Standard & Poor's and/or Moody's credit ratings is as follows:

	2022 RMB'000	2021 RMB'000
BBB	–	168,134
Non-ranking	–	84,387
	–	252,521

The fair value of all listed equity securities and debt securities are based on their current bid prices in active markets.

(b) In July 2021, COSCO SHIPPING Ports subscribed for convertible bonds issued by an associate, Beibu Gulf Port Co., Ltd. at a consideration of RMB321,491,500.

During the year ended 31 December 2022, fair value loss on the Group's financial asset at FVPL of listed convertible bond of RMB23,319,000 (2021: fair value gain of RMB73,309,000) was recognized in other expenses (2021: other income) (note 31).

17 Financial assets at amortized cost

Financial assets at amortized cost include the following:

	2022 RMB'000	2021 RMB'000
Listed debt securities		
– Hong Kong, China	**71,835**	123,194
– Overseas	**551,907**	609,198
	623,742	732,392
Less: Current portion included in current assets	**(254,856)**	(105,438)
	368,886	626,954
Market value	**608,783**	778,700

Movements in financial assets at amortized cost are as follows:

	2022 RMB'000	2021 RMB'000
Balance at beginning of year	**732,392**	961,852
Currency translation differences	**59,763**	(19,351)
Disposals	**(68,073)**	–
Redemptions on maturity	**(100,919)**	(220,061)
Amortization	**579**	168
Interest receivables	**–**	9,784
Balance at end of year	**623,742**	732,392

(a) The carrying amounts of financial assets at amortized cost are mainly denominated in US dollar.

(b) The credit quality of other financial assets at amortized cost by reference to Standard & Poor's and/or Moody's credit ratings is as follows:

	2022 RMB'000	2021 RMB'000
A	**178,658**	233,219
BBB	**445,084**	499,173
	623,742	732,392

18 Deferred income tax assets/(liabilities)

Deferred income tax is calculated in full on temporary differences under the liability method using taxation rates ranging from 2.5% to 34.2% for the year (2021: 2.5% to 35%).

The movement on the net deferred tax liabilities is as follows:

	2022 RMB'000	2021 RMB'000
As at 1 January	**(6,534,512)**	(1,060,242)
Currency translation differences	**(142,936)**	(26,802)
Credited to consolidated income statement	**(9,853,568)**	(5,365,850)
Acquisition of subsidiaries	**–**	(82,816)
Credited to other comprehensive income	**43,641**	1,198
As at 31 December	**(16,487,375)**	(6,534,512)

Deferred income tax assets are recognized for tax losses carry forward to the extent that realization of the related tax benefit through the future taxable profits is probable. As at 31 December 2022, the Group had tax losses of RMB2,434,735,000 (2021: RMB1,994,872,000) to carry forward, which were not recognized as deferred tax assets as the Directors considered that the utilization of these tax losses in the foreseeable future is not probable, of which an amount of RMB674,118,000 (2021: RMB572,510,000) will expire through year 2027 (2021: year 2026) and an amount of RMB1,760,617,000 (2021: RMB1,422,362,000) has no expiry date.

As at 31 December 2022, the unrecognized deferred income tax liabilities were RMB14,725,274,000 (2021: RMB11,058,807,000), relating to income tax and withholding tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled or such profits will not be distributed and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 31 December 2022 amounted to RMB55,853,608,000 (2021: RMB43,227,412,000).

18 Deferred income tax assets/(liabilities) (Continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year was as follows:

Deferred income tax liabilities

	Undistributed profits of subsidiaries, joint ventures and associates RMB'000	Accelerated tax depreciation and fair value adjustments on assets in relation to business combination RMB'000	Fair value gain on financial assets RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2021	(544,947)	(1,254,776)	(277,388)	(28,359)	(2,105,470)
Currency translation differences	22,047	32,798	1,449	(662)	55,632
(Charged)/credited to consolidated income statement	(5,315,946)	(41,667)	(18,327)	17,494	(5,358,446)
Acquisition of a subsidiary	–	(94,167)	–	–	(94,167)
Credited to other comprehensive income	–	–	1,198	–	1,198
As at 31 December 2021 and 1 January 2022	(5,838,846)	(1,357,812)	(293,068)	(11,527)	(7,501,253)
Currency translation differences	**(147,443)**	**(11,072)**	**4,895**	**(16,783)**	**(170,403)**
(Charged)/credited to consolidated income statement	**(10,062,780)**	**42,705**	**5,833**	**1,858**	**(10,012,384)**
Credited to other comprehensive income	**–**	**–**	**43,641**	**–**	**43,641**
As at 31 December 2022	**(16,049,069)**	**(1,326,179)**	**(238,699)**	**(26,452)**	**(17,640,399)**

18 Deferred income tax assets/(liabilities) (Continued)

Deferred income tax assets

	Tax loss RMB'000	Staff benefit RMB'000	Accelerated accounting depreciation RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2021	483,793	45,513	10,524	505,398	1,045,228
Currency translation differences	(43,988)	–	737	(39,183)	(82,434)
Credited/(charged) to consolidated income statement	9,037	6,951	667	(24,059)	(7,404)
Acquisition of a subsidiary	–	–	–	11,351	11,351
As at 31 December 2021 and 1 January 2022	448,842	52,464	11,928	453,507	966,741
Currency translation differences	**26,673**	**–**	**(2,129)**	**2,923**	**27,467**
Credited/(charged) to consolidated income statement	**16,565**	**(3,012)**	**12,717**	**132,546**	**158,816**
As at 31 December 2022	**492,080**	**49,452**	**22,516**	**588,976**	**1,153,024**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance and a net basis. As at 31 December 2022, deferred income tax assets and deferred income tax liabilities amounted to RMB267,278,000 were offset (2021: RMB244,910,000).

18 Deferred income tax assets/(liabilities) (Continued)

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2022 RMB'000	2021 RMB'000
Deferred income tax assets		
Deferred income tax assets to be recovered after more than 12 months	**399,638**	392,813
Deferred income tax assets to be recovered within 12 months	**486,108**	329,018
	885,746	721,831
Deferred income tax liabilities		
Deferred income tax liabilities to be settled after more than 12 months	**(8,845,920)**	(3,961,460)
Deferred income tax liabilities to be settled within 12 months	**(8,527,201)**	(3,294,883)
	(17,373,121)	(7,256,343)
Deferred income tax liabilities, net	**(16,487,375)**	(6,534,512)

19 Other non-current assets

	2022 RMB'000	2021 RMB'000
Deposits	**62,084**	48,367
Prepayment for vessels construction	**–**	1,591
Others	**199,039**	111,650
	261,123	161,608

20 Cash and cash equivalents

	2022 RMB'000	2021 RMB'000 (Restated)
Restricted bank deposits (note a)	**1,262,690**	387,290
Balances placed with COSCO Shipping Finance Co., Ltd. ("COSCO SHIPPING Finance") (note b)	**103,875,180**	74,915,264
Bank balances and cash	**131,738,743**	103,513,198
Total bank deposits and cash and cash equivalents (note c)	**236,876,613**	178,815,752
Less:		
Restricted bank deposits		
– current	**(1,251,564)**	(377,532)
– non-current	**(11,126)**	(9,758)
Cash and cash equivalents	**235,613,923**	178,428,462

Notes:

(a) Restricted bank deposits are mainly held as security for borrowings and bank guarantees and facilities (note 25(i)(iv)).

(b) COSCO SHIPPING Finance is a finance company owned by COSCO SHIPPING and balances placed with COSCO SHIPPING Finance bear interest at prevailing market rates.

(c) The carrying amounts of bank deposits and cash and cash equivalents are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000 (Restated)
RMB	**102,917,567**	84,688,808
US dollar	**91,124,038**	86,834,002
EURO	**36,996,702**	3,279,070
HK dollar	**1,263,232**	464,021
Other currencies	**4,575,074**	3,549,851
	236,876,613	178,815,752

(d) The effective interest rates on time deposits as at 31 December 2022 were in the range of 2.08% to 3.92% per annum (2021: 1.12% to 2.80% per annum). The deposits earn interests at floating rates based on prevailing market rates.

21 Inventories

	2022 RMB'000	2021 RMB'000
Bunkers, voyage supplies, consumables and others	**7,017,037**	5,409,245

22 Trade and other receivables and contract assets

	2022 RMB'000	2021 RMB'000 (Restated)
Trade receivables (note a)		
– third parties	**10,254,689**	10,792,044
– fellow subsidiaries	**105,940**	415,886
– joint ventures	**7,698**	32,015
– other related companies	**132,577**	162,549
	10,500,904	11,402,494
Bills receivables (note a)	**321,734**	384,401
Contract assets (note a)	**292,917**	549,648
	11,115,555	12,336,543
Prepayments, deposits and other receivables		
– third parties (note b)	**4,627,272**	4,765,388
– fellow subsidiaries (note d)	**409,586**	298,415
– joint ventures (note d)	**428,846**	524,644
– associates (note d)	**81,333**	104,051
– other related companies (note d)	**99,716**	8,084
	5,646,753	5,700,582
Total	**16,762,308**	18,037,125

Notes:

(a) Trade receivables with related parties are unsecured and have similar credit periods as third party customers. The normal credit period granted to the trade receivables of the Group is generally within 90 days. Trade receivables primarily consisted of voyage-related receivables. As at 31 December 2022, the aging analysis of trade and bills receivables and contract assets on the basis of the date of relevant invoice or demand note is as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
1-3 months	**11,126,893**	12,373,221
4-6 months	**260,969**	215,123
7-12 months	**117,538**	98,865
Over 1 year	**203,728**	181,441
Trade, bills receivables and contract assets, gross	**11,709,128**	12,868,650
Less: provision for impairment	**(593,573)**	(532,107)
	11,115,555	12,336,543

22 Trade and other receivables and contract assets (Continued)

Notes: (Continued)

(a) (Continued)

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets,

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled service provided and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this year. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

	2022 **RMB'000**	2021 RMB'000
As at 1 January	**532,107**	381,703
Provision for trade receivables and contract assets impairment	**44,009**	228,916
Trade receivables and contract assets written off during the year as uncollectible	**(22,795)**	(23,038)
Reversal of provision	**–**	(44,793)
Currency translation differences	**40,252**	(10,681)
As at 31 December	**593,573**	532,107

The creation and release of provision for impaired receivables have been included in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Management considered that there is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

(b) Prepayments, deposits and other receivables due from third parties

	2022 **RMB'000**	2021 RMB'000
Prepayments and deposits	**2,795,416**	1,998,610
Claims receivables	**3,378**	15,448
Other receivables less provision (note c)	**1,828,478**	2,751,330
	4,627,272	4,765,388

22 Trade and other receivables and contract assets (Continued)

Notes: (Continued)

(c) Movements on the provision for impairment of other receivables are as follows:

	2022 RMB'000	2021 RMB'000
As at 1 January	**67,401**	70,925
Provision for receivable impairment	**(8,280)**	197
Receivables written off during the year as uncollectible	**–**	(500)
Reversal of provision	**–**	(3,145)
Currency translation differences	**214**	(76)
As at 31 December	**59,335**	67,401

(d) As at 31 December 2022, balance of US$23,087,000 (equivalent to approximately RMB160,791,720) was unsecured and interest bearing at the rate of 2.1% above HIBOR per annum quoted in respect of one month's period, and repayable on or before March 2023. Other amounts due from related companies are unsecured, interest free and have no fixed terms of repayment.

(e) The carrying amount of trade and other receivables and contract assets (excluding prepayments and deposits, and contract assets) are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000 (Restated)
US dollar	**5,291,521**	3,751,599
EURO	**2,514,335**	2,817,377
RMB	**2,341,503**	3,989,314
AUD	**303,294**	315,235
HK dollar	**248,385**	262,914
GBP	**131,515**	300,706
Other currencies	**2,843,422**	4,051,722
	13,673,975	15,488,867

(f) The carrying amounts of trade and other receivables and contract assets (excluding prepayments and deposits) approximate their fair values.

(g) Management considered the maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

23 Share capital and equity linked benefits

(a) Share capital

	Number of shares (thousands)	Nominal value RMB'000
H Shares of RMB1.00 each		
As at 31 December 2021	3,354,780	3,354,780
As at 31 December 2022	**3,354,780**	**3,354,780**
A Shares of RMB1.00 each		
As at 31 December 2021	12,659,346	12,659,346
Issue of shares by exercising share options (note b)	80,736	80,736
As at 31 December 2022	**12,740,082**	**12,740,082**

(b) Share options of the Company

The Company operates share option schemes whereby options are granted to eligible employees or any participants (as defined in the relevant share option schemes) of the Group, to subscribe for its shares. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Pursuant to a board resolution dated on 30 May 2019, the Company adopted a share option scheme (the "2019 Share Option Scheme"), which enable the Company to establish and cultivate a performance-oriented culture, under which value is created for the Shareholders, and to establish an interests-sharing and restraining mechanism between the Shareholders and the Company's management. No consideration was paid by the grantees for the acceptance of share options.

Pursuant to a board resolution dated on 29 May 2020, the Company adopted a share option scheme (the "2020 Share Option Scheme") enable the Company to establish and cultivate a performance-oriented culture, under which value is created for the Shareholders, and to establish an interests-sharing and restraining mechanism between the Shareholders and the Company's management. No consideration was paid by the grantees for the acceptance of share options.

Under the 2019 Share Option Scheme and 2020 Share Option Scheme, the exercises of the options of three batches are subject to two-year, three-year and four-year vesting periods respectively during which a participant is not allowed to exercise any option granted. After the expiration of each vesting period, the participant may exercise the options in three batches in the one year, one year and three years after the expiration of each vesting period respectively. Within the exercise period of the share options, and subject to the fulfilment of the vesting conditions and the exercise arrangement of the share options, grant of each share option entitles the grantee to subscribe for one A share at relevant exercise price in three batches evenly after the expiry of each vesting period.

23 Share capital and equity linked benefits (Continued)

(b) Share options of the Company (Continued)

Movements of the share options granted by the Company during the year ended 31 December 2022 and 2021 are set out below:

		Year ended 31 December 2022 Number of share options					
Date of grant	**Exercisable period**	**Outstanding as at 1 January 2022**	**Granted during the year**	**Exercised during the year**	**Forfeited during the year**	**Capitalization issued during the year**	**Outstanding as al 31 December 2022**
03 June 2019	Note (i)	**161,222,345**	**–**	**(74,309,846)**	**(7,735,235)**	**–**	**79,177,264**
29 May 2020	Note (ii)	**22,067,760**	**–**	**(6,426,080)**	**(1,905,800)**	**–**	**13,735,880**
		183,290,105	**–**	**(80,735,926)**	**(9,641,035)**	**–**	**92,913,144**

		Year ended 31 December 2021 Number of share options					
Date of grant	Exercisable period	Outstanding as at 1 January 2021	Granted during the year	Exercised during the year	Forfeited during the year	Capitalization issued during the year	Outstanding as al 31 December 2021
03 June 2019	Note (i)	190,182,200	–	(59,796,816)	(7,239,500)	38,076,461	161,222,345
29 May 2020	Note (ii)	16,975,200	–	–	–	5,092,560	22,067,760
		207,157,400	–	(59,796,816)	(7,239,500)	43,169,021	183,290,105

Notes:

(i) The share options were granted on 3 June 2019 under the 2019 Share Option Scheme at an exercise price of RMB4.10 per share. According to the provisions of the 2019 Share Option Scheme, share options under each grant have a validity period of ten years commencing from the date of grant and cannot be exercised evenly during the two-year, three-year and four-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of one year, one year and three years after the expiry of each Restriction Period, i.e. 33%, 33% and 34%.

In the process of registration after 3 June 2019, five participants (not being senior management of the Company) did not accept the Share Option granted to them due to personal reasons. Under the Further Revised Scheme, the number of the Share Options granted in the first batch has been adjusted from 192,291,000 to 190,182,200. For details, please refer to the overseas regulatory announcement of the Company dated 19 July 2019. On 24 July 2019, the Company completed the registration in respect the grant of the Share Option in the first batch 190,182,200 share options. For details, please refer to the overseas regulatory announcement of the Company dated 25 July 2019.

The Company implemented a capitalization issue of 3 shares for every 10 shares by converting reserve to share capital in July 2021. All shareholders were allotted 3 shares for every 10 shares. The total number of A shares were increased by 2,920,619,667 shares and the total number of H shares were increased by 774,180,000 shares. The exercise price of options granted for the 2019 Share Option Scheme was adjusted from RMB4.10 per share to RMB3.15 per share. For details, please refer to the overseas regulatory announcement of the Company dated 7 July 2021.

23 Share capital and equity linked benefits (Continued)

(b) Share options of the Company (Continued)

Notes: (Continued)

(i) (Continued)

According to the 2021 Profit Distribution Plan, the exercise price of options granted for the 2019 Share Option Scheme was adjusted from RMB3.15 per share to RMB2.28 per share. For details, please refer to the overseas regulatory announcement of the Company dated 10 June 2022.

According to the 2022 Profit Distribution Plan, the exercise price of options granted for the 2019 Share Option Scheme was adjusted from RMB2.28 per share to RMB1 per share. For details, please refer to the overseas regulatory announcement of the Company dated 12 December 2022.

(ii) The share options were granted on 29 May 2020 under the 2020 Share Option Scheme at an exercise price of RMB3.50 per share. According to the provisions of the 2020 Share Option Scheme, share options under each grant have a validity period of ten years commencing from the date of grant and cannot be exercised evenly during the two-year, three-year and four-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of one year, one year and three years after the expiry of each Restriction Period, i.e. 33%, 33% and 34%.

On 7 July 2020, the Company completed the registration in respect the grant of the 2020 Share Option Scheme of 16,975,200 share options. For details, please refer to the overseas regulatory announcement of the Company dated 8 July 2020.

According to the Capitalization Issue, the exercise price of options granted for the 2020 Share Option Scheme was adjusted from RMB3.50 per share to RMB2.69 per share. For details, please refer to the overseas regulatory announcement of the Company dated 7 July 2021.

According to the 2021 Profit Distribution Plan, the exercise price of options granted for the 2020 Share Option Scheme was adjusted from RMB2.69 per share to RMB1.82 per share. For details, please refer to the overseas regulatory announcement of the Company dated 10 June 2022.

According to the 2022 Profit Distribution Plan, the exercise price of options granted for the 2020 Share Option Scheme was adjusted from RMB1.82 per share to RMB1 per share. For details, please refer to the overseas regulatory announcement of the Company dated 12 December 2022.

23 Share capital and equity linked benefits (Continued)

(b) Share options of the Company (Continued)

Notes: (Continued)

(ii) (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Year ended 31 December 2022 Average exercise price per share RMB	Number of share options
As at 1 January	**3.83**	**183,290,105**
Forfeited during the year	**3.06**	**(9,641,035)**
Exercised during the year	**2.25**	**(80,735,926)**
As at 31 December	**1.00**	**92,913,144**

	Year ended 31 December 2021 Average exercise price per share RMB	Number of share options
As at 1 January	4.05	207,157,400
Exercised during the year before the Capitalization Issue	4.10	(56,469,662)
Forfeited during the year before the Capitalization Issue	4.10	(6,791,000)
Capitalization Issue of the 2019 Share Option Scheme	3.15	38,076,461
Capitalization Issue of the 2020 Share Option Scheme	2.69	5,092,560
Exercised during the year after the Capitalization Issue	3.15	(3,327,154)
Forfeited during the year after the Capitalization Issue	3.15	(448,500)
As at 31 December	3.83	183,290,105

(iii) 227,370 A Shares under the 2019 Share Option Scheme and 1,734,620 A Shares under the 2020 Share Option Scheme were vested and exercisable as at 31 December 2022. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

(iv) The Company completed the registration of 74,309,846 A shares due to exercise of A Share Option of the Company under the 2019 Share Option Scheme, and 6,426,080 A shares due to exercise of A Share Option of the Company under the 2020 Share Option Scheme during the year of 2022.

23 Share capital and equity linked benefits (Continued)

(b) Share options of the Company (Continued)

Notes: (Continued)

(v) Fair value of options granted

The fair values of options granted before the Capitalization Issue are estimated based on the Black-Scholes valuation model, and such fair values and significant inputs into the model are as follows:

	Fair value per share option RMB	Share price at date of grant RMB	Exercise price RMB	Standard deviation of expected share price return	Expected life of share options	Expected dividend paid out rate	Risk-free interest rate
Granted on 3 June 2019	2.00	4.82	4.10	41.57%	3.83 years	0%	3.11%
Granted on 29 May 2020	0.85	3.19	3.50	35.20%	3.83 years	0%	2.33%

The above fair values and inputs into the Black-Scholes valuation model are based on the data of options when granted.

(vi) Expense arising from share-based payment transaction

The Group recognized an expense of RMB47,100,307 for share based payment of the Company to its employees for the year ended 31 December 2022 (2021: RMB87,137,358).

23 Share capital and equity linked benefits (Continued)

(c) Share options of a subsidiary

COSCO SHIPPING Ports operates share option schemes whereby options are granted to eligible employees and directors or any participant of the Group to subscribe for its share.

Movements of the share options granted by COSCO SHIPPING Ports during the year ended 31 December 2022 and 2021 are set out below:

			Year ended 31 December 2022 Number of share options					
Date of grant	**Note**	**Exercise price**	**Outstanding as at 1 January 2022**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Forfeited during the year**	**Outstanding as at 31 December 2022**
19 June 2018	Note (i)(ii)	HK$7.27	**47,502,458**	**–**	**–**	**–**	**(16,984,004)**	**30,518,454**
29 November 2018	Note (i)(ii)	HK$8.02	**604,971**	**–**	**–**	**–**	**(206,567)**	**398,404**
29 March 2019	Note (i)(iii)	HK$8.48	**449,726**	**–**	**–**	**–**	**(224,525)**	**225,201**
23 May 2019	Note (i)(iii)	HK$7.27	**135,143**	**–**	**–**	**–**	**(67,470)**	**67,673**
17 June 2019	Note (i)(iii)	HK$7.57	**849,428**	**–**	**–**	**–**	**(424,078)**	**425,350**
			49,541,726	**–**	**–**	**–**	**(17,906,644)**	**31,635,082**

			Year ended 31 December 2021 Number of share options					
Date of grant	Note	Exercise price	Outstanding as at 1 January 2021	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited during the year	Outstanding as at 31 December 2021
19 June 2018	Note (i)(ii)	HK$7.27	48,411,635	–	–	–	(909,177)	47,502,458
29 November 2018	Note (i)(ii)	HK$8.02	604,971	–	–	–	–	604,971
29 March 2019	Note (i)(iii)	HK$8.48	848,931	–	–	–	(399,205)	449,726
23 May 2019	Note (i)(iii)	HK$7.27	666,151	–	–	–	(531,008)	135,143
17 June 2019	Note (i)(iii)	HK$7.57	1,273,506	–	–	–	(424,078)	849,428
			51,805,194	–	–	–	(2,263,468)	49,541,726

23 Share capital and equity linked benefits (Continued)

(c) Share options of a subsidiary (Continued)

Notes:

(i) 30,916,868 options were vested and exercisable as at 31 December 2022 (2021: 32,083,390).

(ii) The share options were granted on 19 June 2018 and 29 November 2018 under the 2018 Share Option Scheme at an exercise price of HK$7.27 and HK$8.02 respectively. According to the provisions of the 2018 Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. 33.3%, 33.3% and 33.4%.

(iii) The share options were granted on 29 March 2019, 23 May 2019 and 17 June 2019 under the 2018 Share Option Scheme at an exercise price of HK$8.48, HK$7.27 and HK$7.57 respectively. According to the provisions of the 2018 Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. 33.3%, 33.3% and 33.4%.

(iv) No share options were exercised under the 2018 Share Option Scheme during the year (2021: Nil).

(v) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

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

(vi) Expense arising from share-based payment transaction

The Group reversed an expense of RMB11,962,206 for share based payment of COSCO SHIPPING Ports to its employees for the year ended 31 December 2022 (2021: expenses charged RMB7,653,614).

24 Reserves

	Capital reserve RMB'000	Hedging reserve RMB'000	Other reserves RMB'000	Statutory reserve fund RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2022, as previously reported	37,117,670	1,970	(4,220,392)	2,881,792	124,558	(7,234,720)	88,409,321	117,080,199
Business combination under common control (note 43)	227,619	–	–	–	–	–	371,885	599,504
Balance at 1 January 2022, as restated	37,345,289	1,970	(4,220,392)	2,881,792	124,558	(7,234,720)	88,781,206	117,679,703
Comprehensive income/(loss)								
Profit for the year	–	–	–	–	–	–	109,684,166	109,684,166
Other comprehensive income/(loss):								
Share of other comprehensive loss of joint ventures and associates, net	–	–	(44,701)	–	–	(33,633)	–	(78,334)
Cash low hedges, net of tax	19,134	–	–	–	–	–	–	19,134
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(6,839)	–	–	–	40,057	–	–	33,218
Remeasurements of post-employment benefit obligations	–	–	(12,639)	–	–	–	–	(12,639)
Currency translation differences	–	–	–	–	–	4,892,461	–	4,892,461
Total other comprehensive income/(loss)	12,295	–	(57,340)	–	40,057	4,858,828	–	4,853,840
Total comprehensive income/(loss)	12,295	–	(57,340)	–	40,057	4,858,828	109,684,166	114,538,006
Total contributions by and distributions to owners of the Company recognized directly in equity:								
Issue of A shares in connection with the exercise of share options	219,437	–	–	–	–	–	–	219,437
Acquisition of subsidiaries under common control (note 43)	(3,560,029)	–	–	–	–	–	–	(3,560,029)
Transaction with non-controlling shareholders of subsidiaries	1,834,786	–	–	–	–	–	–	1,834,786
Dividends declared to shareholders of the Company	–	–	–	–	–	–	(46,283,357)	(46,283,357)
Appropriate to statutory reserves	–	–	–	6,634,741	–	–	(6,634,741)	–
Fair value of share options granted	(62,509)	–	–	–	–	–	–	(62,509)
Put option liability movement	–	–	–	–	–	–	(26,602)	(26,602)
Others	(51,524)	–	–	–	–	–	–	(51,524)
Total contributions by and distributions to owners of the Company	(1,619,839)	–	–	6,634,741	–	–	(52,944,700)	(47,929,798)
Balance at 31 December 2022	35,737,745	1,970	(4,277,732)	9,516,533	164,615	(2,375,892)	145,520,672	184,287,911

24 Reserves (Continued)

	Capital reserve RMB'000	Hedging reserve RMB'000	Other reserves RMB'000	Statutory reserve fund RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2021, as previously reported	39,719,801	1,970	(4,361,843)	(204,853)	142,097	(5,867,036)	2,224,201	31,654,337
Business combination under common control (note 43)	227,618	–	–	–	–	–	319,076	546,694
Balance at 1 January 2021, as restated	39,947,419	1,970	(4,361,843)	(204,853)	142,097	(5,867,036)	2,543,277	32,201,031
Comprehensive income/(loss)								
Profit for the year	–	–	–	–	–	–	89,348,948	89,348,948
Other comprehensive (loss)/income:								
Share of other comprehensive income of joint ventures and associates, net	–	–	21,593	–	–	18,544	–	40,137
Cash low hedges, net of tax	–	–	–	–	8,905	–	–	8,905
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(26,444)	–	–	(26,444)
Remeasurements of post-employment benefit obligations	–	–	119,858	–	–	–	–	119,858
Currency translation differences	–	–	–	–	–	(1,386,228)	–	(1,386,228)
Total other comprehensive (loss)/income	–	–	141,451	–	(17,539)	(1,367,684)	–	(1,243,772)
Total comprehensive income/(loss)	–	–	141,451	–	(17,539)	(1,367,684)	89,348,948	88,105,176
Total contributions by and distributions to owners of the Company recognized directly in equity:								
Issue of A shares in connection with the exercise of share options	182,209	–	–	–	–	–	–	182,209
Transfer from capital reserve	(3,694,800)	–	–	–	–	–	–	(3,694,800)
Appropriate to statutory reserves	–	–	–	3,086,645	–	–	(3,086,645)	–
Transaction with non-controlling shareholders of subsidiaries	821,836	–	–	–	–	–	–	821,836
Fair value of share options granted	87,172	–	–	–	–	–	–	87,172
Put option liability movement	–	–	–	–	–	–	(21,341)	(21,341)
Others	1,453	–	–	–	–	–	(3,033)	(1,580)
Total contributions by and distributions to owners of the Company	(2,602,130)	–	–	3,086,645	–	–	(3,111,019)	(2,626,504)
Balance at 31 December 2021, as restated	37,345,289	1,970	(4,220,392)	2,881,792	124,558	(7,234,720)	88,781,206	117,679,703

24 Reserves (Continued)

Notes:

(a) Statutory reserve fund

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to allocate 10% of net profit of the Company, as determined in accordance with the China Accounting Standards ("CAS"), to the statutory reserve fund until such statutory reserve fund reaches 50% of the registered capital of the Company. The appropriation to the statutory reserve fund must be made before any distribution of dividends to equity holders. The statutory reserve fund can be used to offset previous year's losses, if any, and part of the statutory reserve fund can be capitalized as the Company's share capital provided that the amount of such statutory reserve fund remaining after the capitalization shall not be less than 25% of the share capital of the Company.

(b) In accordance with the articles of association of the Company, the profit available for appropriation by the Company for the purpose of dividend payments is based on the lesser of (i) the net profit determined in accordance with the CAS; and (ii) the net profit determined in accordance with HKFRSs. Profit distribution is made after the appropriation to statutory reserve fund and recovery of previous years' losses.

(c) Other reserves of the Group as at 31 December 2022 represented capital reserve and other reserves of joint ventures and associates, and remeasurements of post-employment benefit obligations.

(d) Capital reserve mainly represents the capitalization of the reserves of the acquired subsidiaries from the parent company upon the incorporation of the Company on 3 March 2005 and the share premium (net with share issuance expenses) arising upon issuance of the Company's H shares and A shares in 2005, 2007 and 2019.

25 Borrowings

	2022 RMB'000	2021 RMB'000
Long term borrowings		
Bank loans		
– secured (note i)	**15,618,839**	19,062,042
– unsecured (note j)	**18,861,542**	35,482,704
Loans from COSCO SHIPPING Finance		
– secured	**–**	24,400
– unsecured	**1,735,391**	344,400
Notes/bonds (note b)	**3,088,957**	9,274,119
Loans from non-controlling shareholders of subsidiaries (note c)	**461,495**	450,069
Loan from COSCO Shipping (Hong Kong) Co., Ltd.		
– unsecured	**–**	6,375,700
Other loans		
– unsecured	**559,000**	453,000
Interest payables of long-term borrowings	**240,635**	211,602
Total long-term borrowings	**40,565,859**	71,678,036
Current portion of long-term borrowings	**(5,806,773)**	(12,421,244)
	34,759,086	59,256,792
Short term borrowings		
Bank loans		
– unsecured	**1,439,233**	1,534,540
Loans from COSCO SHIPPING Finance		
– unsecured	**800,929**	–
Other loans		
– unsecured	**–**	120,000
Interest payables of short-term borrowings	**1,656**	1,119
	2,241,818	1,655,659

25 Borrowings (Continued)

Notes:

(a) As at 31 December 2022, the long-term borrowings were repayable as follows:

	2022 RMB'000	2021 RMB'000
Bank loans		
– within one year	**2,459,782**	5,809,385
– in the second year	**8,512,967**	2,502,973
– in the third to fifth years	**12,785,219**	31,514,222
– after the fifth year	**10,722,413**	14,718,166
	34,480,381	54,544,746
Loans from COSCO SHIPPING Finance		
– within one year	**1,400**	–
– in the second year	**230,400**	3,600
– in the third to fifth years	**496,759**	145,800
– after the fifth year	**1,006,832**	219,400
	1,735,391	368,800
Notes/bonds (note b)		
– within one year	**3,088,957**	6,364,257
– in the second year	**–**	2,909,862
	3,088,957	9,274,119
Loans from non-controlling shareholders of subsidiaries		
– in the second year	**461,495**	4,325
– in the third to fifth years	**–**	445,744
	461,495	450,069
Loan from COSCO Shipping (Hong Kong) Co., Ltd.		
– in the third to fifth years	**–**	6,375,700
	–	6,375,700
Other loans		
– within one year	**15,999**	36,000
– in the second year	**476,001**	46,000
– in the third to fifth years	**67,000**	371,000
	559,000	453,000
Interest payables		
– within one year	**240,635**	211,602
	40,565,859	71,678,036

25 Borrowings (Continued)

Notes: (Continued)

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

	2022 RMB'000	2021 RMB'000
Principal amount	**3,089,380**	9,288,410
Discount on issue	**(14,208)**	(90,634)
Notes/bonds issuance cost	**(18,444)**	(42,282)
Proceeds received	**3,056,728**	9,155,494
Currency translation differences	**–**	19,324
Accumulated amortized amounts of		
– discount on issue	**14,138**	75,170
– notes/bonds issuance cost	**18,091**	24,131
	3,088,957	9,274,119

(i) Notes issued by the Company

Notes with principal amount of RMB1,000,000,000, which bear interest at a fixed rate of 2.50% per annum, were issued by the Company to investors on 20 May 2020 at a price equal to the principal amount. The notes with principal amount of RMB1,000,000,000 would mature on 20 May 2023.

(ii) Notes and bonds issued by subsidiaries

10-year notes with principal amount of US$300,000,000 (equivalent to approximately RMB2,089,380,000) were issued by a subsidiary of COSCO SHIPPING Ports to investors on 31 January 2013. The notes carried a fixed interest yield of 4,46% per annum and were issued at a price of 99.320% of their principal amount with a fixed coupon rate of 4.375% per annum, resulting in a discount on issue of US$2,040,000 (equivalent to approximately RMB14,208,000). The notes bear interest from 31 January 2013, payable semi-annually in arrear on 31 January and 31 July of each year, commencing on 31 July 2013. The notes are guaranteed unconditionally and irrevocably by COSCO SHIPPING Ports and listed on The Stock Exchange of Hong Kong Limited.

Unless previously redeemed or repurchased by COSCO SHIPPING Ports, the notes will mature on 31 January 2023 at their principal amount. The notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of COSCO SHIPPING Ports at any time in the event of certain changes affecting the taxes of certain jurisdictions. Since the notes will be due within one year, as at 31 December 2022, the notes was classified as current portion of long term borrowings. The notes were repaid in January 2023.

25 Borrowings (Continued)

Notes: (Continued)

(c) As at 31 December 2022, balance of US$460,000 (equivalent to approximately RMB3,205,000) (2021: US$678,000 (equivalent to approximately RMB4,325,000)) from non-controlling shareholders of a subsidiary was unsecured, bore interest at 3% (2021: 3%) above the 6 months EURIBOR, and repayable on or before July 2023 (2021: July 2023).

As at 31 December 2022, balance of US$65,803,000 (equivalent to approximately RMB458,290,000) (2021: US$69,913,000 (equivalent to approximately RMB445,744,000)) from non-controlling shareholders of a subsidiary was unsecured, bore interest at 1% (2021: 1%) above the 3 months EURIBOR, and repayable on or before December 2024.

(d) The exposure of the Group's long-term borrowings to interest rate changes and the contractual repricing dates at balance sheet date are as follows:

	Less than one year RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2022				
Total borrowings	**5,806,773**	**23,029,841**	**11,729,245**	**40,565,859**
As at 31 December 2021				
Total borrowings	12,421,244	44,319,226	14,937,566	71,678,036

(e) The effective interest rates per annum as at 31 December 2022 were as follows:

		2022		
	US dollar	**RMB**	**EURO**	**HKD**
Bank loans	**2.72% to 5.39%**	**2.68% to 4.90%**	**1.40% to 2.55%**	**3.55%**
Loans from COSCO SHIPPING Finance	**–**	**3.29% to 3.92%**	**–**	**–**
Notes/bonds	**4.0% to 4.38%**	**2.50%**	**–**	**–**
Loan from COSCO Shipping (Hong Kong) Co., Ltd.	**3.41%**	**–**	**–**	**–**

		2021		
	US dollar	RMB	EURO	HKD
Bank loans	0.71% to 1.82%	3.0% to 4.90%	0.62% to 2.44%	3.55%
Loans from COSCO SHIPPING Finance	–	2.5% to 3.92%	–	–
Notes/bonds	4.0% to 4.38%	1.63% to 4.05%	–	–
Loan from COSCO Shipping (Hong Kong) Co., Ltd.	1.16%	–	–	–

As at 31 December 2022, balance of RMB28,267,686,000 (2021: RMB51,527,958,000) of loans bore floating interest rates.

25 Borrowings (Continued)

Notes: (Continued)

(f) The carrying amounts and fair values of the long-term borrowings are as follows:

	Carrying amounts		Fair values	
	2022 RMB'000	2021 RMB'000	**2022 RMB'000**	2021 RMB'000
Bank loans	**34,480,381**	54,544,746	**34,616,107**	54,649,447
Loans from COSCO SHIPPING Finance	**1,735,391**	368,800	**1,735,391**	368,800
Notes/bonds	**3,088,957**	9,274,119	**3,088,957**	9,273,112
Loans from a non-controlling shareholder of subsidiaries	**461,495**	450,069	**461,495**	450,069
Loan from COSCO Shipping (Hong Kong) Co., Ltd.	**–**	6,375,700	**–**	6,375,700
Other loans	**559,000**	453,000	**559,000**	453,000
Interest payables	**240,635**	211,602	**240,635**	211,602
	40,565,859	71,678,036	**40,701,585**	71,781,730

The fair values of the Group's non-current borrowings are determined based on cash flows discounted using the Group's weighted average borrowing rate per annum.

(g) The carrying amounts of short-term bank loans approximate their fair values.

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

	2022 RMB'000	2021 RMB'000
US dollar	**24,000,957**	51,751,606
RMB	**13,638,262**	14,252,650
EURO	**4,926,167**	5,317,998
HKD	**–**	1,798,720
	42,565,386	73,120,974

25 Borrowings (Continued)

Notes: (Continued)

(i) The secured bank loans as at 31 December 2022 are secured, inter alia, by one or more of the following:

(i) First legal mortgage over certain property, plant and equipment of the Group with aggregate net book value of RMB24,599,297,000 (2021: RMB27,555,536,000) (notes 6(a));

(ii) Assignments of the charter, rental income and earnings, requisition compensation and insurance relating to certain container vessels;

(iii) Shares of certain subsidiaries; and

(iv) Bank accounts of certain subsidiaries (note 20(a)).

(j) As at 31 December 2022, unsecured bank loans of RMB3,751,114,000 (31 December 2021: RMB8,682,476,000) are guaranteed by COSCO SHIPPING.

26 Provisions and other liabilities

	2022			2021		
	Current RMB'000	**Non-current RMB'000**	**Total RMB'000**	Current RMB'000	Non-current RMB'000	Total RMB'000
Provision for one-off housing subsidies	**–**	**40,052**	**40,052**	–	40,022	40,022
Provision for onerous contracts (note)	**–**	**6,231,542**	**6,231,542**	–	4,155,332	4,155,332
Deferred income and others	**39,142**	**383,413**	**422,555**	40,988	363,497	404,485
Total	**39,142**	**6,655,007**	**6,694,149**	40,988	4,558,851	4,599,839

Note:

OOIL entered into TSA in October 2019 to which OOIL committed to place, or procure the placement of an annual minimum number of vessel lifts in LBCT for 20 years. Failure to meet the committed volume for each contract year would require certain level of deficiency payment as stipulated in the TSA.

As at 31 December 2022, OOIL reassessed the expected number of vessel lifts in LBCT for each of the remaining contract years with reference to future prospects of the market and its expected load factor. The overall economic environment in the USA is still highly uncertain, in particular, dropping cargo demand and freight rates became more evident from the fourth quarter of 2022. It is expected that high inflation and interest rate environment would further slow down the USA economy growth and would adversely affect the demand/import of the USA for some time, it is expected the economy in the USA would take years to recover. The operational results for the LBCT services were strong in the first half of 2022, which were primarily due to the high freight rates, driven by the terminal congestion and shortage in supply of container vessels. However, the high freight rates began to drop in the second half of 2022. As at 31 December 2022, with these uncertainties over such a long-term contract period, OOIL reassessed that the projected vessel lifts in LBCT would result in a shortfall on minimum volume commitment over the remaining contract period. OOIL estimated an onerous contract provision of US$894.7 million (equivalent to approximately RMB6,231.5 million) as at 31 December 2022 (2021: US$651.7 million (equivalent to approximately RMB4,155.3 million)).

26 Provisions and other liabilities (Continued)

Note: (Continued)

Movements in the onerous provision are as follows:

	2022 RMB'000	2021 RMB'000
Balance at beginning of year	**4,155,332**	2,274,221
Charged to consolidated profit and loss account	**1,634,880**	1,956,641
Currency translation differences	**441,330**	(75,530)
Balance at end of year	**6,231,542**	4,155,332

27 Put option liability

A put option liability was recognized in relation to the put option granted to the non-controlling shareholder of COSCO SHIPPING Ports Chancay Peru S.A. ("CSP Chancay Terminal") to sell 40% interests in CSP Chancay Terminal to COSCO SHIPPING Ports. Such put option is exercisable any time during a 5-year period from the commercial operation date at the lower of fair market value and price caps set for each of the 5 consecutive years after the commencement of the terminal operation. The exercise price of the put option is determined using market approach with key inputs applied including the projected financial position and Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") of CSP Chancay Terminal using management's business plans and market multiples. As at 31 December 2022, the carrying amount of the put option liability is US$239.0 million (equivalent to approximately RMB1,664.8 million) (2021: US$232.3 million (equivalent to approximately RMB1,480.8 million)).

Movements of put option liabilities are as follows:

	2022 RMB'000	2021 RMB'000
As at 1 January	**1,480,838**	1,472,532
Remeasurement	**45,588**	42,488
Currency translation differences	**138,385**	(34,182)
As at 31 December	**1,664,811**	1,480,838

28 Pension and retirement liabilities

The Group operates a number of defined benefit and defined contribution pension and retirement schemes in the main countries in which the Group operates. The total charges to the consolidated income statement for the year were RMB266,499,000.

Notes:

(a) Retirement benefit obligations of the Company, COSCO SHIPPING Lines Limited and its subsidiaries, and COSCO SHIPPING Ports and its subsidiaries

	2022 **RMB'000**	2021 RMB'000
Balance sheet obligations for:		
Early-retirement benefits for PRC employees	**55,562**	49,332
Post-retirement benefits for PRC employees	**293,794**	398,087
Total pension and retirement liabilities	**349,356**	447,419
Less: Current portion included in provisions and other liabilities (note 26)	**(39,142)**	(40,988)
Non-current portion of pension and retirement liabilities	**310,214**	406,431
Expensed in income statement for:		
Early-retirement benefits for PRC employees	**21,288**	(343)
Post-retirement benefits for PRC employees	**(68,830)**	42,288
	(47,542)	41,945

The Group recognized a liability for the present value of the unfunded obligations relating to retirement benefits payable to certain normal retired or early retired employees in the consolidated balance sheet. The liability related to the benefit obligations for eligible retired employees existing at year end is calculated by independent actuaries, using the projected unit credit method. The actuarial liabilities of early retirement and post retirement as at 31 December 2022 totalled RMB349,356,000 (2021: RMB447,419,000).

28 Pension and retirement liabilities (Continued)

Notes: (Continued)

(a) Retirement benefit obligations of the Company, COSCO SHIPPING Lines Limited and its subsidiaries, and COSCO SHIPPING Ports and its subsidiaries (Continued)

Movements of the net liabilities recognized in the consolidated balance sheets are as follows:

	2022			2021		
	Early retirement RMB'000	**Post retirement RMB'000**	**Total RMB'000**	Early retirement RMB'000	Post retirement RMB'000	Total RMB'000
As at 1 January	**49,332**	**398,087**	**447,419**	13,032	362,287	375,319
Charged/(credited) to the consolidated income statement	**21,288**	**(68,830)**	**(47,542)**	(343)	42,288	41,945
Remeasurements of post-employment benefit obligations	**–**	**6,742**	**6,742**	–	(190)	(190)
Benefits paid	**(18,650)**	**(38,771)**	**(57,421)**	(3,319)	(52,771)	(56,090)
Acquisition of a subsidiary	**–**	**–**	**–**	40,423	47,083	87,506
Currency translation difference	**3,592**	**(3,434)**	**158**	(461)	(610)	(1,071)
As at 31 December	**55,562**	**293,794**	**349,356**	49,332	398,087	447,419

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

	2022			2021		
	Early retirement RMB'000	**Post retirement RMB'000**	**Total RMB'000**	Early retirement RMB'000	Post retirement RMB'000	Total RMB'000
Interest cost	**60**	**9,829**	**9,889**	542	26,294	26,836
Past service costs	**–**	**(1,856)**	**(1,856)**	–	311	311

The principal actuarial assumptions used were as follows:

	2022		2021	
	Early retirement	**Post retirement**	Early retirement	Post retirement
Discount rate	**2.50%**	**3.00%**	2.50%	3.00%-3.25%
Retirement benefits inflation rates	**3.00%-4.50%**	**0.00%-8.00%**	3.00%-4.50%	0.00%-8.00%

28 Pension and retirement liabilities (Continued)

Notes: (Continued)

(b) Retirement benefit obligations of OOIL

The amounts recognized in the consolidated balance sheet are as follows:

	2022 RMB'000	2021 RMB'000
Net funded scheme assets	**70,294**	78,090

Net funded scheme assets

The defined benefit scheme is operated in the United Kingdom which was valued by Barnett Waddingham LLP. The defined benefit scheme (the "Scheme") covers less than 1% of OOIL's employees and is funded. The assets of the Scheme are held in trust funds separate from OOIL. Contributions to the Scheme are assessed in accordance with the advice of qualified actuaries in compliance with local practice and regulations. The actuarial assumptions used to calculate the projected benefit obligations of OOIL's pension schemes vary according to the economic conditions of the countries in which they are situated.

The net scheme assets of the Scheme recognized in the consolidated balance sheet are determined as follows:

	2022 RMB'000	2021 RMB'000
Fair value of plan assets	**982,420**	1,435,559
Present value of funded obligations	**(912,126)**	(1,357,469)
Surplus of funded plan	**70,294**	78,090

Movements in the fair value of the plan assets of the Scheme during the year are as follows:

	2022 RMB'000	2021 RMB'000
Balance at beginning of year	**1,435,559**	1,473,486
Currency translation differences	**(50,374)**	(47,510)
Interest income on plan assets	**24,786**	17,417
Remeasurement gain on assets	**(390,514)**	35,158
Contributions from OOIL	**28,109**	29,885
Contributions from the plan members	**666**	652
Benefits paid	**(65,812)**	(73,529)
Balance at end of year	**982,420**	1,435,559

28 Pension and retirement liabilities (Continued)

Notes: (Continued)

(b) Retirement benefit obligations of OOIL (Continued)

Movements in the present value of obligations of the Scheme during the year are as follows:

	2022 RMB'000	2021 RMB'000
Balance at beginning of year	1,357,469	1,574,276
Currency translation differences	(48,465)	(48,815)
Current service cost	8,282	9,596
Interest expense	23,225	18,508
Experience gain on liabilities	28,237	(16,469)
Gains from changes to demographic assumptions	(17,358)	(33,931)
Gains from changes to financial assumptions	(374,118)	(72,819)
Contributions from the plan members	666	652
Benefits paid	(65,812)	(73,529)
Balance at end of year	912,126	1,357,469

The charges of the Scheme recognized in the consolidated income statement are as follows:

	2022 RMB'000	2021 RMB'000
Current service cost	8,282	9,596
Interest expense	23,225	18,508
Interest income on plan assets	(24,786)	(17,417)
Net expense recognized for the year	6,721	10,687

Charges of RMB2,115,000 (2021: RMB2,633,000) and RMB4,606,000 (2021: RMB8,054,000) respectively are included in "cost of services" and "selling, administrative and general expenses" in the consolidated income statement.

The main actuarial assumptions made for the Scheme were as follows:

	2022	2021
Discount rate	4.80%	1.80%
Inflation rate	3.50%	3.70%
Expected future salary increases	2.60%	2.80%
Expected future pension increases	2.60%	2.60%
Actual return on plan assets (RMB'000)	(365,729)	52,575

28 Pension and retirement liabilities (Continued)

Notes: (Continued)

(b) Retirement benefit obligations of OOIL (Continued)

At 31 December 2022, if discount rate had been 0.2% higher/lower, with all other variables held constant, the fair value of the funded obligations would have been RMB43,181,000 lower/RMB47,359,000 higher. At 31 December 2022, if inflation rate had been 0.2% higher/lower, with all other variables held constant, the fair value of the funded obligations would have been RMB7,661,000 higher/lower. The sensitivities show the likely effect of a single assumption being adjusted while holding all other assumptions constant.

Plan assets of the Scheme comprise the following:

	2022 RMB'000	2021 RMB'000
Equity	104,608	219,643
Debt	767,110	1,187,206
Others	110,702	28,710
	982,420	1,435,559

Expected normal and deficit reduction contributions to the Scheme for the year ended 31 December 2022 is RMB2,786,000.

Through its defined benefit pension plans, OOIL is exposed to a number of risks as follows:

- Investment risk. The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if deficit emerges.
- Interest rate and market risk. The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities, the value of the assets and liabilities may not move in the same way.
- Inflation risk. A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.
- Longevity and other demographic risk. If members live longer than assumed, a deficit will emerge in the Scheme.

29 Trade and other payables and contract liabilities

	2022 RMB'000	2021 RMB'000 (Restated)
Trade payables (note a)		
– third parties	**19,753,389**	16,088,316
– fellow subsidiaries	**1,028,176**	1,172,728
– joint ventures	**140,026**	162,584
– associates	**21,809**	38,705
– other related companies	**89,673**	142,236
	21,033,073	17,604,569
Bills payables (note a)	**24,467**	–
	21,057,540	17,604,569
Other payables	**17,974,701**	13,990,444
Accrued expenses	**86,214,866**	52,563,677
	104,189,567	66,554,121
Contract liabilities	**913,498**	1,417,755
Due to related companies		
– fellow subsidiaries	**95,768**	135,159
– joint ventures (note c)	**366,233**	391,932
– associates (note d)	**60,308**	140,391
– other related companies (note e)	**3,079,442**	807,897
	3,601,751	1,475,379
Total	**129,762,356**	87,051,824

Notes:

(a) As at 31 December 2022, the aging analysis of trade and bills payables on the basis of the date of relevant invoice or demand note is as follows:

	2022 RMB'000	2021 RMB'000
1 - 6 months	**20,807,238**	17,300,293
7 - 12 months	**132,624**	182,213
1 - 2 years	**53,608**	54,985
2 - 3 years	**34,896**	36,789
Above 3 years	**29,174**	30,289
	21,057,540	17,604,569

Trade balances with related companies are unsecured, interest free and have similar terms of repayment as those of third party suppliers.

29 Trade and other payables and contract liabilities (Continued)

Notes: (Continued)

(b) The carrying amounts of trade and other payables (excluding contract liabilities) are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000 (Restated)
RMB	**72,147,144**	40,232,498
US dollar	**46,362,656**	37,521,552
HK dollar	**3,355,293**	1,296,044
EURO	**1,281,199**	2,578,814
Other currencies	**5,702,566**	4,005,161
Total	**128,848,858**	85,634,069

(c) The balance included a loan from a joint venture of US$32,329,000 (equivalent to approximately RMB225,159,000) (2021: US$35,290,000 (equivalent to approximately RMB224,998,000)), which are unsecured, bear interest at 2.30% (2021: 2.30%) per annum and repayable within twelve months.

(d) The balance included a loan from an associate of US$8,619,000 (equivalent to approximately RMB60,028,000) (2021: US$21,958,000 (equivalent to approximately RMB139,998,000)), which is unsecured, bears interest at 2.30% (2021: 2.30%) per annum and repayable within twelve months.

(e) The balance included loans from non-controlling shareholders of subsidiaries are unsecured. Balance of US$943,000 (equivalent to approximately RMB6,568,000) represents interest payable on loans while the balance in previous year (2021: $31,205,000 (equivalent to approximately RMB198,954,000)) was interest free and repayable within twelve months. Balance of US$9,343,000 (equivalent to approximately RMB65,070,000) (2021: US$11,764,000 (equivalent to approximately RMB75,004,000)) bears interest at 3.40% per annum (2021: 3.40% per annum) and repayable within twelve months.

The remaining balances are unsecured, interest free and have no fixed terms of repayment.

30 Expenses by nature

	2022 RMB'000	2021 RMB'000 (Restated)
Cost of services (note a)		
Container shipping business		
– Equipment and cargo transportation costs	111,771,762	109,951,567
– Voyage costs (note b)	45,229,851	32,503,081
– Vessel costs (note c)	38,274,198	29,007,532
	195,275,811	171,462,180
Other related business costs	16,054,945	15,461,430
Cost of services related to container shipping business	211,330,756	186,923,610
Terminal business costs	6,660,446	5,616,980
Tax and surcharges	2,589,346	1,036,050
Total	220,580,548	193,576,640
Selling, administrative and general expense		
Administrative staff costs	9,157,437	10,041,226
Depreciation and amortization	716,610	712,432
Expense relating to short-term lease and lease with low value assets	122,250	98,068
Office expense	351,804	301,438
Transportation and travelling expense	58,143	52,744
Auditors' remuneration	79,314	77,088
– Audit	54,069	54,041
– Audit related services	10,961	9,731
– Non-audit services	14,284	13,316
Telecommunication and utilities	120,939	110,609
Repair and maintenance expense	251,019	196,284
Others	938,211	736,555
Total	11,795,727	12,326,444

Notes:

(a) Cost of services included depreciation and amortization expenses of RMB19,662,064,000 (2021: RMB12,369,116,000), service components which included in rentals but not as part of lease liabilities, expense related to short-term lease and lease with low value assets of RMB8,258,711,000 (2021: RMB8,803,587,000) respectively.

(b) Voyage costs mainly comprised bunkers and port charges.

(c) Vessel costs mainly comprised depreciation of vessels, staff costs, expense relating to short-term lease and lease with low value assets.

31 Other income and other expenses

	2022 RMB'000	2021 RMB'000 (Restated)
Dividend income from investments at FVOCI	**21,220**	64,011
Gain on disposal of property, plant and equipment	**417,512**	298,648
Gain on disposal of associates, joint ventures and subsidiaries	**234,690**	135,890
Gain on remeasurement of equity investments	**–**	68,851
Income from portfolio investments at FVPL		
– Fair value gain (realized and unrealized)	**–**	73,309
– Interest income	**7,907**	13,803
– Distribution	**2,344**	3,888
– Dividend income	**1,487**	1,391
Interest income from investments at amortized cost	**29,245**	32,467
Government grants and other subsidies	**1,299,931**	799,251
Exchange gain	**2,613,430**	–
Others	**35,408**	50,557
Other income	**4,663,174**	1,542,066
Loss on disposal of property, plant and equipment	**(28,089)**	(39,277)
Fair value loss on portfolio investments at FVPL (realized and unrealized)	**(56,139)**	(29,065)
Donations	**(41,746)**	(349,729)
Loss on deemed disposal of an associate	**(21,628)**	–
Exchange loss	**–**	(343,043)
Others	**(163,240)**	(44,316)
Other expenses	**(310,842)**	(805,430)

32 Finance income and costs

	2022 RMB'000	2021 RMB'000 (Restated)
Finance income		
Interest income from:		
– deposits in related parties	**1,472,564**	428,935
– loans to a joint venture and associates	**20,425**	25,206
– other financial institutions	**3,844,269**	656,152
Net exchange gain	**368,450**	–
Total finance income	**5,705,708**	1,110,293
Finance costs		
Interest expenses on:		
– loans from third parties	**(1,412,444)**	(1,370,361)
– loans from related parties	**(145,891)**	(101,913)
– loans from non-controlling shareholders of subsidiaries	**(8,245)**	(3,136)
– lease liabilities	**(1,811,366)**	(1,720,418)
– notes/bonds (note 25(b))	**(453,141)**	(462,663)
Transaction costs arising from borrowings	**(159,797)**	(174,250)
Net exchange loss	**–**	(65,927)
	(3,990,884)	(3,898,668)
Less: amount capitalized in construction in progress (note 6(b))	**150,247**	65,333
Total finance costs	**(3,840,637)**	(3,833,335)
Net finance income/(costs)	**1,865,071**	(2,723,042)

33 Income tax expenses

	2022 RMB'000	2021 RMB'000 (Restated)
Current income tax (note a)		
– PRC enterprise income tax	**24,766,933**	17,382,490
– Hong Kong profits tax	**67,953**	135,910
– Overseas taxation	**1,060,571**	1,218,609
Under/(Over) provision in prior years	**9,789**	(1,680)
	25,905,246	18,735,329
Deferred income tax	**9,853,568**	5,365,850
	35,758,814	24,101,179

Notes:

(a) Current income tax

Taxation has been provided at the appropriate rates of taxation prevailing in the countries in which the Group operates. These rates range from 2.5% to 34.2% (2021: 2.5% to 35%).

The statutory rate for PRC enterprise income tax is 25% and certain PRC companies enjoy preferential tax treatment with the reduced rates ranging from 2.5% to 20% (2021: 2.5% to 20%).

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the year.

(b) The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Profit before income tax	**167,175,970**	128,006,540
Less: Share of profits less losses of joint ventures and associates	**(2,312,065)**	(2,383,262)
	164,863,905	125,623,278
Calculated at a tax rate of 25% (2021: 25%)	**41,215,977**	31,405,820
Effect of different tax rates of domestic and overseas entities	**(7,883,224)**	(5,844,094)
Income not subject to income tax	**(12,660,086)**	(8,986,937)
Expenses not deductible for taxation purposes	**5,856,738**	3,120,358
Utilization of previously unrecognized tax losses	**(93,847)**	(1,229,219)
Tax losses not recognized	**82,021**	46,698
Income tax for distribution of profits	**10,222,853**	5,363,583
Others	**(981,618)**	224,970
Income tax expense	**35,758,814**	24,101,179

34 Dividend

On 30 March 2023, the board of directors proposed a final dividend in respect of 2022 of RMB1.39 per ordinary share (tax inclusive), with the total amount of RMB22,372 million, calculated according to the Company's share numbers of 16,094,861,636 as at 31 December 2022. If there is a change in the number of shares between the beginning of 2023 and the registration date of dividend distribution, the dividend per share shall remain unchanged, with a corresponding adjustment to the total amount of distribution. Including the interim dividend of RMB2.01 per ordinary share(tax inclusive), with total amount of RMB32,350 million, the total dividend in respect of 2022 amounted to RMB54,722 million, accounting for 50% of the consolidated profit attributable to equity holders of the Company approximately.

The final dividend in respect of 2021 is RMB0.87 per ordinary share(tax inclusive), with total amount of RMB13,933 million.

35 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares during the year.

	2022	2021 (Restated)
Profit attributable to equity holders of the Company (RMB)	**109,684,166,000**	89,348,948,000
Weighted average number of ordinary shares	**16,052,030,133**	15,980,564,338
Basic earnings per share (RMB)	**6.83**	5.59

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares during the year, after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no considerations as if all outstanding dilutive share options granted by the Company had been exercised.

	2022	2021 (Restated)
Profit attributable to equity holders of the Company (RMB)	**109,684,166,000**	89,348,948,000
Weighted average number of ordinary shares	**16,052,030,133**	15,980,564,338
Adjustments for assumed issuance of shares on exercise of dilutive share options (note)	**113,657,971**	94,060,904
	16,165,688,104	16,074,625,242
Diluted earnings per share (RMB)	**6.78**	5.56

Note:

For the years ended 31 December 2022 and 2021, the outstanding share options granted by COSCO SHIPPING Ports did not have dilutive effect on the Company's diluted earnings per share.

36 Staff costs

An analysis of staff costs, including Directors', Supervisors' and key management's emoluments, is set out below:

	2022 RMB'000	2021 RMB'000 (Restated)
Wages, salaries and crew expenses (including bonus and share-based payments)	**13,645,311**	15,304,353
Housing benefits (note a)	**377,324**	326,470
Retirement benefits costs		
– defined benefit plans	**(12,449)**	62,280
– defined contribution plans (note b)	**1,629,978**	1,446,909
Welfare and other expenses	**2,443,121**	2,382,107
	18,083,285	19,522,119

Notes:

(a) These include contributions to PRC government sponsored housing funds for full time employees in the PRC during the year.

(b) The employees of the subsidiaries in the PRC participate in various retirement contribution plans organized by the relevant municipal and provincial governments in the PRC under which the Group was required to make monthly contributions to these plans at rates ranging from 8% to 20%, depending on the applicable local regulations, of the employees' basic salaries for the year.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries outside the PRC. Employees' and employers' contributions are calculated based on various percentages of employees' gross salaries or fixed sums and length of service. The assets of the schemes are held separately from those of the administered funds independently.

No forfeited contributions were available as at 31 December 2022 and 2021 to reduce future contributions.

Contributions totaling RMB889,828,481 (2021: RMB664,653,000) payable to various retirement benefit plans as at 31 December 2022 are included in pension and retirement liabilities and trade and other payables.

37 Emoluments of directors, supervisors and senior management

(a) Directors', chief executive's and supervisors' emoluments

Details of the remuneration of each of the directors, the chief executive and the supervisors are set out below:

	Year ended 31 December 2022					
Name	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Benefits in kind*3 RMB'000	Retirement benefit contributions RMB'000	Total RMB'000
Wan Min	–	–	–	–	–	–
Huang Xiaowen	–	–	–	–	–	–
Yang Zhijian	–	4,718	1,886	208	247	7,059
Zhang Wei*1	–	772	608	168	88	1,636
Feng Boming*2	–	1,706	–	–	–	1,706
Wu Dawei	166	–	–	–	–	166
Zhou Zhonghui	163	–	–	–	–	163
TEO Siong Seng	462	–	–	–	–	462
MA Si Hang Frederick	466	–	–	–	–	466
Yang Shicheng	–	–	–	–	–	–
Deng Huangjun	–	461	–	–	–	461
Song Tao	–	367	2,121	–	256	2,744
Meng Yan	286	–	–	–	–	286
Zhang Jianping	286	–	–	–	–	286
	1,829	8,024	4,615	376	591	15,435

*1 Appointed during the year of 2022.
*2 Resigned during the year of 2022.
*3 Benefits in kind mainly include share-based compensation.

37 Emoluments of directors, supervisors and senior management (Continued)

(a) Directors', chief executive's and supervisors' emoluments (Continued)

	Year ended 31 December 2021					
Name	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Benefits in kind*3 RMB'000	Retirement benefit contributions RMB'000	Total RMB'000
Wan Min*1	–	–	–	–	–	–
Xu Lirong*2	–	–	–	–	–	–
Huang Xiaowen	–	–	–	–	–	–
Yang Zhijian	–	4,451	121	286	218	5,076
Feng Boming	–	4,956	1,539	286	–	6,781
Wu Dawei	166	–	–	–	–	166
Zhou Zhonghui	166	–	–	–	–	166
TEO Siong Seng	462	–	–	–	–	462
MA Si Hang Frederick	466	–	–	–	–	466
Yang Shicheng	–	–	–	–	–	–
Deng Huangjun	–	1,769	1,518	231	–	3,518
Song Tao	–	367	2,142	84	145	2,738
Meng Yan	286	–	–	–	–	286
Zhang Jianping	286	–	–	–	–	286
	1,832	11,543	5,320	887	363	19,945

*1 Appointed during the year of 2021.
*2 Resigned during the year of 2021.
*3 Benefits in kind mainly include share-based compensation.

37 Emoluments of directors, supervisors and senior management (Continued)

(a) Directors', chief executive's and supervisors' emoluments (Continued)

Notes:

(i) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 December 2022 (2021: Nil).

(ii) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2022 (2021: Nil).

(iii) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2022, the Company did not pay consideration to any third parties for making available directors' services (2021: Nil).

(iv) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the year (2021: Nil).

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2022 (2021: Nil).

(b) Five highest paid individuals

	Number of individuals	
	2022	2021
Directors	**–**	1
Employees	**5**	4
	5	5

37 Emoluments of directors, supervisors and senior management (Continued)

(b) Five highest paid individuals (Continued)

The details of emoluments paid to five highest paid individuals have included zero director of the Company as disclosed in note 37(a) above (2021: one). Details of emoluments paid to the five (2021: four) highest paid non-director individuals for the year ended 31 December 2022 are as follows:

	2022 RMB'000	2021 RMB'000
– Salaries and allowances	17,250	13,679
– Discretionary bonuses	35,805	26,622
– Retirement benefit contributions	4,497	3,845
– Share-based compensation	929	1,477
– Others	2,020	466
	60,501	46,089

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

	Number of individuals	
	2022	2021
HK$8,500,001 to HK$9,000,000 (equivalent to approximately RMB7,300,000 to RMB7,730,000)	1	–
HK$9,000,001 to HK$9,500,000 (equivalent to approximately RMB7,730,000 to RMB8,160,000)	1	–
HK$9,500,001 to HK$10,000,000 (equivalent to approximately RMB8,160,000 to RMB8,590,000)	–	1
HK$11,500,001 to HK$12,000,000 (equivalent to approximately RMB9,880,000 to RMB10,310,000)	1	1
HK$12,500,001 to HK$13,000,000 (equivalent to approximately RMB10,740,000 to RMB11,170,000)	–	1
HK$15,000,001 to HK$15,500,000 (equivalent to approximately RMB12,890,000 to RMB13,320,000)	1	–
HK$19,000,001 to HK$19,500,000 (equivalent to approximately RMB16,330,000 to RMB16,760,000)	–	1
HK$25,000,001 to HK$25,500,000 (equivalent to approximately RMB21,480,000 to RMB21,910,000)	1	–
Total	5	4

38 Notes to the consolidated cash flow statement

(a) Reconciliation of profit before income tax to cash generated from operations:

	2022 RMB'000	2021 RMB'000 (Restated)
Profit before income tax	167,175,970	128,006,540
Depreciation		
– property, plant and equipment	7,207,895	5,648,580
– investment properties	43,445	44,214
– right-of-use assets	12,817,443	7,046,321
Amortization		
– intangible assets	309,891	342,433
Amortized amount of transaction costs on long-term borrowings and discount on issue of notes/bonds	59,621	79,871
Dividend income from listed and unlisted investments	(25,051)	(69,290)
Share of profits less losses of		
– joint ventures	(650,019)	(694,459)
– associates	(1,662,046)	(1,688,803)
Interest expense	3,680,840	3,593,158
Interest income	(5,374,410)	(1,156,563)
Transaction costs arising from borrowings	100,176	94,379
Net gain on disposal of property, plant and equipment	(389,423)	(259,371)
Fair value loss/(gain) from financial assets at FVPL, net	56,139	(44,244)
Net impairment losses on financial assets	35,720	181,175
Net gain on disposal of associates, joint ventures and subsidiaries	(234,690)	(135,890)
Net exchange (gain)/loss	(2,981,880)	408,970
Others	(41,567)	(68,748)
Operating profit before working capital changes	180,128,054	141,328,273
Increase in inventories	(1,607,792)	(2,177,696)
Decrease/(increase) in trade and other receivables and contract assets	1,873,996	(3,230,085)
Increase in trade and other payables and contract liabilities	36,370,918	43,663,332
Increase in provisions and other liabilities and pension and retirement liabilities	2,049,288	2,026,444
Increase in restricted bank deposits	(786,693)	(7,040)
Cash generated from operations	218,027,771	181,603,228

38 Notes to the consolidated cash flow statement (Continued)

(b) The reconciliation of liabilities arising from financing activities is as follows:

	Borrowings and loans from non-controlling shareholders of subsidiaries RMB'000	Notes/bonds RMB'000	Loans from investment in an associate and a joint venture RMB'000	Lease liabilities RMB'000	Total RMB'000
Balance as at 1 January 2021 (Restated)	79,721,739	15,449,759	224,998	45,448,012	140,844,508
Changes from financing cash flows					
Loans draw down	7,322,347	–	–	–	7,322,347
Loans repaid	(21,896,655)	(6,000,000)	–	–	(27,896,655)
Loan from non-controlling shareholders of subsidiaries	524,826	–	–	–	524,826
Repayment of loans from non-controlling shareholders of subsidiaries	(340,674)	–	–	–	(340,674)
Loans from an associate	–	–	137,486	–	137,486
Addition of lease liabilities	–	–	–	15,255,365	15,255,365
Payment of lease liabilities	–	–	–	(8,867,335)	(8,867,335)
Other non-cash movements	767,217	18,435	–	642,481	1,428,133
Foreign exchange difference	(1,765,266)	(194,075)	2,512	(1,043,850)	(3,000,679)
Balance as at 31 December 2021	64,333,534	9,274,119	364,996	51,434,673	125,407,322
Changes from financing cash flows					
Loans draw down	**6,787,671**	**–**	**–**	**–**	**6,787,671**
Loans repaid	**(34,585,224)**	**(6,727,900)**	**–**	**–**	**(41,313,124)**
Loan from non-controlling shareholders of subsidiaries	**67,785**	**–**	**–**	**–**	**67,785**
Repayment of loans from non-controlling shareholders of subsidiaries	**(77,783)**	**–**	**–**	**–**	**(77,783)**
Loans from an associate and a joint venture	**–**	**–**	**285,000**	**–**	**285,000**
Repayment of loans from an associate	**–**	**–**	**(365,001)**	**–**	**(365,001)**
Addition of lease liabilities	**–**	**–**	**–**	**9,991,779**	**9,991,779**
Payment of lease liabilities	**–**	**–**	**–**	**(15,025,986)**	**(15,025,986)**
Interest paid	**(1,625,091)**	**(269,116)**	**–**	**–**	**(1,894,207)**
Other non-cash movements	**479,443**	**283,714**	**–**	**510,997**	**1,274,154**
Foreign exchange difference	**4,410,023**	**528,140**	**191**	**4,006,519**	**8,944,873**
Balance as at 31 December 2022	**39,790,358**	**3,088,957**	**285,186**	**50,917,982**	**94,082,483**

39 Financial instruments by category

	2022 RMB'000	2021 RMB'000 (Restated)
Financial assets as per balance sheet		
Financial assets at fair value through other comprehensive income	1,908,361	1,218,207
Financial assets at amortized cost		
– Loans to a joint venture and associates	664,991	765,644
– Financial assets at amortized cost	623,742	732,392
– Trade and other receivables	16,469,391	17,487,477
– Cash and cash equivalents	235,613,923	178,428,462
– Restricted bank deposits	1,262,690	387,290
Financial assets at fair value through profit or loss	464,584	754,903
Derivative financial assets	42,304	–
Total	257,049,986	199,774,375
Financial liabilities as per balance sheet		
Financial liabilities at amortized cost		
– Trade and other payables	42,633,992	33,070,392
– Borrowings	42,807,677	73,333,695
– Lease liabilities	50,917,982	51,434,673
– Put option liability	1,664,811	1,480,838
Derivative financial liabilities	–	40,897
Total	138,024,462	159,360,495

40 Contingent liabilities

(a) As at 31 December 2022, the Group was involved in a number of claims. The Group was unable to ascertain the likelihood and amounts of these claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the related claims amounts should not be material to the Group's consolidated financial statements for the year ended 31 December 2022.

(b) Guarantee

A subsidiary of COSCO SHIPPING Ports provided corporate guarantee to an associate. The Directors consider that it is not probable for a claim to be made against the Group and the fair value of the guarantee contract is not significant to the Group, and has not been recognized at the balance sheet date.

41 Commitments

(a) Capital commitments

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Contracted but not provided for		
– Containers	–	687,659
– Container vessels	43,275,007	28,128,068
– Terminal equipment	5,073,079	5,593,146
– Other property, plant and equipment	53,936	47,707
– Investments in terminals and other companies	2,969,317	1,798,246
– Intangible assets	16,547	14,539
	51,387,886	36,269,365

Amounts of capital commitments relating to the Group's interest in the joint ventures not included in the above are as follows:

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Contracted but not provided for	40,355	127,795

(b) Lease commitments – where the Group is the lessee

The future aggregate minimum lease rental expenses under non-cancellable short-term leases are payable in the following years:

	As at 31 December 2022 RMB'000		
	Containers and container vessels	Leasehold land, buildings and other property, plant and equipment	Total
– not later than one year	2,934,391	64,632	2,999,023
– later than one year	7,043,344	176,094	7,219,438
	9,977,735	240,726	10,218,461

41 Commitments (Continued)

(b) Lease commitments – where the Group is the lessee (Continued)

	As at 31 December 2021 RMB'000		
	Containers and container vessels	Leasehold land, buildings and other property, plant and equipment	Total
– not later than one year	3,007,277	83,143	3,090,420
– later than one year	6,477,883	103,737	6,581,620
	9,485,160	186,880	9,672,040

42 Significant related party transactions

The Company is controlled by COSCO SHIPPING, the parent company and a state-owned enterprise established in the PRC.

COSCO SHIPPING itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. Government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING Group, other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO SHIPPING as well as their close family members.

For the purpose of the related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO SHIPPING Group companies for the interests of financial statements users, although certain of those transactions which are individually or collectively not significant, are exempted from disclosure. The Directors believe that the information of related party transactions has been adequately disclosed in the consolidated financial statements.

In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the year.

	2022 RMB'000	2021 RMB'000 (Restated)
Transactions with COSCO SHIPPING		
Revenues		
Vessel service income	**1,618**	866

42 Significant related party transactions (Continued)

	2022 RMB'000	2021 RMB'000 (Restated)
Transactions with subsidiaries of COSCO SHIPPING Group and its related entities (including joint ventures and associates of COSCO SHIPPING)		
Revenues		
Container shipping income	**3,597,100**	3,810,119
Freight forwarding income	**2,363,986**	448,033
Vessel services income	**1,189,279**	977,897
Crew service income	**7,317**	6,515
Terminal handling fee and storage income	**196,933**	144,052
Shipping related service income	**93,596**	11,310
Other income	**169,871**	157,707
Expenses		
Vessel costs		
Expenses relating to short-term leases and service components included in the rentals – Vessel	**310,178**	372,133
Vessel services expenses	**1,981,015**	1,464,387
Crew expenses	**2,603,711**	2,688,384
Voyage costs		
Bunker costs	**28,013,892**	17,401,980
Port charges	**4,035,767**	3,740,138
Equipment and cargo transportation costs		
Commission and rebates	**242,081**	145,532
Cargo and transhipment and equipment and repositioning expenses	**1,969,103**	1,709,431
Freight forwarding expenses	**426,760**	386,005
General service expenses	**172,894**	161,412
Expenses relating to short-term leases and leases with low-value assets – Building	**36,625**	39,548
Expenses relating to short-term leases and leases with low-value assets – Container	**1,618,009**	1,297,574
Interest expense of lease liabilities	**934,408**	967,912
Other expense	**147,130**	183,567
Others		
Payment of lease liabilities	**2,411,734**	2,335,164
Concession fee	**484,177**	427,967
Purchase of containers	**142,097**	3,002,640
Installment of vessel under construction	**4,755,802**	1,319,615

42 Significant related party transactions (Continued)

	2022 RMB'000	2021 RMB'000 (Restated)
Transactions with joint ventures of the Group		
Revenues		
Management fee and service fee income	26,387	20,968
Other income	29,377	20,646
Expenses		
Port charges	3,005,672	1,922,901
Expenses relating to short-term leases or leases with low-value assets – Building	4,541	4,388
Equipment and cargo transportation costs		
Commission and rebates	9,369	–
Cargo and transhipment and equipment and repositioning expenses	24,838	24,133
Transactions with associates of the Group		
Revenues		
Freight forwarding and other income	234,828	145,694
Interest income from COSCO SHIPPING Finance	1,472,173	430,048
Expenses		
Port charges	397,788	402,576
COSCO SHIPPING Finance interest expense	51,405	1,468
Other handling fee	6,074	44,286
Transactions with other non-controlling shareholders of subsidiaries		
Revenues		
Terminal handling and storage income	754,031	623,304
Other income	3,185	2,343
Expenses		
Electricity charge and supply of fuel	7,506	8,685
Container handling and logistics services fee	427,423	103,827
Transactions with other related party		
Revenues		
Other income	2,978	1,824
Expenses		
Cargo and transhipment and equipment and repositioning expenses	203,564	284,166

42 Significant related party transactions (Continued)

Note:

These transactions were conducted either (i) based on terms as governed by the master agreements and subsisting agreements entered into between the Group and COSCO SHIPPING Group or (ii) based on terms as set out in the underlying agreements, statutory rates or market prices or actual cost incurred, or as mutually agreed between the Group and the parties in concern.

As at 31 December 2022 and 2021, cash and cash equivalents deposited in COSCO SHIPPING Finance were disclosed in note 20, majority of the Group's other bank balances and bank borrowings are with state-owned banks.

43 Business combinations under common control

During the year, the Group completed the following acquisitions:

(a) The Group acquired 81% shares in Shanghai Tianhongli Asset Management Limited at a total consideration of RMB2,283 million from LING HUI INVESTMENTS LIMITED ("Ling Hui");

(b) The Group acquired all shares in Shanghai Haizhenlan Real Estate Co., Ltd. at a total consideration of RMB1,191 million from COSCO SHIPPING Property Co., Ltd. ("COSCO SHIPPING Property").

As both Ling Hui and COSCO SHIPPING Property are wholly owned and controlled by COSCO SHIPPING, the aforesaid transactions were regarded as business combinations under common control. The comparative information in these consolidated financial statements has been restated accordingly under merger accounting.

43 Business combinations under common control (Continued)

Statements of adjustments for business combinations under common control on the Group's financial position as 31 December 2021, and the results for the year ended 31 December 2021 are summarized as follows:

	As previously reported RMB'000	Acquired Entities RMB'000	Note	Adjustments RMB'000	Total RMB'000
Year ended 31 December 2021					
Continuing operations					
Revenues	333,693,611	65,486		(65,154)	333,693,943
Profit before income tax from continuing operations	127,949,302	17,712		39,526	128,006,540
Income tax expenses	(24,096,751)	(4,428)		–	(24,101,179)
Profit for the year from continuing operations	103,852,551	13,284		39,526	103,905,361
As at 31 December 2021					
ASSETS					
Non-current assets	211,161,414	2,661,621	(i) (ii)	(2,669,415)	211,153,620
Current assets	202,506,667	614,835		–	203,121,502
Total assets	413,668,081	3,276,456		(2,669,415)	414,275,122
EQUITY					
Equity attributable to the equity holders of the Company					
Share capital	16,014,126	1,408,361	(ii)	(1,408,361)	16,014,126
Reserves	117,080,199	1,860,558	(ii)	(1,261,054)	117,679,703
	133,094,325	3,268,919		(2,669,415)	133,693,829
Non-controlling interests	45,766,217	–		–	45,766,217
Total equity	178,860,542	3,268,919		(2,669,415)	179,460,046
LIABILITIES					
Non-current liabilities	113,449,542	–		–	113,449,542
Current liabilities	121,357,997	7,537		–	121,365,534
Total liabilities	234,807,539	7,537		–	234,815,076
Total equity and liabilities	413,668,081	3,276,456		(2,669,415)	414,275,122

Notes:

(i) Adjustments to eliminate the inter-group balance as at 31 December 2021.

(ii) Adjustments to eliminate the investment costs and share capital of the Acquired Entities against reserves.

No other significant adjustments were made to the net assets and net profit of any entities or businesses as a result of the common control combinations to achieve consistency of accounting policies.

44 Particulars of principal subsidiaries, joint ventures and associates

At 31 December 2022, the Group had the following principal subsidiaries, joint ventures and associates which, in the opinion of the Directors, materially affect the results and/or assets of the Group.

(a) Subsidiaries

As at 31 December 2022, the Group had direct and indirect interests in the following principal subsidiaries:

Name	Place of incorporation/ establishment and operations	Principal activities	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company 2022
Capital held directly				
COSCO SHIPPING Lines Limited#	China/Worldwide	Container transportation	RMB23,664,337,165	100.00%
China COSCO (Hong Kong) Company Limited#	Hong Kong, China	Investment holding	RMB64,100	100.00%
COSCO SHIPPING Holdings (Hong Kong) Co., Ltd.#	Hong Kong, China	Investment holding	US$10,000	100.00%
Capital held indirectly				
Shanghai PANASIA Shipping Company Limited (v)	China	Container transportation	RMB1,536,565,663	62.00%
Shanghai COSCO Information & Technology Co., Ltd. (v)	China	Design and manufacture computer software, providing technology service and solution	RMB2,069,685	60.00%
Tianjin Binhai COSCO Container Logistics Co., Ltd. (v)	China	Container stack, cargo storage and cargo transportation	RMB290,000,000	60.00%
Shanghai Coscon Logistics Co., Ltd. (v)	China	Container stack, cargo storage and cargo transportation	RMB300,000,000	100.00%
COSCO SHIPPING Container Lines Agencies Limited	Hong Kong, China	Shipping agency	RMB1,063,700	100.00%
COSCO International Freight Co., Ltd. (v)	China	Freight forwarding and transportation	RMB377,170,094	100.00%
COSCO SHIPPING Lines (Shanghai) Co., Ltd. (v)	China	Freight forwarding and transportation	RMB1,305,683,453	100.00%
COSCO SHIPPING Lines (Ningbo) Co., Ltd. (v)	China	Freight forwarding and transportation	RMB30,000,000	100.00%
Sanlly Container Service Co., Ltd. (v)	China	Shipping agency	RMB50,000,000	90.00%
COSCO SHIPPING Lines (Qingdao) Co., Ltd. (v)	China	Freight forwarding and transportation	RMB84,300,000	100.00%
COSCO SHIPPING Lines (Tianjin) Co., Ltd. (v)	China	Freight forwarding and transportation	RMB62,825,653	100.00%

44 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

As at 31 December 2022, the Group had direct and indirect interests in the following principal subsidiaries (Continued):

Name	Place of incorporation/ establishment and operations	Principal activities	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company 2022
Capital held indirectly (Continued)				
COSCO SHIPPING Lines (Wuhan) Co., Ltd. (v)	China	Freight forwarding and transportation	RMB44,681,134	51.00%
COSCO Wuhan Logistics Co., Ltd. (v)	China	Logistics	RMB109,400,000	49.00%
COSCO SHIPPING Lines (Dalian) Co., Ltd. (v)	China	Freight forwarding and transportation	RMB60,000,000	100.00%
COSCO SHIPPING Lines (Xiamen) Co., Ltd. (v)	China	Freight forwarding and transportation	RMB52,000,000	100.00%
Shanghai Haizhilan Real Estate Co., Ltd. (formerly known as Container Shipping Agency Co., Ltd.) (v)	China	Freight forwarding and transportation	RMB804,717,009	100.00%
COSCO Shanghai Container Shipping Agency Co., Ltd. (v)	China	Shipping agency	RMB10,000,000	100.00%
COSCO SHIPPING Lines (Southern China) Co., Ltd. (v)	China	Freight forwarding and transportation	RMB50,000,000	100.00%
COSCO SHIPPING Lines (Hainan) Co., Ltd. (v)	China	Freight forwarding and transportation	RMB8,500,000	100.00%
COSCO SHIPPING Lines (Korea) Co., Ltd.	South Korea	Freight forwarding and shipping agency	RMB2,333,293	100.00%
COSCO SHIPPING Lines Americas, Inc.	United States of America	Shipping agency	RMB23,965,890	100.00%
COSCO SHIPPING Lines (Europe) Co., Ltd.	German/Europe	Shipping agency	RMB16,548,150	100.00%
COSCO (Hong Kong) Shipping Co., Ltd.	Hong Kong, China	Freight forwarding and shipping agency	RMB1,066,100	100.00%
COSCO SHIPPING (Oceania) Pty Ltd.	Australia	Shipping agency, freight forwarding and other international sea transport services	RMB384,830	100.00%
COHEUNG SHIPPING Co., Ltd.	Hong Kong, China	Container transportation	RMB24,627,018	100.00%
COSCO (CAYMAN) Mercury Co., Ltd.	Cayman Islands/ Hong Kong, China	Vessel chartering	US$413,825	100.00%
COSCO SHIPPING Lines (Japan)	Japan	Marine services	RMB3,224,240	100.00%

44 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

As at 31 December 2022, the Group had direct and indirect interests in the following principal subsidiaries (Continued):

Name	Place of incorporation/ establishment and operations	Principal activities	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company 2022
Capital held indirectly (Continued)				
New Golden Sea Shipping Pte. Co., Ltd.	Singapore	Freight forwarding and shipping agency	RMB119,182,788	100.00%
Shanghai COSCO SHIPPING Lines Global Service Centre Ltd. (v)	China	Document services	RMB1,000,000	100.00%
COSCO SHIPPING Lines (Brazil)	Brazil	Freight forwarding and shipping agency	RMB2,208,692	100.00%
COSCO SHIPPING LINES (PANAMA) INC.	Panama	Freight forwarding and shipping agency	RMB83,174	100.00%
Shanghai Ocean Shipping Co., Ltd. (v)	China	Vessel management and manning service	RMB482,843,450	100.00%
China Shipping Container Lines Hainan Co., Ltd. (v)	China	Freight forwarding and shipping agency	RMB10,000,000	100.00%
COSCO SHIPPING Lines (South Africa) Co., Ltd.	South Africa	Cargo and liner agency	RMB226	100.00%
COSCO SHIPPING Lines West Asia FZE.	United Arab Emirates	Cargo and liner agency	RMB5,667,006	100.00%
COSCO SHIPPING (CENTRAL AMERICA) INC.	Panama	Cargo and liner agency	US$10,000	100.00%
Tangshan COSCO SHIPPING Lines Logistics Co., Ltd. (v)	China	Logistics	RMB170,000,000	51.00%
Shanghai Tianhongli Asset Management Limited (v)	China	Asset Management	RMB230,000,000	100.00%
COSCO SHIPPING Ports Limited	Bermuda	Investment holding	HK$400,000,000	58.36%
COSCO Investment Limited	British Virgin Islands/ Hong Kong, China	Investment holding	1 ordinary share of US$1	100.00%
COSCO Assets Management Limited	Hong Kong, China	Vessel management	10,000 shares of US$1 each	100.00%
Orient Overseas (International) Limited	Bermuda	Investment holding	US$66,037,300	71.07%
Faulkner Global Holdings Limited	British Virgin Islands/ Hong Kong, China	Investment holding	US$10,000	100.00%
Hainan Yishunda Shipping Technology Co., Ltd. (v)	China	Shipping agency	RMB80,000,000	100.00%
Tianjin Port Container Terminal Co., Ltd. (iv)	China	Operation of terminals	RMB2,408,312,700	51.00%

44 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(b) Joint ventures

As at 31 December 2022, the Company had indirect interests in the following principal joint ventures:

Name	Place of incorporation/ establishment and operations	Principal activities	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company 2022
Asia Container Terminals Holdings Limited	Cayman Islands	Investment holding	HK$1 divided into 1,000 ordinary shares	20.00%
Conte-Rail, S.A.	Spain	Operation of rail terminals	45,000 ordinary shares Euro34,3 each	25.50%
COSCO-HIT Terminal (Hong Kong) Limited	Hong Kong, China	Operation of container terminals	HK$20 divided into 2 "A" ordinary shares, HK$20 divided into 2 "B" ordinary shares, and HK$40 divided into 4 non-voting 5% deferred shares	50.00%
COSCO-HPHT ACT Limited	British Virgin Islands	Investment holding	1,000 ordinary shares of US $1 each	50.00%
COSCO-PSA Terminal Private Limited	Singapore	Operation of container terminals	SGD286,213,000	49.00%
Dalian Dagang Container Terminal Co., Ltd. (formerly known as Dalian Dagang China Shipping Container Co., Ltd.) (iv)	China	Operation of container terminals	RMB10,000,000	35.00%
Euro-Asia Oceangate S.a.r.l	Luxembourg	Investment holding	US$40,000	40.00%
Lianyungang Port Railway International Container Multimodal Transport Co., Ltd. (v)	China	Logistics	RMB3,400,000	30.00%
Nansha Stevedoring Corporation Limited of Port of Guangzhou (v)	China	Operation of container terminals	RMB1,260,000,000	40.00%
Ningbo Yuan Dong Terminals Limited (iv)	China	Operation of container terminals	RMB2,500,000,000	40.00%
Piraeus Consolidation and Distribution Center S.A.	Greece	Storage, consolidation and distribution	EURO1,000,000	50.00%
Qingdao Port Dongjiakou Ore Terminals Co., Ltd. (iv)	China	Operation of iron ore terminal	RMB2,000,000,000	25.00%
Shanghai Pudong International Container Terminals Limited (iv)	China	Operation of container terminals	RMB1,900,000,000	30.00%
Chengdu Yuanhai Land Port Supply Chain Co., Ltd. (v)	China	Logistics	RMB40,000,000	49.00%
Xiamen Haicang Free Trade Port Zone Container Inspection Co., Ltd. (v)	China	Container stevedoring, storage, inspection and auxiliary services	RMB10,000,000	22.40%

44 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(b) Joint ventures (Continued)

As at 31 December 2022, the Company had indirect interests in the following principal joint ventures: (Continued)

Name	Place of incorporation/ establishment and operations	Principal activities	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company 2022
Yingkou Container Terminals Company Limited (iv)	China	Operation of container terminals	RMB8,000,000	50.00%
Yingkou New Century Container Terminal Co., Ltd. (v)	China	Operation of container terminals	RMB40,000,000	40.00%
OOCL (UAE) LLC	Duabi	Liner agency	300 ordinary shares AED300,000	49.00%
Sinovnl Company Limited (formerly known as Tan Cang-COSCO – OOCL Logistics Company Limited) (iii)	Vietnam	Container depot	Legal capital US$1,000,000	30.00%
Qingdao Orient International Container Storage & Transportation Co. Ltd. (iv)	China	Container depot	Registered capital RMB69,900,000	55.00%
Yingkou Wanying Logistics Co., Ltd. (formerly known as Yingkou COSCO Marine Container Service Co. Ltd.) (iii), (v)	China	Logistics	RMB1,000,000	51.00%
Dalian Wanjie International Logistics Co., Ltd. (v)	China	Logistics	RMB74,000,000	50.00%
Qingdao Shenzhouxing International Freight Forwarding Co. Ltd. (v)	China	Liner agency	RMB5,000,000	50.00%
Xiamen Yuanda International Freight Forwarding Co., Ltd. (iii), (v)	China	Liner agency	RMB5,000,000	51.00%

44 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(c) Associates

As at 31 December 2022, the Company had indirect equity interests in the following principal associates:

Name	Place of incorporation/ establishment and operations	Principal activities	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company 2022
Antwerp Gateway NV	Belgium	Operation of container terminals	EURO17,900,000	20.00%
APM Terminals Vado Holdings B.V.	Netherlands	Investment holding	10 ordinary shares of EURO100 each	40.00%
Beibu Gulf Port Co., Ltd. (iv)	China	Operation of terminals	RMB1,772,226,582	9.82%
COSCO Shipping Terminals (USA) LLC	USA	Investment holding	US$200,000	40.00%
Dalian Automobile Terminal Co., Ltd. (iv)	China	Construction and operation of automobile terminals	RMB400,000,000	24.00%
Dalian Container Terminal Co., Ltd. (iv)	China	Operation of container terminals	RMB3,480,000,000	19.00%
Damietta International Port Company S.A.E	Egypt	Operation of container terminals	20,000,000 ordinary Shares of US$10 each	20.00%
Dawning Company Limited	British Virgin Islands	Investment holding	200 "A" shares of US$1 each and 800 "B" shares of US $1 each	20.00%
Euromax Terminal Rotterdam B.V.	Netherlands	Operation of container terminals	65,000 "A" shares of Euro1 each and 35,000 "B" shares of Euro1 each	35.00%
Fangchenggang Chista Terminals Co., Limited (iv)	China	Operation of container terminals	RMB610,000,000	20.00%
Global Shipping Business Network Limited	Hong Kong, China	Business Network Services	US$8,000,000	12.50%
Guangxi Beibu Gulf International Container Terminal Co., Ltd. (iv)	China	Operation of container terminals	RMB2,371,600,000	26.00%
China Railway United International Container Guangxi Co. Ltd. (iv)	China	Logistics	RMB68,000,000	14.92%
Kao Ming Container Terminal Corp.	China Taiwan	Operation of container terminals	TWD6,800,000,000	20.00%
Qingdao Port International Co., Ltd. (iv)	China	Operation of container terminals	RMB6,036,724,000	19.79%
Qinhuangdao Port New Harbour Container Terminal Co., Ltd. (v)	China	Operation of container terminals	RMB400,000,000	30.00%
Red Sea Gateway Terminal Company Limited	Kingdom of Saudi Arabia	Operation of container terminals	SAR555,207,000	20.00%
Servicios Intermodales Bilbaoport, S.L.	Spain	Container storage and transportation	860,323 ordinary shares of EURO0.57 each	5.53%

44 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(c) Associates (Continued)

As at 31 December 2022, the Company had indirect equity interests in the following principal associates: (Continued)

Name	Place of incorporation/ establishment and operations	Principal activities	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company 2022
Shanghai Mingdong Container Terminals Limited (iv)	China	Operation of container terminals	RMB4,000,000,000	20.00%
Sigma Enterprises Limited	British Virgin Islands	Investment holding	2,005 "A" shares of US$1 each and 8,424 "B" shares of US$1 each	16.49%
Suez Canal Container Terminal S.A.E.	Egypt	Operation of container terminals	1,856,250 ordinary shares of US$100 each	20.00%
Taicang International Container Terminal Co., Ltd. (iv)	China	Operation of container terminals	RMB450,800,000	39.04%
Tianjin Shenggang Container Technology Development Service Co., Ltd. (v)	China	Operation of container terminals	RMB3,000,000	33.00%
Wattrus Limited	British Virgin Islands	Investment holding	32 "A" shares of US$1 each and 593 "B" shares of US$1 each	5.12%
Eshipping Global Supply Chain Management (Shenzhen) Co., Ltd. (iv)	China	Supply chain management	Registered capital RMB40,000,000	34.65%
COSCO Shipping Finance Co., Ltd. (v)	China	Financial services	Registered capital RMB19,500,000,000	22.97%
Shanghai International Port (Group) Co., Ltd. (iv)	China	Investment holding	Registered capital RMB23,278,679,750	15.55%
COSCO SHIPPING Logistics Supply Chain Co., Ltd. (v)	China	Liner agency	Registered capital RMB1,637,978,269	7.00%

Notes:

\# Subsidiaries held directly by the Group.

(i) The English names of certain subsidiaries, joint ventures and associates referred to in the consolidated financial statements represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

(ii) Although the Group held less than 50% or 20% effective equity interests in some subsidiaries and associates as disclosed above, respectively, the Group owns indirectly, through its non-wholly owned subsidiaries, more than 50% of the voting power of those subsidiaries and more than or equal to 20% of the voting power of those associates.

(iii) Although the Group's equity interests in some joint ventures as disclosed above are more than 50%, the Group does not have unilateral control over these joint ventures.

(iv) This entity is registered as a sino-foreign joint venture company under PRC law.

(v) This entity is registered as a wholly domestic owned enterprise under PRC law.

(vi) Except a subsidiary of COSCO SHIPPING Ports, none of the subsidiaries had issued any debt securities at the end of the reporting period (Note 25(b)(ii)).

45 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**275**	301
Intangible assets		**5**	91
Investments in associates		**23,190,675**	–
Financial assets at fair value through other comprehensive income		**768,934**	–
Deferred income tax assets		**2,474**	–
Investments in subsidiaries		**38,346,245**	38,299,701
Loans to subsidiaries		**–**	998,877
Total non-current assets		**62,308,608**	39,298,970
Current assets			
Trade and other receivables and contract assets		**27,438,708**	13,511,223
Restricted bank deposits		**1,329**	–
Cash and cash equivalents		**20,317,587**	35,990,935
Total current assets		**47,757,624**	49,502,158
Total assets		**110,066,232**	88,801,128
EQUITY			
Share capital		**16,094,862**	16,014,126
Reserves	(a)	**91,205,209**	70,997,807
Total equity		**107,300,071**	87,011,933
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**–**	998,877
Pension and retirement liabilities		**–**	687
Total Non-current liabilities		**–**	999,564
Current liabilities			
Trade and other payables and contract liabilities		**187,203**	207,326
Current portion of long-term borrowings		**1,015,199**	–
Tax payables		**1,563,759**	582,305
Total current liabilities		**2,766,161**	789,631
Total liabilities		**2,766,161**	1,789,195
Total equity and liabilities		**110,066,232**	88,801,128

45 Balance sheet and reserve movement of the Company (Continued)

Balance sheet of the Company (Continued)

Note (a)

Reserve movement of the Company

	Capital reserve RMB'000	Statutory reserve fund RMB'000	Other reserve RMB'000	(Accumulated loss)/retained earnings RMB'000	Total RMB'000
As at 1 January 2021	45,013,401	913,032	(3,342,792)	(21,498,425)	21,085,216
Fair value of share options granted	85,884	–	–	–	85,884
Issue of A shares in connection with the exercise of share options	182,209	–	–	–	182,209
Transfer to share capital	(3,694,800)	–	–	–	(3,694,800)
Appropriate to statutory reserves	–	3,086,645	–	(3,086,645)	–
Profit for the year	–	–	–	53,339,298	53,339,298
As at 31 December 2021	41,586,694	3,999,677	(3,342,792)	28,754,228	70,997,807
As at 1 January 2022	**41,586,694**	**3,999,677**	**(3,342,792)**	**28,754,228**	**70,997,807**
Fair value of share options granted	**(6,839)**	**–**	**–**	**–**	**(6,839)**
Issue of A shares in connection with the exercise of share options	**148,014**	**–**	**–**	**–**	**148,014**
Transfer to share capital	**–**	**–**	**–**	**–**	**–**
Appropriate to statutory reserves	**–**	**6,634,741**	**–**	**(6,634,741)**	**–**
Profit for the year	**–**	**–**	**–**	**66,347,408**	**66,347,408**
Dividend	**–**	**–**	**–**	**(46,281,181)**	**(46,281,181)**
As at 31 December 2022	**41,727,869**	**10,634,418**	**(3,342,792)**	**42,185,714**	**91,205,209**

Five Year Financial Summary

	2022 RMB'000	2021 RMB'000 (Restated)	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenues	**391,058,497**	333,693,943	171,258,834	150,540,591	120,342,284
Profit before tax	**167,175,970**	128,006,540	13,947,709	4,059,415	3,649,367
Income tax expenses	**(35,758,814)**	(24,101,179)	(760,215)	(978,567)	(818,961)
Profit from continuing operations for the year	**131,417,156**	103,905,361	13,187,494	3,080,848	2,830,406
Profit from discontinued operation for the year	**–**	–	–	7,113,469	195,955
Profit for the year	**131,417,156**	103,905,361	13,187,494	10,194,317	3,026,361
Profit attributable to:					
– Equity holders of the Company	**109,684,166**	89,348,948	9,927,098	6,690,106	1,230,026
– Non-controlling interests	**21,732,990**	14,556,413	3,260,396	3,504,211	1,796,335
Total assets	**511,779,714**	414,275,122	271,926,074	262,224,030	228,143,805
Total liabilities	**(258,256,246)**	(234,815,076)	(193,229,017)	(193,098,793)	(171,790,916)
Total equity	**253,523,468**	179,460,046	78,697,057	69,125,237	56,352,889

Notes:

(a) The financial figures for the year 2021 and 2022 were extracted from the Consolidated Financial Statements.

(b) The financial figures for the year 2018 to 2020 were extracted from the 2021 annual report, which have also been reclassified to conform with the current year's presentation format. No retrospective adjustments for the common control combinations during the year were made on the financial figures for the year 2018 to 2020.

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