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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)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS:

- Revenues from continuing operations of the Group for the year 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 2022 was RMB109,684,166,000, representing an increase of RMB20,335,218,000 or 22.76% as compared to 2021.
- The basic and diluted earnings per share for 2022 amounted to RMB6.83 and RMB6.78 respectively.
- The Board proposes a final dividend in respect of 2022 of RMB1.39 per ordinary share (inclusive of applicable tax).

The board of directors (the “**Board**”) of COSCO SHIPPING Holdings Co., Ltd.* (the “**Company**” or “**COSCO SHIPPING Holdings**”) hereby announces the results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2021.

COSCO SHIPPING HOLDINGS CO., LTD.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Continuing operations			
Revenues	3	391,058,497	333,693,943
Cost of services		(220,580,548)	(193,576,640)
Gross profit		170,477,949	140,117,303
Other income	4	4,663,174	1,542,066
Other expenses	4	(310,842)	(805,430)
Net impairment losses on financial assets		(35,720)	(181,175)
Selling, administrative and general expenses		(11,795,727)	(12,326,444)
Operating profit		162,998,834	128,346,320
Finance income	5	5,705,708	1,110,293
Finance costs	5	(3,840,637)	(3,833,335)
Net finance income/(costs)	5	1,865,071	(2,723,042)
		164,863,905	125,623,278
Share of profits less losses of			
– joint ventures		650,019	694,459
– associates		1,662,046	1,688,803
Profit before income tax from continuing operations		167,175,970	128,006,540
Income tax expenses	6	(35,758,814)	(24,101,179)
Profit for the year from continuing operations		131,417,156	103,905,361

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Profit for the year		<u>131,417,156</u>	<u>103,905,361</u>
Profit attributable to:			
– Equity holders of the Company		<u>109,684,166</u>	89,348,948
– Non-controlling interests		<u>21,732,990</u>	<u>14,556,413</u>
		<u>131,417,156</u>	<u>103,905,361</u>
		2022 <i>RMB</i>	2021 <i>RMB</i>
Earnings per share attributable to equity holders of the Company:			
Basic earnings per share	8	<u>6.83</u>	<u>5.59</u>
Diluted earnings per share	8	<u>6.78</u>	<u>5.56</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Profit for the year	131,417,156	103,905,361
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss</i>		
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)
<i>Items that will not be reclassified to profit or loss</i>		
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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	<i>Note</i>	2022 RMB'000	2021 RMB'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		119,518,590	106,535,455
Right-of-use assets		54,918,414	55,636,057
Investment properties		2,701,063	2,584,821
Intangible assets		4,769,242	4,795,515
Goodwill		6,104,494	5,638,475
Investments in joint ventures		8,358,662	8,571,651
Investments in associates		49,707,918	23,414,756
Financial assets at fair value through other comprehensive income		1,908,361	1,218,207
Financial assets at fair value through profit or loss		371,477	394,798
Financial assets at amortized cost		368,886	626,954
Derivative financial assets		16,324	—
Restricted bank deposits		11,126	9,758
Deferred income tax assets		885,746	721,831
Loans to a joint venture and associates		664,991	765,644
Pension and retirement assets		70,294	78,090
Other non-current assets		261,123	161,608
Total non-current assets		250,636,711	211,153,620
Current assets			
Inventories		7,017,037	5,409,245
Trade and other receivables and contract assets	9	16,762,308	18,037,125
Financial assets at fair value through profit or loss		93,107	360,105
Financial assets at amortized cost		254,856	105,438
Derivative financial assets		25,980	—
Taxes recoverable		124,228	61,838
Restricted bank deposits		1,251,564	377,532
Cash and cash equivalents		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

	<i>Note</i>	2022 RMB'000	2021 RMB'000 (Restated)
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		16,094,862	16,014,126
Reserves		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		34,759,086	59,256,792
Lease liabilities		38,030,000	40,471,216
Provisions and other liabilities	<i>11</i>	6,655,007	4,558,851
Put option liability		1,664,811	1,480,838
Pension and retirement liabilities		310,214	406,431
Derivative financial liabilities		–	19,071
Deferred income tax liabilities		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	<i>10</i>	129,762,356	87,051,824
Derivative financial liabilities		–	21,826
Short-term borrowings		2,241,818	1,655,659
Current portion of long-term borrowings		5,806,773	12,421,244
Current portion of lease liabilities		12,887,982	10,963,457
Current portion of provisions and other liabilities	<i>11</i>	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

NOTES:

1 General information

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 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.

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 billion from LING HUI INVESTMENTS LIMITED;
- (b) The Group acquired all shares of Shanghai Haizhenlan Real Estate Co., Ltd. at a total consideration of RMB1.191 billion from COSCO SHIPPING Property Co., Ltd.

As both LING HUI INVESTMENTS LIMITED and COSCO SHIPPING Property Co., Ltd. are controlled by China COSCO SHIPPING Corporation Limited, 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.

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

2 Basis of preparation and significant accounting policies

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2022 but are extracted from these financial statements included in the Annual Report of the Company, which 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. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except where otherwise indicated.

2 Basis of preparation and significant accounting policies (Continued)

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

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 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 30th 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.

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

The HKICPA has issued certain new standards, amendments, interpretation and improvements to existing standards which are not yet effective for the year ending 31 December 2022 and have not been early adopted by the Group. The Group will apply these standards, amendments, interpretation and improvements to existing standards as and when they become effective. None of these is expected to have a significant impact on the consolidated financial statements of the Group.

3 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.

3 Revenues and segment information (Continued)

Operating segments (Continued)

	Year ended 31 December 2022				
	Container shipping business <i>RMB'000</i>	Terminal business <i>RMB'000</i>	Corporate and other operations <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
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:					
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

3 Revenues and segment information (Continued)

Operating segments (Continued)

	Year ended 31 December 2021 (Restated)				
	Container shipping business <i>RMB'000</i>	Terminal business <i>RMB'000</i>	Corporate and other operations <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
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
	<u>327,927,112</u>	<u>7,931,409</u>	<u>–</u>	<u>(2,164,578)</u>	<u>333,693,943</u>
Revenues from contracts with customers:					
Over time	327,927,112	7,931,409	–	(2,164,578)	333,693,943
	<u>327,927,112</u>	<u>7,931,409</u>	<u>–</u>	<u>(2,164,578)</u>	<u>333,693,943</u>
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
	<u>126,706,024</u>	<u>1,672,869</u>	<u>(32,573)</u>	<u>–</u>	<u>128,346,320</u>
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)
	<u>107,044,343</u>	<u>2,620,305</u>	<u>(5,759,287)</u>	<u>–</u>	<u>103,905,361</u>
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
	<u>21,906,938</u>	<u>6,183,840</u>	<u>234</u>	<u>–</u>	<u>28,091,012</u>

3 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 31 December 2022				
	Container shipping business <i>RMB'000</i>	Terminal business <i>RMB'000</i>	Corporate and other operations <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>371,282,505</u>	<u>78,687,840</u>	<u>147,088,804</u>	<u>(85,279,435)</u>	<u>511,779,714</u>
Segment operating liabilities & total liabilities	<u>213,252,591</u>	<u>32,644,622</u>	<u>22,369,628</u>	<u>(10,010,595)</u>	<u>258,256,246</u>
	As at 31 December 2021 (Restated)				
	Container shipping business <i>RMB'000</i>	Terminal business <i>RMB'000</i>	Corporate and other operations <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>282,373,677</u>	<u>76,641,159</u>	<u>126,675,692</u>	<u>(71,415,406)</u>	<u>414,275,122</u>
Segment operating liabilities & total liabilities	<u>161,960,301</u>	<u>32,469,326</u>	<u>41,725,777</u>	<u>(1,340,328)</u>	<u>234,815,076</u>

3 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		
	Total revenues RMB'000	Inter-segment revenues RMB'000	External revenues RMB'000
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

3 Revenues and segment information (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

	Year ended 31 December 2021 (Restated)		
	Total revenues <i>RMB'000</i>	Inter-segment revenues <i>RMB'000</i>	External revenues <i>RMB'000</i>
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

(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 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i> (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

4 Other income and other expenses

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (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
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Other income	4,663,174	1,542,066
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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)
	<hr/>	<hr/>
Other expenses	(310,842)	(805,430)
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5 Finance income and costs

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (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	(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	150,247	65,333
Total finance costs	(3,840,637)	(3,833,335)
Net finance income/(costs)	1,865,071	(2,723,042)

6 Income tax expenses

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Current income tax (note)		
– 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)
	<u>25,905,246</u>	<u>18,735,329</u>
Deferred income tax	9,853,568	5,365,850
	<u><u>35,758,814</u></u>	<u><u>24,101,179</u></u>

Note:

Current income tax

Taxation has been provided at the appropriate rate 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.

7 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.

8 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021 (Restated)
Profit attributable to equity holders of the Company (RMB)	<u>109,684,166,000</u>	<u>89,348,948,000</u>
Weighted average number of ordinary shares	<u>16,052,030,133</u>	<u>15,980,564,338</u>
Basic earnings per share (RMB)	<u>6.83</u>	<u>5.59</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 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)	<u>109,684,166,000</u>	<u>89,348,948,000</u>
Weighted average number of ordinary shares	<u>16,052,030,133</u>	<u>15,980,564,338</u>
Adjustments for assumed issuance of shares on exercise of dilutive share options (note)	<u>113,657,971</u>	<u>94,060,904</u>
	<u>16,165,688,104</u>	<u>16,074,625,242</u>
Diluted earnings per share (RMB)	<u>6.78</u>	<u>5.56</u>

Note:

For the years ended 31 December 2022 and 2021, the outstanding share options granted by COSCO SHIPPING Ports Limited (“COSCO SHIPPING Ports”), a subsidiary of the Company, did not have dilutive effect on the Company’s diluted earnings per share.

9 Trade and other receivables and contract assets

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (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 (note b)		
– third parties	4,627,272	4,765,388
– fellow subsidiaries	409,586	298,415
– joint ventures	428,846	524,644
– associates	81,333	104,051
– other related companies	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 <i>RMB'000</i>	2021 <i>RMB'000</i> (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

- (b) Prepayment, deposits and other receivables due from related companies are unsecured, interest free and have no fixed terms of repayment.

10 Trade and other payables and contract liabilities

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Trade payables (note)		
– 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
	<u>21,033,073</u>	<u>17,604,569</u>
Bills payables (note)	<u>24,467</u>	<u>–</u>
	<u>21,057,540</u>	<u>17,604,569</u>
Other payables	17,974,701	13,990,444
Accrued expenses	86,214,866	52,563,677
	<u>104,189,567</u>	<u>66,554,121</u>
Contract liabilities	<u>913,498</u>	<u>1,417,755</u>
Due to related companies		
– fellow subsidiaries	95,768	135,159
– joint ventures	366,233	391,932
– associates	60,308	140,391
– other related companies	3,079,442	807,897
	<u>3,601,751</u>	<u>1,475,379</u>
Total	<u><u>129,762,356</u></u>	<u><u>87,051,824</u></u>

Note:

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 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
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
	<u>21,057,540</u>	<u>17,604,569</u>

11 Provisions and other liabilities

	Current	2022 Non- current	Total	Current	2021 Non- current	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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:

Orient Overseas (International) Limited (“OOIL”), a subsidiary of the Company, entered into the Terminal Service Agreement (“TSA”) in October 2019 to which OOIL committed to place, or procure the placement of an annual minimum number of vessel lifts in Long Beach Container Terminal (“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 routes 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)).

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 income statement	1,634,880	1,956,641
Currency translation differences	441,330	(75,530)
Balance at end of year	6,231,542	4,155,332

12 Contingent liabilities

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.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out above in this preliminary announcement, being agreed by the Group's auditor PricewaterhouseCoopers, is consistent with the amounts set out in the Group's consolidated financial statements for the year. 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 Hong Kong Institute of Certified Public Accountants, meaning that PricewaterhouseCoopers did not provide assurance service for this preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Period from 1 January to 31 December 2022 <i>RMB'000</i>	Period from 1 January to 31 December 2021 <i>RMB'000</i> (Restated)	Difference <i>RMB'000</i>
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

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 routes 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 routes. 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 routes. 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.

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 charterhire. 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.

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.

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.

(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

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	<u>220,580,548</u>	<u>193,576,640</u>	<u>27,003,908</u>	<u>13.95</u>

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 13.97% 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 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 dollar 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, and the 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 31 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) 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) 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) 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 be utilized for various purposes such as payment of operating costs, construction of container vessels, the 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. Of 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 to an associate amounted to RMB243,471,000 (as at 31 December 2021: RMB214,405,000).

Contingent liabilities

Save as disclosed in Note 12 of consolidated financial statements in this announcement, there is 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

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 commitments for equity investment 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 pays 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 has repaid bank loans in full according to the schedule.

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 funding utilization and control the scale of debts effectively.

(IV) Investment Analysis

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

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 (US\$'000)	57,081,044	50,815,414	6,265,630
Including: Revenue from routes (US\$'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 (US\$'000)	24,454,058	19,794,897	4,659,161
Net profit (US\$'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 business (US\$'000)	38,310,743	34,578,775	3,731,968
Including: Revenue from routes (US\$'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 (US\$'000)	14,392,274	12,405,596	1,986,678
Net profit (US\$'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 same period of last year, of which, the throughput of controlled terminals amounted to 31.6277 million TEUs, representing an increase of 35.31% as compared to the same period of last year; and the throughput of non-controlled terminals amounted to 98.4793 million TEUs, representing a decrease of 7.02% as compared to the same period of 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 holdings of 81% of the shares in Shanghai Tianhongli Asset Management Limited* (上海天宏力資產管理有限公司) 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.

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 has 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. 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.

3. 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.
4. 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.
5. 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.

6. 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.
7. 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.

8. 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.
9. 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.
10. 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.

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.* (廣州海龍置業有限公司) (“**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.

DIVIDEND

The details of the dividend have been disclosed in Note 7 of consolidated financial statements in this announcement. 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.

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 announcement, the Group has no significant subsequent events.

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

(I) Industry pattern and trend

Container shipping market

In recent years, the stringent 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 sea and land international trade canals and China-Europe railway services 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 tends to be 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 become 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 routes 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 routes. 5 routes will be upgraded and there will be a total of 41 routes with 4.62 million TEU capacity. The Company’s routes 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 routes, and focused on upgrading the trunk and branch routes 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 customer 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.

OTHER INFORMATION

Annual General Meeting

It is proposed that an annual general meeting of the Company be held on Thursday, 25 May 2023. For the purpose of ascertaining Shareholders' entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Thursday, 18 May 2023 to Thursday, 25 May 2023, both days inclusive, during which no transfer of shares will be effected. Holders of H shares of the Company whose names appear on the register of members of the Company on Wednesday, 17 May 2023 at 4:30 p.m. are entitled to attend and vote at the annual general meeting of the Company.

The notice and the circular convening the annual general meeting will be despatched to the Shareholders in due course.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance within by the Group. The Board considers that effective corporate governance is essential and makes important contribution to the corporate success and to enhancing Shareholders' value.

The Company has adopted its own corporate governance code (the “**Code**”) which incorporates all the code provisions in the Corporate Governance Code and a majority of the recommended best practices therein. Having made specific enquiries, the Directors were not aware of any information which reasonably shows that the Company had not complied with the Corporate Governance Code or any applicable code provisions therein at any time during the year ended 31 December 2022, save as set out below.

Among the 8 Directors of the Company, 5 Directors attended the annual general meeting of the Company held on 27 May 2022, and 2 Directors (including the chairman of the Board) were unable to attend the annual general meeting due to other business engagements. The annual general meeting was chaired by Mr. Yang Zhijian, an executive Director and general manager of the Company, and arranged for members of each of the committees and the management of the Company to answer questions raised by the Shareholders at the annual general meeting, thereby ensuring effective communication between the Company and the Shareholders. Other than the chairman of the Board, Mr. Zhang Wei was appointed as a Director of the Company upon conclusion of the extraordinary general meeting held on 23 November 2022.

Model Code for Securities Transactions by Directors

Since the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2005, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code for securities transactions by the Directors and Supervisors. After making specific enquiries with all Directors and Supervisors, each of them has confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2022.

Board Committees

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

Audit Committee

The audit committee of the Company (the “**Audit Committee**”), established in April 2005, comprises 3 independent non-executive Directors. It is chaired by Mr. ZHOU Zhonghui and the other two members are Mr. WU Dawei and Prof. MA, Si Hang Frederick. All members of the Audit Committee are competent and experienced in understanding, analyzing and reviewing the financial reports of listed companies.

The annual results of the Company have been reviewed by the Audit Committee.

Repurchase, Sale or Redemption of Shares of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries had repurchased or sold any listed securities of the Company. The Company had not redeemed the Company’s securities during the Reporting Period.

Pre-emptive Rights

The articles of association of the Company and the laws of the PRC contain no provision for any pre-emptive rights which would require the Company to offer new shares to the Shareholders on a pro-rata basis to their shareholdings.

Auditors

The Company has appointed PricewaterhouseCoopers and ShineWing Certified Public Accountants, LLP as the international and domestic auditors of the Company respectively for the year ended 31 December 2022. PricewaterhouseCoopers has conducted the audit of the Group’s financial statements which are prepared in accordance with Hong Kong Financial Reporting Standards. Resolutions for the re-appointment of PricewaterhouseCoopers and Shine Wing Certified Public Accountants, LLP as the international and domestic auditors of the Company respectively will be proposed at the forthcoming annual general meeting of the Company to be held in due course.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operation of the Group contained in this annual results announcement are historical in nature, and past performance does not guarantee the future results of the Group. Any forward-looking statements and opinions contained in this annual results announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (1) no obligation to correct or update the forward-looking statements or opinions contained in this annual results announcement; and (2) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

PUBLICATION OF ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company. An annual report for the year ended 31 December 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders of the Company and will be available for review on the same websites in due course. In addition, the Company has also published the A Share annual report for the year ended 31 December 2022 prepared under the Enterprise Accounting Standards on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) for investors' reference.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Company” or “COSCO SHIPPING Holdings”	COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock Code: 1919) and the A Shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601919)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“COSCO SHIPPING Group”	China COSCO SHIPPING Corporation Limited* (中國遠洋海運集團有限公司), a PRC state-owned enterprise and an indirect controlling shareholder of the Company
“COSCO SHIPPING Lines”	COSCO SHIPPING Lines Co., Ltd.* (中遠海運集裝箱運輸有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1199), and a non-wholly owned subsidiary of the Company
“OOIL”	Orient Overseas (International) Limited, a company incorporated in Bermuda with limited liability and listed on the Hong Kong Stock Exchange (Stock Code: 0316) and a subsidiary of the Company
“OOCL”	Orient Overseas Container Line Limited, a subsidiary of OOIL
“Director(s)”	the director(s) of the Company

“Enterprise Accounting Standards”	The Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC
“Group”	the Company and its subsidiaries
“HKAS”	the Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Accounting Guideline”	the Accounting Guideline issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for the Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC” or “China”	the People’s Republic of China
“GSBN”	the Global Shipping Business Network, jointly initiated by COSCO SHIPPING Lines, OOCL, COSCO SHIPPING Ports (each of which is a subsidiary of the Company) and five other internationally renowned liner companies and port operators, aiming to support and facilitate trustable transactions, seamless cooperation and digital transformation among all participants in global trade with the help of blockchain technology
“Reporting Period”	the year ended 31 December 2022
“OCEAN Alliance”	the alliance formed by COSCO SHIPPING Lines, OOCL, CMA CGM S.A., and Evergreen Marine Corp. (Taiwan) Ltd., with an aim to provide competitive services with wide coverage
“Dual Brands”	Two container shipping service brands, namely “COSCO SHIPPING Lines” and “OOCL”
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) (including A Share(s) and H Share(s) of the Company) of RMB1.00 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supervisor(s)”	the supervisor(s) of the Company
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
COSCO SHIPPING Holdings Co., Ltd.*
Xiao Junguang
Company Secretary

Shanghai, the People’s Republic of China
30 March 2023

As at the date of this announcement, the Directors are Mr. WAN Min¹ (Chairman), Mr. HUANG Xiaowen¹ (Vice Chairman), Mr. YANG Zhijian¹, Mr. ZHANG Wei¹, Mr. WU Dawei², Mr. ZHOU Zhonghui², Mr. TEO Siong Seng² and Prof. MA, Si Hang Frederick².

¹ *Executive Director*

² *Independent non-executive Director*

* *For identification purpose only*