

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 was 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.

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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 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).



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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 Terminal 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 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 area 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 increased by 46.1% YoY to 1,018,668 TEU (2021: 697,236 TEU).

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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 CSP 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 driverless container vehicles 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 maximise mutual benefits to all in the shipping industry.

Operational Review

China

Total Throughput
98,338,099 TEU
▼0.9%

Overseas

Total Throughput
31,768,975 TEU
▲5.9%



QPI	26,820,000	+13.1%
Dalian Container Terminal	4,377,050	+22.1%
Dalian Dagang Terminal	24,415	+20.3%
Tianjin Container Terminal	8,481,293	-1.9%
Yingkou Terminals ^{Note 1}	2,071,278	-10.1%
Jinzhou New Age Terminal	717,056	-2.5%
Qinhuangdao New Harbour Terminal	629,896	-1.8%



Yantian Terminals	13,572,909	-4.2%
Guangzhou Terminals ^{Note 2}	11,517,330	-0.8%
Hong Kong Terminals ^{Note 3}	2,726,788	-11.3%

Notes:

- Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.
- Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Guangzhou Nansha Stevedoring Terminal.
- Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.
- 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.
- 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.

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- The Group holds 40% equity of APM Terminals Vado Holdings B.V. and completed the acquisition of Vado Container Terminal 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.
- 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 Vado Reefer Terminal for the year ended 31 December 2022 was 355,754 pallets (2021: 375,917 pallets), representing a decrease of 5.4%.

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Terminal Portfolio (As of 31 December 2022)

Terminal company	Share holdings	Target number of berths	Designed annual handling capacity (TEU)	Depth (m)
		64	29,750,000	
Bohai Rim		3	780,000 vehicles	
		65	236,020,000 tons	
QPI	19.79%	24	10,000,000	N/A
		62	207,020,000 tons	N/A
Dalian Container Terminal	19%	18	9,500,000	17.8
Dalian Dagang Terminal	35%	1	100,000	9.1
Dalian Automobile Terminal	24%	3	780,000 vehicles	11
Tianjin Container Terminal	51%	13	6,000,000	12-17
Yingkou Container Terminal	50%	2	1,200,000	14
Yingkou New Century Terminal	40%	2	1,200,000	15.5
Jinzhou New Age Terminal	51%	2	800,000	15.4
Qinghuangdao New Harbour Terminal	30%	2	950,000	15.8
Dongjiakou Ore Terminal	25%	3	29,000,000 tons	20-25
Yangtze River Delta		26	15,092,400	
		7	13,570,000 tons	
Shanghai Pudong Terminal	30%	3	2,300,000	12
Shanghai Mingdong Terminal	20%	7	5,600,000	12.8
Ningbo Yuan Dong Terminal	20%	3	3,000,000	17.1
Lianyungang New Oriental Terminal	55%	4	1,400,000	11.5-15
Taicang Terminal	39.04%	2	550,000	12
		2	4,000,000 tons	12
Nantong Tonghai Terminal	51%	3	1,470,000	9-11
		1	5,370,000 tons	6
CSP Wuhan Terminal	84.94%	4	772,400	6.4
		4	4,200,000 tons	6.4

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Terminal Portfolio (As of 31 December 2022)

Terminal company	Share holdings	Target number of berths	Designed annual handling capacity (TEU)	Depth (m)
Southeast Coast and Others		15	9,000,000	
		5	9,200,000 tons	
Xiamen Ocean Gate Terminal	70%	4	2,600,000	15
		1	4,000,000 tons	6.6-13.6
Quan Zhou Pacific Terminal	82.35%	5	3,000,000	11.6-15.1
		2	1,000,000 tons	5.1-9.6
Jinjiang Pacific Terminal	80%	2	600,000	9.5-15.3
		2	4,200,000 tons	7.5-9.5
Kao Ming Terminal	20%	4	2,800,000	16.5
Pearl River Delta		34	25,600,000	
Yantian Terminal Phases I & II	14.59%	20	13,000,000	17.6
Yantian Terminal Phase III	13.36%			
Guangzhou Nansha Stevedoring Terminal	40%	4	5,000,000	14.5-15.5
Guangzhou South China Oceangate Terminal	39%	6	4,200,000	15.5
COSCO-HIT Terminal	50%	2	1,800,000	15.5
Asia Container Terminal	60%	2	1,600,000	15.5
Southwest Coast		24	14,400,000	
		102	287,400,000 tons	
Beibu Gulf Port ^{Note 1}	9.82%	18	10,800,000	N/A
		100	268,400,000 tons	N/A
Beibu Gulf Terminal	30.32%	6	3,600,000	15.1
Chisha Terminal	20%	2	19,000,000 tons	25

Note:

- The target number of berths and the designed annual handling capacity do not include Beibu Gulf Terminal.

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Terminal Portfolio (As of 31 December 2022)

Terminal company	Share holdings	Target number of berths	Designed annual handling capacity (TEU)	Depth (m)
		78	45,660,000	
Overseas		2	6,200,000 tons	
		2	600,000 pallets	
Piraeus Terminal	100%	8	6,200,000	14.5-19.5
CSP Zeebrugge Terminal	90%	3	1,300,000	17.5
CSP Abu Dhabi Terminal	40%	3	2,500,000	18
CSP Valencia Terminal	51%	6	4,100,000	16
CSP Bilbao Terminal	39.51%	3	1,000,000	21
CSP Chancay Terminal	60%	2	1,000,000	16-18
		2	6,200,000 tons	14
Suez Canal Terminal	20%	8	5,000,000	17
Kumport Terminal	26%	6	2,100,000	15-16.5
Antwerp Terminal	20%	4	3,700,000	16
COSCO-PSA Terminal	49%	5	4,850,000	18
Busan Terminal	4.23%	8	4,000,000	15-16
Seattle Terminal	13.33%	2	400,000	15.2
Euromax Terminal	17.85%	5	3,200,000	17.65
Red Sea Gateway Terminal	20%	11	5,200,000	18
Vado Reefer Terminal	40%	2	250,000	14.5
		2	600,000 pallets	14.1
Vado Container Terminal	40%	2	860,000	17.25
Total		427		
Target total number of container berths/ Designed annual handling capacity		241	139,502,400	
Target total number of bulk berths/ Designed annual handling capacity		181	552,390,000 tons	
Target total number of automobile berths/ Designed annual handling capacity		3	780,000 vehicles	
Target total number of reefer berths/ Designed annual handling capacity		2	600,000 pallets	

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The Ports for ALL



China

Terminal Coverage **22 Ports**

Target No. of Container Berths **163**

Designed Annual Handling Capacity **93,842,400 TEU**


Overseas

Terminal Coverage **15 Ports**

Target No. of Container Berths **78**

Designed Annual Handling Capacity **45,660,000 TEU**

Bohai Rim




Percentage of total designed annual handling capacity **21.3%**

Target No. of container berths **64**

29,750,000 TEU
Designed annual handling capacity

Yangtze River Delta

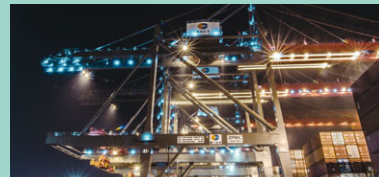


Percentage of total designed annual handling capacity **10.8%**

Target No. of container berths **26**

15,092,400 TEU
Designed annual handling capacity

Southeast Coast and Others




Percentage of total designed annual handling capacity **6.5%**

Target No. of container berths **15**

9,000,000 TEU
Designed annual handling capacity

Pearl River Delta




Percentage of total designed annual handling capacity **18.4%**

Target No. of container berths **34**

25,600,000 TEU
Designed annual handling capacity

Southwest Coast




Percentage of total designed annual handling capacity **10.3%**

Target No. of container berths **24**

14,400,000 TEU
Designed annual handling capacity

Overseas



Percentage of total designed annual handling capacity **32.7%**

Target No. of container berths **78**

45,660,000 TEU
Designed annual handling capacity