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COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

ANNUAL RESULTS ANNOUNCEMENT FOR 2022

Announcement of Results for the Year Ended 31 December 2022

- Total throughput increased by 0.6% YoY to 130,107,074 TEU; total equity throughput increased by 5.5% YoY to 42,069,050 TEU
- Total throughput from terminals in which the Group has controlling stakes increased by 35.3% YoY to 31,627,734 TEU; throughput from the Group's non-controlling terminals decreased by 7.0% YoY to 98,479,340 TEU
- Revenue of the Company increased by 19.3% YoY to US\$1,441,273,000; gross profit increased by 32.1% YoY to US\$429,678,000
- Profit attributable to equity holders of the Company (excluding one-off items)^{Note} decreased by 8.2% to US\$305,163,000

Financial Highlights

US\$ (million)

	2022	2021	Change (%)
Revenue	1,441.3	1,208.3	+19.3
Cost of sales	1,011.6	883.1	+14.5
Gross profit	429.7	325.2	+32.1
Share of profits from joint ventures and associates	308.0	329.4	-6.5
Profit attributable to equity holders of the Company	305.2	354.7	-14.0
Basic earnings per share (US cents)	9.08	10.70	-15.1
Profit attributable to equity holders of the Company (excluding one-off items) ^{Note}	305.2	332.5	-8.2
Basic earnings per share (US cents) (excluding one-off items) ^{Note}	9.08	10.03	-9.5
Dividend per share (US cents)			
- First Interim	2.128	2.120	+0.4
- Second Interim	1.504	2.160	-30.4
Payout ratio	40%	40%	-

Note: For 2021, excluding the after-tax disposal gain of US\$11,451,000 from disposal of Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Tianjin Euroasia Terminal") and the after-tax gain of US\$10,669,000 on re-measurement of the previously held 16.01% interest in Tianjin Port Container Terminal Co., Ltd. ("Tianjin Container Terminal") at fair value upon acquisition of additional equity interest in Tianjin Container Terminal to make it a subsidiary.

FINAL RESULTS

The board of directors (the “Board”) of COSCO SHIPPING Ports Limited (the “Company” or “COSCO SHIPPING Ports”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022. The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

	<i>Note</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,837,374	3,953,801
Right-of-use assets		1,016,981	1,086,887
Investment properties		9,535	10,054
Intangible assets		384,739	426,121
Joint ventures		1,036,280	1,154,633
Loans to a joint venture		-	23,083
Associates		3,262,155	3,422,897
Loans to associates		100,251	107,643
Financial asset at fair value through profit or loss		53,338	61,922
Financial assets at fair value through other comprehensive income		139,557	161,902
Deferred tax assets		82,048	95,071
Derivative financial instruments		2,344	-
Other non-current assets		19,329	7,649
		<u>9,943,931</u>	<u>10,511,663</u>
Current assets			
Inventories		19,354	20,111
Trade and other receivables and contract assets	3	222,723	237,637
Current tax recoverable		5,908	3,844
Derivative financial instruments		3,730	-
Restricted bank deposits		45,849	33,214
Cash and cash equivalents		1,069,317	1,226,841
		<u>1,366,881</u>	<u>1,521,647</u>
Total assets		<u>11,310,812</u>	<u>12,033,310</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

	<i>Note</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		44,172	42,574
Reserves		<u>5,474,183</u>	<u>5,775,445</u>
		5,518,355	5,818,019
Non-controlling interests		<u>1,105,236</u>	<u>1,122,620</u>
Total equity		<u>6,623,591</u>	<u>6,940,639</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		128,566	140,788
Lease liabilities		738,703	748,459
Long term borrowings		2,121,488	2,306,423
Loans from non-controlling shareholders of subsidiaries		66,263	70,591
Derivative financial instruments		-	2,991
Put option liability		239,039	232,263
Pension and retirement liabilities		11,255	11,828
Other long term liabilities		<u>37,642</u>	<u>46,942</u>
		<u>3,342,956</u>	<u>3,560,285</u>
Current liabilities			
Trade and other payables and contract liabilities	4	464,421	521,630
Current tax liabilities		45,530	51,696
Current portion of lease liabilities		47,179	42,450
Current portion of long term borrowings		465,247	653,680
Short term borrowings		321,888	259,507
Derivative financial instruments		-	3,423
		<u>1,344,265</u>	<u>1,532,386</u>
Total liabilities		<u>4,687,221</u>	<u>5,092,671</u>
Total equity and liabilities		<u>11,310,812</u>	<u>12,033,310</u>

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

	<i>Note</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Revenues	2	1,441,273	1,208,252
Cost of sales		<u>(1,011,595)</u>	<u>(883,107)</u>
Gross profit		429,678	325,145
Administrative expenses		(167,457)	(138,977)
Other operating income	5	35,407	94,937
Other operating expenses		<u>(36,278)</u>	<u>(9,795)</u>
Operating profit	6	261,350	271,310
Finance income	7	17,122	11,268
Finance costs	7	<u>(126,387)</u>	<u>(111,503)</u>
Operating profit (after finance income and costs)		152,085	171,075
Share of profits less losses of			
- joint ventures		75,078	83,195
- associates		<u>232,946</u>	<u>246,195</u>
Profit before taxation		460,109	500,465
Taxation	8	<u>(71,262)</u>	<u>(94,669)</u>
Profit for the year		<u>388,847</u>	<u>405,796</u>
Profit attributable to:			
Equity holders of the Company		305,163	354,652
Non-controlling interests		<u>83,684</u>	<u>51,144</u>
		<u>388,847</u>	<u>405,796</u>
Earnings per share for profit attributable to equity holders of the Company			
- Basic	9	<u>US9.08 cents</u>	<u>US10.70 cents</u>
- Diluted	9	<u>US9.08 cents</u>	<u>US10.70 cents</u>

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

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Profit for the year	388,847	405,796
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Exchange differences from retranslation of financial statements of subsidiaries attributable to the non-controlling interests	(74,568)	-
Share of other comprehensive (loss) / income of an associate - other reserves	(8,526)	3,330
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	(7,418)	103
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates attributable to equity holders of the Company	(506,040)	52,076
Release of reserve upon disposal of a joint venture	-	(8,226)
Release of reserve upon further acquisition of an associate to become a subsidiary	-	(4,067)
Cash flow hedges, net of tax - fair value gain	9,300	3,775
Share of other comprehensive (loss) / income of joint ventures and associates - exchange reserves	(8,567)	3,398
- other reserves	1,293	(91)
Other comprehensive (loss) / income for the year, net of tax	(594,526)	50,298
Total comprehensive (loss) / income for the year	(205,679)	456,094
Total comprehensive (loss) / income attributable to:		
Equity holders of the Company	(219,217)	396,220
Non-controlling interests	13,538	59,874
	(205,679)	456,094

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These accounting policies have been consistently applied to all the years presented unless otherwise mentioned.

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

1.1 Adoption of amendments and improvements to existing standards

In 2022, the Group has adopted the following amendments and improvements to existing standards issued by the HKICPA which are mandatory for the financial year beginning on 1 January 2022:

Amendments

AG 5 (Revised)	Merger Accounting for Common Control Combinations
HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 (Amendment)	Reference to the Conceptual Framework
HKFRS 16 (Amendment)	COVID-19 – Related Rent Concessions beyond 2021

Annual Improvements 2018-2020 Cycle

HKAS 41 (Amendment)	Taxation in Fair Value Measurements
HKFRS 1 (Amendment)	Subsidiary as a First-time Adopter
HKFRS 9 (Amendment)	Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities
HKFRS 16 (Amendment)	Lease Incentives

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

1. BASIS OF PREPARATION (CONTINUED)

1.2 New standard, interpretation and amendments to existing standards that are not yet effective for the year ended 31 December 2022 and have not been early adopted by the Group

The HKICPA has issued the following new standard, interpretation and amendments to existing standards which are not yet effective for the year ended 31 December 2022:

		Effective for accounting periods beginning on or after
New standard, interpretation, and amendments		
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendment)	Non-current Liabilities with Covenants	1 January 2024
HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1 January 2024
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendment)	Initial Application of HKFRS 17 and HKFRS 9—Comparative Information	1 January 2023
HKFRS 17 (Amendment)	Insurance Contracts	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

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

2. SEGMENT INFORMATION

(a) Operating segments

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

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

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

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

Segment assets

	Terminals and related businesses US\$'000	Others US\$'000	Elimination US\$'000	Total US\$'000
At 31 December 2022				
Segment assets	<u>10,587,122</u>	<u>887,245</u>	<u>(163,555)</u>	<u>11,310,812</u>
Segment assets include:				
Joint ventures	1,036,280	-	-	1,036,280
Associates	3,262,155	-	-	3,262,155
Financial asset at fair value through profit or loss ("FVPL")	53,338	-	-	53,338
Financial assets at fair value through other comprehensive income ("FVOCI")	<u>139,557</u>	<u>-</u>	<u>-</u>	<u>139,557</u>
At 31 December 2021				
Segment assets	<u>11,335,798</u>	<u>968,430</u>	<u>(270,918)</u>	<u>12,033,310</u>
Segment assets include:				
Joint ventures	1,154,633	-	-	1,154,633
Associates	3,422,897	-	-	3,422,897
Financial assets at FVPL	61,922	-	-	61,922
Financial assets at FVOCI	<u>161,902</u>	<u>-</u>	<u>-</u>	<u>161,902</u>

2. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information

	Terminals and related businesses US\$'000	Others US\$'000	Elimination US\$'000	Total US\$'000
Year ended 31 December 2022				
Revenues - total sales	<u>1,441,273</u>	<u>-</u>	<u>-</u>	<u>1,441,273</u>
Segment profit / (loss) attributable to equity holders of the Company	<u>436,403</u>	<u>(131,240)</u>	<u>-</u>	<u>305,163</u>
Segment profit / (loss) includes:				
Finance income	4,453	19,742	(7,073)	17,122
Finance costs	(84,639)	(48,821)	7,073	(126,387)
Share of profits less losses of				
- joint ventures	75,078	-	-	75,078
- associates	232,946	-	-	232,946
Taxation	(56,223)	(15,039)	-	(71,262)
Depreciation and amortisation	(244,010)	(5,155)	-	(249,165)
Other non-cash expenses	<u>(4,362)</u>	<u>(1)</u>	<u>-</u>	<u>(4,363)</u>
Additions to non- current assets	<u>(352,524)</u>	<u>(953)</u>	<u>-</u>	<u>(353,477)</u>

2. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information (Continued)

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

2. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

(i) Revenues

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

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Terminals and related businesses		
- Mainland China (excluding Hong Kong)	703,564	525,536
- Europe	682,085	645,081
- Others	55,624	37,635
	<u>1,441,273</u>	<u>1,208,252</u>

(ii) Non-current assets

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

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

	Subsidiaries and corporate <i>US\$'000</i>	Joint ventures and associates <i>US\$'000</i>	Total <i>US\$'000</i>
2022			
Mainland China (excluding Hong Kong)	2,765,650	3,251,275	6,016,925
Europe	1,395,507	61,342	1,456,849
Others	1,106,801	985,818	2,092,619
	<u>5,267,958</u>	<u>4,298,435</u>	<u>9,566,393</u>
2021			
Mainland China (excluding Hong Kong)	3,035,705	3,437,218	6,472,923
Europe	1,471,803	63,523	1,535,326
Others	977,004	1,076,789	2,053,793
	<u>5,484,512</u>	<u>4,577,530</u>	<u>10,062,042</u>

3. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Trade receivables		
- third parties	73,127	71,907
- fellow subsidiaries	22,965	18,572
- non-controlling shareholders of subsidiaries	7,042	5,167
- an associate	-	5
- joint ventures	10	656
- related companies	7,140	7,280
	<u>110,284</u>	103,587
Bills receivables	<u>2,535</u>	<u>7,250</u>
	112,819	110,837
Less: provision for impairment	<u>(628)</u>	<u>(324)</u>
	112,191	110,513
Prepayments	15,973	33,701
Other receivables	46,410	69,040
Loans to a joint venture	23,087	-
Contract assets	6,946	-
Amounts due from		
- fellow subsidiaries	5,001	261
- non-controlling shareholders of subsidiaries	1,001	933
- joint ventures	434	6,874
- associates	11,680	16,315
	<u>112,191</u>	<u>237,637</u>

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

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Within 30 days	82,193	72,688
31 - 60 days	19,609	23,915
61 - 90 days	6,546	8,500
Over 90 days	3,843	5,410
	<u>112,191</u>	<u>110,513</u>

4. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Trade payables		
- third parties	80,949	100,856
- fellow subsidiaries	2,433	3,935
- non-controlling shareholders of subsidiaries	1,194	4,493
- joint ventures	1,096	6,030
- an associate	417	472
- related companies	6,531	4,407
	92,620	120,193
Bills payables	3,513	-
	96,133	120,193
Accruals	53,336	35,551
Other payables	179,067	167,319
Contract liabilities	13,411	19,425
Dividend payable	5	7
Loans from a joint venture	32,329	35,290
Loans from an associate	8,619	21,958
Loans from non-controlling shareholders of subsidiaries	10,286	42,969
Amounts due to		
- fellow subsidiaries	734	256
- non-controlling shareholders of subsidiaries	66,177	77,455
- joint ventures	36	61
- related companies	4,288	1,146
	464,421	521,630

The ageing analysis of the trade payables and bills payables based on invoice date and issuance date respectively is as follows:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Within 30 days	43,952	65,884
31 - 60 days	23,852	18,214
61 - 90 days	6,368	4,780
Over 90 days	21,961	31,315
	96,133	120,193

5. OTHER OPERATING INCOME

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Management fee and other service income	6,383	8,071
Dividends income from listed and unlisted financial assets at FVOCI	2,800	2,686
Rental income from		
- investment properties	1,093	1,099
- buildings	51	57
Gain on disposal of property, plant and equipment	1,388	243
Gain on disposal of a subsidiary and a joint venture	-	21,735
Gain on remeasurement of equity investments	-	10,669
Reversal of provision for inventories	-	281
Government subsidies	14,155	25,721
Exchange gain, net	-	1,274
Fair value gain on a financial asset at FVPL	-	11,360
Others	9,537	11,741
	<u>35,407</u>	<u>94,937</u>

6. OPERATING PROFIT

Operating profit is stated after charging the following:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Charging:		
Amortisation of intangible assets	22,841	24,767
Depreciation		
- right-of-use assets	47,075	40,371
- property, plant and equipment	179,249	160,982
Exchange loss, net	5,096	-
Fair value loss on a financial asset at FVPL	3,466	-
Loss on deemed disposal of an associate	3,215	-
Loss on disposal of property, plant and equipment	636	2,773
Provision for inventories	345	-
Provision for impairment of trade receivables	511	269
Rental expenses under leases of		
- land and buildings leased from third parties	1,919	653
- land and buildings leased from non-controlling shareholders of subsidiaries	183	3,052
- plant and machinery leased from third parties	3,249	2,522
- concession from a fellow subsidiary (note)	71,966	66,317
- concession from third parties (note)	7,588	9,008
- concession from a non-controlling shareholder of a subsidiary (note)	6,842	4,721
Total staff costs (including directors' emoluments and retirement benefit costs)		
- wages, salaries and other benefits	426,120	349,833
- share-based payment (reversal) / expenses, net	(1,778)	1,186
	424,342	351,019

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

7. FINANCE INCOME AND COSTS

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Finance income		
Interest income on		
- bank balances and deposits	7,059	3,799
- deposits with other financial institutions	7,027	3,563
- loans to joint ventures and associates	3,036	3,906
	<u>17,122</u>	<u>11,268</u>
Finance costs		
Interest expenses on		
- bank loans	(73,317)	(65,722)
- notes wholly repayable within five years	(13,125)	(13,125)
- loans from other financial institutions	(11,601)	(1,949)
- loans from non-controlling shareholders of subsidiaries	(1,226)	(486)
- loans from a joint venture	(775)	(812)
- loans from an associate	(536)	(496)
- lease liabilities	(29,665)	(29,883)
Amortised amount of		
- discount on issue of notes	(119)	(140)
- transaction costs on bank loans and notes	(3,291)	(3,205)
	<u>(133,655)</u>	<u>(115,818)</u>
Less: amount capitalised in construction in progress	9,115	6,685
	<u>(124,540)</u>	<u>(109,133)</u>
Other incidental borrowing costs and charges	(1,847)	(2,370)
	<u>(126,387)</u>	<u>(111,503)</u>
Net finance costs	<u>(109,265)</u>	<u>(100,235)</u>

8. TAXATION

	2022 US\$'000	2021 US\$'000
Current taxation		
- Hong Kong profits tax	-	(15,730)
- Mainland China taxation	(48,015)	(45,047)
- Overseas taxation	(21,999)	(14,601)
- Under provision in prior years	(1,456)	(472)
	(71,470)	(75,850)
Deferred taxation credit / (charge)	208	(18,819)
	(71,262)	(94,669)

Hong Kong profits tax was provided at a rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

9. EARNINGS PER SHARE

(a) Basic

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

	2022	2021
Profit attributable to equity holders of the Company	US\$305,163,000	US\$354,652,000
Weighted average number of ordinary shares in issue	3,362,046,312	3,315,296,374
Basic earnings per share	US9.08 cents	US10.70 cents

(b) Diluted

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

For the year ended 31 December 2022, the outstanding share options granted by the Company did not have any dilutive effect on the earnings per share, and the diluted earnings per share is equal to the basic earnings per share.

10. DIVIDENDS

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
First Interim dividend, paid of US2.128 cents (2021: US2.120 cents) per ordinary share	71,995	70,284
Second interim dividend, declared of US1.504 cents (2021: US2.160 cents) per ordinary share	<u>51,747</u>	<u>71,611</u>
	<u>123,742</u>	<u>141,895</u>

Note:

At a meeting held on 29 March 2023, the directors declared a second interim dividend for the year ended 31 December 2022 (in lieu of a final dividend) of HK11.6 cents (equivalent to US1.504 cents) per ordinary share. The dividend will be payable in cash and with a scrip dividend alternative. The second interim dividend declared is not reflected as dividend payable in these consolidated financial statements but will be reflected as an appropriation of retained profits for the year ending 31 December 2023.

11. EVENTS AFTER BALANCE SHEET DATE

On 30 December 2022, China Shipping Terminal Development Co., Ltd. (“CSTD”, a wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with Xiamen Haitou Supply Chain Operation Co., Ltd. (“Xiamen Haitou Supply Chain”) in relation to the sale and purchase of 56% interest in Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd (“Xiamen Haicang Investment and Construction Management”), at a total consideration of RMB628,399,700 (equivalent to approximately US\$92,953,000). The equity transfer was completed, and the consideration was transferred to Xiamen Haitou Supply Chain by CSTD on 28 February 2023. Xiamen Haicang Investment and Construction Management has become a subsidiary of the Group since the closing date.

On 22 February 2023, COSCO SHIPPING Ports (Xiamen) Limited (“CSP Xiamen”, a wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with Xiamen Haicang Investment Group Co., Ltd. (“Xiamen Haicang Investment”) in relation to the sale and purchase of 30% interest in Xiamen Ocean Gate Container Terminal Co., Ltd. (“Xiamen Ocean Gate Terminal”), at a total consideration of RMB794,489,900 (equivalent to approximately US\$117,521,000). The consideration shall be paid by CSP Xiamen to Xiamen Haicang Investment in three instalments. The first and second instalments in the amount of RMB754,765,405 (equivalent to approximately US\$111,645,000) and RMB15,889,798 (equivalent to approximately US\$2,286,000) were transferred to Xiamen Haicang Investment on 28 February 2023 and 8 March 2023 respectively. The third instalment will be settled based on the payment terms set out in the Equity Transfer Agreement. The equity transfer was completed on 28 February 2023. Xiamen Ocean Gate Terminal has become a wholly-owned subsidiary of the Group since the closing date.

AUDITOR’S WORK ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 have been compared by the Company’s auditor, PricewaterhouseCoopers, to the corresponding figures set out in the Group’s consolidated financial statements for the year ended 31 December 2022 and found to be in agreement. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

SECOND INTERIM DIVIDEND

The Board has declared a second interim dividend of HK11.6 cents (2021: HK17.0 cents) per share for the year ended 31 December 2022 with an option to receive new fully paid shares in lieu of cash (“Scrip Dividend Scheme”).

The second interim dividend will be payable on 21 June 2023 to shareholders whose names appear on the register of members of the Company at the close of business on 21 April 2023. The Scrip Dividend Scheme is conditional upon the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited. Dividend warrants and share certificates for new shares to be issued under the Scrip Dividend Scheme will be despatched by ordinary mail on 21 June 2023.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 23 May 2023.

CLOSURES OF REGISTER OF MEMBERS

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

For determining the entitlement to the second interim dividend, the register of members of the Company will be closed from 18 April 2023 to 21 April 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the second interim dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company’s Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 17 April 2023.

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

The Annual General Meeting of the Company is scheduled to be held on Wednesday, 24 May 2023 (“2023 AGM”). For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from 19 May 2023 to 24 May 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company’s Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited, for registration not later than 4:30 p.m. on Thursday, 18 May 2023.

FINANCIAL REVIEW

Economic activity around the world continued to be repeatedly affected by the pandemic in 2022, and coupled with the uncertainties that are still hanging over the global economy, COSCO SHIPPING Ports recorded a profit attributable to equity holders of the Company of US\$305,163,000 in 2022 (2021: US\$354,652,000), decreased by 14.0% YoY. In response to the Company's strategic planning, the after-tax disposal gain of US\$11,451,000 on disposal of Tianjin Euroasia Terminal and the after-tax gain of US\$10,669,000 on re-measurement of previously held 16.01% interests in Tianjin Container Terminal at fair value upon acquisition of additional equity interests in Tianjin Container Terminal to make it a subsidiary were included in the amount for 2021. Excluding the one-off items, the profit attributable to equity holders of the Company in 2022 decreased by 8.2% YoY. In addition, the Company was allocated the convertible bonds of Beibu Gulf Port Co., Ltd. ("Beibu Gulf Port") on a pro rata basis in 2021 in which a decrease of US\$11,120,000 YoY in the after-tax fair value changes was accounted for. Excluding the above exceptional items, the profit attributable to equity holders of the Company for 2022 decreased by 5.0% YoY.

Excluding the above exceptional items, profit from the terminals in which the Group has controlling stakes and non-controlling terminals amounted to US\$442,218,000 in total in 2022 (2021: US\$418,815,000) increased by 5.6% YoY, in which, profit from terminals in which the Group has controlling stakes amounted to US\$136,519,000 (2021: US\$88,835,000), increased by 53.7% YoY. With the effectiveness of the approach of "Revenue Increase and Cost Reduction as well as Lean Operations", profit contribution from operating terminals in which the Group has controlling stakes increased YoY. Profit from terminals in which the Group has controlling stakes was mainly attributable to Piraeus Container Terminal Single Member S.A. ("Piraeus Terminal"), Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate Terminal") and Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal"). The profit recorded by Piraeus Terminal in 2022 was US\$41,580,000 (2021: US\$31,762,000), increased by 30.9% YoY, which was mainly benefited from the increase in the proportion of local containers and the increase in tariffs. Throughput of Xiamen Ocean Gate Terminal in 2022 increased by 7.9% YoY, and the profit of the terminal in 2022 amounted to US\$37,297,000 (2021: US\$27,947,000), increased by 33.5% YoY. Due to the increase in storage revenue and benefited from the decrease in tax rate of Guangzhou South China Oceangate Terminal, its profit for the year amounted to US\$26,249,000 (2021: US\$22,706,000), increased by 15.6% YoY. Throughput of CSP Zeebrugge Terminal NV ("CSP Zeebrugge Terminal") in 2022 increased by 15.0% YoY, together with the increase in tariffs, its profit in 2022 amounted to US\$8,766,000 (2021: US\$4,593,000), increased significantly by 90.9% YoY. The profit of COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries for the year amounted to US\$10,305,000 (2021: US\$7,623,000), increased by 35.2% YoY. In addition, in December 2021, the Group completed the acquisition of additional equity interests in Tianjin Container Terminal to make it a subsidiary, the profit of the terminal amounted to US\$11,140,000 (2021: loss of US\$295,000) has been included in the profit from terminals in which the Group has controlling stakes in 2022.

In respect of non-controlling terminals, the profit recorded in 2022 was US\$305,699,000 (2021: US\$329,980,000), decreased by 7.4% YoY. In particular, the share of profit of Sigma Enterprises Limited and Watrus Limited and their subsidiaries (collectively "Yantian Terminal Related Companies") decreased by US\$12,714,000 YoY, while the share of profit of Shanghai Mingdong Container Terminals Limited ("Shanghai Mingdong Terminal") decreased by US\$5,597,000 YoY. In addition, the total share of profit of COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") and COSCO-HPHT ACT Limited ("COSCO-HPHT"), which held Asia Container Terminal Limited ("Asia Container Terminal"), decreased by US\$7,672,000 YoY.

Financial Analysis

Revenues

In 2022, throughput of terminals in which the Group has controlling stakes increased by 35.3% YoY, and revenues of the Group amounted to US\$1,441,273,000 (2021: US\$1,208,252,000), increased by 19.3% YoY. During the year, revenues of several terminals recorded a notable increase. In particular, although throughput of Piraeus Terminal decreased by 7.3% YoY, it recorded a revenue of US\$306,684,000 (2021: US\$281,481,000), increased by 9.0% YoY, as a result of higher proportion of local containers and higher tariffs, as well as the increase in storage revenue; Xiamen Ocean Gate Terminal recorded a revenue of US\$144,631,000 (2021: US\$128,383,000), increased by 12.7% YoY; CSP Zeebrugge Terminal recorded a revenue of US\$68,614,000 (2021: US\$50,815,000), increased by 35.0% YoY. In addition, Tianjin Container Terminal recorded a revenue of US\$182,543,000 (December 2021: US\$14,769,000) in 2022, increased by US\$167,774,000 YoY.

Cost of Sales

Cost of sales mainly comprised operating expenses of terminals in which the Group has controlling stakes. Cost of sales was US\$1,011,595,000 in 2022 (2021: US\$883,107,000), increased by 14.5% YoY. Benefiting from our efforts in cost control, the increase in cost of sales was lower than the increase in revenue despite general throughput from terminals in which the Group has controlling stakes increased YoY. Amongst which, due to the increase in concession fees driven by the increase in revenue, Piraeus Terminal recorded a cost of US\$231,467,000 (2021: US\$219,361,000), increased by 5.5% YoY; Xiamen Ocean Gate Terminal recorded a cost of US\$71,748,000 (2021: US\$69,710,000), increased by 2.9% YoY; CSP Zeebrugge Terminal recorded a cost of US\$47,961,000 (2021: US\$37,904,000), increased by 26.5% YoY. In addition, Tianjin Container Terminal recorded a cost of US\$122,254,000 (December 2021: US\$13,320,000) in 2022, increased by US\$108,934,000 YoY.

Administrative Expenses

Administrative expenses in 2022 were US\$167,457,000 (2021: US\$138,977,000), increased by 20.5% YoY, which included administrative expenses of US\$30,810,000 (December 2021: US\$1,896,000) recorded by Tianjin Container Terminal in 2022, increased by US\$28,914,000 YoY.

Other Operating (Expenses)/Income, Net

Net other operating expenses were US\$871,000 in 2022 (2021: a net income of US\$85,142,000), a net decreased of US\$86,013,000 YoY was recorded. The pre-tax gain in 2021 included the pre-tax gain of US\$21,735,000 resulted from the strategic disposal of Tianjin Euroasia Terminal and the pre-tax gain of US\$10,669,000 on re-measurement of previously held 16.01% interests in Tianjin Container Terminal at fair value. The Company was allocated the convertible bonds of Beibu Gulf Port on a pro-rata basis according to its shareholding in Beibu Gulf Port in 2021, in which its pre-tax fair value loss of US\$3,466,000 was recorded in 2022 (2021: a gain of US\$11,360,000), decreased by US\$14,826,000 YoY. Meanwhile, the Company's shareholding in Beibu Gulf Port was diluted due to the exercise of conversion rights by other convertible bond holders during the year, resulting in a dilutive effect of US\$3,215,000. Government subsidies recorded in 2022 decreased by US\$11,566,000 YoY. Exchange loss recorded in 2022 increased by US\$6,370,000 YoY.

Finance Costs

The Group's finance costs amounted to US\$126,387,000 in 2022 (2021: US\$111,503,000), increased by 13.3% YoY. The average balance of bank loans for the year amounted to US\$3,041,355,000 (2021: US\$3,025,863,000), increased by 0.5% YoY. The increase in finance costs was mainly due to the increase in the interest rate of the US dollar loan. Taking into account the capitalised interest, the average cost of bank borrowings (including the amortisation of transaction costs over bank loans and notes) was 3.40% in 2022 (2021: 2.92%).

Share of Profits Less Losses of Joint Ventures and Associates

The Group's share of profits less losses of joint ventures and associates for 2022 totalled US\$308,024,000 (2021: US\$329,390,000), decreased by 6.5% YoY. As container volumes decreased by 4.2% YoY and the government subsidies for the pandemic decreased YoY, share of profit of Yantian Terminals Related Companies amounted to US\$56,658,000 in 2022 (2021: US\$69,372,000), decreased by 18.3% YoY. Due to the re-emergence of the pandemic, throughput of Shanghai Mingdong Terminal decreased by 20.0% YoY, and profit for 2022 amounted to US\$4,813,000 (2021: US\$10,410,000), decreased by 53.8% YoY. Furthermore, share of profit of COSCO-HIT Terminal and COSCO-HPHT amounted to US\$9,244,000 and US\$4,341,000, respectively, in 2022 (2021: US\$12,701,000 and US\$8,556,000, respectively), decreased by 27.2% and 49.3% YoY, respectively, due to the YoY decrease in container volumes by 10.4% and 12.1%, respectively.

Taxation

Taxation for the year amounted to US\$71,262,000 (2021: US\$94,669,000), decreased by 24.7% YoY. The decrease was mainly attributable to the taxation on disposal of Tianjin Euroasia Terminal of US\$10,284,000 included in the taxation for 2021. The taxation of Guangzhou South China Oceangate Terminal decreased by US\$7,616,000 YoY as it was granted a preferential tax rate by local authorities. In addition, the taxation arising from the fair value changes of Beibu Gulf Port's convertible bonds decreased by US\$3,706,000 YoY, leading to a decrease in tax expenses.

Financial Position

Cash flow

In 2022, the Group continued to receive steady cash flow income. The Group's net cash generated from operating activities amounted to US\$467,638,000 (2021: US\$409,219,000) during the year. In the 2022, the Group borrowed bank loans of US\$1,008,884,000 (2021: US\$559,667,000) and repaid loans of US\$1,215,490,000 (2021: US\$412,589,000). During the year, US\$325,553,000 (2021: US\$376,047,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment.

Financing and credit facilities

As at 31 December 2022, the Group's total outstanding borrowings amounted to US\$2,908,623,000 (31 December 2021: US\$3,219,610,000) and cash balance amounted to US\$1,115,166,000 (31 December 2021: US\$1,260,055,000). Banking facilities unutilised amounted to US\$698,602,000 (31 December 2021: US\$1,037,408,000).

Assets and liabilities

As at 31 December 2022, the Group's total assets and total liabilities were US\$11,310,812,000 (31 December 2021: US\$12,033,310,000) and US\$4,687,221,000 (31 December 2021: US\$5,092,671,000), respectively. Net assets were US\$6,623,591,000 (31 December 2021: US\$6,940,639,000). As at 31 December 2022, net asset value per share of the Company was US\$1.93 (31 December 2021: US\$2.09).

As at 31 December 2022, the net debt-to-total-equity ratio (excluding lease liabilities) was 27.1% (31 December 2021: 28.2%) and the interest coverage was 4.6 times (2021: 5.5 times).

As at 31 December 2022, certain assets of the Group with an aggregate net book value of US\$137,117,000 (31 December 2021: US\$345,109,000), together with the Company's restricted bank deposits and interest in subsidiaries, were pledged to secure bank loans and a loan from other financial institution, totalling US\$753,500,000 (31 December 2021: US\$916,232,000).

Debt analysis

By repayment term	As at 31 December 2022		As at 31 December 2021	
	US\$	(%)	US\$	(%)
Within the first year	787,135,000	27.1	913,187,000	28.3
Within the second year	881,396,000	30.3	435,443,000	13.5
Within the third year	95,021,000	3.3	868,585,000	27.0
Within the fourth year	105,802,000	3.6	102,091,000	3.2
Within the fifth year and after	1,039,269,000	35.7	900,304,000	28.0
	<u>2,908,623,000 *</u>	<u>100.0</u>	<u>3,219,610,000 *</u>	<u>100.0</u>
By category				
Secured borrowings	753,500,000	25.9	916,232,000	28.5
Unsecured borrowings	2,155,123,000	74.1	2,303,378,000	71.5
	<u>2,908,623,000 *</u>	<u>100.0</u>	<u>3,219,610,000 *</u>	<u>100.0</u>
By denominated currency				
US dollar borrowings	1,507,276,000	51.8	1,270,247,000	39.4
RMB borrowings	759,561,000	26.1	903,729,000	28.1
Euro borrowings	641,786,000	22.1	763,513,000	23.7
HK dollar borrowings	-	-	282,121,000	8.8
	<u>2,908,623,000 *</u>	<u>100.0</u>	<u>3,219,610,000 *</u>	<u>100.0</u>

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

Financial guarantee contracts

As at 31 December 2022 and 31 December 2021, the Company did not have any guarantee contract.

Treasury policy

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

Interest rate swap contracts with financial institutions are used to achieve the optimum ratio between fixed and floating rates and to manage the related interest rate exposure. As at 31 December 2022, 18.3% (31 December 2021: 29.2%) of the Group's borrowings were at fixed rates. In light of market conditions, the Group will continue to monitor and regulate its fixed and floating-rate debt portfolio, with a view to minimising its potential interest rate exposure.

Events after balance sheet date

Please refer to the explanatory note 11 "EVENTS AFTER BALANCE SHEET DATE" on page 18 of this announcement.

OPERATIONAL REVIEW

Market Review

In 2022, the COVID-19 pandemic, rising global inflation, and geopolitical conflicts intertwined with trade frictions, brought uncertainties to the global economy. Macroeconomic environment is confronted with challenges, but China's export and import maintained steady growth. According to the General Administration of Customs of China, the total value of China's imports and exports of goods in 2022 was RMB42.07 trillion, an increase of 7.7% over 2021. Among them, exports amounted to RMB23.97 trillion, up by 10.5% YoY, while imports amounted to RMB18.1 trillion, up by 4.3% YoY. The total value of China's imports and exports exceeded RMB40 trillion for the first time in 2022, maintaining a steady growth rate on top of the high base amount in 2021 and achieving a new record in terms of scale, thereby keeping its position as the No.1 country in the world in terms of merchandise trade for the sixth consecutive year.

Overall Performance

Despite challenges casted over global trade, in 2022, COSCO SHIPPING Ports continuously implemented lean operations strategy and the total throughput of the Group increased by 0.6% YoY to 130,107,074 TEU (2021: 129,286,375 TEU).

The total throughput from terminals in which the Group has controlling stake increased by 35.3% YoY to 31,627,734 TEU (2021: 23,374,915 TEU), accounting for 24.3% of the Group's total, and the total throughput from non-controlling terminals decreased by 7.0% YoY to 98,479,340 TEU (2021: 105,911,460 TEU), accounting for 75.7% of the Group's total. The Group's total equity throughput increased by 5.5% YoY to 42,069,050 TEU in 2022 (2021: 39,874,105 TEU).

	2022 (TEU)	2021 (TEU)	Change (%)
Total Throughput	130,107,074	129,286,375	+0.6
Throughput from terminals in which the Group has controlling stake ^{Note}	31,627,734	23,374,915	+35.3
Throughput from the Group's non-controlling terminals ^{Note}	98,479,340	105,911,460	-7.0
Equity Throughput	42,069,050	39,874,105	+5.5
Equity throughput from terminals in which the Group has controlling stake ^{Note}	18,869,824	14,687,376	+28.5
Equity throughput from the Group's non-controlling terminals ^{Note}	23,199,226	25,186,729	-7.9

Note: In 2021, the Company completed the acquisition of additional equity interest in Tianjin Container Terminal to make it a subsidiary and completed the disposal of Tianjin Euroasia Terminal. Tianjin Container Terminal had become a terminal in which the Group has controlling stakes since December 2021. Therefore, throughput of this terminal was included in the throughput from the terminals in which the Group has controlling stakes since December. After the disposal of Tianjin Euroasia Terminal in December 2021, throughput of this terminal was no longer included in the Group's non-controlling terminals.

China

Total throughput of the terminals in China decreased by 0.9% YoY to 98,338,099 TEU in 2022 (2021: 99,275,231 TEU) and accounted for 75.6% of the Group's total. Total equity throughput of terminals in China increased by 8.5% YoY to 29,382,264 TEU (2021: 27,087,286 TEU), accounting for 69.8% of the Group's total equity throughput.

Bohai Rim

Total throughput of the Bohai Rim region increased by 0.7% YoY to 43,120,988 TEU in 2022 (2021: 42,835,185 TEU) and accounted for 33.1% of the Group's total. Total equity throughput of the Bohai Rim region increased by 26.5% YoY to 11,958,004 TEU (2021: 9,449,239 TEU) and accounted for 28.4% of the Group's total equity throughput. Dalian Container Terminal Co., Ltd. actively strengthened sales and marketing, and expanded the domestic trade services, its total throughput increased by 22.1% YoY to 4,377,050 TEU (2021: 3,584,188 TEU). Total throughput of Tianjin Container Terminal decreased by 1.9% YoY to 8,481,293 TEU (2021: 8,642,445 TEU).

Yangtze River Delta

Total throughput of the Yangtze River Delta region decreased by 9.4% YoY to 13,986,956 TEU in 2022 (2021: 15,436,773 TEU) and accounted for 10.8% of the Group's total. Total equity throughput of the Yangtze River Delta region decreased by 6.3% YoY to 3,976,608 TEU (2021: 4,243,965 TEU) and accounted for 9.4% of the Group's total equity throughput. The throughput of Shanghai Mingdong Terminal decreased by 20.0% YoY to 5,477,740 TEU (2021: 6,845,534 TEU), which is mainly due to COVID-19 pandemic in the region. As Nantong Tonghai Port Co., Ltd. actively strengthened sales and marketing and continued to enhance synergy with the liners of the parent company while proactively introducing new shipping routes from other shipping companies, its total throughput increased by 11.8% YoY to 1,623,027 TEU (2021: 1,452,334 TEU).

Southeast Coast and Others

Total throughput of Southeast Coast and others increased by 3.9% YoY to 6,392,128 TEU in 2022 (2021: 6,149,785 TEU) and accounted for 4.9% of the Group's total. Total equity throughput of Southeast Coast and others increased by 4.8% YoY to 3,642,358 (2021: 3,477,010 TEU) and accounted for 8.7% of the Group's total equity throughput. Xiamen Ocean Gate Terminal actively grasped the opportunity of strong demand in the European and American shipping routes in the first half of 2022, and provided customers with efficient operation services, so its throughput increased by 7.9% YoY to 2,741,179 TEU (2021: 2,541,035 TEU).

Pearl River Delta

Total throughput of the Pearl River Delta region decreased by 3.6% YoY to 27,817,027 TEU in 2022 (2021: 28,841,688 TEU) and accounted for 21.4% of the Group's total. Total equity throughput of the Pearl River Delta region decreased by 3.8% YoY to 8,036,580 TEU (2021: 8,349,734 TEU) and accounted for 19.1% of the Group's total equity throughput. The throughput of Guangzhou South China Oceangate Terminal decreased by 2.6% YoY to 5,747,136 TEU (2021: 5,902,426 TEU). However, with good prospect on the back of economic growth in the Guangdong-Hong Kong-Macau Greater Bay Area, it will create new momentum for growth in the Pearl River Delta region.

Southwest Coast

Total throughput of the Southwest Coast region increased by 16.8% YoY to 7,021,000 TEU in 2022 (2021: 6,011,800 TEU), accounting for 5.4% of the Group's total throughput, which was mainly due to the increased trade between China and Southeast Asia. On 1 January 2022, the Regional Comprehensive Economic Partnership (RCEP) officially came into effect. As the most convenient access to the sea from western region of China to ASEAN countries, the business volume in the southwest region centered on Beibu Gulf Port is growing rapidly. Total equity throughput of the Southwest Coast region increased by 12.8% YoY to 1,768,714 TEU (2021: 1,567,334 TEU) and accounted for 4.2% of the Group's total equity throughput.

Overseas

Total throughput of the overseas region increased by 5.9% YoY to 31,768,975 TEU in 2022 (2021: 30,011,144 TEU) and accounted for 24.4% of the Group's total. Total equity throughput of overseas region decreased by 0.8% YoY to 12,686,786 TEU (2021: 12,786,819 TEU) and accounted for 30.2% of the Group's total equity throughput. As CSP Zeebrugge Terminal strengthened synergy with OCEAN Alliance and actively introduced new shipping routes and ad-hoc call volume from third-party customers, its total throughput increased by 15.0% YoY to 1,070,762 TEU (2021: 931,447 TEU). Driven by the synergy with the liners of the parent company and other members in the OCEAN Alliance, total throughput of CSP Abu Dhabi Terminal L.L.C. increased by 46.1% YoY to 1,018,668 TEU (2021: 697,236 TEU).

PROSPECTS

In its World Economic Outlook report released on 30 January 2023, the International Monetary Fund (IMF) revised upwards its forecasts for global economic growth in 2023, indicating that the economy is showing signs of resilience. With the forecast for China's economic growth rebounding to 5.2% in 2023, an increase of 2.2 percentage points YoY, China's economic recovery is expected to help stabilise the global supply chain and contribute to global economic growth. New potential usually lies in emerging markets, according to data from the General Administration of Customs of China, in 2022, China's imports and exports to ASEAN grew by 15% annually, while those to the member countries of RCEP grew by 7.5% YoY. According to a United Nations Conference on Trade and Development (UNCTAD) study, the RCEP will boost exports from member countries by more than 10% over the next three years, bringing new opportunities for the port industry.

Looking ahead to 2023, COSCO SHIPPING Ports will continue to adhere to the 14th Five-Year Plan, improve operational efficiency, expand across the global markets and capitalise on the synergies to further improve in fields such as sales and marketing, port operations and management, green, low-carbon and digital transformation, business extension and supply chain project expansion, so as to promote high quality development.

The Company will continue to improve its global terminal network, actively explore investment and development opportunities in emerging and regional markets, identify projects with high potential growth, tap into strategic terminals in which it has controlling stakes and highly profitable non-controlling terminals to build a balanced global terminal network.

The Company will proactively keep on deepening its customer service and marketing strategies, focusing on customer needs; increasing revenue per container and enhancing the profitability of its terminals. In the meantime, the Company will strengthen and optimise cost control measures at terminals through digital upgrade. All domestic terminals in which the Group has controlling stakes and the overseas Abu Dhabi Terminal have been equipped and commissioned with EAM system, which has become an important tool for terminals to carry out production equipment life-cycle management and reduce equipment operation and maintenance costs.

The Company will continue to promote digital transformation; push forward the construction of smart ports, promote achievements in automated terminal construction, accelerate the large-scale application of unmanned container truck operations; and speed up green and low-carbon port building.

The Company will vigorously promote the development of supply chain businesses and rely on its existing port resources to develop and construct supply chain bases in port areas. Also, it will develop a customer-centric supply chain service system, capitalise on its global layout to explore the market needs of enterprises, and provide supply chain service products with its own characteristics. Through the development of supply chain businesses, the Company is committed to establishing an integrated network with a port-logistics linkage effect, thereby creating a synergistic platform that offers maximize mutual benefits to all in the shipping industry.

Throughput of the Group for the year ended 31 December 2022 was set out below:

	2022 (TEU)	2021 (TEU)	Change (%)
Bohai Rim	43,120,988	42,835,185	+0.7
Qingdao Port International Co., Ltd.	26,820,000	23,710,000	+13.1
Dalian Container Terminal Co., Ltd.	4,377,050	3,584,187	+22.1
Dalian Dagang Container Terminal Co., Ltd.	24,415	20,300	+20.3
Tianjin Port Euroasia International Container Terminal Co., Ltd.	N/A	3,197,096	N/A
Tianjin Port Container Terminal Co., Ltd.	8,481,293	8,642,445	-1.9
Yingkou Terminals ^{Note 1}	2,071,278	2,304,613	-10.1
Jinzhou New Age Container Terminal Co., Ltd.	717,056	735,208	-2.5
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	629,896	641,336	-1.8
Yangtze River Delta	13,986,956	15,436,773	-9.4
Shanghai Pudong International Container Terminals Limited	2,600,529	2,600,511	+0.0
Shanghai Mingdong Container Terminals Limited	5,477,740	6,845,534	-20.0
Ningbo Yuan Dong Terminals Limited	3,053,395	3,040,534	+0.4
Lianyungang New Oriental International Terminals Co., Ltd.	945,448	1,009,674	-6.4
Taicang International Container Terminal Co., Ltd.	220,348	488,186	-54.9
Nantong Tonghai Port Co., Ltd.	1,623,027	1,452,334	+11.8
Wuhan CSP Terminal Co., Ltd. ^{Note 2}	66,469	N/A	N/A
Southeast Coast and others	6,392,128	6,149,785	+3.9
Xiamen Ocean Gate Container Terminal Co., Ltd.	2,741,179	2,541,035	+7.9
Quan Zhou Pacific Container Terminal Co., Ltd.	1,340,389	1,255,347	+6.8
Jinjiang Pacific Ports Development Co., Ltd.	262,683	323,043	-18.7
Kao Ming Container Terminal Corp.	2,047,877	2,030,360	+0.9
Pearl River Delta	27,817,027	28,841,688	-3.6
Yantian International Container Terminals Co., Ltd.	13,572,909	14,161,034	-4.2
Guangzhou Terminals ^{Note 3}	11,517,330	11,607,532	-0.8
Hong Kong Terminals ^{Note 4}	2,726,788	3,073,122	-11.3
Southwest Coast	7,021,000	6,011,800	+16.8
Beibu Gulf Port Co., Ltd.	7,021,000	6,011,800	+16.8
Overseas	31,768,975	30,011,144	+5.9
Piraeus Container Terminal Single Member S.A.	4,352,059	4,696,265	-7.3
CSP Zeebrugge Terminal NV	1,070,762	931,447	+15.0
COSCO SHIPPING Port (Spain) Holding, S.L. and its subsidiaries	3,430,787	3,621,188	-5.3
CSP Abu Dhabi Terminal L.L.C.	1,018,668	697,236	+46.1
COSCO-PSA Terminal Private Limited	5,129,902	4,727,146	+8.5
Reefer Terminal S.p.A.	64,852	67,252	-3.6
Euromax Terminal Rotterdam B.V.	2,644,039	2,658,175	-0.5
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş.	1,208,865	1,248,131	-3.1
Suez Canal Container Terminal S.A.E.	3,785,317	3,648,393	+3.8
Red Sea Gateway Terminal Company Limited ^{Note 5}	2,751,157	1,354,374	+103.1
Antwerp Gateway NV	2,107,791	2,202,433	-4.3
SSA Terminals (Seattle), LLC	277,626	292,473	-5.1
Busan Port Terminal Co., Ltd.	3,704,778	3,809,888	-2.8
Vado Gateway S.P.A. ^{Note 6}	222,372	56,743	+291.9
Total	130,107,074	129,286,375	+0.6

- Note 1: Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminals Company Limited and Yingkou New Century Container Terminal Co., Ltd.
- Note 2: Throughput of the terminal was included since April 2022. Therefore, the figure of the terminal for the year ended 31 December 2022 was the throughput of the terminal from April to December 2022.
- Note 3: Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Nansha Stevedoring Corporation Limited of Port of Guangzhou.
- Note 4: Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.
- Note 5: On 14 July 2021, the Group completed the acquisition of 20% equity interest in the terminal. Therefore, the figure of the terminal for the year ended 31 December 2021 was the throughput of the terminal from July to December 2021.
- Note 6: The Group holds 40% equity of APM Terminals Vado Holdings B.V. and completed the acquisition of Vado Gateway S.P.A. on 24 September 2021. The Company indirectly holds 40% equity of the terminal since then. The figure of the terminal for the year ended 31 December 2021 was the throughput of the terminal from October to December 2021.
- Note 7: Total throughput of bulk cargo, excluding the throughput of Beibu Gulf Port, for the year ended 31 December 2022 was 433,346,347 tons (2021: 395,611,837 tons), representing an increase of 9.5%. Total throughput of automobile for the year ended 31 December 2022 was 790,241 vehicles (2021: 826,977 vehicles), representing a decrease of 4.4%. Throughput of reefer of Reefer Terminal S.p.A. (Vado Reefer Terminal) for the year ended 31 December 2022 was 355,754 pallets (2021: 375,917 pallets), representing a decrease of 5.4%.

CORPORATE GOVERNANCE

The Company continues to maintain high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has fully complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2022.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company comprises three independent non-executive directors of the Company. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the consolidated financial statements for the year ended 31 December 2022.

Remuneration Committee

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

Nomination Committee

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

Other Board Committees

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as the Company’s code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company’s listed shares during 2022.

OVERALL MANAGEMENT AND AWARDS

COSCO SHIPPING Ports’ efforts in the fields of corporate governance and investor relations have been widely acclaimed externally and in 2022, our high level of corporate transparency and good corporate governance continued to earn market recognition.

- Awarded “Best Shipping Port Operator Hong Kong”, “Best Investor Relations Company (Ports sector) Hong Kong”, “Most Sustainable Company (Ports sector) Hong Kong” and “Best CSR Company (Ports sector) Hong Kong” from International Business Magazine;
- Awarded “Best Container Operator of the year” and “Most Socially Responsible Port Operator” from Global Business Outlook Magazine;
- Awarded “Best Port Operating Company” and “Best Sustainable Company (Port Sector)” from Finance Derivative Magazine;
- Awarded “Best in ESG Awards-Middle Market Capitalization” from BDO Limited ESG Awards 2022;
- Awarded “Most Innovative Port Operator” from International Finance Magazine;
- Awarded “HKSAR 25th Anniversary Enterprise Outstanding Contribution Awards (Trade) from Metro Broadcast;
- Awarded “Cover Design Honors” from ARC Awards;
- Awarded “Excellence Award for H Share & Red Chip Entries - Annual Reports Awards” from The Hong Kong Management Association; and
- Awarded “Best Corporate Governance and ESG Awards 2022 - Special Mention” from HKICPA.

INVESTOR RELATIONS

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

In 2022, the Group actively implements the strategy of Lean Operations. While continuously enhancing the global terminal network, letting investors and shareholders understand the business and development strategies of the Group in a timely manner is the top priority of investor relations.

The Investor Relations Department strives to improve communication with shareholders, investors and analysts and respond timely to the inquiries from investors; actively organizes activities such as investor presentations, telephone conferences on results, and press conferences, with an aim to strengthen the understanding of market and stakeholders on the Group's businesses, and prepares the Sustainability Report, so as to improve the quality of corporate governance of the Company.

With an aim to strengthening and maintaining good communication with investors, the Group launched a series of investor relations activities in 2022, aiming at enhancing the transparency of the Company, including participating in investor meetings organized by brokers, strengthening communication with the shareholders of the Company, and answering any questions or enquiries from the market on a timely basis. By doing so, more investors can understand the operations and development strategies of the Company, increasing the level of market confidence in our Company. The Group held meetings with around 190 funds in 2022, and communicated with around 250 investors and analysts from all over the world including China, the United Kingdom, the United States, Australia, Singapore, showing that the Company has actively organized and participated in a wide range of investor activities to improve communication between the shareholders, investors and analysts.

CORPORATE SUSTAINABLE DEVELOPMENT

In 2022, amidst the uncertainties caused by the volatile pandemic and disrupted logistics, the Company has remained devoted to maintaining stability and driving further growth, integrating the concept of sustainable development into its daily operations with the aim of building long term growth.

Caring for our People

Fostering talent is the key to the Company's long term and steady development. The Company has always actively developed talent pipeline to effectively implement business strategies. During the year, the Company set up an internal training team, selected from highly experienced staff from different positions at the Company and its subsidiary terminals, to pass on their knowledge and professional skills to other employees, thus enhancing internal training and knowledge sharing.

Customers First

The Company's subsidiary terminals have promoted new shipping methods such as "land-to-sea" and "land-to-rail" in order to ensure smooth logistics and transportation. In addition, the Company launched several measures to help micro, small and medium enterprises, including waiving storage fees, streamlining customs procedures, and prioritizing berthing operations, to solve potential logistical issues that micro, small and medium customers faced.

Green Development

To advance towards our goal of carbon neutrality, the Company has promoted the construction and use of shore power systems, the upgrading of terminal equipment, and the use of new energy and clean energy in terminal areas, in order to build green ports with low carbon emission. During the year, the subsidiary terminals of the Company in China were equipped with shore power systems at all container berths and proactively increase the utilization rate to reduce fuel consumption and carbon emissions by shipping companies.

Win-win Cooperation

The Company, together with its business partners, has built a 5G smart port demonstration area at Xiamen Ocean Gate Terminal through applications such as 5G, artificial intelligence, blockchain and big data, raising the level of digitalized services at the terminal. Furthermore, the first project in the world to fully convert a traditional container terminal to a fully automated terminal, at Tianjin Container Terminal, has been successfully completed. The Company will use its successful experience in building automated terminal and implement it at other subsidiary terminals as and when appropriate.

Investing in Communities

On the strength of its global network of terminals, the Company supports the economic and social development of the areas in which it operates through investments, and the construction and upgrading of terminals, creating job opportunities for local residents. At the same time, the Company encourages its subsidiary terminals to donate to charity and engage in charitable activities to give back to the local communities and fulfil the concept of corporate social responsibility.

By Order of the Board
COSCO SHIPPING Ports Limited
YANG Zhijian
Chairman

Hong Kong, 29 March 2023

As at the date of this announcement, the Board comprises Mr. YANG Zhijian¹ (Chairman), Mr. ZHU Tao¹ (Managing Director), Mr. ZHANG Wei², Mr. CHEN Dong², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. LAM Yiu Kin³, Prof. CHAN Ka Lok³ and Mr. YANG Liang Yee Philip³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director