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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 2023

Announcement of Results for the Year Ended 31 December 2023

- Total throughput increased by 4.4% YoY to 135,808,554 TEU; total equity throughput increased by 3.1% YoY to 43,381,201 TEU
- Total throughput from terminals in which the Group has controlling stakes decreased by 2.7% YoY to 30,762,095 TEU; throughput from the Group's non-controlling terminals increased by 6.7% YoY to 105,046,459 TEU
- Revenue of the Company increased by 0.9% YoY to US\$1,454,353,000
- Profit attributable to equity holders of the Company increased by 5.8% to US\$324,557,000

Financial Highlights

US\$ (million)

	2023	2022	Change (%)
Revenue	1,454.4	1,441.3	+0.9
Cost of sales	1,033.5	1,011.6	+2.2
Gross profit	420.9	429.7	-2.1
Share of profits from joint ventures and associates	297.9	308.0	-3.3
Profit attributable to equity holders of the Company	324.6	306.6 ^{Note}	+5.8
Basic earnings per share (US cents)	9.33	9.12 ^{Note}	+2.3
Dividend per share (US cents)			
- First Interim	1.744	2.128	-18.0
- Second Interim	1.988	1.504	+32.2
Payout ratio	40%	40%	-

Note: The Group made necessary adjustments on the cumulative effect of adopting HKAS12 (Amendments) "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", therefore, the profit attributable to equity holders of the Company in 2022 was adjusted from US\$305,163,000 to US\$306,633,000.

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 2023. The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023

	<i>Note</i>	2023 <i>US\$'000</i>	As at 31 December 2022 <i>US\$'000</i> (Restated)	As at 1 January 2022 <i>US\$'000</i> (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		4,143,919	3,837,374	3,953,801
Right-of-use assets		1,003,805	1,016,981	1,086,887
Investment properties		90,580	9,535	10,054
Intangible assets		394,733	384,739	426,121
Joint ventures		1,060,374	1,036,280	1,154,633
Loans to a joint venture		-	-	23,083
Associates		3,343,432	3,262,155	3,422,897
Loans to associates		32,181	100,251	107,643
Financial asset at fair value through profit or loss		53,745	53,338	61,922
Financial assets at fair value through other comprehensive income		139,022	139,557	161,902
Deferred tax assets		102,115	97,589	109,583
Derivative financial instruments		-	2,344	-
Other non-current assets		29,676	19,329	7,649
		10,393,582	9,959,472	10,526,175
Current assets				
Inventories		19,817	19,354	20,111
Trade and other receivables, prepayments and contract assets	3	303,954	222,723	237,637
Current tax recoverable		3,791	5,908	3,844
Derivative financial instruments		2,698	3,730	-
Restricted bank deposits		45,113	45,849	33,214
Cash and cash equivalents		1,162,926	1,069,317	1,226,841
		1,538,299	1,366,881	1,521,647
Total assets		11,931,881	11,326,353	12,047,822

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023

	<i>Note</i>	2023 <i>US\$'000</i>	As at 31 December 2022 <i>US\$'000</i> (Restated)	As at 1 January 2022 <i>US\$'000</i> (Restated)
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital		45,742	44,172	42,574
Reserves		<u>5,724,989</u>	<u>5,487,831</u>	<u>5,788,370</u>
		5,770,731	5,532,003	5,830,944
Non-controlling interests		<u>1,071,794</u>	<u>1,107,170</u>	<u>1,124,220</u>
Total equity		<u>6,842,525</u>	<u>6,639,173</u>	<u>6,955,164</u>
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		142,486	128,525	140,775
Lease liabilities		762,332	738,703	748,459
Long term borrowings		2,275,593	2,121,488	2,306,423
Loans from non-controlling shareholders of subsidiaries		556	66,263	70,591
Derivative financial instruments		-	-	2,991
Put option liability		246,013	239,039	232,263
Pension and retirement liabilities		13,895	11,255	11,828
Other long term liabilities		<u>41,176</u>	<u>37,642</u>	<u>46,942</u>
		3,482,051	3,342,915	3,560,272
Current liabilities				
Trade and other payables and contract liabilities	4	577,427	464,421	521,630
Current tax liabilities		22,643	45,530	51,696
Current portion of lease liabilities		48,197	47,179	42,450
Current portion of long term borrowings		617,710	465,247	653,680
Short term borrowings		341,328	321,888	259,507
Derivative financial instruments		-	-	3,423
		<u>1,607,305</u>	<u>1,344,265</u>	<u>1,532,386</u>
Total liabilities		<u>5,089,356</u>	<u>4,687,180</u>	<u>5,092,658</u>
Total equity and liabilities		<u>11,931,881</u>	<u>11,326,353</u>	<u>12,047,822</u>

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Note</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i> (Restated)
Revenues	2	1,454,353	1,441,273
Cost of sales		<u>(1,033,491)</u>	<u>(1,011,595)</u>
Gross profit		420,862	429,678
Administrative expenses		(164,596)	(167,457)
Other operating income	5	39,466	35,407
Other operating expenses		<u>(20,916)</u>	<u>(36,278)</u>
Operating profit	6	274,816	261,350
Finance income	7	27,998	17,122
Finance costs	7	<u>(171,189)</u>	<u>(126,387)</u>
Operating profit (after finance income and costs)		131,625	152,085
Share of profits less losses of			
- joint ventures		61,805	75,078
- associates		<u>236,056</u>	<u>232,946</u>
Profit before taxation		429,486	460,109
Taxation	8	<u>(35,206)</u>	<u>(69,365)</u>
Profit for the year		<u>394,280</u>	<u>390,744</u>
Profit attributable to:			
Equity holders of the Company		324,557	306,633
Non-controlling interests		<u>69,723</u>	<u>84,111</u>
		<u>394,280</u>	<u>390,744</u>
Earnings per share for profit attributable to equity holders of the Company			
- Basic	9	<u>US9.33 cents</u>	<u>US9.12 cents</u>
- Diluted	9	<u>US9.33 cents</u>	<u>US9.12 cents</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i> (Restated)
Profit for the year	394,280	390,744
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	(10,597)	(74,661)
Share of other comprehensive income of an associate		
- other reserves	(4,238)	(8,526)
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	1,599	(7,418)
Remeasurement of retirement benefit obligation	(2,126)	-
<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	(5,320)	(506,787)
Cash flow hedges, net of tax		
- fair value (loss) / gain	(2,549)	9,300
Share of other comprehensive income of joint ventures and associates		
- exchange reserves	(4,302)	(8,567)
- other reserves	(543)	1,293
Other comprehensive loss for the year, net of tax	(28,076)	(595,366)
Total comprehensive income / (loss) for the year	366,204	(204,622)
Total comprehensive income / (loss) attributable to:		
Equity holders of the Company	309,541	(218,494)
Non-controlling interests	56,663	13,872
	366,204	(204,622)

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with HKFRS and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622. These accounting policies have been consistently applied to all the years presented unless otherwise mentioned.

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

As at 31 December 2023, the Group had net current liabilities of US\$69,006,000. Taking into account the US\$1,043,341,000 unutilised banking facilities and expected cash flows from operations, the Group will have adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the next twelve months. Accordingly, the Group has continued to adopt the going concern basis in preparing the consolidated financial statements.

1.1 Adoption of new standards and amendments

In 2023, the Group has adopted the following new standard and amendments issued by the HKICPA which are mandatory for the financial year beginning on 1 January 2023:

New standard and amendments

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17 (Amendments)	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
HKFRS 17 (Amendments)	Insurance Contracts

Except for the impacts disclosed below, the adoption of the above new standard and amendments in the current year did 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 Change in accounting policies

(a) Adoption of HKAS 12 (Amendments) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This HKAS 12 (Amendments) requires the Group to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary difference. They will typically apply to transactions such as leases of lessees and will require the recognition of additional deferred tax assets and liabilities.

The Group has applied the amendment retrospectively and has restated comparatives for the prior periods presented. The Group recognised deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities.

(b) Impacts of the adoption of HKAS 12 (Amendments) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

- (i) Consolidated balance sheet on 1 January 2023

	As at 31 December 2022 (As originally presented) US\$'000	Impact on initial adoption of HKAS 12 (Amendments) US\$'000	As at 1 January 2023 US\$'000 (Restated)
Consolidated balance sheet (extract)			
Assets			
Deferred tax assets	82,048	15,541	97,589
Equity			
Reserves	5,474,183	13,648	5,487,831
Non-controlling interests	1,105,236	1,934	1,107,170
Liabilities			
Deferred tax liabilities	<u>128,566</u>	<u>(41)</u>	<u>128,525</u>

1. BASIS OF PREPARATION (CONTINUED)

1.2 Change in accounting policies (Continued)

(b) Impacts of the adoption of HKAS 12 (Amendments) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

(ii) Consolidated balance sheet on 1 January 2022

	As at 31 December 2021 (As originally presented) US\$'000	Impact on initial adoption of HKAS 12 (Amendments) US\$'000	As at 1 January 2022 US\$'000 (Restated)
Consolidated balance sheet (extract)			
Assets			
Deferred tax assets	95,071	14,512	109,583
Equity			
Reserves	5,775,445	12,925	5,788,370
Non-controlling interests	1,122,620	1,600	1,124,220
Liabilities			
Deferred tax liabilities	140,788	(13)	140,775

(iii) Consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2022

	Before adoption of HKAS 12 (Amendments) US\$'000	Impact on initial adoption of HKAS 12 (Amendments) US\$'000	As reported US\$'000 (Restated)
Consolidated income statement (extract)			
Taxation	(71,262)	1,897	(69,365)
Profit for the year	<u>388,847</u>	<u>1,897</u>	<u>390,744</u>
Profit attributable to:			
Equity holders of the Company	305,163	1,470	306,633
Non-controlling interest	83,684	427	84,111
	<u>388,847</u>	<u>1,897</u>	<u>390,744</u>
Earnings per share for profit attributable to equity holders of the company			
- Basic	US9.08 cents	US0.04 cents	US9.12 cents
- Diluted	<u>US9.08 cents</u>	<u>US0.04 cents</u>	<u>US9.12 cents</u>

1. BASIS OF PREPARATION (CONTINUED)

1.2 Change in accounting policies (Continued)

(b) Impacts of the adoption of HKAS 12 (Amendments) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

(iii) Consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2022 (Continued)

	Before adoption of HKAS 12 (Amendments) US\$'000	Impact on initial adoption of HKAS 12 (Amendments) US\$'000	As reported US\$'000 (Restated)
Consolidated statement of comprehensive income (extract)			
Exchange differences from retranslation of financial statements of subsidiaries attributable to the non-controlling interests	(74,568)	(93)	(74,661)
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates attributable to equity holders of the Company	(506,040)	(747)	(506,787)
Total comprehensive loss for the year	<u>(205,679)</u>	<u>1,057</u>	<u>(204,622)</u>
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	(219,217)	723	(218,494)
Non-controlling interests	13,538	334	13,872
	<u>(205,679)</u>	<u>1,057</u>	<u>(204,622)</u>

1. BASIS OF PREPARATION (CONTINUED)

1.3 Revised HKFRSs that are not yet effective for the year ended 31 December 2023 and have not been early adopted by the Group

The HKICPA has issued the following revised HKFRSs which are not yet effective for the year ended 31 December 2023:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 7 and HKAS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 21 (Amendments)	Lack of exchangeability	1 January 2025

The Group has not early adopted the above revised HKFRSs and will apply when they become effective. The Group has already commenced an assessment of the related impact to the Group, certain of which may 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.

Revenues of single major customers which individually contribute 10% or more of total revenues of the Group amount to US\$440,400,000, US\$179,975,000 and US\$150,802,000 (2022: US\$432,620,000, US\$175,926,000 and US\$162,881,000), respectively.

Additions to non-current assets comprise additions to investment properties, 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 2023				
Segment assets	<u>11,208,772</u>	<u>939,316</u>	<u>(216,207)</u>	<u>11,931,881</u>
Segment assets include:				
Joint ventures	1,060,374	-	-	1,060,374
Associates	3,343,432	-	-	3,343,432
Financial asset at fair value through profit or loss ("FVPL")	53,745	-	-	53,745
Financial assets at fair value through other comprehensive income ("FVOCI")	<u>139,022</u>	<u>-</u>	<u>-</u>	<u>139,022</u>
At 31 December 2022 (Restated)				
Segment assets	<u>10,602,650</u>	<u>887,258</u>	<u>(163,555)</u>	<u>11,326,353</u>
Segment assets include:				
Joint ventures	1,036,280	-	-	1,036,280
Associates	3,262,155	-	-	3,262,155
Financial asset at FVPL	53,338	-	-	53,338
Financial assets at FVOCI	<u>139,557</u>	<u>-</u>	<u>-</u>	<u>139,557</u>

2. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information

	Terminals and related businesses <i>US\$'000</i>	Others <i>US\$'000</i>	Elimination <i>US\$'000</i>	Total <i>US\$'000</i>
Year ended 31 December 2023				
Revenues	<u>1,454,353</u>	<u>-</u>	<u>-</u>	<u>1,454,353</u>
Segment profit / (loss) attributable to equity holders of the Company	<u>431,601</u>	<u>(107,044)</u>	<u>-</u>	<u>324,557</u>
Segment profit / (loss) includes:				
Finance income	8,345	27,444	(7,791)	27,998
Finance costs	(97,431)	(81,549)	7,791	(171,189)
Share of profits less losses of				
- joint ventures	61,805	-	-	61,805
- associates	236,056	-	-	236,056
Taxation	(52,237)	17,031	-	(35,206)
Depreciation and amortisation	<u>(246,527)</u>	<u>(4,946)</u>	<u>-</u>	<u>(251,473)</u>
Additions to non- current assets	<u>(424,185)</u>	<u>(7,292)</u>	<u>-</u>	<u>(431,477)</u>
Additions arising from a business combination	<u>(175,982)</u>	<u>-</u>	<u>-</u>	<u>(175,982)</u>

2. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Terminals and related businesses <i>US\$ '000</i>	Others <i>US\$ '000</i>	Elimination <i>US\$ '000</i>	Total <i>US\$ '000</i>
Year ended 31 December 2022 (Restated)				
Revenues	<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>437,873</u>	<u>(131,240)</u>	<u>-</u>	<u>306,633</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	(54,326)	(15,039)	-	(69,365)
Depreciation and amortisation	<u>(244,010)</u>	<u>(5,155)</u>	<u>-</u>	<u>(249,165)</u>
Additions to non-current assets	<u>(352,524)</u>	<u>(953)</u>	<u>-</u>	<u>(353,477)</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.

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Terminals and related businesses		
- Mainland China (excluding Hong Kong)	706,534	703,564
- Europe	670,517	682,085
- Others	77,302	55,624
	<u>1,454,353</u>	<u>1,441,273</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>
2023			
Mainland China (excluding Hong Kong)	2,881,453	3,264,424	6,145,877
Europe	1,406,947	118,428	1,525,375
Others	1,374,313	1,020,954	2,395,267
	<u>5,662,713</u>	<u>4,403,806</u>	<u>10,066,519</u>
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>

3. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND CONTRACT ASSETS

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Trade receivables		
- third parties	65,719	73,127
- fellow subsidiaries	23,550	22,965
- non-controlling shareholders of subsidiaries	1,001	7,042
- an associate	2	-
- joint ventures	-	10
- related companies	24,806	7,140
	115,078	110,284
Bills receivables	3,337	2,535
	118,415	112,819
Less: provision for impairment	(1,441)	(628)
	116,974	112,191
Prepayments	22,121	15,973
Other receivables	43,842	46,410
Contract assets	848	6,946
Loan to an associate	93,209	-
Loan to a joint venture	-	23,087
Amounts due from		
- fellow subsidiaries	3,253	5,001
- non-controlling shareholders of subsidiaries	485	1,001
- joint ventures	638	434
- associates	22,117	11,680
- related companies	467	-
	303,954	222,723

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:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Within 30 days	82,823	82,193
31 - 60 days	19,847	19,609
61 - 90 days	8,231	6,546
Over 90 days	6,073	3,843
	116,974	112,191

4. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Trade payables		
- third parties	63,217	80,949
- fellow subsidiaries	1,649	2,433
- non-controlling shareholders of subsidiaries	3,057	1,194
- joint ventures	3,013	1,096
- associates	402	417
- related companies	7,724	6,531
	79,062	92,620
Bills payables	11,534	3,513
	90,596	96,133
Accruals	65,468	53,336
Other payables	320,104	179,067
Contract liabilities	7,065	13,411
Dividend payable	4	5
Loans from a joint venture	16,955	32,329
Loans from an associate	4,239	8,619
Loans from non-controlling shareholders of subsidiaries	63,618	10,286
Amounts due to		
- fellow subsidiaries	1,817	734
- non-controlling shareholders of subsidiaries	3,665	66,177
- a joint venture	38	36
- related companies	3,858	4,288
	577,427	464,421

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Within 30 days	48,261	43,952
31 - 60 days	14,110	23,852
61 - 90 days	3,828	6,368
Over 90 days	24,397	21,961
	90,596	96,133

5. OTHER OPERATING INCOME

	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Management fee and other service income	8,564	6,383
Dividends income from listed and unlisted financial assets at FVOCI	2,154	2,800
Rental income from		
- investment properties	966	1,093
- buildings	70	51
Gain on disposal of property, plant and equipment	125	1,388
Government subsidies	13,221	14,155
Exchange gain, net	2,017	-
Fair value gain on a financial asset at FVPL	1,303	-
Others	11,046	9,537
	<u>39,466</u>	<u>35,407</u>

6. OPERATING PROFIT

Operating profit is stated after charging the following:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Charging:		
Amortisation of intangible assets	23,750	22,841
Depreciation		
- right-of-use assets	47,272	47,075
- property, plant and equipment	180,451	179,249
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	335	636
Provision for inventories	195	345
Provision for impairment of trade receivables	696	511
Rental expenses under leases of		
- land and buildings leased from third parties	1,743	1,919
- land and buildings leased from non-controlling shareholders of subsidiaries	520	183
- plant and machinery leased from third parties	3,145	3,249
- concession from a fellow subsidiary (note)	78,402	71,966
- concession from third parties (note)	7,156	7,588
- concession from a non-controlling shareholder of a subsidiary (note)	11,025	6,842
Total staff costs (including directors' emoluments and retirement benefit costs)		
- wages, salaries and other benefits	435,339	426,120
- share-based payment, net	(57)	(1,778)
	435,282	424,342

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

7. FINANCE INCOME AND COSTS

	2023 US\$'000	2022 US\$'000
Finance income		
Interest income on		
- bank balances and deposits	13,661	7,059
- deposits with other financial institution	8,242	7,027
- loans to a joint venture and associates	6,095	3,036
	<u>27,998</u>	<u>17,122</u>
Finance costs		
Interest expenses on		
- bank loans	(137,439)	(73,317)
- notes wholly repayable within five years	(1,094)	(13,125)
- loans from other financial institution	(13,826)	(11,601)
- loans from non-controlling shareholders of subsidiaries	(2,928)	(1,226)
- loans from a joint venture	(488)	(775)
- loans from an associate	(580)	(536)
- lease liabilities	(30,332)	(29,665)
Amortised amount of		
- discount on issue of notes	(10)	(119)
- transaction costs on bank loans and notes	(4,215)	(3,291)
	<u>(190,912)</u>	<u>(133,655)</u>
Less: amount capitalised in construction in progress	21,422	9,115
	<u>(169,490)</u>	<u>(124,540)</u>
Other incidental borrowing costs and charges	(1,699)	(1,847)
	<u>(171,189)</u>	<u>(126,387)</u>
Net finance costs	<u>(143,191)</u>	<u>(109,265)</u>

8. TAXATION

	2023 US\$'000	2022 US\$'000 (Restated)
Current taxation		
- Mainland China taxation	(45,920)	(48,015)
- Overseas taxation	(20,981)	(21,999)
- Over/(under) provision in prior years	<u>22,930</u>	<u>(1,456)</u>
	(43,971)	(71,470)
Deferred taxation credit	<u>8,765</u>	<u>2,105</u>
	<u>(35,206)</u>	<u>(69,365)</u>

Hong Kong profits tax was provided at a rate of 16.5% (2022: 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.

	2023	2022 (Restated)
Profit attributable to equity holders of the Company	<u>US\$324,557,000</u>	<u>US\$306,633,000</u>
Weighted average number of ordinary shares in issue	<u>3,478,999,193</u>	<u>3,362,046,312</u>
Basic earnings per share	<u>US9.33 cents</u>	<u>US9.12 cents</u>

(b) Diluted

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

The Group had no potentially dilutive ordinary shares in issue during 2023 and 2022.

10. DIVIDENDS

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
First Interim dividend, paid of US1.744 cents (2022: US2.128 cents) per ordinary share	61,054	71,995
Second interim dividend, declared of US1.988 cents (2022: US1.504 cents) per ordinary share	<u>70,844</u>	<u>51,747</u>
	<u>131,898</u>	<u>123,742</u>

Note:

At a meeting held on 28 March 2024, the directors declared a second interim dividend for the year ended 31 December 2023 (in lieu of a final dividend) of HK15.5 cents (equivalent to US1.988 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 2024.

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 2023 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 2023 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 HK15.5 cents (2022: HK11.6 cents) per share for the year ended 31 December 2023 with an option to receive new fully paid shares in lieu of cash (“Scrip Dividend Scheme”).

The second interim dividend will be payable on 19 June 2024 to shareholders whose names appear on the register of members of the Company at the close of business on 22 April 2024. 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 19 June 2024.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 21 May 2024.

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 17 April 2024 to 22 April 2024, 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 Tuesday, 16 April 2024.

(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 Tuesday, 21 May 2024 (“2024 AGM”). For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from 16 May 2024 to 21 May 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 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 Tuesday, 14 May 2024.

FINANCIAL REVIEW

During 2023, the post-pandemic recovery of global economy has been difficult and tortuous, suffering from increasing downward pressure. The prospects for global economic recovery are still uncertain amid the continuous tightening of monetary policies in various countries, hiking interest rate, persistently high inflation and other impacting factors. COSCO SHIPPING Ports continued to further implement its strategy of lean operations, focusing on improving quality and efficiency as well as controlling costs in terminal operations and management, achieving an increase in overall results. The Company reported a profit attributable to equity holders of the Company in 2023 of US\$324,557,000 (2022: US\$306,633,000), increased by 5.8% YoY.

During 2023, profit from the terminals in which the Group has controlling stakes and non-controlling terminals amounted to US\$431,601,000 (2022: US\$441,088,000) in total, decreased by 2.2% YoY, and profit from terminals in which the Group has controlling stakes amounted to US\$132,871,000 (2022: US\$137,989,000), decreased by 3.7% YoY. During the year, profits from certain terminals in which the Group has controlling stakes was recorded, including Tianjin Port Container Terminal Co., Ltd. (“Tianjin Container Terminal”) which recorded an increase in revenue due to business structure improvements, resulting in a profit of US\$22,427,000 for 2023 (2022: US\$11,144,000), representing an increase of US\$11,283,000 compared to the same period in 2022; Piraeus Container Terminal Single Member S.A. (“Piraeus Terminal”) recorded a year-on-year increase in throughput and revenue in 2023 with a profit of US\$47,165,000 (2022: US\$42,636,000), representing an increase of US\$4,529,000 compared to the same period in 2022; and Xiamen Ocean Gate Container Terminal Co., Ltd. (“Xiamen Ocean Gate Terminal”) has become a wholly-owned subsidiary of the Group after acquiring its additional 30% equity interests in February 2023, and a profit of US\$40,408,000 (2022: US\$37,297,000) has been included in the profit from the terminal in 2023, increased by US\$3,111,000 YoY. Apart from the above holding terminals with higher profit contribution, CSP Abu Dhabi Terminal L.L.C. (“CSP Abu Dhabi Terminal”) recorded an increase of 32.8% YoY in throughput, and increased US\$3,863,000 in profit contribution year-on-year. On the other hand, due to the decrease in throughput and decrease in storage income, profit contribution from the remaining holding terminals in aggregate decreased year-on-year, among which profits of CSP Zeebrugge Terminal NV (“CSP Zeebrugge Terminal”), COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries (“CSP Spain Related Companies”), and Guangzhou South China Oceangate Container Terminal Company Limited (“Guangzhou South China Oceangate Terminal”) for 2023 decreased by US\$9,532,000, US\$5,765,000 and US\$3,470,000 YoY respectively.

In respect of non-controlling terminals, the profit recorded during 2023 was US\$298,730,000 (2022: US\$303,099,000), decreased by 1.4% YoY. In particular, 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 Terminals Limited (“Asia Container Terminal”), decreased by US\$16,552,000 YoY due to the decrease in throughput and decrease in storage income. In particular, the share of profit of Success Enterprises Limited and Wattrus Limited and their subsidiaries (collectively “Yantian Terminal Related Companies”) decreased by US\$6,165,000 YoY. On the other hand, the share of profit of Qingdao Port International Co., Ltd. (“QPI”), Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (“Dongjiakou Ore Terminal”) and Shanghai Mingdong Container Terminals Limited (“Shanghai Mingdong Terminal”) increased by US\$7,002,000, US\$2,956,000 and US\$2,793,000 YoY, respectively, which partially offset the decrease. In addition, the Group recorded after-tax fair value gain from the convertible bonds of Beibu Gulf Port Co., Ltd. (“Beibu Gulf Port”) held of US\$977,000 (2022: loss of US\$2,600,000), increased by US\$3,577,000 YoY.

Financial Analysis

Revenues

In 2023, revenues of the Group amounted to US\$1,454,353,000 (2022: US\$1,441,273,000), increased by 0.9% YoY. Upon the completion of the acquisition of COSCO SHIPPING Ports Supply Chain (Xiamen) Development Co., Ltd. (“Xiamen Haitou Supply Chain”) in the first quarter of 2023, it recorded a revenue of US\$31,351,000 in 2023 (2022: Nil); Piraeus Terminal recorded an increase in revenue of 8.7% YoY to US\$333,443,000 (2022: US\$306,684,000) due to the YoY increase in its throughput; CSP Abu Dhabi Terminal recorded a revenue of US\$66,428,000 (2022: US\$43,919,000), increased by 51.3% YoY; Tianjin Container Terminal recorded a revenue of US\$199,659,000 (2022: US\$182,543,000) due to the improvement in the business structure as compared to 2022, increased by 9.4% YoY. On the other hand, the overall increase in revenue was offset by a YoY decrease in revenues of several terminals due to the YoY decrease in its throughput, the change of the structure of container type and the YoY decrease in storage income. In particular, CSP Zeebrugge Terminal recorded a revenue of US\$48,588,000 (2022: US\$68,614,000), decreased by 29.2% YoY; CSP Spain Related Companies recorded a revenue of US\$286,612,000 (2022: US\$305,062,000), decreased by 6.0% YoY; Guangzhou South China Oceangate Terminal recorded a revenue of US\$185,285,000 (2022: US\$199,874,000), decreased by 7.3% YoY; Jinjiang Pacific Ports Development Co., Ltd. recorded a revenue of US\$10,967,000 (2022: US\$16,535,000), decreased by 33.7% YoY; Quan Zhou Pacific Container Terminal Co., Ltd. recorded a revenue of US\$42,483,000 (2022: US\$46,808,000), decreased by 9.2% 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\$1,033,491,000 in 2023 (2022: US\$1,011,595,000), increased by 2.2% YoY. Xiamen Haitou Supply Chain recorded a cost of US\$27,533,000 in 2023 (2022: Nil); due to the increase in throughput and the increase in concession fees driven by the increase in revenue, Piraeus Terminal recorded a cost of US\$249,039,000 (2022: US\$231,467,000), increased by 7.6% YoY; due to the increase in throughput, CSP Abu Dhabi Terminal recorded a cost of US\$48,832,000 (2022: US\$42,771,000), increased by 14.2% YoY. On the other hand, costs of some terminals experienced a YoY decrease due to the YoY decrease in their container volumes, which partially offset the increase in the abovementioned costs. In particular, Tianjin Container Terminal recorded a cost of US\$112,654,000 (2022: US\$122,254,000), decreased by 7.9% YoY; CSP Zeebrugge Terminal recorded a cost of US\$40,191,000 (2022: US\$47,961,000), decreased by 16.2% YoY; CSP Spain Related Companies recorded a cost of US\$243,647,000 (2022: US\$250,645,000), decreased by 2.8% YoY; Guangzhou South China Oceangate Terminal recorded a cost of US\$101,935,000 (2022: US\$105,336,000), decreased by 3.2% YoY.

Administrative Expenses

Administrative expenses in 2023 were US\$164,596,000 (2022: US\$167,457,000), decreased by 1.7% YoY.

Other Operating (Expenses)/Income, Net

Net other operating income was US\$18,550,000 in 2023 (2022: net expense of US\$871,000), and net income increased by US\$19,421,000 YoY. Of which, net exchange gains increased by US\$7,113,000 YoY; a pre-tax fair value profit of US\$1,303,000 (2022: a loss of US\$3,466,000) on the convertible bonds of Beibu Gulf Port held in 2023, increased by US\$4,769,000 YoY; management fees and other service revenue increased by US\$2,181,000 YoY. In addition, the Company included US\$3,215,000 in the effect of dilution in 2022 due to the dilution of the shareholding of Beibu Gulf Port originally held by the Company as a result of the exercise of share conversion rights by certain other convertible bondholders.

Finance Costs

The Group's finance costs amounted to US\$171,189,000 in 2023 (2022: US\$126,387,000), increased by 35.4% YoY. The average balance of bank loans for the year amounted to US\$2,984,791,000 (2022: US\$3,041,355,000), decreased by 1.9% YoY. The increase in finance costs was mainly due to the significant increase in the interest rates of the US dollar and Euro loans as a result of interest rate hikes by the US Federal Reserve and the European Central Bank. Taking into account the capitalised interest, the average cost of bank borrowings (including the amortization of transaction costs over bank loans and notes) was 5.30% in 2023 (2022: 3.40%).

Share of Profits Less Losses of Joint Ventures and Associates

The Group's share of profits less losses of joint ventures and associates for 2023 totalled US\$297,861,000 (2022: US\$308,024,000), decreased by 3.3% YoY. Of which, in 2023, the profit attributable to COSCO-HIT Terminal and COSCO-HPHT decreased by US\$16,552,000 YoY in total. During the year, Share of profit of Yantian Terminals Related Companies during the period amounted to US\$50,493,000 (2022: US\$56,658,000), decreased by US\$6,165,000 YoY. On the other hand, the profit contribution from some joint ventures and associates increased YoY, which partially offset the decrease. For domestic terminals, the share of profit of QPI amounted to US\$135,193,000 (2022: US\$128,191,000), increased by US\$7,002,000 YoY, the share of profit of Shanghai Mingdong Terminal amounted to US\$7,606,000 (2022: US\$4,813,000), increased by US\$2,793,000 YoY, as well as the share of profit of Dongjiakou Ore Terminal of US\$1,130,000 (2022: a loss of US\$1,826,000), with a year-on-year increase in profit contribution of US\$2,956,000.

Taxation

Taxation for the year amounted to US\$35,206,000 (2022: US\$69,365,000), decreased by US\$34,159,000 YoY. In 2023, a total of US\$20,051,000 was reversed in respect of tax provisions made in previous years; tax decreased year-on-year as a result of the reduction in the income tax rate on dividend withholding for certain controlling terminals and the year-on-year decrease in the overall profit of the controlling terminals.

Financial Position

Cash flow

In 2023, the Group continued to receive steady cash flow income. The Group's net cash generated from operating activities amounted to US\$482,447,000 (2022: US\$467,638,000) during the year. In 2023, the Group borrowed bank loans of US\$1,376,793,000 (2022: US\$1,008,884,000) and repaid loans of US\$1,078,098,000 (2022: US\$1,215,490,000). During the year, US\$346,466,000 (2022: US\$325,553,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment.

In addition, during the year, the Company paid approximately RMB819,213,000 (equivalent to approximately US\$120,997,000) to acquiring additional 30% equity interests of Xiamen Ocean Gate Terminal to make it a wholly-owned subsidiary of the Group; acquired 56% equity interest in Xiamen Haitou Supply Chain at a consideration of approximately RMB638,408,000 (equivalent to approximately US\$94,410,000); purchased 24.99% equity interests of HHLA Container Terminal Tollerort GmbH at a consideration of approximately EUR67,127,000 (equivalent to approximately US\$72,051,000) and provided shareholder loan; increased in the share capital of APM Terminals Vado Holding B.V. on a pro rata basis for EUR3,200,000 (equivalent to approximately US\$3,395,000).

Financing and credit facilities

As at 31 December 2023, the Group's total outstanding borrowings amounted to US\$3,234,631,000 (31 December 2022: US\$2,908,623,000) and cash balance amounted to US\$1,208,039,000 (31 December 2022: US\$1,115,166,000). Banking facilities unutilised amounted to US\$1,043,341,000 (31 December 2022: US\$698,602,000).

Assets and liabilities

As at 31 December 2023, the Group's total assets and total liabilities were US\$11,931,881,000 (31 December 2022: US\$11,326,353,000) and US\$5,089,356,000 (31 December 2022: US\$4,687,180,000), respectively. Net assets were US\$6,842,525,000 (31 December 2022: US\$6,639,173,000). As at 31 December 2023, net asset value attributable to equity holders per share of the Company was US\$1.62 (31 December 2022: US\$1.61).

As at 31 December 2023, the net debt-to-total-equity ratio was 29.6% (31 December 2022: 27.0%). The interest coverage was 4.2 times (2022: 5.9 times), excluding finance charges relating to lease liabilities.

As at 31 December 2023, certain assets of the Group with an aggregate net book value of US\$803,286,000 (31 December 2022: US\$137,117,000), together with the Company's restricted bank deposits and interest in subsidiaries, were pledged to secure bank loans, totalling US\$1,078,453,000 (31 December 2022: US\$753,500,000).

Debt analysis

By repayment term	As at 31 December 2023		As at 31 December 2022	
	US\$	(%)	US\$	(%)
Within the first year	959,038,000	29.7	787,135,000	27.1
Within the second year	233,474,000	7.2	881,396,000	30.3
Within the third year	254,936,000	7.9	95,021,000	3.3
Within the fourth year	427,764,000	13.2	105,802,000	3.6
Within the fifth year and after	1,359,419,000	42.0	1,039,269,000	35.7
	3,234,631,000 *	100.0	2,908,623,000 *	100.0

By category				
Secured borrowings	1,078,453,000	33.3	753,500,000	25.9
Unsecured borrowings	2,156,178,000	66.7	2,155,123,000	74.1
	3,234,631,000 *	100.0	2,908,623,000 *	100.0

By denominated currency				
US dollar borrowings	1,776,704,000	54.9	1,507,276,000	51.8
RMB borrowings	738,352,000	22.8	759,561,000	26.1
Euro borrowings	619,325,000	19.2	641,786,000	22.1
HK dollar borrowings	100,250,000	3.1	-	-
	3,234,631,000 *	100.0	2,908,623,000 *	100.0

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

Financial guarantee contracts

As at 31 December 2023 and 31 December 2022, 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 2023, 6.9% (31 December 2022: 18.3%) of the Group's borrowings were at fixed rates. In light of market conditions, the Group will continue to monitor and regulate its fixed and floating-rate debt portfolio, with a view to minimising its potential interest rate exposure.

OPERATIONAL REVIEW

Market Review

2023 was a year of economic recovery following three years of COVID pandemic, however the slow pace of the recovery of the global economy, overall lackluster performance in global trade, as well as low external demand have brought challenges for growth in China's exports. Despite these difficulties and challenges, the overall performance of China's external trade was decent, maintaining a stable market share internationally. According to the statistics from the General Administration of Customs of China, the total value of China's imports and exports in 2023 was RMB41.76 trillion, posting a YoY growth rate of 0.2%. The amount of exports grew by 0.6% YoY to reach a new record high of RMB23.77 trillion.

Overall Performance

COSCO SHIPPING Ports is dedicated to "dual driver" strategy. The overall quality of the Company's operations and development and its results continues to improve. In 2023, the Group's total throughput increased by 4.4% YoY to 135,808,554 TEU (2022: 130,107,074 TEU). Total throughput from terminals in which the Group has controlling stake decreased by 2.7% YoY to 30,762,095 TEU (2022: 31,627,734 TEU), accounting for 22.7% of the Group's total, and the total throughput from non-controlling terminals increased by 6.7% YoY to 105,046,459 TEU (2022: 98,479,340 TEU), accounting for 77.3% of the Group's total.

During the year, the Group's total equity throughput increased by 3.1% YoY to 43,381,201 TEU (2022: 42,069,050 TEU). The equity throughput from terminals in which the Group has controlling stake increased by 0.7% YoY to 19,010,845 TEU (2022: 18,869,824 TEU), accounting for 43.8% of the Group's total, and the equity throughput from non-controlling terminals increased by 5.0% YoY to 24,370,356 TEU (2022: 23,199,226 TEU), accounting for 56.2% of the Group's total.

	2023 (TEU)	2022 (TEU)	Change (%)
Total Throughput	135,808,554	130,107,074	+4.4
Throughput from terminals in which the Group has controlling stake	30,762,095	31,627,734	-2.7
Throughput from the Group's non-controlling terminals	105,046,459	98,479,340	+6.7
Equity Throughput	43,381,201	42,069,050	+3.1
Equity throughput from terminals in which the Group has controlling stake	19,010,845	18,869,824	+0.7
Equity throughput from the Group's non-controlling terminals	24,370,356	23,199,226	+5.0

China

Total throughput of the terminals in China increased by 4.8% YoY to 103,065,210 TEU in 2023 (2022: 98,338,099 TEU) and accounted for 75.9% of the Group's total throughput. Total equity throughput of terminals in China increased by 4.4% YoY to 30,679,108 TEU (2022: 29,382,264 TEU), accounting for 70.7% of the Group's total equity throughput.

Bohai Rim

Total throughput of the Bohai Rim region increased by 8.0% YoY to 46,589,991 TEU in 2023 (2022: 43,120,988 TEU) and accounted for 34.3% of the Group's total. Total equity throughput of the Bohai Rim region increased by 5.1% YoY to 12,571,882 TEU (2022: 11,958,004 TEU) and accounted for 29.0% of the Group's total equity throughput. Dalian Container Terminal Co., Ltd.'s added several new international routes during the year, with its total throughput increased by 12.1% YoY to 4,906,861 TEU (2022: 4,377,050 TEU).

Yangtze River Delta

Total throughput of the Yangtze River Delta region increased by 4.2% YoY to 14,569,524 TEU in 2023 (2022: 13,986,956 TEU) and accounted for 10.7% of the Group's total. Total equity throughput of the Yangtze River Delta region increased by 2.9% YoY to 4,093,259 TEU (2022: 3,976,608 TEU) and accounted for 9.4% of the Group's total equity throughput. Shanghai Mingdong Terminal began developing marketing strategies in cooperation with upstream and downstream logistics chain partners, achieving a 10.5% YoY increase in throughput to 6,054,308 TEU (2022: 5,477,740 TEU). Wuhan CSP Terminal Co., Ltd. has experienced an increase in number of services and throughput since it operates in April 2022, and actively developed water-rail intermodal transport; its total throughput increased by 138.6% YoY to 158,596 TEU (2022: 66,469 TEU).

Southeast Coast and Others

Total throughput in the Southeast Coast and Others region decreased by 6.9% YoY to 5,951,456 TEU in 2023 (2022: 6,392,128 TEU) and accounted for 4.4% of the Group's total throughput. Total equity throughput of Southeast Coast and Others region increased by 16.5% YoY to 4,242,346 TEU (2022: 3,642,358 TEU) and accounted for 9.8% of the Group's total equity throughput. The increase in equity throughput was mainly attributable to the Company's acquisition of a 30% equity interest in Xiamen Ocean Gate Terminal, in which the Company now holds a 100% equity interest. Xiamen Ocean Gate Terminal fully utilized its role as the hub of the OCEAN Alliance in the Southeastern region, so its throughput increased by 0.3% YoY to 2,748,313 TEU (2022: 2,741,179 TEU).

Pearl River Delta

Total throughput of the Pearl River Delta region increased by 0.4% YoY to 27,932,139 TEU in 2023 (2022: 27,817,027 TEU) and accounted for 20.6% of the Group's total throughput. Total equity throughput of the Pearl River Delta region decreased by 1.7% YoY to 7,896,402 TEU (2022: 8,036,580 TEU) and accounted for 18.2% of the Group's total equity throughput. The throughput of Yantian International Container Terminals Co., Ltd. increased by 3.5% YoY to 14,045,087 TEU (2022: 13,572,909 TEU) mainly due to a recovery in volume on routes to Europe and the US in the second half of the year.

Southwest Coast

Total throughput of the Southwest Coast region increased by 14.3% YoY to 8,022,100 TEU in 2023 (2022: 7,021,000 TEU), accounting for 5.9% of the Group's total throughput. Total equity throughput of the Southwest Coast region increased by 6.0% YoY to 1,875,219 TEU (2022: 1,768,714 TEU) and accounted for 4.3% of the Group's total equity throughput. The increase in total throughput and equity throughput was mainly due to the increase in trade between China and Southeast Asia, also benefitting from positive factors such as the construction of the new western land-sea corridor and the establishment of Regional Comprehensive Economic Partnership (RCEP), there are many opportunities for the high-quality development in the Southwest Coast region.

Overseas

Total throughput in overseas increased by 3.1% YoY to 32,743,344 TEU in 2023 (2022: 31,768,975 TEU) and accounted for 24.1% of the Group's total. Total equity throughput of overseas region increased by 0.1% YoY to 12,702,093 TEU (2022: 12,686,786 TEU) and accounted for 29.3% of the Group's total equity throughput. As Piraeus Terminal continuously strengthened its marketing strategy and actively introduced new shipping services and increased volume from third-party customers, its total throughput increased by 5.4% YoY to 4,586,535 TEU (2022: 4,352,059 TEU). Driven by the development of new businesses, total throughput of CSP Abu Dhabi Terminal increased by 32.8% YoY to 1,353,215 TEU (2022: 1,018,668 TEU).

PROSPECTS

The International Monetary Fund (IMF) released its latest World Economic Outlook report on 30 January 2024, estimating that the global economy will grow by 3.1% this year. Although the global economy continues to show resilient growth and inflation is declining steadily, the pace of economic growth remains slow, posing certain challenges to China's export growth. However, against the backdrop of global carbon neutrality, new structural highlights of China's exports continued to emerge. China's new energy industry chain products have a global leading edge in terms of price, technology and quality, and the export growth rate of new energy vehicles and photovoltaic products is expected to remain at a high level, bringing opportunities for the development of the port industry.

In 2023, COSCO SHIPPING Ports' total throughput and equity throughput ranked among the top in the world, and the Company's overall operations remained stable. Looking ahead to 2024, the Group will continue to strengthen its globalization strategy in four areas: efficiency, networking, assets and staff, to realize its transformation into a global operator, and strive to build a world-class customer-focused port logistics service provider.

The Company will continue to focus on "improving quality and efficiency", taking service enhancement, cost control and business optimization as the key measures, and digitalization and automation as the driving forces to improve the profitability and efficiency of its asset portfolio. Grasping the opportunities presented by the growth of China's advanced manufacturing industries in overseas markets, the Company will expand its service scope to create incremental value; improve cost control to enhance its cost competitive edge; and innovate its commercial and marketing model to promote the strong interconnection of port and shipping resources.

The Company will continue to build a "full chain of services", focusing on the world's latest development trends and integrating into the "dual circulation" development pattern. We will fully utilize the advantages of our global terminal network, supply chain base, digital intelligence and other resources to create high-quality service benchmark products and provide efficient and convenient port logistics and supply chain solutions. We will continue to drive innovation and accelerate the construction of a new model of green transportation that is clean, low-carbon, safe and efficient.

The Company will actively promote its globalization and seize the opportunities in emerging markets, especially those included in the RCEP, regional markets and third country markets, and explore investment opportunities in key hub ports and core supply chain resources behind the terminals. At the same time, we will continue to participate in domestic port resource integration to optimize terminal structure and enhance asset quality.

The Company will always adhere to the talent-oriented principle and build a global hub for talent in the port industry, building pathways for outstanding talents and enabling employees to share the responsibility, results, and growth with the Company. All employees of COSCO SHIPPING Ports will continue to uphold an open mind and cooperative attitude, relying on the port's high-quality resources, and promote the development of the industry through joint discussions and cooperation with partners in the industry chain, to achieve win-win cooperation while fostering the development of global trade and promoting the prosperity of the regional economy.

Throughput of the Group for the year ended 31 December 2023 was set out below:

	2023 (TEU)	2022 (TEU)	Change (%)
Bohai Rim	46,589,991	43,120,988	+8.0
Qingdao Port International Co., Ltd.	30,020,000	26,820,000	+11.9
Dalian Container Terminal Co., Ltd.	4,906,861	4,377,050	+12.1
Dalian Dagang Container Terminal Co., Ltd.	23,202	24,415	-5.0
Tianjin Port Container Terminal Co., Ltd.	8,223,425	8,481,293	-3.0
Yingkou Terminals ^{Note 1}	2,230,824	2,071,278	+7.7
Jinzhou New Age Container Terminal Co., Ltd.	640,486	717,056	-10.7
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	545,193	629,896	-13.4
Yangtze River Delta	14,569,524	13,986,956	+4.2
Shanghai Pudong International Container Terminals Limited	2,610,086	2,600,529	+0.4
Shanghai Mingdong Container Terminals Limited	6,054,308	5,477,740	+10.5
Ningbo Yuan Dong Terminals Limited	3,143,607	3,053,395	+3.0
Lianyungang New Oriental International Terminals Co., Ltd.	1,008,171	945,448	+6.6
Taicang International Container Terminal Co., Ltd.	266,555	220,348	+21.0
Nantong Tonghai Port Co., Ltd.	1,328,201	1,623,027	-18.2
Wuhan CSP Terminal Co., Ltd. ^{Note 2}	158,596	66,469	+138.6
Southeast Coast and others	5,951,456	6,392,128	-6.9
Xiamen Ocean Gate Container Terminal Co., Ltd.	2,748,313	2,741,179	+0.3
Quan Zhou Pacific Container Terminal Co., Ltd.	1,311,018	1,340,389	-2.2
Jinjiang Pacific Ports Development Co., Ltd.	222,405	262,683	-15.3
Kao Ming Container Terminal Corp.	1,669,720	2,047,877	-18.5
Pearl River Delta	27,932,139	27,817,027	+0.4
Yantian International Container Terminals Co., Ltd.	14,045,087	13,572,909	+3.5
Guangzhou Terminals ^{Note 3}	11,562,480	11,517,330	+0.4
Hong Kong Terminals ^{Note 4}	2,324,572	2,726,788	-14.8
Southwest Coast	8,022,100	7,021,000	+14.3
Beibu Gulf Port Co., Ltd.	8,022,100	7,021,000	+14.3
Overseas	32,743,344	31,768,975	+3.1
Piraeus Container Terminal Single Member S.A.	4,586,535	4,352,059	+5.4
CSP Zeebrugge Terminal NV	432,843	1,070,762	-59.6
COSCO SHIPPING Port (Spain) Holding, S.L. and its subsidiaries	3,143,154	3,430,787	-8.4
CSP Abu Dhabi Terminal L.L.C.	1,353,215	1,018,668	+32.8
COSCO-PSA Terminal Private Limited	5,330,470	5,129,902	+3.9
Reefer Terminal S.p.A.	60,584	64,852	-6.6
Euromax Terminal Rotterdam B.V.	2,482,846	2,644,039	-6.1
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş.	1,316,724	1,208,865	+8.9
Suez Canal Container Terminal S.A.E.	3,982,874	3,785,317	+5.2
Red Sea Gateway Terminal Company Limited	3,181,901	2,751,157	+15.7
Antwerp Gateway NV	2,003,613	2,107,791	-4.9
SSA Terminals (Seattle), LLC	145,024	277,626	-47.8
Busan Port Terminal Co., Ltd.	3,881,749	3,704,778	+4.8
Vado Gateway S.p.A.	298,329	222,372	+34.2
HHLA Container Terminal Tollerort GmbH ^{Note 5}	543,483	N/A	N/A
Total	135,808,554	130,107,074	+4.4

- Note 1: Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminals Company Limited and Yingkou New Century Container Terminal Co., Ltd.
- Note 2: 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: Throughput of the terminal was included since July 2023. Therefore, the figure of the terminal for the year ended 31 December 2023 was the throughput of the terminal from July to December 2023.
- Note 6: Total throughput of bulk cargo, excluding throughput of Beibu Gulf Port, for the year ended 31 December 2023 was 438,082,338 tons (2022: 433,346,347 tons), representing an increase of 1.1%. Total throughput of automobile for the year ended 31 December 2023 was 773,961 vehicles (2022: 790,241 vehicles), representing a decrease of 2.1%. Throughput of reefer of Reefer Terminal S.p.A. (Vado Reefer Terminal) for the year ended 31 December 2023 was 375,963 pallets (2022: 355,754 pallets), representing an increase of 5.7%.

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 C1 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 2023.

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 2023.

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 C3 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 2023.

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 2023.

OVERALL MANAGEMENT AND AWARDS

In 2023, COSCO SHIPPING Ports’ efforts in investor relations, corporate governance, corporate transparency and corporate social responsibility were unanimously recognized by community and the capital markets.

- Awarded “GC Powerlist Hong Kong Teams 2023” from Legal 500 GC Powerlist;
- 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 “Most Innovative Port Operator” from International Finance Magazine;
- Awarded “Best Container Operator of the Year” and “Most Socially Responsible Port Operator” from Global Business Outlook Magazine;
- Awarded “2022 Chinese Enterprises Corporate Social Responsibility Event” from Environmental Excellence Award;
- Awarded “Online Annual Report Bronze Award” and “Chairman’s Letter Honors Award” from ARC Awards;
- Awarded “Annual Report 2022 Silver Award”, “Sustainability Report Bronze Award” and “Environmental Awareness Bronze Award” from Inova Awards;
- Awarded “Excellence Award for H Share & Red Chip Entries - 2023 HKMA Best Annual Reports Awards” from The Hong Kong Management Association; and
- Awarded “Best Corporate Governance and ESG Awards 2023 - Special Mention” from HKICPA.

The Company is dedicated to continuous enhancement of corporate governance and legal governance standards. In the first quarter of 2024, the Company was recognized with the following awards:

- “In-House Counsel Awards 2024 - Winner - Aviation, Shipping & Logistics (Team)”, “In-House Counsel Awards 2024 - Highly-commended - Compliance (Cross-border) (Team)”, “In-House Counsel Awards 2024 - Highly-commended - International Compliance & Sanctions (Team)” and “In-House Counsel Awards 2024 - Highly-commended - Mergers & Acquisitions (Cross-border) (Team)” from China Business Law Journal.

INVESTOR RELATIONS

COSCO SHIPPING Ports attaches great importance to investor relations management. Through continuous enhancement of communication with investors and potential investors, the Group seeks to increase investors' understanding and recognition of the Company, with a view to enhancing the Company's corporate governance and overall corporate value.

In 2023, the Group used a wide range of methods such as online and in-person results announcements, roadshows, investor presentations, investor conferences, teleconferences, official websites and emails to inform domestic and overseas investors and analysts about the Company's latest business updates and developments. The Company has actively demonstrated the effectiveness of its Globalization and Lean Operations strategies and its efforts and achievements in environmental, social and governance (ESG), showcasing the Company's long-term development advantages and core competitiveness.

The Group has implemented a stringent information disclosure system to enhance the timeliness, fairness, truthfulness, accuracy, and completeness of the Company's information disclosure. Through regular financial reports and sustainability reports, we accurately reflect the Company's production and operation details, financial condition, investment and development, and corporate governance during the reporting period. The Company proactively and timely discloses information that has a greater impact on the decisions of shareholders and other stakeholders, including monthly terminal throughput data and the progress of acquisitions, etc., in order to enhance the transparency of the Company's information and deepen investors' knowledge and understanding of the Company.

Through a series of investor relations activities, the Investor Relations Department briefed investors and analysts on the Company's recent business status, financial performance and future development direction, as well as answered questions and listened to opinions from the market, which were then fed back to the management in a timely manner. Throughout the year, we communicated with a total of 257 investors and analysts from 195 institutions in countries and regions such as Mainland China, Hong Kong, Singapore and the United Kingdom, and endeavored to maintain good relationships with existing shareholders while actively reaching out to potential investors in order to promote the diversification of the shareholder base.

CORPORATE SUSTAINABLE DEVELOPMENT

In 2023, the Company continued to deepen energy saving and emissions reduction, expedite the process to achieve carbon neutral and just transition, and make steady progress towards developing smart ports by expanding its sustainability approach based on five main areas covering Governance, Resilience, Agility, Nature and Dynamic, to support green shipping value chain and create shared value for all stakeholders.

Governance

The Company believes that maintaining good faith and mutual success, and upholding business ethics and compliance principles serve as the cornerstone for building a trustworthy and sustainable business model. The Company has been maintaining high standards of corporate governance and business integrity and fostering a probity culture by providing anti-corruption and sustainable development trainings to the Board and the management. The Company attaches great importance to information security and privacy protection with an aim to establish a safe environment in order to protect the information of the Company, its employees and its customers.

Resilience

The Company continues to reduce carbon emission from its operations through various measures such as electrification of terminal equipment, increasing the use of electric driverless container vehicles, investing in renewable energy projects, and regenerating energy from port facilities in the terminals in which it has controlling stake, and proactively enhances its climate resilience by identifying and managing climate-related risks and opportunities. The Company adopts sustainable procurement principles and imposes stringent selection criteria for suppliers. The Company has published the Initiative to Promote the Use of Shore Power by Vessels at Berth to facilitate decarbonisation together with its customers, by working with its upstream and downstream stakeholders, the Company supports sustainable value chain.

Agility

Putting the philosophy of customers first into practice, the Company capitalises on the advantages of industrial digitalisation and intelligence to empower the construction of green and smart ports by integrating its insights into technological innovations to deliver high quality service to its customers. During the year, the Company has stepped up efforts in promoting the extensive use of driverless container vehicles with an annual handling volume of over 210,000 TEU. During the year, container vehicles fuelled by new energy and clean energy accounted for 46% in the terminals in which the Company has controlling stake in China.

Nature

The Company is committed to saving and making effective and responsible use of natural resources by reducing the consumption of water resources and materials as far as possible during operation and promoting wastewater and waste recycling, and proactively participating in ecological and environmental protection activities to mitigate the impact on biodiversity.

Dynamic

Upholding the philosophy of diversity and inclusion in corporate development, the Company strives to make progress together with its employees and all stakeholders. The Company continues to enhance health and safety in order to achieve the target of “zero fatality”, and offers diversified trainings and career opportunities to build a safe, healthy, caring and inclusive working environment, while at the same time develops a sustainable talent pipeline and supports just transition in the port industry. Mainly focusing on poverty alleviation, caring for the disadvantaged, education and youth development, as well as environmental protection, the Company makes continuous efforts in driving the development of the communities where it operates and creating shared value for all stakeholders.

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

Hong Kong, 28 March 2024

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