

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

ANNUAL RESULTS ANNOUNCEMENT FOR 2021

Announcement of Results for the Year Ended 31 December 2021

- Total throughput increased by 4.4% YoY to 129,286,375 TEU; total equity throughput increased by 3.7% YoY to 39,874,105 TEU
- Total throughput from terminals in which the Group has controlling stakes increased by 4.7% YoY to 23,374,915 TEU; throughput from the Group's non-controlling terminals increased by 4.4% YoY to 105,911,460 TEU
- Revenue of the Company increased by 20.7% YoY to US\$1,208,252,000; gross profit increased by 39.8% YoY to US\$325,145,000
- Profit attributable to equity holders of the Company (excluding one-off items)^{Note} was US\$332,532,000, a YoY increase of 23.6%

Financial Highlights

US\$ (million)

	2021	2020	Change (%)
Revenue	1,208.3	1,000.6	+20.7
Cost of sales	883.1	768.0	+15.0
Gross profit	325.2	232.6	+39.8
Share of profits from joint ventures and associates	329.4	272.7	+20.8
Profit attributable to equity holders of the Company	354.7	347.5	+2.1
Basic earnings per share (US cents)	10.70	10.81	-1.0
Profit attributable to equity holders of the Company (excluding one-off items) ^{Note}	332.5	269.0	+23.6
Basic earnings per share (US cents) (excluding one-off items) ^{Note}	10.03	8.37	+19.8
Dividend per share (US cents)			
- First Interim	2.120	2.068	+2.5
- Second Interim	2.160	2.256	-4.3
Payout ratio	40%	40%	-

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

FINAL RESULTS

The board of directors (the “Board”) of COSCO SHIPPING Ports Limited (the “Company” or “COSCO SHIPPING Ports”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021. The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

	<i>Note</i>	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,953,801	3,358,970
Right-of-use assets		1,086,887	978,473
Investment properties		10,054	9,996
Intangible assets		426,121	474,570
Joint ventures		1,154,633	1,222,414
Loans to a joint venture		23,083	23,218
Associates		3,422,897	3,112,653
Loans to associates		107,643	118,360
Financial asset at fair value through profit or loss		61,922	-
Financial assets at fair value through other comprehensive income		161,902	158,206
Deferred tax assets		95,071	110,351
Other non-current assets		7,649	2,409
		<u>10,511,663</u>	<u>9,569,620</u>
Current assets			
Inventories		20,111	14,853
Trade and other receivables	3	237,637	293,172
Current tax recoverable		3,844	5,187
Restricted bank deposits		33,214	31,224
Cash and cash equivalents		1,226,841	1,310,289
		<u>1,521,647</u>	<u>1,654,725</u>
Total assets		<u>12,033,310</u>	<u>11,224,345</u>

**CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021**

	<i>Note</i>	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		42,574	42,574
Reserves		<u>5,775,445</u>	<u>5,507,630</u>
		5,818,019	5,550,204
Non-controlling interests		<u>1,122,620</u>	<u>827,022</u>
Total equity		<u>6,940,639</u>	<u>6,377,226</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		140,788	115,300
Lease liabilities		748,459	784,243
Long term borrowings		2,306,423	2,748,292
Loans from non-controlling shareholders of subsidiaries		70,591	737
Derivative financial instruments		2,991	7,752
Put option liability		232,263	225,679
Pension and retirement liabilities		11,828	3,006
Other long term liabilities		<u>46,942</u>	<u>48,057</u>
		<u>3,560,285</u>	<u>3,933,066</u>
Current liabilities			
Trade and other payables and contract liabilities	4	521,630	536,890
Current tax liabilities		51,696	31,912
Current portion of lease liabilities		42,450	42,093
Current portion of long term borrowings		653,680	226,651
Short term borrowings		259,507	72,798
Derivative financial instruments		<u>3,423</u>	<u>3,709</u>
		<u>1,532,386</u>	<u>914,053</u>
Total liabilities		<u>5,092,671</u>	<u>4,847,119</u>
Total equity and liabilities		<u>12,033,310</u>	<u>11,224,345</u>

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<i>Note</i>	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Revenues	2	1,208,252	1,000,629
Cost of sales		<u>(883,107)</u>	<u>(767,987)</u>
Gross profit		325,145	232,642
Administrative expenses		(138,977)	(120,182)
Other operating income	5	94,937	134,883
Other operating expenses		<u>(9,795)</u>	<u>(11,526)</u>
Operating profit	6	271,310	235,817
Finance income	7	11,268	14,690
Finance costs	7	<u>(111,503)</u>	<u>(114,650)</u>
Operating profit (after finance income and costs)		171,075	135,857
Share of profits less losses of			
- joint ventures		83,195	78,219
- associates		<u>246,195</u>	<u>194,501</u>
Profit before taxation		500,465	408,577
Taxation	8	<u>(94,669)</u>	<u>(34,967)</u>
Profit for the year		<u>405,796</u>	<u>373,610</u>
Profit attributable to:			
Equity holders of the Company		354,652	347,474
Non-controlling interests		<u>51,144</u>	<u>26,136</u>
		<u>405,796</u>	<u>373,610</u>
Earnings per share for profit attributable to equity holders of the Company			
- Basic	9	<u>US10.70 cents</u>	<u>US10.81 cents</u>
- Diluted	9	<u>US10.70 cents</u>	<u>US10.81 cents</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

NOTES

1. BASIS OF PREPARATION

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

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

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

1.1 Adoption of amendments to existing standards

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

Amendments

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

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

1. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

2. SEGMENT INFORMATION

(a) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management. Terminals and related businesses were identified as the operating segment in accordance with the Group's business.

The performance of the operating segments was assessed based on their segment profit/loss attributable to equity holders of the Company and segment assets, which is measured in a manner consistent with that in the consolidated financial statements.

The segment of "Others" primarily includes corporate level activities. Assets under the segment of "Others" comprise property, plant and equipment, right-of-use assets, investment properties, intangible assets, inter-segment loans, other receivables and prepayments and cash and cash equivalents.

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

Segment assets

	Terminals and related businesses US\$'000	Others US\$'000	Elimination US\$'000	Total US\$'000
At 31 December 2021				
Segment assets	<u>11,335,798</u>	<u>968,430</u>	<u>(270,918)</u>	<u>12,033,310</u>
Segment assets include:				
Joint ventures	1,154,633	-	-	1,154,633
Associates	3,422,897	-	-	3,422,897
Financial asset at fair value through profit or loss ("FVPL")	61,922	-	-	61,922
Financial assets at fair value through other comprehensive income ("FVOCI")	<u>161,902</u>	<u>-</u>	<u>-</u>	<u>161,902</u>
At 31 December 2020				
Segment assets	<u>10,137,784</u>	<u>1,304,583</u>	<u>(218,022)</u>	<u>11,224,345</u>
Segment assets include:				
Joint ventures	1,222,414	-	-	1,222,414
Associates	3,112,653	-	-	3,112,653
Financial assets at FVOCI	<u>158,206</u>	<u>-</u>	<u>-</u>	<u>158,206</u>

2. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information

	Terminals and related businesses US\$'000	Others US\$'000	Elimination US\$'000	Total US\$'000
Year ended 31 December 2021				
Revenues - total sales	<u>1,208,252</u>	<u>-</u>	<u>-</u>	<u>1,208,252</u>
Segment profit/(loss) attributable to equity holders of the Company	<u>449,455</u>	<u>(94,803)</u>	<u>-</u>	<u>354,652</u>
Segment profit/(loss) includes:				
Finance income	2,346	16,720	(7,798)	11,268
Finance costs	(84,167)	(34,984)	7,648	(111,503)
Share of profits less losses of				
- joint ventures	83,195	-	-	83,195
- associates	246,195	-	-	246,195
Taxation	(75,171)	(19,498)	-	(94,669)
Depreciation and amortisation	(221,083)	(5,037)	-	(226,120)
Other non-cash (expenses)/ income	<u>(2,621)</u>	<u>2</u>	<u>-</u>	<u>(2,619)</u>
Additions to non-current assets	<u>(341,638)</u>	<u>(3,887)</u>	<u>-</u>	<u>(345,525)</u>
Additions arising from business combination	<u>(610,275)</u>	<u>-</u>	<u>-</u>	<u>(610,275)</u>

2. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Terminals and related businesses US\$ '000	Others US\$ '000	Elimination US\$ '000	Total US\$ '000
Year ended 31 December 2020				
Revenues - total sales	<u>1,000,629</u>	<u>-</u>	<u>-</u>	<u>1,000,629</u>
Segment profit/(loss) attributable to equity holders of the Company	<u>387,935</u>	<u>(40,461)</u>	<u>-</u>	<u>347,474</u>
Segment profit/(loss) includes:				
Finance income	991	27,518	(13,819)	14,690
Finance costs	(87,258)	(41,287)	13,895	(114,650)
Share of profits less losses of				
- joint ventures	78,219	-	-	78,219
- associates	194,501	-	-	194,501
Taxation	(40,599)	5,632	-	(34,967)
Gain on disposal of subsidiaries	71,150	-	-	71,150
Depreciation and amortisation	(196,498)	(3,946)	-	(200,444)
Other non-cash expenses	<u>(4,039)</u>	<u>(3)</u>	<u>-</u>	<u>(4,042)</u>
Additions to non-current assets	<u>(205,844)</u>	<u>(7,864)</u>	<u>-</u>	<u>(213,708)</u>

2. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

(i) Revenues

In respect of terminals and related businesses, revenues are based on the geographical areas in which the business operations are located.

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Terminals and related businesses		
- Mainland China (excluding Hong Kong)	525,536	417,760
- Europe	645,081	557,604
- Others	37,635	25,265
	<u>1,208,252</u>	<u>1,000,629</u>

(ii) Non-current assets

The Group's non-current assets, other than financial instruments and deferred tax assets ("Geographical Non-Current Assets"), consist of property, plant and equipment, right-of-use assets, investment properties, intangible assets, joint ventures, associates and other non-current assets.

In respect of the Geographical Non-Current Assets, they are presented based on the geographical areas in which the business operations/assets are located.

The activities of terminals and related businesses of the Group, its joint ventures and associates are predominantly carried out in Mainland China, Greece, Spain, Belgium, Abu Dhabi, Peru, Turkey, the Netherlands, Italy, Egypt, Saudi Arabia, Hong Kong, Singapore and Taiwan.

	Subsidiaries and corporate <i>US\$'000</i>	Joint ventures and associates <i>US\$'000</i>	Total <i>US\$'000</i>
2021			
Mainland China (excluding Hong Kong)	3,035,705	3,437,218	6,472,923
Europe	1,471,803	63,523	1,535,326
Others	977,004	1,076,789	2,053,793
	<u>5,484,512</u>	<u>4,577,530</u>	<u>10,062,042</u>
2020			
Mainland China (excluding Hong Kong)	2,333,858	3,380,136	5,713,994
Europe	1,652,794	14,890	1,667,684
Others	837,766	940,041	1,777,807
	<u>4,824,418</u>	<u>4,335,067</u>	<u>9,159,485</u>

3. TRADE AND OTHER RECEIVABLES

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Trade receivables		
- third parties	71,907	59,675
- fellow subsidiaries	18,572	19,345
- non-controlling shareholders of subsidiaries	5,167	4,869
- an associate	5	5
- a joint venture	656	-
- related companies	7,280	4,438
	103,587	88,332
Bills receivables	7,250	4,617
	110,837	92,949
Less: provision for impairment	(324)	(573)
	110,513	92,376
Deposits and prepayments	33,701	27,526
Other receivables	69,040	112,404
Loan to an associate	-	47,810
Amounts due from		
- fellow subsidiaries	261	844
- non-controlling shareholders of subsidiaries	933	965
- joint ventures	6,874	239
- associates	16,315	11,008
	237,637	293,172

The Group grants credit periods of 30 to 90 days to its customers. The ageing analysis of the combined trade receivables and bills receivables (net of provision) based on invoice date and issuance date respectively is as follows:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Within 30 days	72,688	55,251
31 - 60 days	23,915	24,446
61 - 90 days	8,500	9,036
Over 90 days	5,410	3,643
	110,513	92,376

4. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Trade payables		
- third parties	100,856	55,639
- fellow subsidiaries	3,935	2,476
- non-controlling shareholders of subsidiaries	4,493	3,179
- joint ventures	6,030	185
- an associate	472	-
- related companies	4,407	1,430
	120,193	62,909
Accruals	35,551	34,342
Other payables	167,319	229,440
Contract liabilities	19,425	11,789
Dividend payable	7	7
Loans from a joint venture	35,290	34,483
Loans from an associate	21,958	-
Loans from non-controlling shareholders of subsidiaries	42,969	84,266
Amounts due to		
- fellow subsidiaries	256	2,162
- non-controlling shareholders of subsidiaries	77,455	77,247
- joint ventures	61	245
- related companies	1,146	-
	521,630	536,890

The ageing analysis of the trade payables based on invoice date is as follows:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Within 30 days	65,884	37,068
31 - 60 days	18,214	9,387
61 - 90 days	4,780	5,172
Over 90 days	31,315	11,282
	120,193	62,909

5. OTHER OPERATING INCOME

	2021	2020
	<i>US\$'000</i>	<i>US\$'000</i>
Management fee and other service income	8,071	7,431
Dividends income from listed and unlisted financial assets at FVOCI	2,686	2,321
Rental income from		
- investment properties	1,099	729
- buildings	57	54
Gain on disposal of property, plant and equipment	243	428
Gain on disposal of subsidiaries	-	71,150
Gain on disposal of an associate	-	9,951
Gain on disposal of a subsidiary and a joint venture	21,735	-
Gain on remeasurement of equity investments	10,669	9,896
Reversal of provision for inventories	281	-
Government subsidies	25,721	10,079
Exchange gain, net	1,274	16,125
Fair value gain on a financial asset at FVPL	11,360	-
Others	11,741	6,719
	<u>94,937</u>	<u>134,883</u>

6. OPERATING PROFIT

Operating profit is stated after charging the following:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Charging:		
Amortisation of intangible assets	24,767	23,190
Depreciation		
- right-of-use assets	40,371	36,337
- property, plant and equipment	160,982	140,917
Loss on disposal of property, plant and equipment	2,773	3,212
Provision for inventories	-	105
Provision for impairment of trade receivables	269	413
Provision for impairment of construction in progress	-	891
Rental expenses under leases of		
- land and buildings leased from third parties	653	372
- land and buildings leased from non-controlling shareholders of subsidiaries	3,052	2,579
- plant and machinery leased from third parties	2,522	2,057
- concession from a fellow subsidiary (note)	66,317	60,286
- concession from third parties (note)	9,008	8,211
- concession from a non-controlling shareholder of a subsidiary (note)	4,721	2,511
Total staff costs (including directors' emoluments and retirement benefit costs)		
- wages, salaries and other benefits	349,833	294,239
- share option expenses	1,186	1,889
	351,019	296,128

Note: The amounts represent variable lease payments linked to revenues/throughput.

7. FINANCE INCOME AND COSTS

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Finance income		
Interest income on		
- bank balances and deposits	3,799	5,945
- deposits with other financial institutions	3,563	3,112
- loans to joint ventures and associates	3,906	4,419
- loans to a former subsidiary	-	1,214
	<u>11,268</u>	<u>14,690</u>
Finance costs		
Interest expenses on		
- bank loans	(65,722)	(70,193)
- notes wholly repayable within five years	(13,125)	(13,125)
- loans from other financial institutions	(1,949)	(440)
- loans from non-controlling shareholders of subsidiaries	(486)	(1,539)
- loans from a joint venture	(812)	(761)
- loans from an associate	(496)	(353)
- lease liabilities	(29,883)	(28,352)
Amortised amount of		
- discount on issue of notes	(140)	(119)
- transaction costs on bank loans and notes	(3,205)	(3,177)
	<u>(115,818)</u>	<u>(118,059)</u>
Less: amount capitalised in construction in progress	<u>6,685</u>	<u>5,945</u>
	<u>(109,133)</u>	<u>(112,114)</u>
Other incidental borrowing costs and charges	<u>(2,370)</u>	<u>(2,536)</u>
	<u>(111,503)</u>	<u>(114,650)</u>
Net finance costs	<u>(100,235)</u>	<u>(99,960)</u>

8. TAXATION

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Current taxation		
- Hong Kong profits tax	(15,730)	(9,891)
- Mainland China taxation	(45,047)	(38,108)
- Overseas taxation	(14,601)	(11,462)
- (Under) / over provision in prior years	(472)	1,249
	<u>(75,850)</u>	<u>(58,212)</u>
Deferred taxation (charge) / credit	<u>(18,819)</u>	<u>23,245</u>
	<u>(94,669)</u>	<u>(34,967)</u>

Hong Kong profits tax was provided at a rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Ordinary shares were issued upon the distribution of scrip dividend in 2020, and no ordinary shares were issued in 2021. As a result, the weighted average number of ordinary shares in issue as at 31 December 2021 were same as the number of ordinary shares in issue as at 31 December 2020.

	2021	2020
Profit attributable to equity holders of the Company	<u>US\$354,652,000</u>	<u>US\$347,474,000</u>
Weighted average number of ordinary shares in issue	<u>3,315,296,374</u>	<u>3,213,469,814</u>
Basic earnings per share	<u>US10.70 cents</u>	<u>US10.81 cents</u>

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year, after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no consideration as if all outstanding dilutive share options granted by the Company had been exercised.

For the year ended 31 December 2021, the outstanding share options granted by the Company did not have any dilutive effect on the earnings per share, and the diluted earnings per share is equal to the basic earnings per share.

10. DIVIDENDS

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
First Interim dividend, paid of US2.120 cents (2020: US2.068 cents) per ordinary share	70,284	67,135
Second interim dividend, declared of US2.160 cents (2020: US2.256 cents) per ordinary share	71,611	74,793
	<u>141,895</u>	<u>141,928</u>

Note:

At a meeting held on 30 March 2022, the directors declared a second interim dividend for the year ended 31 December 2021 (in lieu of a final dividend) of HK17.0 cents (equivalent to US2.160 cents) per ordinary share. The dividend will be payable in cash and with a scrip dividend alternative. The second interim dividend declared is not reflected as dividend payable in these consolidated financial statements but will be reflected as an appropriation of retained profits for the year ending 31 December 2022.

AUDITOR’S WORK ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2021 have been compared by the Company’s auditor, PricewaterhouseCoopers, to the corresponding figures set out in the Group’s consolidated financial statements for the year ended 31 December 2021 and found to be in agreement. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

SECOND INTERIM DIVIDEND

The Board has declared a second interim dividend of HK17.0 cents (2020: HK17.5 cents) per share for the year ended 31 December 2021 with an option to receive new fully paid shares in lieu of cash (“Scrip Dividend Scheme”).

The second interim dividend will be payable on 31 May 2022 to shareholders whose names appear on the register of members of the Company at the close of business on 22 April 2022. The Scrip Dividend Scheme is conditional upon the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited. Dividend warrants and share certificates for new shares to be issued under the Scrip Dividend Scheme will be despatched by ordinary mail on 31 May 2022.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 6 May 2022.

CLOSURES OF REGISTER OF MEMBERS

(a) For determining the entitlement to the second interim dividend

For determining the entitlement to the second interim dividend, the register of members of the Company will be closed from 19 April 2022 to 22 April 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the second interim dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company’s Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 14 April 2022.

(b) For determining the entitlement to attend and vote at the Annual General Meeting

The Annual General Meeting of the Company is scheduled to be held on Thursday, 26 May 2022 (“2022 AGM”). For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from 23 May 2022 to 26 May 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2022 AGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company’s Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited, for registration not later than 4:30 p.m. on Friday, 20 May 2022.

FINANCIAL REVIEW

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

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

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

Financial Analysis

Revenues

Revenues of the Group amounted to US\$1,208,252,000 in 2021 (2020: US\$1,000,629,000), increased by 20.7% YoY. During the year, revenues of most terminals recorded an increase. Amongst which, COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries ("CSP Spain Related Companies")

recorded a revenue of US\$310,978,000 (2020: US\$268,783,000), increased by 15.7% YoY; Guangzhou South China Oceangate Terminal recorded a revenue of US\$205,031,000 (2020: US\$171,651,000), increased by 19.4% YoY; Xiamen Ocean Gate Terminal recorded a revenue of US\$128,383,000 (2020: US\$85,414,000), increased by 50.3% YoY; CSP Zeebrugge Terminal NV (“CSP Zeebrugge Terminal”) recorded a revenue of US\$50,815,000 (2020: US\$30,618,000), increased by 66.0% YoY. Although throughput of Piraeus Terminal decreased by 4.1% YoY, it recorded a revenue of US\$281,481,000 during the year (2020: US\$256,471,000), increased by 9.8% YoY, as a result of higher proportion of local containers and higher tariffs, as well as the increase in storage revenue.

Cost of sales

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

Administrative expenses

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

Other operating income/(expenses), net

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

Finance costs

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

Share of profits less losses of joint ventures and associates

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

Taxation

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

Financial Position

Cash flow

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

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

Financing and credit facilities

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

Assets and liabilities

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

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

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

Debt analysis

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

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

Financial guarantee contracts

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

Treasury policy

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

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

OPERATIONAL REVIEW

Market Review

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

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

Overall Performance

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

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

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

Greater China

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

Bohai Rim

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

Yangtze River Delta

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

Southeast Coast and Others

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

Pearl River Delta

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

Southwest Coast

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

Overseas

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

PROSPECTS

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

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

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

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

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

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

	2021 (TEU)	2020 (TEU)	Change (%)
Bohai Rim	42,835,185	41,884,560	+2.3
Qingdao Port International Co., Ltd.	23,710,000	22,010,000	+7.7
Dalian Container Terminal Co., Ltd.	3,584,187	4,981,782	-28.1
Dalian Dagang China Shipping Container Terminal Co., Ltd.	20,300	21,003	-3.3
Tianjin Port Euroasia International Container Terminal Co., Ltd.	3,197,096	3,060,267	+4.5
Tianjin Port Container Terminal Co., Ltd.	8,642,445	7,866,145	+9.9
Yingkou Terminals ^{Note 1}	2,304,613	2,600,520	-11.4
Jinzhou New Age Container Terminal Co., Ltd.	735,208	722,981	+1.7
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	641,336	621,862	+3.1
Yangtze River Delta	15,436,773	14,768,442	+4.5
Shanghai Pudong International Container Terminals Limited	2,600,511	2,443,406	+6.4
Shanghai Mingdong Container Terminals Limited	6,845,534	6,246,932	+9.6
Ningbo Yuan Dong Terminals Limited	3,040,534	3,103,386	-2.0
Lianyungang New Oriental International Terminals Co., Ltd.	1,009,674	1,089,116	-7.3
Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ^{Note 2}	N/A	48,008	N/A
Yangzhou Yuanyang International Ports Co., Ltd. ^{Note 2}	N/A	31,841	N/A
Taicang International Container Terminal Co., Ltd.	488,186	400,095	+22.0
Nantong Tonghai Port Co., Ltd.	1,452,334	1,405,658	+3.3
Southeast Coast and others	6,149,785	5,445,662	+12.9
Xiamen Ocean Gate Container Terminal Co., Ltd.	2,541,035	2,070,159	+22.7
Quan Zhou Pacific Container Terminal Co., Ltd.	1,255,347	1,332,207	-5.8
Jinjiang Pacific Ports Development Co., Ltd.	323,043	443,748	-27.2
Kao Ming Container Terminal Corp.	2,030,360	1,599,548	+26.9
Pearl River Delta	28,841,688	27,898,470	+3.4
Yantian International Container Terminals Co., Ltd.	14,161,034	13,348,546	+6.1
Guangzhou Terminals ^{Note 3}	11,607,532	11,463,110	+1.3
Hong Kong Terminals ^{Note 4}	3,073,122	3,086,814	-0.4
Southwest Coast	6,011,800	5,383,701	+11.7
Beibu Gulf Port Co., Ltd. ^{Note 5}	6,011,800	5,383,701	+11.7
Overseas	30,011,144	28,443,740	+5.5
Piraeus Container Terminal Single Member S.A.	4,696,265	4,896,886	-4.1
CSP Zeebrugge Terminal NV	931,447	609,277	+52.9
CSP Spain Related Companies	3,621,188	3,387,820	+6.9
CSP Abu Dhabi Terminal L.L.C.	697,236	665,500	+4.8
COSCO-PSA Terminal Private Limited	4,727,146	5,090,751	-7.1
Reefer Terminal S.p.A.	67,252	60,256	+11.6
Euromax Terminal Rotterdam B.V.	2,658,175	2,454,617	+8.3
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş.	1,248,131	1,217,240	+2.5
Suez Canal Container Terminal S.A.E.	3,648,393	3,783,388	-3.6
Red Sea Gateway Terminal Company Limited ^{Note 6}	1,354,374	N/A	N/A
Antwerp Gateway NV	2,202,433	2,270,425	-3.0
SSA Terminals (Seattle), LLC	292,473	248,370	+17.8
Busan Port Terminal Co., Ltd.	3,809,888	3,759,210	+1.3
Vado Gateway S.P.A. ^{Note 7}	56,743	N/A	N/A
Total	129,286,375	123,824,575	+4.4

- Note 1: Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminals Company Limited and Yingkou New Century Container Terminal Co., Ltd.
- Note 2: On 10 February 2020, the Group completed the sale of Zhangjiagang Terminal and Yangzhou Yuanyang Terminal. Therefore, throughput of these terminals were not included in the throughput of the Group since February 2020. The figures of the two terminals for 2020 were the throughput for January 2020.
- Note 3: Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Container Terminal Company Limited and Nansha Stevedoring Corporation Limited of Port of Guangzhou.
- Note 4: Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited.
- Note 5: On 30 November 2020, the Group completed the acquisition of 26% equity interest in Guangxi Beibu Gulf International Container Terminal Co., Ltd (“Beibu Gulf Terminal”) through injection of its equity interest in Guangxi Qinzhou International Container Terminal Co., Ltd. (“Qinzhou International Terminal”) into Beibu Gulf Terminal and cash consideration. Therefore, throughput of Qinzhou International Terminal for January to November 2020 was included in the throughput of Beibu Gulf Terminal, and only throughput of Beibu Gulf Terminal was included in throughput of Beibu Gulf Port Co., Ltd. (“Beibu Gulf Port”) starting from December 2020.
- Note 6: On 14 July 2021, the Group completed the acquisition of 20% equity interest in the terminal. Therefore, the figure of the terminal for the year ended 31 December 2021 was the throughput of the terminal from July to December 2021.
- Note 7: The Group holds 40% equity of APM Terminals Vado Holdings B.V. and completed the acquisition of Vado Gateway S.P.A. on 24 September 2021. The Company indirectly holds 40% equity of the terminal since then. The figure of the terminal for the year ended 31 December 2021 was the throughput of the terminal from October to December 2021.
- Note 8: Total throughput of bulk cargo, excluding the throughput of Beibu Gulf Port, for the year ended 31 December 2021 was 77,981,837 tons (2020: 77,413,837 tons), representing an increase of 0.7%. Total throughput of automobile for the year ended 31 December 2021 was 826,977 vehicles (2020: 750,112 vehicles), representing an increase of 10.2%. Throughput of reefer of Reefer Terminal S.p.A. (Vado Reefer Terminal) for the year ended 31 December 2021 was 375,917 pallets (2020: 386,091 pallets), representing a decrease of 2.6%.

CORPORATE GOVERNANCE

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

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company comprises three independent non-executive directors of the Company. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the consolidated financial statements for the year ended 31 December 2021.

Remuneration Committee

The Remuneration Committee of the Company comprises five members, a majority of whom are independent non-executive directors. The Committee formulates the remuneration policy of directors and senior management of the Group, reviews their remuneration packages and makes recommendations to the Board regarding the directors' fee and annual salary of executive directors and senior management.

Nomination Committee

The Nomination Committee of the Company comprises three members, a majority of whom are independent non-executive directors. The Committee reviews the structure, size and composition of the Board and the policy regarding Board diversity, and identifies individuals suitably qualified to become Board members and make recommendations to the Board and assessing the independence of all independent non-executive directors.

Other Board Committees

In addition to the above committees, the Board has also established various committees which include the Executive Committee, the Environmental, Social and Governance Committee, the Investment and Strategic Planning Committee and the Risk Management Committee. Each committee has its defined scope of duties and terms of reference. The terms of reference of the above committees have been posted on the Company's website at <https://ports.coscoshipping.com>.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as the Company’s code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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

OVERALL MANAGEMENT AND AWARDS

COSCO SHIPPING Ports’ efforts in the fields of corporate governance and investor relations have been widely acclaimed externally and in 2021, our high level of corporate transparency and good corporate governance continued to earn market recognition.

- Awarded “Best in ESG Awards-Middle Market Capitalization”, “Best in Reporting Awards-Middle Market Capitalization” and “ESG Report of the Year Awards - Middle Market Capitalization” from BDO ESG Awards 2021;
- Awarded “Best Shipping Port Operator (Ports sector) Hong Kong”, “Best Investor Relations Company (Ports sector) Hong Kong” and “Most Sustainable Company (Ports sector) Hong Kong” and “Best CSR Company (Ports sector) Hong Kong” from International Business Magazine;
- Awarded “Best Port operator Hong Kong” and “Best CSR Company (Port Sector)” from Finance Derivative Magazine;
- Awarded “Annual Report 2019 – Sliver” and “Best ESG Report 2019 - Honors” from Mercury Awards;
- Awarded “Most Innovative Port Operator” by International Finance Magazine;
- Awarded “Best Container Operator of the year” and “Most Socially Responsible Port Operator” from Global Business Outlook Magazine;
- Awarded “Best Port Operator” by Business Tabloid Magazine;
- Awarded one of the Asia’s Top 15 In-house Teams of the Year by Asian Legal Business Magazine, a well-recognised professional magazine;
- Awarded “Best Investor Relations Company Hong Kong” from Global Banking & Finance Awards;
- Awarded “Excellence Award for H Share & Red Chip Entries - Annual Reports Awards” from The Hong Kong Management Association;
- Awarded “Annual report-Bronze Prize” and “Annual report Photography-Honors Prize” by ARC Awards;
- Awarded “Best Investor Relations Company”, “Asia’s Best CEO (Investor Relations)” and “Best Investor Relations Professional” from Corporate Governance Asia Magazine;
- Awarded “Corporate Website Honors Prize” by 2021 Galaxy Awards; and
- Awarded “Gold Award in Environmental, Social and Governance” from The Asset Magazine.

INVESTOR RELATIONS

COSCO SHIPPING Ports highly values investor relations. It strengthens the communication with investors during its daily operations as an important part of its corporate governance. The Company is continuously committed to enhancing its corporate transparency, adopting stringent and transparent disclosure standards, and precisely announcing corporate information on a timely basis, including releases monthly report and quarterly result voluntarily.

In 2021, the Group actively implements the strategy of Lean Operations. While continuously enhancing the global terminal network, letting investors and shareholders understand the business and development strategies of the Group on a timely manner is the top priority of investor relations.

Investor Relation Department strives to strengthen the communication with shareholders, investors and analysts and timely respond to the inquiries from investors; actively organizes activities such as investor presentation, telephone conferences on results, and press conferences, with an aim to strengthen the understanding of market and stakeholders on the Group's business, and prepares the environmental, social and governance report, so as to improve the corporate governance of the Company.

With an aim to strengthening the communication, the Group launched a series of activities on the investor relations in 2021, aiming at enhancing the transparency of the Company, including active participating in the investor meetings organized by brokers, strengthening the communication with the shareholders of the Company, and answering the questions from the market on a timely basis. By doing so, more investors understand the operations and development strategies of the Company, increasing the market confidence to our Company. The Group held meetings with around 260 funds in 2021, and communicated with around 350 investors and analysts from China, the United Kingdom, the United States, Australia, Singapore, South Korea and Malaysia, showing that the Company has actively organized and participated in investor activities while improving the communication between the shareholders, investors and analysts.

CORPORATE SUSTAINABLE DEVELOPMENT

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

Caring for our People

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

Customers First

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

Green Development

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

Win-win Cooperation

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

Giving Back to Communities

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

By Order of the Board
COSCO SHIPPING Ports Limited
FENG Boming
Chairman

Hong Kong, 30 March 2022

As at the date of this announcement, the Board comprises Mr. FENG Boming¹ (Chairman), Mr. ZHANG Dayu¹ (Managing Director), Mr. DENG Huangjun¹, Mr. ZHANG Wei², Mr. CHEN Dong², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. LAM Yiu Kin³, Prof. CHAN Ka Lok³ and Mr. YANG Liang Yee Philip³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director