The Ports for ALL

COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

2023 ANNUAL REPORT

ANCHORING ON GLOBAL DEVELOPMENT,
EMPOWERED BY LEAN OPERATIONS AND INNOVATION

LED BY DIGITAL INTELLIGENCE,
ACHIEVING COOPERATION AND SUCCESS FOR ALL


ESTABLISHING A GLOBAL PRESENCE
LEAN INNOVATION EMPOWERMENT
DEEPENING STRATEGIC COLLABORATION
SAFE AND STEADY PROGRESS
COSCO SHIPPING KHALIFA PORT
Hapag-Lloyd
COSCO

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CORPORATE PROFILE

COSCO SHIPPING Ports Limited (Stock Code: 1199) is a leading port logistics service provider in the world and its terminals portfolio covers the five main port regions and the middle and lower reaches of the Yangtze River in China, Europe, the Mediterranean, the Middle East, Southeast Asia, South America and Africa, etc. As at 31 December 2023, COSCO SHIPPING Ports operated and managed 371 berths at 38 ports globally, of which 224 were for containers, with an annual handling capacity of approximately 123 million TEU.

Building on the brand philosophy of "The Ports for ALL", COSCO SHIPPING Ports has established its corporate mission of "Connecting Different Worlds" and is committed to maintaining a customer-centric approach to continuously improve the service and capacity of its global network and enhance the strategic positioning of key node ports and optimise logistics resource distribution. Leveraging ports as a conduit to connect global shipping services and serve global trade, the Company is dedicated to establishing a platform for mutual benefits and shared successes for all stakeholders involved with a vision of becoming "the leading global port logistics service provider with a customer-oriented focus".

Corporate Profile

OUR HISTORY

1994

- Listed on the Stock Exchange of Hong Kong

1996

- Changed company name from Florens Group Limited to COSCO Pacific Limited

2016

- Changed company name to COSCO SHIPPING Ports Limited after completion of its reorganisation in March

2017

- Invested in Wuhan Yangluo Terminal and a multi-modal transportation centre project

- Invested in NPH Group (now known as CSP Spain Related Companies). NPH Group was principally engaged in the businesses of the operation of two container terminals, namely CSP Valencia Terminal and CSP Bilbao Terminal, and two facilitative rail terminals
- Invested in Nantong Tonghai Terminal

2018

- Strategic investment by the Port of Zeebrugge in CSP Zeebrugge Terminal to further deepen cooperation
- Entered into a subscription agreement with Navis, for its N4 terminal operating system
- Offered concession terms by the Port of Zeebrugge for CSP Zeebrugge Terminal

2019

- CSP Zeebrugge Terminal went live with Navis N4
- Invested in CSP Chancay Terminal
- Invested in Beibu Gulf area to participate in Guangxi ports integration and further strengthen cooperation

2020

- The first batch of 5G driverless container vehicles, a joint project of COSCO SHIPPING Ports with Dongfeng Corporation and China Mobile, was officially delivered

- CSP Abu Dhabi CFS completed phase one construction, and put into operation after formal acceptance by the local government authorities

Our History

2020

- Piraeus Terminal celebrated its first tenth year anniversary. Over the past decade, the throughput of Piraeus Terminal increased from 680,000 TEU to 4.9 million TEU, marking it a model of cooperation along the Belt and Road Initiative

2021

- COSCO SHIPPING Ports' Xiamen Haicang Supply Chain Project, which integrates the supply chain infrastructure facilities of "automated terminal + automated railway + automated warehouse", hosted the groundbreaking ceremony in Xiamen Haicang

- COSCO SHIPPING Ports celebrated the 5th anniversary of reorganisation
- Wuhan Yangluo International Port Water-Rail Intermodal Container Transport Project commenced operation
- COSCO SHIPPING Ports successfully launched Green Finance Framework, demonstrating the Company's commitment in driving green development

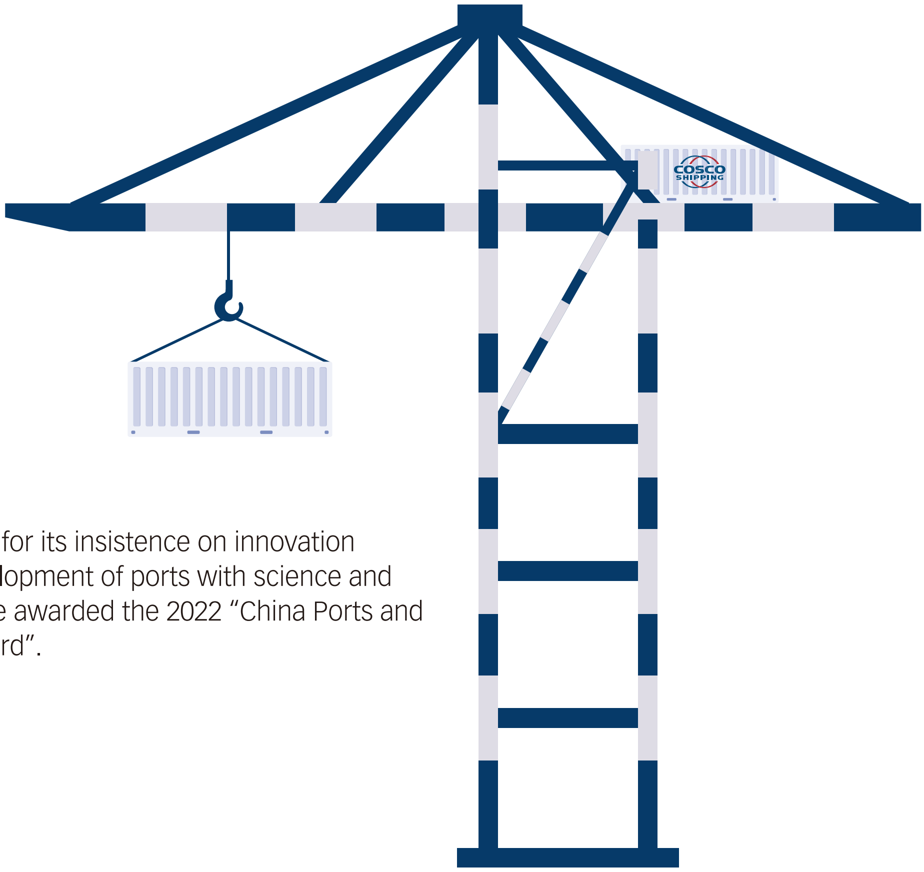
2022

- COSCO SHIPPING Ports and the Port of Zeebrugge held an online signing ceremony and agreed to extend the concession of CSP Zeebrugge Terminal by 15 years to 2055
- COSCO SHIPPING Ports had been selected as a constituent stock of Hang Seng Corporate Sustainability Benchmark Index

2023

- COSCO SHIPPING Ports completed the acquisition of 56% equity interest in Xiamen Haitou Supply Chain (formerly known as Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd.) and the increase of 30% equity interest in Xiamen Ocean Gate Terminal to a wholly-owned subsidiary
- Signed an agreement for the acquisition of 25% of the equity interest in Sokhna New Container Terminal in Egypt
- Invested in CTT in Germany to strengthen logistics interconnection between China and Germany

MAJOR EVENTS

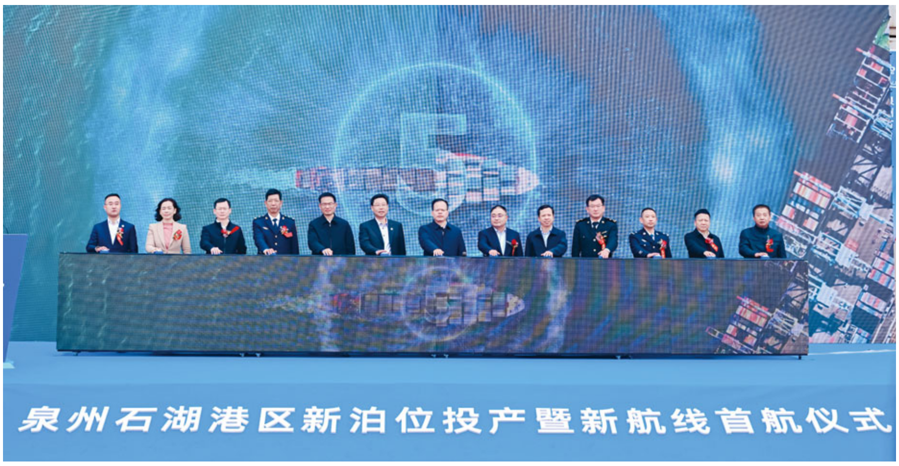


2023 **JANUARY**

- COSCO SHIPPING Ports was honoured for its insistence on innovation and empowering the high quality development of ports with science and technology. A number of projects were awarded the 2022 "China Ports and Harbours Association Technology Award".

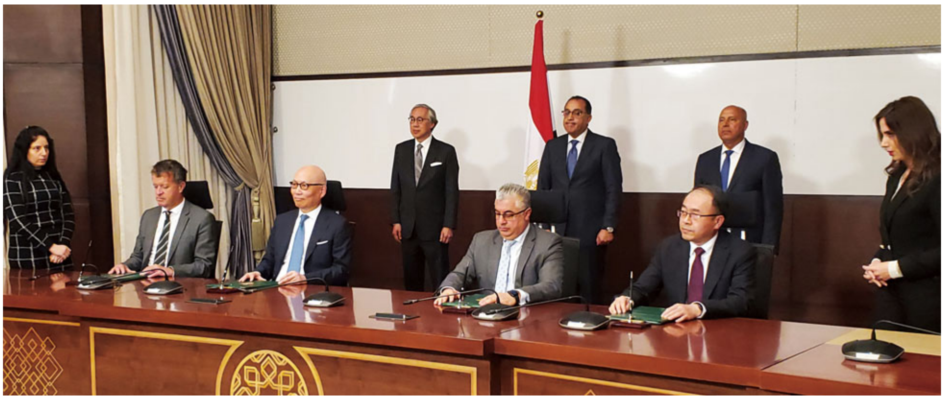
2023 **FEBRUARY**

- On 15 February, the new 100,000-ton berth at COSCO SHIPPING Ports' Quan Zhou Pacific Terminal was officially opened, and the shipping services of COSCO SHIPPING Lines dual brands were launched.
- On 28 February, the Company formally completed the acquisition of 56% equity interest in Xiamen Haitou Supply Chain (formerly known as Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd.) and 30% equity interest in Xiamen Ocean Gate Terminal, making it a wholly-owned subsidiary.



2023 **MARCH**

- On 15 March, an announcement was made about the investment in 25% of the equity interest of Sokhna New Container Terminal in Egypt. The Port of Sokhna is strategically located and is one of the major ports in Egypt.
- Awarded "Best Shipping Port Operator (Ports sector) 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" by International Business Magazine.



2023 **APRIL**

- On 17 April, Hang Seng Indexes Company Limited launched the Hang Seng China Central SOEs Index. Parent company COSCO SHIPPING Holdings (601919.SH/1919.HK) and COSCO SHIPPING Ports (1199.HK) were both included as constituents of the Index.
- Awarded "Most Innovative Port Operator" by International Finance Magazine.
- Awarded the "2022 Chinese Enterprises Corporate Social Responsibility Event" Environmental Excellence Award for the first time.

Major Events

2023 MAY

- Participated in the 7th Exposition on China Brand, the "Global Terminal and Supply Chain Network" and "Smart Port" solutions created by the Company were presented at the Exposition, showcasing the Company's innovations and brand image in the fields of globalisation, digitalisation, intelligence, and low-carbonisation from the perspective of constructing a global digitalised logistics supply chain system.
- The "5G Empowered Smart Port Operational Application" was awarded the Second Prize in the first "State Enterprise Digital Scene Innovation Professional Competition" organised by the Bureau of Scientific and Technological Innovation of the State-owned Assets Supervision and Administration Commission of the State Council.

2023 JUNE

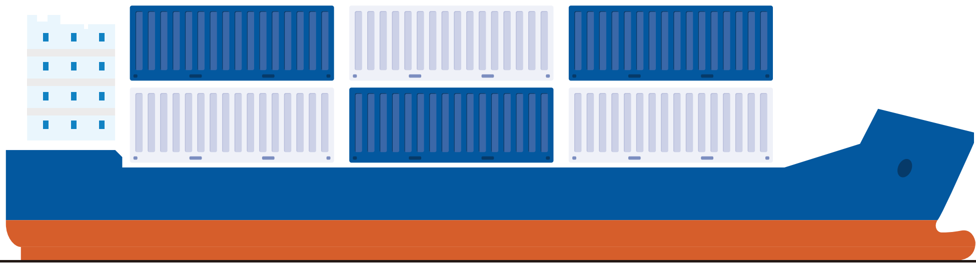
- Completion of the acquisition of 24.99% equity interest in CTT at the Port of Hamburg, Germany. Against the backdrop of the continuous strengthening of economic and trade relations between China and Germany and the increasing demand for shipping transportation between the two countries, this will help consolidate and enhance the position of CTT at the Port of Hamburg as a key hub for global logistics.

2023 JULY

- On 10 July, OOCL PIRAEUS, one of the world's largest container vessels with a capacity of 24,188 TEU, made its maiden call at the port of Piraeus, the port for which it was named.
- Forbes Magazine (Maritime Special) published a Greek article titled "PCT Helps Piraeus Stand on the World Container Transportation Map". The article mentions that Piraeus Terminal, a wholly-owned subsidiary of COSCO SHIPPING Ports, has promoted the regional economic development, used digital innovation to improve the terminal's production efficiency, and contributed to the community to fulfill its corporate responsibility. The article also showcases the achievements of the development of Piraeus Terminal over the past ten years or so.

2023 **AUGUST**

- Awarded “Best Container Operator of the Year” and “Most Socially Responsible Port Operator” by Global Business Outlook Magazine.
- Awarded “Online Annual Report Bronze Award” and “Chairman’s Letter Honors Award” by ARC Awards.
- COSCO SHIPPING Ports and COSCO SHIPPING Lines dual brands jointly published the “Initiative to Promote the Use of Shore Power by Vessels at Berth” to promote the use of shore power while vessels are at berth, reduce greenhouse gas emissions, build a green and low-carbon supply chain, and protect the environment.



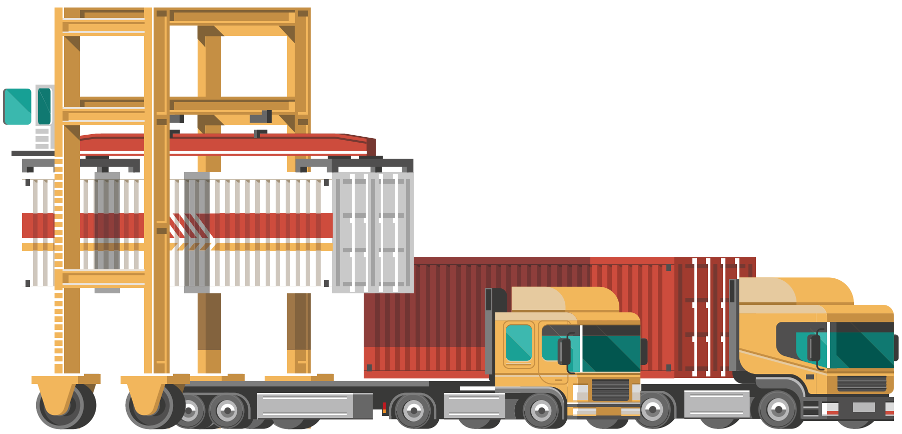
2023 **SEPTEMBER**

- On 17 September, the 20th China–ASEAN Expo and China–ASEAN Business and Investment Summit opened in Nanning, Guangxi Province. At the exhibitions, COSCO SHIPPING Ports introduced the latest achievements in global terminal service network, supply chain extension services, green and low-carbon development, and highlighted the relevant port resources and service capacity in Guangxi and ASEAN to the guests and participants.

Major Events

2023 **OCTOBER**

- On 11 October, throughput of CSP Abu Dhabi Terminal once again exceeded 1 million TEU, two and a half months ahead of its first achievement of 1 million TEU on 26 December 2022, and the volume of containers continued to grow significantly.
- Xiamen Ocean Gate Terminal's "Whole Vehicle Shipment" service exceeded 55,000 units. Among them, 53,224 units were exported by containers (including 41,703 new energy vehicles) and 2,560 units were exported by roll-on/roll-off (including 1,818 new energy vehicles).
- Awarded "GC Powerlist Hong Kong Teams 2023" by Legal 500 GC Powerlist.



2023 **NOVEMBER**

- On 5-10 November, the 6th China International Import Expo was held in Shanghai. COSCO SHIPPING Ports demonstrated its global network layout, end-to-end "integrated port, shipping and trade" services and green and intelligent services with higher specifications and more interactions this time.
- Awarded "Best Corporate Governance and ESG Awards 2023 – Special Mention" by the Hong Kong Institute of Certified Public Accountants (HKICPA).
- Awarded the "Annual Report 2022 Silver Award", "Sustainability Report Bronze Award" and "Environmental Awareness Bronze Award" by Inova Awards.
- Awarded the "Excellence Award for H Share & Red Chip Entries – 2023 HKMA Best Annual Reports Awards" by The Hong Kong Management Association.

2023 **DECEMBER**

- CSP Abu Dhabi CFS participated in the bulk cargo contract of Emirates Steel Arkan (ESA), the largest steel and construction materials manufacturer in the United Arab Emirates, becoming the exclusive freight forwarder and full service logistics provider of the bulk cargo transportation project.

Note:

The Company is dedicated to continuous enhancement of corporate governance and legal governance standards. In the first quarter of 2024, the Company was recognised 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.

FINANCIAL HIGHLIGHTS

	2023 US$	2022 US$ (restated)	Change %
Revenue	**1,454,353,000**	1,441,273,000	0.9
Operating profit (after finance income and costs)	**131,625,000**	152,085,000	-13.5
Share of profits less losses of joint ventures and associates	**297,861,000**	308,024,000	-3.3
Profit attributable to equity holders of the Company	**324,557,000**	306,633,000 [Note 1]	5.8
	US cents	US cents	%
Basic earnings per share	**9.33**	9.12 [Note 1]	2.3
Dividend per share	**3.732**	3.632	2.8
– First interim dividend	**1.744**	2.128	-18.0
– Second interim dividend	**1.988**	1.504	32.2
Payout ratio	**40%**	40% [Note 2]	Not applicable
	US$	US$	%
Consolidated total assets	**11,931,881,000**	11,326,353,000	5.3
Consolidated total liabilities	**5,089,356,000**	4,687,180,000	8.6
Consolidated total equity	**6,842,525,000**	6,639,173,000	3.1
Capital and reserves attributable to the equity holders of the Company	**5,770,731,000**	5,532,003,000	4.3
Consolidated net debts	**2,026,592,000**	1,793,457,000	13.0
	%	%	ppt
Return on equity holders of the Company	**5.7**	5.4	0.3
Return on total assets	**2.8**	2.6	0.2
Net debt-to-total-equity ratio	**29.6**	27.0	2.6
Interest coverage (excluding finance charges relating to lease liabilities)	**4.2 times**	5.9 times	Not applicable
Dividend yield	**5.2**	4.6	0.6

Notes:

1. 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.
2. According to 2022 Annual Report, the 2022 payout ratio was 40% (before restatement).

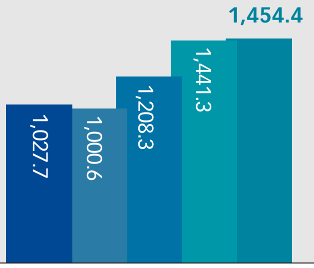
Financial Highlights

FIVE-YEAR FINANCIAL SUMMARY

2019 | 2020 | 2021Note | 2022Note | 2023

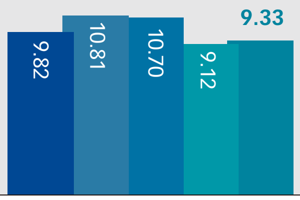
REVENUE
US$ million

US$
1,454.4
million



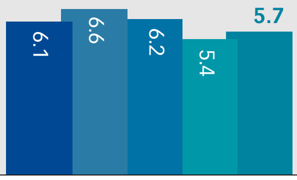
EARNINGS PER SHARE
US cents

US
9.33
cents



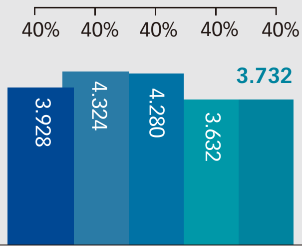
RETURN ON EQUITY HOLDERS OF THE COMPANY
%

5.7%



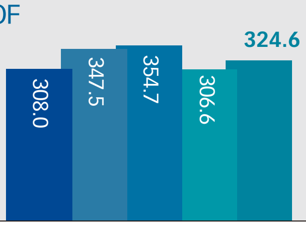
DIVIDEND PER SHARE AND PAYOUT RATIO
US cents

US
3.732
cents



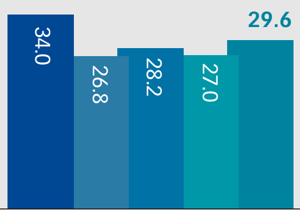
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
US$ million

US$
324.6
million



NET DEBT-TO-TOTAL-EQUITY RATIO
%

29.6%



Note: Financial data was adjusted according to the restated consolidated financial statements.

CHAIRMAN'S STATEMENT

In 2023, under multiple risks and challenges such as the accelerated evolution of the global economic and trade pattern, geopolitical conflicts, high inflation and high interest rates, to achieve COSCO SHIPPING Group's vision of high-quality development of its port business segment during the "14th Five-Year Plan" period, we focused on our main responsibilities and main business, actively seized the opportunities, and strove ahead against difficulties. We resolved new problems with new ideas, stimulated new momentum with new development, linked new ecologies with new technologies, and created new models with new mechanisms. Owing to all these efforts, breakthroughs were made in "network chain, business chain, digital chain and green industry chain", and our global competitiveness and brand influence continued to improve.

YANG Zhijian
Chairman

As an important component of the new global digital supply chain service ecology of COSCO SHIPPING Group which integrates "shipping + ports + logistics", COSCO SHIPPING Ports accelerated its high-quality transformation and upgrading while strengthening and optimising its port business and prioritised on global expansion and lean operations to keep creating a global terminal network with efficient linking capabilities.

During the past year, we steadily advanced our terminal portfolio with material progress being achieved in major acquisitions. We continued to focus on improving quality and efficiency and our production and operation recorded an improvement while ensuring stability. Steady enhancement was seen in the efficiency of vessel operations, our image among customers and the number of shipping services. Significant results were achieved in revenue increase and cost reduction. We further promoted the integrated development of "ports-vessels-cargoes" to provide customers with customised and personalised full-chain solutions, thus creating new drivers for development. Focusing on the new development patterns of port and shipping industries, we accelerated the digital, green and low-carbon transformation and upgrading, driving the efficient development of the Company with technology.

STICKING TO THE GOAL OF GLOBAL DEVELOPMENT AND ACCELERATING SYNERGISTIC VALUE ENHANCEMENT

Based on its existing network, the Group continued to explore investment opportunities in terminals in which it has controlling stakes and of strategic significance and highly profitable non-controlling terminals across the global network. Guided by the new development pattern and customer strategy, and aiming at a balance between strategy and efficiency, the Group has vigorously pushed forward the expansion of its ports and logistic resources at key locations around the world with the direction of "multi-site development + platform construction", so as to continue to optimise the layout of its terminal assets around the world.

The Company was also committed to building an integrated terminal network that offers a linkage effect on costs, services and synergies. The Company took full use of its synergistic advantages with COSCO SHIPPING Lines and the OCEAN Alliance to strengthen the synergies between ports and shipping companies. Efforts were put on enhancing the service capabilities, operational capabilities and profitability of key hub ports including Piraeus Terminal and CSP Abu Dhabi Terminal, so as to consolidate and enhance their position as regional hub ports and strengthen their capabilities to serve shipping alliances.

FURTHER IMPLEMENTING LEAN OPERATIONS AND INNOVATIVE MARKETING TO EXPLORE POTENTIAL INCREMENT

Under a complex and ever-changing operating environment, the Group strengthened its foundation for development through lean operations. Under the new market normal, the Company continued to optimise its operating strategies, deepen its low-cost strategy and implement lean management. Against the backdrop of inflation and rising labour and interest costs, the Company has taken various measures to improve terminal efficiency, control cost increases and invest in energy conservation and consumption reduction which have achieved some results.

The Company made innovations in the linkage mechanism among ports, shipping companies and cargo owners to further explore the potential of regional market increment. Grasping the opportunities brought by the optimisation of capacity distribution by shipping companies, the Company vigorously expanded cooperation between ports and shipping companies to enrich the network of domestic and foreign trade shipping services. The Company continued to develop high-quality transportation solutions for customers to capture the increment of cargo flow. The operational resilience of the Company was constantly improved through enhancing the agglomeration of regional cargo sources, the driving force of technological innovation, and the value creation of extended services.

FURTHER DEVELOPING SUPPLY CHAIN BUSINESS TO CREATE A NEW SERVICE BENCHMARK FOR THE INDUSTRY

The Group made full use of its advantages of global presence to accelerate the expansion of its supply chain business at home and abroad. Based on the key hubs in overseas regions such as Piraeus Terminal and relying on logistics resources such as the China-Europe Sea-rail Express and container freight station, the Company captured the new trend of trade development, and targeted at the growth potentials of regional markets and emerging markets, thus accelerating the construction of logistics and resources linkage.

The Company also joined hands with COSCO SHIPPING Lines dual brands to promote the integration of modern service industry and advanced manufacturing industry. Relying on the further development of digital supply chain, the Company has created a benchmark digital supply chain product based on the whole vehicle business, providing customers with intelligent and visualised solutions and value-added services. Taking the establishment of overseas presence by China's manufacturing industry as an important opportunity, the Company created and innovated supply chain extension services.

PROMOTING SUSTAINABLE DEVELOPMENT WITH DUAL ENGINES OF "GREEN AND LOW-CARBON" + "DIGITAL INTELLIGENCE"

The Group actively promoted green and low-carbon development, and accelerated the application and innovation of low-carbon and emission reduction technologies, with a view to creating a green and efficient transportation model. The green and low-carbon transformation of ports has become an important part of the green transformation of shipowners. The promotion of the use of shore power, the application of new energy container vehicles and the development of advanced technologies such as renewable energy storage are all proof of the future competitiveness of the Company.

The Company explored the potentials of port development with innovations in digital intelligence, and its digital transformation was continuously upgraded. With digital means, the Company fully launched the Enterprise Asset Management (EAM) system which promotes the operation and maintenance management of equipment and deepened the application of the Management Information System (MIS) which realises decision-making and analysis of revenue and cost data based on the middle platform of data, so as to deeply explore data value and enhance the overall production and operation capability of the Company. The Company has developed a systematic capability to enable lean operation internally and efficient customer service externally with the digitalisation of customer service, automation of port production and intelligence of information management.

DIVIDEND

The Board of Directors declared a second interim dividend of US1.988 cents per share, together with the first interim dividend of US1.744 cents per share, it brings the total dividend for 2023 to US3.732 cents per share, representing a 40% payout ratio.

COSCO SHIPPING Ports has had a consistent dividend policy that values reasonable investment returns for investors while taking into account the Company's actual operating conditions, long-term interests, the overall interests of all shareholders and the sustainable development of the Company.

The Group will continue to make good use of its capital, ensure sustainable development of the Company's business to support its future growth, create and enhance value for shareholders on a continuous basis. For the dividend policy, please visit the section headed "Policies & Guidelines" under "Corporate Governance" under "About CSP" at the corporate website of the Group (https://ports.coscoshipping.com).

PROSPECTS

Looking forward to this year, there are still uncertainties in global economic growth due to factors such as tightening monetary policies, restricted credit conditions, and weak global trade and investment. Facing the complex and severe domestic and international situations, we need to adhere to the philosophy of "pragmatism and efficiency, honesty and self-discipline, unity and collaboration" to firmly promote higher-quality development of the Company.

With the mission of "Connecting Different Worlds", we will continue to build a global terminal network with efficient linking capability. Taking ourselves as a "connector", we will promote the cooperation between ports and shipping companies, port-to-port cooperation and customer cooperation, so as to become an international trade hub and a hub for vessels and cargo resources, thus promoting the integrated development of China and the world and contributing to global connectivity. With value creation as the starting point and goal, we build an open, collaborative, shared and win-win port supply chain platform to create value for customers, partners, shareholders, employees, local communities, social organisations, international institutions and other stakeholders, and to contribute to the prosperity and development of regional and national economies and trade.

In 2024, we will focus on the development vision of COSCO SHIPPING Ports during the "14th Five-Year Plan" period, and actively integrate our development vision into the vision and goal of COSCO SHIPPING Group of "building a world-class shipping technology enterprise". We will continue to focus on global expansion and lean operations and strive to build a customer-centric global leading port logistics service provider.

BOARD AND CORPORATE GOVERNANCE

The Board of Directors of the Group is committed to adhering to high standards of corporate governance, laying a solid foundation for the long-term development of the Company by establishing clear and highly transparent corporate governance procedures and systems, while safeguarding the interests of shareholders. On the one hand, the Company continuously improves its modern corporate system, operational management system and risk prevention and control system, strengthens insights and exploration, creates a world-class governance system and port supply chain operation capability, promotes the Company's sustainable development, and builds a stable growth capacity. On the other hand, the Company actively establishes a leading environmental, social and governance (ESG) mindset, implements our commitment to environmental and social responsibilities in business decision-making and behaviour, and is committed to creating long-term value for shareholders, customers, employees, supply chain partners and the public, becoming a promoter for sustainable development in the industry.

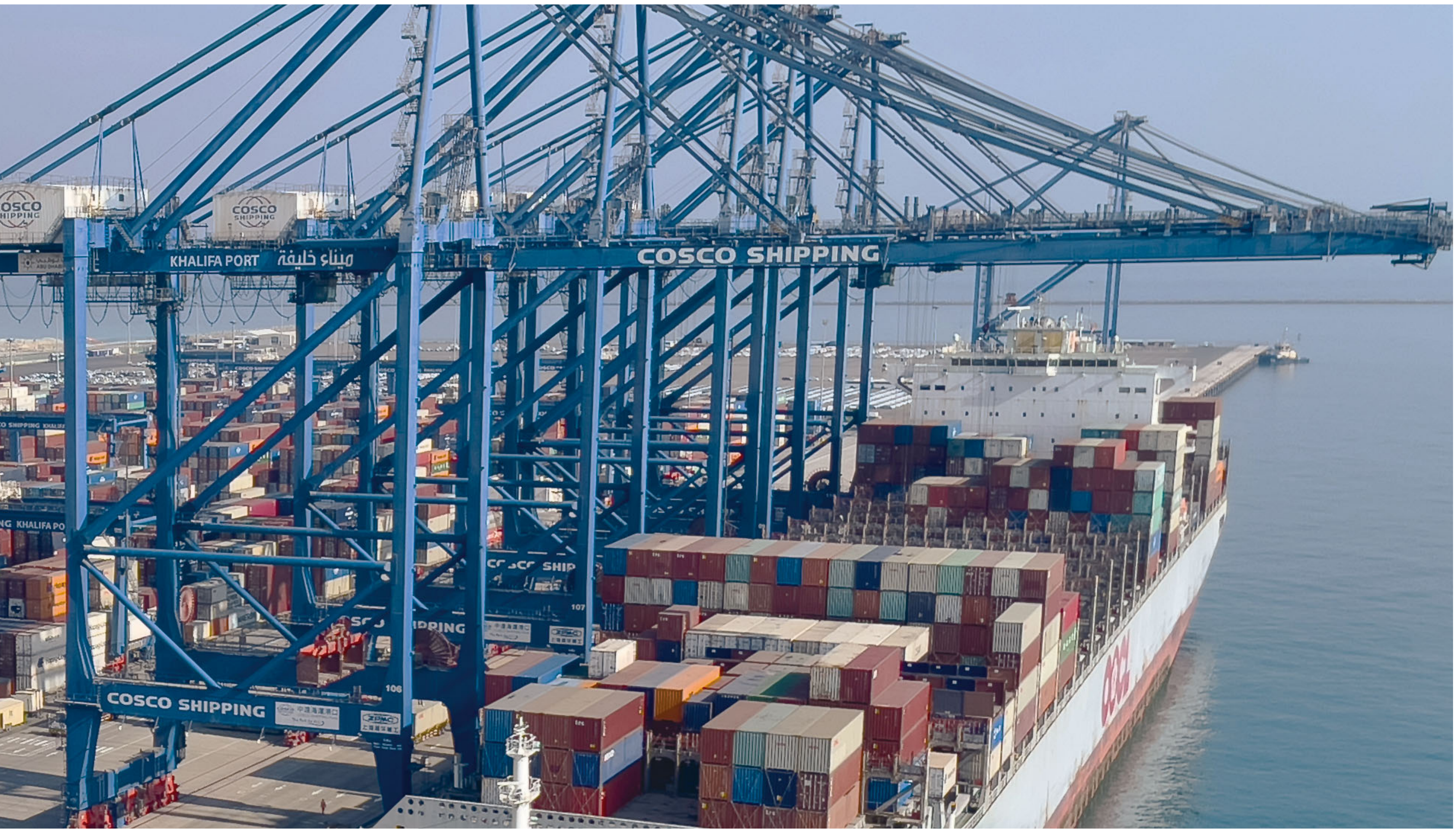
2023 was a successful year for COSCO SHIPPING Ports, during which we forged ahead with united efforts and remarkable performance was achieved. Behind all the achievements, spirit and strength lies the wisdom and effort of all the employees of COSCO SHIPPING Ports, who are united and brave, recording our efforts, perseverance and dedication, and engraving our persistent beliefs and practical responsibilities. On behalf of the Board of Directors and the management of the Company, I would like to take this opportunity to express my heartfelt gratitude for the support of our shareholders, customers, and the public, and for the dedication and contribution of our employees.

YANG Zhijian
Chairman
28 March 2024

MANAGING DIRECTOR'S REPORT

In 2023, in the face of the complex and severe international environment, COSCO SHIPPING Ports, under the strong leadership and support of COSCO SHIPPING Group and the Board of the Company, continuously capitalised on new synergies and opened up new horizons for development with all members of the Company. Through the unswerving implementation of the "dual-driver" strategy, the quality of operational efficiency and the service capabilities of the terminals under the Company continued to be upgraded, the global layout of port resources continued to be perfected, and significant progress was also made in the building of the end-to-end supply chain and the green, low-carbon and digital transformation of the ports. As a result, the overall quality of operation and development of the Company and its operation results kept improving.

ZHU Tao
Managing Director



The business volume of the Group grew steadily with the total throughput increasing by 4.4% YoY to 135,808,554 TEU and the total equity throughput increasing by 3.1% YoY to 43,381,201 TEU. As at the end of 2023, the Group's terminal portfolio covered the five main port regions and the middle and lower reaches of the Yangtze River in China, as well as the key hub ports in Europe, the Mediterranean, the Middle East, Southeast Asia, South America and Africa, etc., and operated and managed 371 berths at 38 ports, with a total annual handling capacity of approximately 123 million TEU.

PUSH FORWARD TO IMPROVE EFFICIENCY AND REDUCE COSTS, AND SPARE NO EFFORTS TO ENHANCE QUALITY AND INCREASE REVENUE

The Group continued to promote lean operations to enhance the quality of terminal operation and efficiency. In terms of cost management and control, the Group has focused on cost per TEU as a method to effectively control increasing costs and enhance cost competitiveness. In terms of financial management enhancement, the Company strived to manage its debt scale and finance costs through a combination of revolving credit facilities to optimise the existing debt portfolio and a scrip dividend scheme.

The Company has increased its revenue from its main business by a combination of measures such as actively and reasonably increasing its operating rates, improving its billing structure and model, and introducing value-added services. We stepped up our commercial marketing efforts by launching joint marketing campaigns with major shipping companies, reaching into the peripheral inland hinterlands, and tapping into emerging markets and regional markets to explore additional cargo sources. The Company continued to consolidate the existing synergies with COSCO SHIPPING Group companies, and actively cooperated with them to build a business ecosystem within COSCO SHIPPING Group in the new energy vehicles and pulp business, so as to further optimise the business structure and profitability.

CONTINUE TO IMPROVE THE GLOBAL NETWORK, AND HIGHLIGHT THE VALUE ADVANTAGE OF THE WHOLE CHAIN

The Group continued to optimise its global terminal network. Abroad, the Group completed the acquisition of 24.99% equity interest in CTT in Hamburg, Germany, which is of great significance in promoting the interconnection of logistics between China and Germany. The Group also signed an investment agreement for the acquisition of 25% equity interest in Sokhna New Container Terminal in Egypt, which will provide a strong support for the Company to refine its network layout in the Suez Canal region. Domestically, the Company acquired 56% equity interest in Xiamen Haitou Supply Chain and increased its shareholding in Xiamen Ocean Gate Terminal by 30% to 100%, thereby promoting the integrated development of "port + supply chain".

The Company has given full play to the role of ports as an important node in the logistics supply chain by fully capitalising its resources including global terminal network, supply chain base, digitalisation capabilities, etc. to create high-quality and high-efficiency terminal products based on customers' needs. Backed by COSCO SHIPPING Group, the Company has consolidated its strategic connection, upgraded its global service capabilities, and created a sharing and win-win "ecosystem" between the upstream and downstream industrial chains and the supply chain, becoming a critical node of support for the global supply chain system of COSCO SHIPPING Group.

PROMOTE THE CONSTRUCTION OF SMART PORTS, AND ACCELERATE UPGRADING THE LOW-CARBON TRANSFORMATION

The Group continued to intensify its research efforts and accelerated its transformation into new areas. In terms of smart ports construction, the Company made every effort to promote the commercial operation and large-scale application of driverless transportation, with the annual throughput of driverless container vehicles increasing by more than four times. The Company continued to strengthen the in-depth integration of new-generation cutting-edge technologies such as artificial intelligence with traditional terminal business, accelerated COSCO SHIPPING Group's artificial intelligence project of "Smart Port Demonstration Sub-project", and improved the application of artificial intelligence based on business demand scenarios.

In terms of green and low-carbon transformation, the green transformation of domestic and overseas terminals entered the fast lane. The utilisation rate of shore power by the domestic terminal companies in which the Group has controlling stake continued to increase, and the air pollutants and carbon dioxide emissions from vessels at berth reduced. The coverage of clean energy in ports gradually expanded, and the construction of distributed photovoltaic projects continued to be promoted. The iterative upgrading of clean energy equipment accelerated, and the proportion of new energy and clean energy container vehicles at the terminals with controlling stake continued to increase. Through the adoption of various energy-saving and emission reduction measures, the greenhouse gas (scope 1 and scope 2) emission intensity of the Company's terminals with controlling stake for the year decreased by 20.8% compared with the baseline year 2020.

BUILD ROBUST GROWTH CAPABILITIES WITH SUSTAINABLE CORPORATE GOVERNANCE

The Group has continued to optimise the quality of its existing terminal assets through its global terminal network. While enhancing its ability to boost operational efficiency, the Group has comprehensively integrated ESG concepts into its daily operation and management and continuously upgraded its ESG management level to promote the harmonious coexistence of the enterprise with the economy, society and the environment as well as sustainable development through practical actions. The Company will continue to improve its modern enterprise system, operation and management system, risk prevention and control system, and build a trustworthy business environment, so as to create a world-class governance system and operational capability in the port supply chain.

The Company believes that good corporate governance is the key to promoting high-quality and sustainable development and therefore has been upholding the highest standards of corporate conduct. The Board maintains and enhances the Company's corporate governance standards in a timely, transparent, effective and accountable manner and policy, with a view to creating long-term benefits and value for the shareholders and stakeholders. We have been actively strengthening our ESG mindset and promoting ESG work. In September, the Company was once again included as constituent stock of the Hang Seng Corporate Sustainability Benchmark Index, making its path to smart, green and sustainable development much wider.

PROSPECTS

2024 is a critical year for the Group to implement the "14th Five-Year Plan". Our vision is to become "the leading global port logistics service provider with a customer-oriented focus":

"Anchoring on Global Development": Based on our existing network, we will continue to explore opportunities in emerging markets, regional markets and third-country markets represented by the Regional Comprehensive Economic Partnership (RCEP). We will steadily promote the port resources layout in Southeast Asia, Africa and South America to improve our global terminal network.

"Empowered by Lean Operations and Innovation": We will enhance the operational level of terminals by lean operation to realise systematic and professional efficiency improvement in three dimensions of cost reduction, efficiency enhancement and empowerment. We will insist on promoting the Center of Excellence (COE) empowerment work to consolidate the foundation of quality improvement and efficiency enhancement and innovate the ports-vessels-cargoes linkage mechanism to tap the potential increase in cargo sources.

"Led by Digital Intelligence": We will tap the development potential of digital intelligence innovation, strengthen the construction of information systems, promote the large-scale application of 5G technology, artificial intelligence and other new technologies, and accelerate our own cost reduction, efficiency enhancement and industrial restructuring and upgrading. We will intensify our scientific research efforts to push forward the construction of smart ports in a deep and practical manner.

"Achieving Cooperation and Success for All": We will actively integrate into the supply chain ecosystem of COSCO SHIPPING Group, deepen the synergistic resource advantages of COSCO SHIPPING Group and dual brands, open up the convergence of processes, optimise the allocation of resources, and facilitate the communication of information, so as to promote the continuous expansion of synergistic areas and continuous deepening of synergistic levels and thus to build a new development advantage.

Looking ahead, we will continue to uphold the development concept of "The Ports for ALL". As a "companion, striver and achiever", we will continue to focus on the dual drivers of "global terminal network" and "lean operations", upgrade the three major supports of "integration, digital intelligence, and green and low-carbon", and work unitedly and diligently to move forward, accelerating towards the goal of being a customer-oriented, value-leading, and world-class port logistics service provider.

ZHU Tao
Managing Director
28 March 2024

CORPORATE STRUCTURE

TERMINAL BUSINESS

Bohai Rim

19.79%	QPI
19%	Dalian Container Terminal
35%	Dalian Dagang Terminal
24%	Dalian Automobile Terminal
51%	Tianjin Container Terminal
50%	Yingkou Container Terminal
40%	Yingkou New Century Terminal
51%	Jinzhou New Age Terminal
30%	Qinhuangdao New Harbour Terminal
25%	Dongjiakou Ore Terminal

Yangtze River Delta

30%	Shanghai Pudong Terminal
20%	Shanghai Mingdong Terminal
20%	Ningbo Yuan Dong Terminal
55%	Lianyungang New Oriental Terminal
39.04%	Taicang Terminal
51%	Nantong Tonghai Terminal
84.94%	CSP Wuhan Terminal

Pearl River Delta

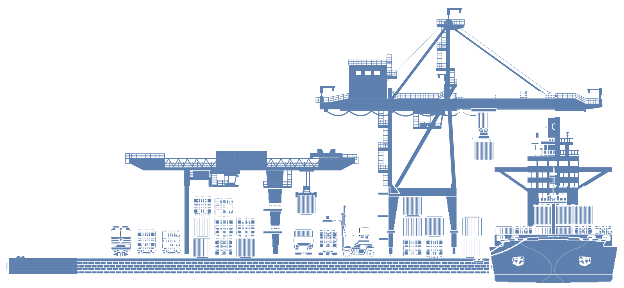
14.59%	Yantian Terminal Phases I & II
13.36%	Yantian Terminal Phase III
40%	Guangzhou Nansha Stevedoring Terminal
39%	Guangzhou South China Oceangate Terminal
50%	COSCO-HIT Terminal
60%	Asia Container Terminal

Southwest Coast

9.82%	Beibu Gulf Port
30.32%	Beibu Gulf Terminal
20%	Chisha Terminal

Southeast Coast and Others

100%	Xiamen Ocean Gate Terminal
82.35%	Quan Zhou Pacific Terminal
80%	Jinjiang Pacific Terminal
20%	Kao Ming Terminal



Overseas

100%	Piraeus Terminal
90%	CSP Zeebrugge Terminal
40%	CSP Abu Dhabi Terminal
51%	CSP Valencia Terminal
39.51%	CSP Bilbao Terminal
60%	CSP Chancay Terminal
20%	Suez Canal Terminal
26%	Kumport Terminal
20%	Antwerp Terminal
49%	COSCO-PSA Terminal
4.23%	Busan Terminal
13.33%	Seattle Terminal
17.85%	Euromax Terminal
20%	Red Sea Gateway Terminal
40%	Vado Reefer Terminal
40%	Vado Container Terminal
24.99%	CTT

STRATEGY & OUTLOOK

STRATEGY

Continuously optimise the global terminal portfolio to enhance total operational performance

– Continuously build a globally efficient terminal network, continue to explore investment development opportunities in key hub ports in emerging markets, regional markets, and third-country markets, as well as core supply chain resources behind the terminals

– Build a balanced global port network layout, seize investment opportunities in potential greenfield and brownfield projects, explore strategically significant controlling terminals and highly profitable non-controlling terminals

– Strategically dispose of non-core terminal assets to enhance the profitability and efficiency level of the asset portfolio

Continuously deepen the lean operation strategy to enhance the quality of terminal operation and efficiency

Lean operations will be based on three dimensions including cost reduction, efficiency improvement, and empowerment, achieving systematic specialisation in improving efficiency

– Cost reduction: Focus on controlling cost per TEU and vigorously promote cost control work. Through digitalisation and informatisation, achieve efficient utilisation of production and operational resources, and help reduce production costs

– Efficiency improvement: Continuously deepen port and shipping collaboration, innovate marketing models, conduct joint marketing with major shipping companies; consolidate and enhance existing collaborative effects through dual brands to improve service levels

– Empowerment: Starting from digital innovation, customer service digitalisation, automated port production, and intelligent information management, forming internal empowerment for lean operations and a systematic capability to efficiently serve customers externally

OUTLOOK

Challenges

- Slowing global economic growth
- Continued geopolitical impacts
- Prolonged underlying inflation leading to sustained condition of monetary tightening

Opportunities

- Exports of China's advanced manufacturing industry
- Synergistic advantages backed by dual brand fleets and the OCEAN Alliance
- Innovative marketing models, implementing precision marketing, promoting the introduction of new shipping services and high-quality business
- Under the promotion of agreements such as RCEP, USMCA, etc., the value of regional supply chain networks is further highlighted
- Opportunities in emerging markets, regional markets, and third-country markets, strengthening layouts in Southeast Asia, the Middle East, Africa, and South America
- Extended supply chain services, combining strengthened overseas supply chain resource construction, enriching water-to-water intermodal transport, striving for greater breakthroughs in overseas supply chain operations and full-chain services
- Continuously advancing the lean operation strategy, continuously improving the quality of terminal operation and efficiency, and continuously achieving operational performance which outperforms the market
- It is expected that in 2024, the Company's total throughput and equity throughput will increase in sync with the industry averages

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 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). CSP Wuhan Terminal 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 utilised 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 Terminals 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 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 globalisation strategy in four areas: efficiency, networking, assets and staff, to realise 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 optimisation as the key measures, and digitalisation 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 utilise 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 globalisation 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 optimise terminal structure and enhance asset quality.

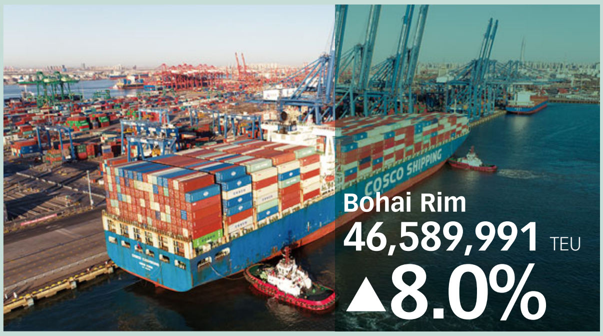
The Company will always adhere to the talent-oriented principle and build a global hub for talent in the port industry, building pathways for outstanding talents and enabling employees to share the responsibility, results, and growth with the Company. All employees of COSCO SHIPPING Ports will continue 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.

China

Total Throughput
103,065,210 TEU
▲4.8%

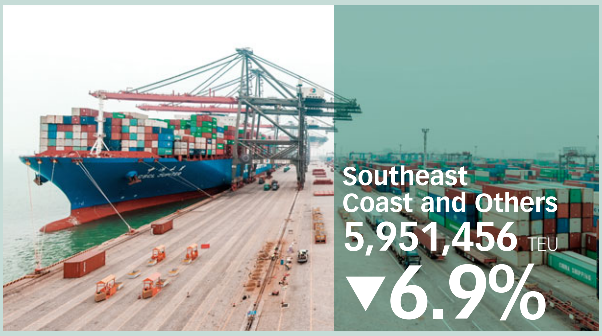
Overseas

Total Throughput
32,743,344 TEU
▲3.1%



QPI	30,020,000	+11.9%
Dalian Container Terminal	4,906,861	+12.1%
Dalian Dagang Terminal	23,202	-5.0%
Tianjin Container Terminal	8,223,425	-3.0%
Yingkou Terminals Note 1	2,230,824	+7.7%
Jinzhou New Age Terminal	640,486	-10.7%
Qinhuangdao New Harbour Terminal	545,193	-13.4%

Shanghai Pudong Terminal	2,610,086	+0.4%
Shanghai Mingdong Terminal	6,054,308	+10.5%
Ningbo Yuan Dong Terminal	3,143,607	+3.0%
Lianyungang New Oriental Terminal	1,008,171	+6.6%
Taicang Terminal	266,555	+21.0%
Nantong Tonghai Terminal	1,328,201	-18.2%
CSP Wuhan Terminal	158,596	+138.6%



Xiamen Ocean Gate Terminal	2,748,313	+0.3%
Quan Zhou Pacific Terminal	1,311,018	-2.2%
Jinjiang Pacific Terminal	222,405	-15.3%
Kao Ming Terminal	1,669,720	-18.5%

Notes:

1. Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.

Operational Review

Yantian Terminals	14,045,087	+3.5%
Guangzhou Terminals Note 2	11,562,480	+0.4%
Hong Kong Terminals Note 3	2,324,572	-14.8%

Beibu Gulf Port	8,022,100	+14.3%

Piraeus Terminal	4,586,535	+5.4%
CSP Zeebrugge Terminal	432,843	-59.6%
CSP Spain Related Companies	3,143,154	-8.4%
CSP Abu Dhabi Terminal	1,353,215	+32.8%
COSCO-PSA Terminal	5,330,470	+3.9%
Vado Reefer Terminal	60,584	-6.6%
Euromax Terminal	2,482,846	-6.1%
Kumport Terminal	1,316,724	+8.9%
Suez Canal Terminal	3,982,874	+5.2%
Red Sea Gateway Terminal	3,181,901	+15.7%
Antwerp Terminal	2,003,613	-4.9%
Seattle Terminal	145,024	-47.8%
Busan Terminal	3,881,749	+4.8%
Vado Container Terminal	298,329	+34.2%
CTT Note 4	543,483	N/A

2. Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Guangzhou Nansha Stevedoring Terminal.
3. Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.
4. 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.
5. 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 Vado Reefer Terminal for the year ended 31 December 2023 was 375,963 pallets (2022: 355,754 pallets), representing an increase of 5.7%.

Terminal Portfolio (As of 31 December 2023)

Terminal company	Share holdings	Target number of berths	Designed annual handling capacity (TEU)	Depth (m)
Bohai Rim		64	29,750,000	
		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
Qinhuangdao 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

Terminal Portfolio (As of 31 December 2023)

Terminal company	Share holdings	Target number of berths	Designed annual handling capacity (TEU)	Depth (m)
Southeast Coast and Others		15 5	9,000,000 9,200,000 tons	
Xiamen Ocean Gate Terminal	100%	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%	9	7,300,000	17.6
Yantian Terminal Phase III	13.36%	11	5,700,000	17.6
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		24 102	14,400,000 287,400,000 tons	
Beibu Gulf Port [Note]	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.

Operational Review

Terminal Portfolio (As of 31 December 2023)

Terminal company	Share holdings	Target number of berths	Designed annual handling capacity (TEU)	Depth (m)
		82	47,200,000	
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
CTT	24.99%	4	1,540,000	15.1
Total		431		
Target total number of container berths/ Designed annual handling capacity		245	141,042,400	
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	

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	16 Ports
Target No. of Container Berths	82
Designed Annual Handling Capacity	47,200,000 TEU

Bohai Rim

Percentage of total designed annual handling capacity 21.1%

Target No. of container berths 64

29,750,000 TEU
Designed annual handling capacity

Yangtze River Delta

Percentage of total designed annual handling capacity 10.7%

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 6.4%

Target No. of container berths 15

9,000,000 TEU
Designed annual handling capacity

Pearl River Delta

Percentage of total designed annual handling capacity 18.2%

Target No. of container berths 34

25,600,000 TEU
Designed annual handling capacity

Southwest Coast

Percentage of total designed annual handling capacity 10.2%

Target No. of container berths 24

14,400,000 TEU
Designed annual handling capacity

Overseas

Percentage of total designed annual handling capacity 33.4%

Target No. of container berths 82

47,200,000 TEU
Designed annual handling capacity

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 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 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 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 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, CSP Spain Related Companies, and 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 Terminal and COSCO-HPHT ACT Limited ("COSCO-HPHT"), which held 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 QPI, Dongjiakou Ore Terminal and 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 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 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 Terminal recorded a revenue of US$10,967,000 (2022: US$16,535,000), decreased by 33.7% YoY; Quan Zhou Pacific Terminal 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 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 CTT 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

	As at 31 December 2023		As at 31 December 2022	
	US$	(%)	US$	(%)
By repayment term				
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.

CORPORATE SUSTAINABLE DEVELOPMENT

SUSTAINABILITY APPROACH

Sustainable Development Goals of the United Nations	The Company's Five Key Areas of Sustainable Development
8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS	**Governance** Adhere to the principles of business ethics and operational compliance, maintain high standards of corporate governance and business integrity, and build mutual trust with stakeholders to achieve a win-win situation.
7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS	**Resilience** Invest in building "green ports" to reduce carbon emissions in business operations and along the value chain to achieve carbon neutrality and strengthen climate resilience; select and manage suppliers and partners based on sustainability criteria to enhance corporate resilience.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 17 PARTNERSHIPS FOR THE GOALS	**Agility** Drive continuous improvement in the overall operational efficiency and provide customers with high-quality services by leveraging unique insights to implement digital and intelligent innovation, and promote the construction of smart ports.
14 LIFE BELOW WATER; 17 PARTNERSHIPS FOR THE GOALS	**Nature** Conserve and utilise natural resources responsibly and effectively, and mitigate the impacts on biodiversity.
3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS	**Dynamic** Provide a safe, healthy, diverse and inclusive working environment, create a sustainable talent pipeline, and promote the development of local communities where we operate, thus creating shared value for all stakeholders.

2023 ESG PERFORMANCE HIGHLIGHTS

ESG Ratings

Became a constituent stock in the FTSE4Good Index Series of FTSE Russell since June 2023

CDP DISCLOSURE INSIGHT ACTION

CDP 2023 Climate Change Rating: B

SUSTAINALYTICS RATED

Received a "Low Risk" rating

Hang Seng Corporate Sustainability Index Series Member 2023-2024

Received an A+ rating and included as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index since 2021

Environmental Targets for the Terminals in which the Group has Controlling Stakes[Note]

Greenhouse Gas (GHG) Emissions

Long-term Commitment:

- To achieve carbon neutrality no later than 2060

Short-term Target:

- To reduce greenhouse gas (scope 1 and scope 2) emission intensity of the terminals by 20% in 2030, as compared with 2020

Energy Consumption

Short-term Target:

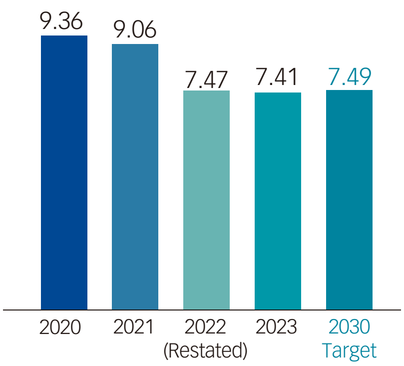
- To reduce energy consumption intensity of the terminals by 15% in 2030, as compared with 2020

Water Consumption

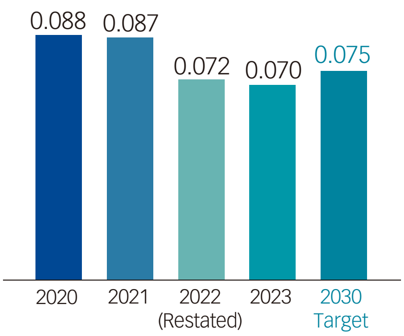
Target:

- To enhance the management of water resources and improve water use efficiency

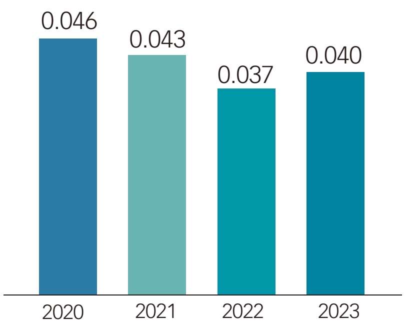
GHG EMISSION INTENSITY
((kg of CO_2e per TEU)



ENERGY CONSUMPTION INTENSITY
(GJ per TEU)



WATER CONSUMPTION INTENSITY
(m^3 per TEU)



Waste

Target for Hazardous Waste:

- To maintain 100% hazard-free disposal of waste

Target for Non-hazardous Waste:

- To reduce domestic waste by terminals and, in the long term, achieve the goal of zero waste sent to the landfill

Hazardous Waste Treatment in 2023:

- 100% of hazardous waste was handled by recycling companies or material suppliers with professional qualifications

Note: Of the 15 terminals in which the Company currently has a controlling stake, CSP Chancay Terminal in Peru is under construction, therefore its environmental performance was not included in the environmental performance of the terminals.

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 the 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, 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 and 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.

INVESTOR RELATIONS

COSCO SHIPPING Ports places great importance on investor relations management, and enhances investors' understanding and recognition of the Company through continuously strengthening communication with investors and potential investors, so as to improve the governance standards and overall corporate value of the Company. The Company adopts strict and transparent disclosure standards, releases company information in a timely and accurate manner, and announces monthly terminal throughput and quarterly financial results voluntarily.

The Group fulfills its information disclosure obligations in accordance with the laws, and based on the principles of honesty and integrity, actively engages in investor relations management activities, and treats all investors equally. In 2023, the Company conducted online and offline communication and exchanges with domestic and overseas investors and analysts through various ways and channels such as results presentations, roadshows, investor presentations, investor conferences, teleconferences, official website and email. We actively listened to market feedback, conveyed our new development strategies, achievements in green and low-carbon transformation, as well as efforts and results in ESG aspects, demonstrating long-term development and competitive advantages of the Company.

DIVERSIFIED INVESTOR COMMUNICATION CHANNELS

In 2023, the Company introduced its business updates, financial performance, and future development directions to investors and analysts through diversified approaches including general meetings, investor briefings, analyst conferences, roadshows and seminars. We also answered questions and listened to opinions from the market, and reported to the management for consideration in a timely manner. Through these efforts, we actively enhanced our corporate image and awareness, and strengthened market confidence in the Company.

The Company also actively participated in investor summits hosted by investment banks, proactively reaching out to potential investors to identify institutional investors interested in the industry and the Company. Throughout the year, we communicated with 195 institutions and 257 investors and analysts from Mainland China, Hong Kong, Singapore and the United Kingdom. We are committed to actively engaging with potential investors while maintaining relationships with existing shareholders, so as to diversify our shareholder base.

CONTINUING TO IMPROVE THE LEVEL OF INFORMATION DISCLOSURE

The Group implements a strict information disclosure system to enhance the timeliness, fairness, truthfulness, accuracy, and completeness of its information disclosures. The Company proactively and promptly discloses information that has a significant impact on the decision-making of shareholders and other stakeholders, including monthly throughput data of terminals, quarterly result announcements, acquisition progress, so as to improve the information transparency of the Company and enhance investors' knowledge and understanding of the Company.

The Company places great importance on the preparation of regular reports, striving for excellence in the reporting preparation process to accurately reflect the Company's production and operation, financial position, investment development, corporate governance during the reporting period, so that investors can make informed investment decisions. The Company also proactively publishes sustainability reports to elaborate the Company's performance in promoting environmental protection, and social and economic development, and to share our policies and targets in advancing sustainable development.

BUILDING A QUALITY AND STABLE SHAREHOLDER BASE

The Company is dedicated to building a stable and quality investor base to secure long-term market support. The Investor Relations Department formulates external disclosure guidelines and continuously monitors various information including the opinions, advices and reports of investors and media which will be reported to the board and management of the Company in a timely manner. We have established communication mechanisms with investors for significant matters. When developing important proposals involving shareholder interests, we will fully communicate and negotiate with investors through various channels.

The Company regularly conducts shareholder identification analysis to statistically analyse the number, composition, and changes of investors and potential investors, thus identifying those interested in the industry and the Company in a timely manner. At the same time, by carrying out ESG-themed roadshows, the Company demonstrates its performance in environmental, social and governance aspects, and that it is able to create long-term value in a steady and continuous way, and achieve win-win situations among economic benefits, social benefits and eco-environmental benefits, which will help attract more quality and stable investors.

AWARDS

In 2023, COSCO SHIPPING Ports' efforts in investor relations, corporate governance, corporate transparency and corporate social responsibility were unanimously recognised by community and the capital markets, and it received a total of 15 awards from different organisations throughout the year.

The Company continues to provide timely corporate development information and maintain high transparency for the capital market, and has been commended for its efforts in investor communication and terminal operations. In March 2023, the Company was awarded "Best Shipping Port Operator (Ports sector) 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; in April, the Company was awarded "Most Innovative Port Operator" from International Finance Magazine.

The Company actively establishes leading thinking on environmental, social and corporate governance, promotes the comprehensive integration of ESG concepts into operations and management, and becomes a promoter of sustainable development in the industry. In recent years, the Company has achieved outstanding results in aspects such as corporate governance, environment and social responsibility. In April 2023, the Company was awarded "2022 Chinese Enterprises Corporate Social Responsibility Event" Environmental Excellence Award for the first time; in August, the Company was awarded "Best Container Operator of the Year" and "Most Socially Responsible Port Operator" from Global Business Outlook Magazine for the third consecutive year; in November, the Company was also awarded "Best Corporate Governance and ESG Awards 2023 – Special Mention" from HKICPA.

The Company promotes and displays the Company's good market image through the design of novel and creative periodic reports and sustainability reports. In August 2023, the Company was awarded "Online Annual Report Bronze Award" and "Chairman's Letter Honors Award" from ARC Awards; in November, the Company was awarded "Annual Report 2022 Silver Award", "Sustainability Report Bronze Award", "Environmental Awareness Bronze Award" from Inova Awards and "Excellence Award for H Share & Red Chip Entries – 2023 HKMA Best Annual Reports Awards" from The Hong Kong Management Association.

In the future, the Company will actively develop our business to return to shareholders, while continuing to strengthen the Company's investor relations management and corporate governance efforts, in pursuit of excellence to drive the Company's development towards "professionalism, collaboration, and internationalisation".

INVESTOR RELATIONS EVENTS

2023	Roadshows and Investor Meetings
January	Morgan Stanley "China Opportunity" Investor Forum
March	2022 Annual Results Announcement Investor Presentation
April	2022 Post Annual Results Roadshow
	2023 First Quarter Post-results Conference Call
May	2023 First Quarter Post-results Roadshow
	CSC Financial Investors Group Meeting
	Citibank Fourth "Annual Pan-Asia Regional Investor Conference"
June	HSBC "17th Annual Transport & Logistics Conference"
	Daiwa "Autos, Transport and Industrials Conference 2023"
August	2023 Interim Results Announcement Investor Presentation
September	2023 Post Interim Results Roadshow
	2023 Citibank "Industrials and Logistics Industry Forum"
	Goldman Sachs"2023 China+ Investor Forum"
October	2023 Third Quarter Post-results Conference Call
December	ESG-themed Roadshow in Singapore

MARKET CAPITALISATION

As at 31 December	2019	2020	2021	2022	2023
Closing Price (HK$)	6.38	5.39	6.77	6.20	5.64
Market Capitalisation (in HK$ million)	20,173	17,869	22,445	21,332	20,099

SHARE PRICE PERFORMANCE

(HK$)	2022	2023
Highest	6.98	6.53
Lowest	3.87	4.33
Average	5.67	5.14
Closing price on 31 December	6.20	5.64
Daily average trading volume (shares)	3,743,861	3,867,789
Daily average trading value (in HK$ million)	20.91	20.19
Total number of shares issued (shares)	3,440,657,627	3,563,579,085
Market Capitalisation on 31 December (in HK$ million)	21,332	20,099

ANALYST COVERAGE

Company Name	Analyst	E-mail
China International Capital Corporation Limited	Xin YANG	xin.yang@cicc.com.cn
Daiwa Capital Markets Hong Kong Limited	Kelvin LAU	kelvin.lau@hk.daiwacm.com
DBS Bank	Paul YONG	paulyong@dbs.com
Goldman Sachs (Asia) L.L.C	Herbert LU	Herbert.Lu@gs.com
The Hongkong and Shanghai Banking Corporation Limited	Parash JAIN	parashjain@hsbc.com.hk
Morgan Stanley Asia Limited	Qianlei FAN	qianlei.fan@morganstanley.com
UBS Securities Co. Limited	Robin XU	bin.xu@ubssecurities.com
UOB Kay Hian	Roy CHEN	roychen@uobkayhian.com
Citi Research	Kaseedit CHOONNAWAT	kaseedit.choonnawat@citi.com

ABBREVIATIONS

Company Name	Abbreviation
Antwerp Gateway NV	Antwerp Terminal
Asia Container Terminals Limited	Asia Container Terminal
Beibu Gulf Port Co., Ltd.	Beibu Gulf Port
Busan Port Terminal Co., Ltd.	Busan Terminal
China COSCO SHIPPING Corporation Limited	COSCO SHIPPING
China COSCO SHIPPING Corporation Limited and its subsidiaries	COSCO SHIPPING Group
Conte-Rail, S.A.	Conte-Rail Terminal
COSCO-HIT Terminals (Hong Kong) Limited	COSCO-HIT Terminal
COSCO-PSA Terminal Private Limited	COSCO-PSA Terminal
COSCO SHIPPING Holdings Co., Ltd.	COSCO SHIPPING Holdings
COSCO SHIPPING Lines Co., Ltd.	COSCO SHIPPING Lines
COSCO SHIPPING Ports Chancay PERU S.A.	CSP Chancay Terminal
COSCO SHIPPING Ports Limited	COSCO SHIPPING Ports or the Company
COSCO SHIPPING Ports Limited and its subsidiaries	the Group
COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries	CSP Spain Related Companies
CSP Abu Dhabi Terminal L.L.C.	CSP Abu Dhabi Terminal
CSP Abu Dhabi CFS Ltd.	CSP Abu Dhabi CFS
CSP Iberian Bilbao Terminal, S.L.	CSP Bilbao Terminal
CSP Iberian Rail Services, S.L.U.	CSP Rail Services Terminal
CSP Iberian Valencia Terminal, S.A.U.	CSP Valencia Terminal
CSP Iberian Zaragoza Rail Terminal, S.L.	CSP Zaragoza Rail Terminal
CSP Supply Chain (Xiamen) Development Co., Ltd.	Xiamen Haitou Supply Chain
CSP Zeebrugge CFS NV	CSP Zeebrugge CFS
CSP Zeebrugge Terminal NV	CSP Zeebrugge Terminal
Dalian Automobile Terminal Co., Ltd.	Dalian Automobile Terminal
Dalian Container Terminal Co., Ltd.	Dalian Container Terminal
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Dalian Dagang Terminal
Euromax Terminal Rotterdam B.V.	Euromax Terminal
Fangchenggang Chisha Terminal Co., Ltd.	Chisha Terminal
Guangxi Beibu Gulf International Container Terminal Co., Ltd	Beibu Gulf Terminal
Guangzhou South China Oceangate Container Terminal Company Limited	Guangzhou South China Oceangate Terminal
HHLA Container Terminal Tollerort GmbH	CTT
Jinjiang Pacific Ports Development Co., Ltd.	Jinjiang Pacific Terminal

Abbreviations

Company Name	Abbreviation
Jinzhou New Age Container Terminal Co., Ltd.	Jinzhou New Age Terminal
Kao Ming Container Terminal Corp.	Kao Ming Terminal
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş.	Kumport Terminal
Lianyungang New Oriental International Terminals Co., Ltd.	Lianyungang New Oriental Terminal
Nansha Stevedoring Corporation Limited of Port of Guangzhou	Guangzhou Nansha Stevedoring Terminal
Nantong Tonghai Port Co., Ltd.	Nantong Tonghai Terminal
Ningbo Yuan Dong Terminals Limited	Ningbo Yuan Dong Terminal
Piraeus Container Terminal Single Member S.A.	Piraeus Terminal
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Dongjiakou Ore Terminal
Qingdao Port International Co., Ltd.	QPI
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	Qinhuangdao New Harbour Terminal
Quan Zhou Pacific Container Terminal Co., Ltd.	Quan Zhou Pacific Terminal
Reefer Terminal S.p.A.	Vado Reefer Terminal
Red Sea Gateway Terminal Company Limited	Red Sea Gateway Terminal
Shanghai Mingdong Container Terminals Limited	Shanghai Mingdong Terminal
Shanghai Pudong International Container Terminals Limited	Shanghai Pudong Terminal
SSA Terminals (Seattle), LLC	Seattle Terminal
Suez Canal Container Terminal S.A.E.	Suez Canal Terminal
Taicang International Container Terminal Co., Ltd.	Taicang Terminal
Tianjin Port Container Terminal Co., Ltd.	Tianjin Container Terminal
Tianjin Port Euroasia International Container Terminal Co., Ltd.	Tianjin Euroasia Terminal
Vado Gateway S.p.A.	Vado Container Terminal
Wuhan CSP Terminal Co., Ltd.	CSP Wuhan Terminal
Xiamen Ocean Gate Container Terminal Co., Ltd.	Xiamen Ocean Gate Terminal
Yantian International Container Terminals Co., Ltd.	Yantian Terminal Phases I & II
Yantian International Container Terminals (Phase III) Limited	Yantian Terminal Phase III
Yingkou Container Terminals Company Limited	Yingkou Container Terminal
Yingkou New Century Container Terminal Co., Ltd.	Yingkou New Century Terminal

Others	
Twenty-foot equivalent unit	TEU

CORPORATE GOVERNANCE REPORT

COSCO SHIPPING Ports is committed to building a balanced world-class global terminal network to meet the needs of its customers, and to establishing, with the development concept of "The Ports for ALL", a synergistic platform that creates maximum value for the stakeholders. The Company pursues the corporate purpose of "Satisfying Customers and Creating Wealth for Shareholders", and strives to achieve the strategic objective of "Becoming a World-class Ports Logistics Service Provider". To this end, the Company adheres to the management philosophy of lawful management and succeeding with integrity, and fully exerts its leading functions as the forerunner in the industry by formulating development strategies that balance the interests of all parties. Besides, the Company persists with the mission of "Creating Value for Shareholders and Providing Quality Services to Customers" by actively practicing its corporate social responsibility and environmental protection awareness, so as to demonstrate its corporate value of "integrity and responsibility, customer oriented, openness and innovation, striving for excellence, solidarity in good faith, and prospering through diligence", and to inherit and develop its corporate culture of "creating value through global integration; pursuing excellence through embracing diversity; staying humble and diligent for success". Under the encouragement and promotion of the board of directors of the Company (the "Board"), all directors lead by example and all employees act with discipline and integrity, and continually uphold the value of "acting lawfully, ethically and responsibly".

The corporate governance framework of the Company aims to ensure that the highest standards of corporate conduct are in place within the Company. The Board sustains and enhances the Company's corporate governance through timely, transparent, effective and accountable approaches and policies. The Board strongly believes that good corporate governance is the core of a well-managed organisation.

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

- "GC Powerlist Hong Kong Teams 2023" from the Legal 500 GC Powerlist
- Awarded "Best Shipping Port Operator (Ports sector) 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
- 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 recognised 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

CORPORATE GOVERNANCE PRACTICES

The Company disclosed its corporate governance practices in its annual reports as early as 2002.

The Company's corporate governance practices are in compliance with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Corporate Governance Code"). The Company also refers to the Organisation for Economic Co-operation and Development (OECD) principles to set out a series of ethical standards to maintain a high level of corporate accountability and transparency.

The Company believes that good corporate governance is essential to the sustainability of the Company's business and performance. The Company confirms that for the year ended 31 December 2023, it has fully complied with the code provisions of the Corporate Governance Code.

On 1 January 2023, to be consistent with the latest amendment of Chapter 17 "Share Schemes" of the Corporate Governance Code, the Corporate Governance Code was amended that the terms of reference of the Remuneration Committee should include reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. To implement the highest level of corporate governance practices and conduct, the Company had adopted the code provisions under the amended Corporate Governance Code.

In order to promote transparency, the Company reviews, from time to time, the recommended best practices in the Corporate Governance Code that the Company may comply with. Set forth below are the major recommended best practices in the Corporate Governance Code with which the Company continued to comply during the year ended 31 December 2023:

Recommended Best Practice D.1.5

Recommended best practice D.1.5 of the Corporate Governance Code states that a listed company should announce and publish quarterly financial results. The Company has published the announcements of its first and third quarterly results on 26 April 2023 and 26 October 2023, respectively, on a voluntary basis.

Recommended Best Practice D.2.8

Recommended best practice D.2.8 of the Corporate Governance Code states that the board of directors of a listed company may disclose in the Corporate Governance Report that it has received a confirmation from the management on the effectiveness of the Company's risk management and internal control systems.

The Board of the Company has received confirmation from its management with respect to the effectiveness of the Company's risk management and internal control systems for 2023. Details of the effectiveness of the risk management and internal control systems of the Company are set out in the section headed "Risk Management and Internal Control" below.

Below are the policies, processes and practices adopted by the Company in compliance with the principles and spirit of the Corporate Governance Code.

BOARD OF DIRECTORS

Board Functions and Responsibilities of Directors

The Board is responsible for the leadership and control of the Company and its subsidiaries (together, the "Group") and is collectively responsible for promoting the success of the Group by directing and supervising the Group's business. Every Board member is required to keep abreast of his/her duties and responsibilities in the Company in its operation, business and development and should perform his/her duties in good faith, exercise due diligence and act in the best interest of the Group and its shareholders. The Board should ensure that the Company complies with all applicable laws and regulations.

The Board delegates day-to-day operations of the Group to the management. Both the Board and the management have clearly defined their respective authorities and responsibilities under various risk management, internal control and check-and-balance mechanisms. Matters that are decided by the Board include:

- establishing the strategic direction of the Group
- setting objectives and business development plans
- monitoring the performance of the senior management
- implementing corporate governance measures, including but not limited to (i) establishing risk management and internal control systems; (ii) establishing shareholders communication policy; and (iii) establishing mechanism on how the Board obtains independent advice, and reviewing such policy(ies) and mechanism(s) on a regular basis to ensure their effectiveness

The Board reviews and approves the Company's annual budget and business plans, which serve as the important benchmarks in assessing and monitoring the performance of the management. The directors have access to the management and are welcome to request explanations, briefings or discussions on the Company's operations or business issues.

The Company has clear corporate governance procedures in place to ensure that all directors fully understand their duties and responsibilities.

All newly appointed directors are required to attend a comprehensive programme which includes management presentations on the Group's businesses, strategic plans and objectives. A comprehensive orientation package including policies on disclosure of interest in securities, prohibitions against dealing in the Company's securities, restrictions on disclosure of inside information, and disclosure obligations of a listed company under the Listing Rules is provided. Information included in the programme and orientation package are updated from time to time and in accordance with the changes in the relevant laws and regulations.

Board Composition

As at 28 March 2024 (the date on which the Board approved this report), the Board consisted of ten members. Among them, three are executive directors, two are non-executive directors and five are independent non-executive directors, including Mr. YANG Zhijian[1] (Chairman), Mr. ZHU Tao[1] (Managing Director), Mr. ZHANG Wei[2], Mr. CHEN Dong[2], Dr. WONG Tin Yau, Kelvin[1], Dr. FAN HSU Lai Tai, Rita[3], Mr. Adrian David LI Man Kiu[3], Mr. LAM Yiu Kin[3], Prof. CHAN Ka Lok[3] and Mr. YANG Liang Yee Philip[3].

1 Executive director
2 Non-executive director
3 Independent non-executive director

There are no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the Managing Director. Biographical details of the directors are set out in the section headed "Directors and Senior Management Profiles" in this annual report and the section headed "About CSP – Leadership – Board of Directors" on the Company's website at (https://ports.coscoshipping.com). A list containing the names of the directors and their respective roles and functions is also published on the said website.

Separation of Chairman and Managing Director

To ensure independence, accountability and responsibility in Board functions, the posts of Chairman and Managing Director are separated and each plays a distinctive role. Mr. YANG Zhijian, Chairman of the Company, is responsible for setting the Group's strategy and business directions, managing the Board and ensuring that the Board functions efficiently with good corporate governance practices and procedures, as well as handling key issues in a timely manner. Mr. ZHU Tao, Managing Director of the Company, supported by other Board members and the senior management, is responsible for implementing major strategies set by the Board and managing the Group's day-to-day business. The division of responsibility between the Chairman and the Managing Director is clearly established and set out in writing.

Non-executive Directors (including Independent Non-executive Directors)

The Company has two non-executive directors and five independent non-executive directors who are not involved in the day-to-day operation and management of the Group's businesses. The two non-executive directors have contributed innovative views to the Board's decision-making process based on their rich experience in terminal operations management, accounting and financing, and corporate management. Their expertise helps to facilitate the process of formulating the Group's strategy. The five independent non-executive directors, representing more than one third of the Board, have well-recognised experience in areas such as accounting, law, banking and/or commercial fields. Their insightful advice, diverse skills and extensive business experience are major contributors to the development of the Company, and offer check and balance to the Board. They ensure that matters are fully debated and that no individual or group of individuals dominates the Board's decision-making process. In addition, they procure the Board to maintain a high standard of financial, regulatory and other mandatory reporting and provide an adequate check and balance to safeguard the interest of shareholders and the Company as a whole.

Each of the non-executive directors and independent non-executive directors has signed an appointment letter with the Company for a term of around three years. Their terms of appointment are subject to the rotational retirement provision of the Bye-laws of the Company and shall terminate on the earlier of (i) the date of expiry of the said term of service, or (ii) the date on which the director ceases to be a director for any reasons pursuant to the Bye-laws of the Company or any applicable laws.

The Board has received from each independent non-executive director a written annual confirmation of his/her independence and is satisfied with their independence up to the date of this report in accordance with the Listing Rules.

The Nomination Committee of the Company has conducted an annual review of the independence of all independent non-executive directors of the Company and confirmed that all the independent non-executive directors satisfied the criteria of independence as set out in the Listing Rules.

Board Meetings

Board meetings are scheduled one year in advance to facilitate maximum attendance by the directors. The Board held four regular Board meetings during the financial year ended 31 December 2023 at quarterly intervals to approve the 2022 annual results, 2023 interim results and 2023 first and third quarterly results of the Company. The average attendance rate was 82.5%. Independent non-executive directors of the Company attended the Board meetings for considering and approving the continuing connected transaction. As the members of the Board are either in Hong Kong or in Mainland China, all of the Board meetings were conducted by video and/or telephone conference as permitted under the Bye-laws of the Company. The Chief Accountant and the General Counsel & Company Secretary also attended the Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting and financial aspects.

Before each regular Board meeting, the Board is provided with adequate information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performances of the Group, in addition to the minutes of preceding meetings of the Board and Board committees. At least 14 days' notice of a regular Board meeting is given to all directors to provide them with an opportunity to attend and all directors are given an opportunity to include matters in the agenda for a regular meeting. Board papers are usually dispatched to the directors at least three days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. Directors unable to attend a meeting are advised of the matters to be discussed and are given an opportunity to make their views known to the Chairman prior to the meeting. If any director requires further information or explanation after the meeting documents have been provided, the Legal Department is responsible for coordinating responses from the relevant departments to ensure that the director has the information he/she considers necessary before making a decision. Besides, in order to assist the directors in fulfilling their duties to the Company, the Board has established written procedures for them, upon reasonable request, to seek independent professional advice at the Company's expense in appropriate circumstances. Senior management members, the management and professional consultants (if required) who are responsible for the preparation of the Board papers are invited to attend the meeting and answer any questions or enquiries that Board members may have on the papers. This enables the Board to obtain pertinent data and thorough understanding of the Board's decision-making matters, thereby enabling a comprehensive and informed assessment of the matter. Except occasional absence due to business engagements, the Chairman of the Company conducts the proceedings of the Board at all Board meetings. He ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and equal opportunities are given to all the directors to speak, express their views and raise their concerns. In addition, the chairman of the meeting shall ask the directors whether they have any objections or any questions to raise for discussion on each agenda item, ensuring that each director can present his/her independent views on the spot. The above measures form the mechanisms which ensure independent views are available to the Board. The Board is of the view that such mechanisms ensure that the directors to have chance to speak and express their independent views, and considers that such mechanisms are effective.

Minutes of the Board meetings record in sufficient detail the matters considered by the Board and the decisions reached, including any concerns raised by the directors. Draft minutes of each Board meeting are sent to all directors for comments within a reasonable time after the Board meeting is held. All directors have access to the General Counsel & Company Secretary, who is responsible for ensuring that the Board procedures and all applicable laws and regulations are complied with and providing advice to the Board on compliance matters.

Set out below are the details of all directors' attendance at the Board meetings and general meetings during the year ended 31 December 2023 which illustrate the attention given by the directors in overseeing the Company's affairs and understanding shareholders' views:

Attendance Record of Board Members at Board Meetings and General Meetings held in 2023

	No. of Board meetings attended/held	Attendance rate of Board meetings (%)	No. of general meetings attended/held	Attendance rate of general meetings (%)
Directors				
Mr. YANG Zhijian[1] (Chairman)	4/4	100	1/1	100
Mr. ZHU Tao[1] (Managing Director)	2/4	50	0/1	0
Mr. ZHANG Wei[2]	3/4	75	1/1	100
Mr. CHEN Dong[2]	2/4	50	0/1	0
Dr. WONG Tin Yau, Kelvin[1]	3/4	75	1/1	100
Dr. FAN HSU Lai Tai, Rita[3]	4/4	100	1/1	100
Mr. Adrian David LI Man Kiu[3]	3/4	75	1/1	100
Mr. LAM Yiu Kin[3]	4/4	100	1/1	100
Prof. CHAN Ka Lok[3]	4/4	100	1/1	100
Mr. YANG Liang Yee Philip[3]	4/4	100	1/1	100

1 Executive director
2 Non-executive director
3 Independent non-executive director

Pursuant to code provision C.2.7 of the Corporate Governance Code, a meeting was originally scheduled for December 2023 between the Chairman and independent non-executive directors without the presence of other directors. However, due to the Chairman's work arrangements, the meeting was ultimately held in March 2024.

Appointment, Re-election and Removal of Directors

The Company follows a set of formal, well-considered and transparent procedures for the appointment of new directors. The Nomination Committee, chaired by an independent non-executive director, and comprising a majority of independent non-executive directors, has formulated a set of nomination policies and is responsible for identifying and nominating suitable candidates as additional directors or to fill in casual vacancies on the Board for the Board's consideration, and for making recommendations to the shareholders regarding any directors proposed for re-election at general meetings.

Details of the selection process of new directors and a summary of work performed by the Nomination Committee in 2023 are set out in the "Nomination Committee" section below.

At each annual general meeting, one third of the serving directors (or, if their number is not a multiple of three, the number nearest to but not more than one third) shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years.

Directors' Commitment and Participation in Continuous Professional Development Programmes

The Company has received confirmations from all directors that they have given sufficient time and attention to the affairs of the Company during the year ended 31 December 2023. Directors have also disclosed to the Company the number and nature of their offices held in public companies or organisations and other significant commitments, as well as the identity of the said public companies and an indication of time involved in such offices.

Directors are required to participate in continuous professional development to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under the Listing Rules and other applicable laws and regulations. The following table sets out the details of all directors' participation in continuous professional development programmes during the year ended 31 December 2023:

Directors' Participation in Continuous Professional Development Programmes in 2023

	Reading regulatory updates	Making visits to management of the Company and/or its subsidiaries	Attending directors' training organised by the Company or other listed companies/ professional organisations
Directors			
Mr. YANG Zhijian[1] (Chairman)	✓	✓	✓
Mr. ZHU Tao[1] (Managing Director)	✓	✓	✓
Mr. ZHANG Wei[2]	✓	✓	✓
Mr. CHEN Dong[2]	✓	✓	✓
Dr. WONG Tin Yau, Kelvin[1]	✓	✓	✓
Dr. FAN HSU Lai Tai, Rita[3]	✓	✓	✓
Mr. Adrian David LI Man Kiu[3]	✓	✓	✓
Mr. LAM Yiu Kin[3]	✓	✓	✓
Prof. CHAN Ka Lok[3]	✓	✓	✓
Mr. YANG Liang Yee Philip[3]	✓	✓	✓

1 Executive director
2 Non-executive director
3 Independent non-executive director

Directors'/Senior Management's Securities Transactions

All directors are obliged to observe the requirements stipulated in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code"), as the Company has adopted the Model Code as the Company's code of conduct and rules governing dealings by its directors in the securities of the Company. In addition, the Board has established written guidelines for the senior management and relevant employees of the Company in respect of their dealings in the securities of the Company on no less exacting terms than the Model Code. A committee comprising the Chairman, the Managing Director and a Deputy Managing Director was set up to deal with such transactions.

Specific confirmation has been obtained from the directors and senior management of the Company regarding their compliance with the Model Code and the aforementioned guidelines in 2023. No incidents of noncompliance were identified by the Company in 2023.

GENERAL COUNSEL & COMPANY SECRETARY

The General Counsel & Company Secretary, who is directly responsible to the Board, ensures that directors are updated on all relevant regulatory changes of which she is aware, including organising appropriate continuing development programmes for directors.

All directors have access to the General Counsel & Company Secretary who is responsible for ensuring good information flow within the Board and accurate execution of the Board policies and procedures. The General Counsel & Company Secretary is also responsible for providing advice to the Board in relation to directors' obligations regarding disclosure of interest in securities and regarding disclosure requirements on notifiable transactions, connected transactions and inside information. In respect of information disclosure, the General Counsel & Company Secretary shall advise the Board on making true, accurate, complete and timely disclosures to the public strictly pursuant to the requirements of the Listing Rules, applicable laws, regulations and the Bye-laws of the Company.

The General Counsel & Company Secretary is an alternate to one of the authorised representatives of the Company and the primary channel of communication between the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). She also assists the Board in implementing and strengthening corporate governance practices with a view to enhancing long-term shareholder value. In addition, the General Counsel & Company Secretary will, when appropriate, provide directors with the latest information regarding their continuing legal, regulatory and compliance obligations. In relation to connected transactions and disclosure requirements, regular seminars are held by the General Counsel & Company Secretary for management and senior executives within the Group to ensure that such transactions are handled in compliance with the Listing Rules. Detailed analyses are performed on all potential connected transactions to ensure full compliance, as well as for directors' consideration.

The General Counsel & Company Secretary has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

DELEGATION BY THE BOARD

Management Functions

The Board delegates day-to-day responsibilities to the management. The respective functions of the Board and the management have been clearly established and set out in writing. The management is responsible for the following duties delegated by the Board:

- implementing the strategies and plans established by the Board
- submitting reports on the Company's operations to the Board on a regular basis to ensure effective discharge of responsibilities by the Board, including but not limited to the monthly updates as required by the Listing Rules

Board Committees

To assist the Board in the execution of its duties and to facilitate effective management, certain functions of the Board have been delegated to various Board committees, which shall review and make recommendations to the Board within a specific scope. The Board has established a total of seven Board committees, the details of which are set out below. Each committee consists of directors, members of senior management and management members, and has a defined scope of duties and terms of reference; and committee members have the right to make decisions on matters within the terms of reference of each committee. These committees have the authority to examine particular issues and report to the Board with their recommendations where appropriate, subject to the ultimate authority of final decision-making by the Board on all matters.

The terms of reference of the above Board committees setting out their roles and the authority delegated by the Board have been posted under the section headed "About CSP – Leadership – Board Committees" on the Company's website at (https://ports.coscoshipping.com). The terms of reference will be revised when appropriate. It is the Company's policy to ensure that the committees are provided with sufficient resources to discharge their duties. They have regular, scheduled meetings every year and report to the Board on a regular basis. All businesses transacted at committee meetings are meticulously recorded and well maintained, and minutes of committee meetings are circulated to the Board for reference.

1. Executive Committee

The Executive Committee consists of all the executive directors of the Company who are frequently in Hong Kong. The committee is established to facilitate the daily operations of the Company. As most of the directors of the Company are fully engaged in their major responsibilities and/or stationed in Mainland China and Hong Kong, it is practically difficult and inconvenient to convene full Board meetings or arrange for all directors to sign written resolutions on a frequent basis. Hence, the Board delegates powers to the Executive Committee to conduct and supervise the business of the Company and its staff.

During the year ended 31 December 2023, the Executive Committee executed 20 sets of written resolutions. Relevant written resolutions recorded in detail all matters resolved, including key factors considered for decision making. A committee member presents a summary report on the business resolved by the committee to the Board at Board meetings. All directors of the Company can inspect the minutes and written resolutions of the committee meetings at any time, and request for copies of the written resolutions from the General Counsel & Company Secretary.

2. Audit Committee

The Audit Committee, chaired by an independent non-executive director with appropriate professional qualifications, consists of three members, all of whom are independent non-executive directors of the Company. All committee members are professionals in their own sectors, including accounting, legal, banking and/or commercial areas, etc.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It has unrestricted access to information relating to the Group, internal auditors (with relevant functions performed by the Audit & Supervision Department of the Company (the "Audit & Supervision Department")), external auditors, the management and the staff. Its terms of reference are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the code provisions set out in the Corporate Governance Code.

In addition to providing advice and recommendations to the Board, the Audit Committee oversees all matters relating to the external auditors. It therefore plays an important role in monitoring and maintaining the independence of the external auditors. The Audit & Supervision Department is directly accountable to the Chairman of the Audit Committee.

Regular meetings of the Audit Committee are held four times a year on a quarterly basis, with additional meetings arranged as and when required. During the year ended 31 December 2023, a total of five meetings were held and attended by all members of the Audit Committee.

The key matters deliberated on by the Audit Committee in 2023 included but are not limited to:

- reviewed the accounting principles and practices adopted by the Group and other financial reporting matters
- reviewed the drafts of annual, interim and quarterly results announcements as well as those of annual and interim reports of the Company, and assured the completeness, accuracy and fairness of the financial statements of the Company
- reviewed the results of the external audit, and discussed relevant audit issues with the external auditors
- reviewed the internal audit plans and reports
- reviewed the risk management and internal control policy of the Company, discussed the effectiveness of the risk management and internal control systems throughout the Group, including financial, operational and compliance controls, and reviewed the report on risk management and internal control
- reviewed the report on legal work done
- reviewed the summary of continuing connected transactions of the Company on a quarterly basis

Attendance Record of Audit Committee Members in 2023

Names of members	No. of meetings attended/held	Attendance rate (%)
Mr. Adrian David LI Man Kiu[1] (Chairman)	5/5	100
Dr. FAN HSU Lai Tai, Rita[1]	5/5	100
Mr. LAM Yiu Kin[1]	5/5	100

1 Independent non-executive director

3. Remuneration Committee

The Remuneration Committee comprises five members, the majority of whom (including chairman of the committee) are independent non-executive directors of the Company.

The Company adopts model (ii) as set out in the code provision E.1.2(c) of the Corporate Governance Code, under which the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive directors and senior management. The Remuneration Committee also makes recommendations to the Board on the policy and structure for all directors' and senior management's remuneration. If necessary, the Remuneration Committee can engage professional advisers to assist and/or provide professional advice on relevant issues.

When formulating remuneration packages (which comprise salaries, bonus, benefits in kind, etc.), the Remuneration Committee considers several factors such as salaries paid by comparable companies, time commitment, job responsibilities, individual performance and the performance of the Company. The Remuneration Committee will also review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives resolved by the Board from time to time.

The following is a summary of the work of the Remuneration Committee in 2023:

- conducted annual review and made recommendations to the Board on the remuneration packages of all directors and members of senior management
- reviewed and agreed on the 2023 salary adjustment plan for Hong Kong Headquarters Employees
- reviewed whether exercise conditions for share options granted were fulfilled and considered the adjustment on the list of selected peer benchmark enterprises for annual appraisal, and made recommendations to the Board

Attendance Record of Remuneration Committee Members in 2023

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Dr. FAN HSU Lai Tai, Rita[1] (Chairman)	2/2	100
Mr. Adrian David LI Man Kiu[1]	2/2	100
Prof. CHAN Ka Lok[1]	2/2	100
Mr. ZHU Tao[2] (Appointed on 11 September 2023)	1/1	100
Mr. SHI Guoqiang	2/2	100
Ex-member		
Mr. YANG Zhijian[3] (Resigned on 11 September 2023)	1/1	100

1 Independent non-executive director
2 Executive director, Managing Director
3 Executive director, Chairman of the Board

Remuneration Policy

The remuneration policy of the Company ensures the competitiveness and effectiveness of the Company's pay levels for attracting, retaining and motivating directors, senior management and employees.
No director, or any of his/her associates, is involved in determining his/her own remuneration. The remuneration policy for non-executive directors ensures that they are sufficiently yet not excessively compensated for their efforts and time dedicated to the Company. The policy for executive directors, senior management and employees assures that remuneration offered is appropriate for the duties involved and in line with market practice. The aggregate amount of directors' fees is subject to approval by shareholders at the annual general meeting.

The key components of the Company's remuneration package include basic salary plus other allowances, discretionary cash bonus and mandatory provident fund. The cash bonus is tied to the performance of the individual.

4. Nomination Committee

The Nomination Committee comprises three members, the majority of whom (including chairman of the committee) are independent non-executive directors of the Company.

The Nomination Committee is responsible for nominating potential candidates for directorship, reviewing the nomination of directors, assessing the independence of independent non-executive directors and making recommendations to the Board on appointments and re-elections. It is also responsible for reviewing and making recommendations, if any, to the Board on the Company's board diversity policy (the "Board Diversity Policy").

During 2023 and early 2024, the work performed by the Nomination Committee included the following:

- reviewed the Board Diversity Policy
- reviewed the structure, size and composition of the Board
- made recommendations to the Board on matters relating to the appointment and re-election of directors
- made recommendations to the Board on matters relating to the appointment of Board Committees members
- conducted an annual review of the independence of the independent non-executive directors

According to the terms of reference of the Nomination Committee, all new appointments of directors and nominations of retiring directors proposed for re-election at the annual general meeting should first be considered by the Nomination Committee and then recommended by the Nomination Committee to the Board for decision.

In early 2024, the Nomination Committee nominated and the Board recommended that Mr. ZHANG Wei and Mr. CHEN Dong (Non-executive Directors), and Mr. LAM Yiu Kin (Independent Non-executive Director), being directors who have been longest in office since their last re-election, retire by rotation at the forthcoming annual general meeting. All the retiring directors, being eligible, will offer themselves for re-election by shareholders of the Company.

Attendance Record of Nomination Committee Members in 2023

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. Adrian David LI Man Kiu[1] (Chairman)	2/2	100
Dr. FAN HSU Lai Tai, Rita[1]	2/2	100
Mr. ZHU Tao[2] (Appointed on 11 September 2023)	0/1	0
Ex-member		
Mr. YANG Zhijian[3] (Resigned on 11 September 2023)	1/1	100

1 Independent non-executive director
2 Executive director, Managing Director
3 Executive director, Chairman of the Board

Nomination Policy

The Board adopts a policy on the nomination of directors (the "Nomination Policy"), which was prepared with reference to the Board Diversity Policy and the existing procedures for nomination of directors of the Nomination Committee, and aims at setting out the nomination procedures and the process and criteria to select and recommend candidates for directorship.

According to the Nomination Policy, for filling a casual vacancy or appointing additional director to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. The secretary of the Nomination Committee shall call a meeting of the Nomination Committee and invite nominations of candidates from the Board members for consideration by the committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members. Furthermore, shareholder(s) may nominate a person as a director, without the Board's recommendation or the Nomination Committee's nomination, according to the provisions and procedures set out under the paragraph titled "Procedures for Shareholders to Propose a Person for Election as a Director" under the section titled "Procedures for Shareholders to Put Forward Proposals at General Meetings" below.

The Nomination Committee will consider factors including the candidate's reputation for integrity, accomplishment and experience, in particular, in the industry of the Company's business, diversity represented in the Board, his/her ability to exercise independent judgement, etc. For the appointment of independent non-executive directors, independence factors as required under the applicable laws, rules or regulations will be considered. Apart from the personal data to be disclosed on the relevant websites, Nomination Committee may request candidates to provide additional information and documents, if considered necessary, for the reference of the Nomination Committee and the Board.

Board Diversity Policy

The Board adopts a Board Diversity Policy which aims at setting out the principles and approaches to achieve the diversity of the Board.

The Company regards the diversity of the Board as one of the crucial elements of the Company's sustainable development and in maintaining its competitive advantages. Candidates for Board appointments are considered based on each objective criterion and with due regard for the benefits of diversity of the Board. Selection of candidates will be based on a number of perspectives, including but not limited to gender, age, skills, cultural background, knowledge and professional experience. The final decision will be based on the merit of the candidate and the contribution the candidate will bring to the Board. The Board should not be comprised of members of a single gender.

The Board's composition under diversified perspectives is summarised as follows:

Board Diversity

1. Designation	Executive Director (3)	Non-executive Director (2)	Independent Non-executive Director (5)
2. Gender	Male (9)	Female (1)	
3. Ethnicity	Chinese (10)		
4. Age group	40–50 (2)	51–60 (3)	Over 60 (5)
5. Length of service (years)	Over 10 (3)	3–10 (5)	Less than 3 (2)
6. Skills, knowledge and professional experience Note 1	Terminal operation and management (5)	Accounting and financing (4)	Banking (1)
	Law (2)	Management and commercial (1)	Capital management and investor relations (1)
7. Academic background	University (10)		

Note 1: Directors may possess multiple skills, knowledge and professional experience.
Note 2: The number in brackets refers to the number of directors under the relevant category.

As reviewed and suggested by the Nomination Committee, the Board was of the view that the Board has achieved diversity in terms of gender, age group and skills, knowledge and professional experience, and considers that the Board Diversity Policy is effective. It is currently not required to set any measurable objectives for implementing the said policy.

5. Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee comprises three members, the majority of whom (including chairman of the committee) are independent non-executive directors of the Company.

The Environmental, Social and Governance Committee is responsible for overseeing and reviewing the policies, practices, framework and management approach of the corporate social responsibility and sustainable development of the Group, reviewing the practices on corporate governance and disclosure systems of the Company, and making recommendations to the Board on relevant matters, with an aim to enhancing the standard of corporate governance of the Company.

In 2023 and early 2024, the Environmental, Social and Governance Committee performed the following work in relation to reviewing the implementation of environmental, social and governance measures of the Company:

- reviewed the report on stakeholder engagement and double materiality assessment for 2023 and make recommendations to the Board
- reviewed the Company's environmental, social and governance work done for 2023
- reviewed the Company's performance on sustainable development (including the progress made against environmental targets, and measures adopted for the implementation of such targets)
- reviewed the global trend of environmental, social and governance, and emerging sustainability-related disclosure requirements (including the International Financial Reporting Standards Sustainability Disclosure Standards released by the International Sustainability Standards Board, and the proposed amendments to the Environmental, Social and Governance Reporting Guide of the Stock Exchange), and made recommendations on how to address the current and emerging trend and disclosure requirements
- reviewed the Company's corporate governance policies and practices and made recommendations to the Board, and reviewed the training and continuous professional development of directors and senior management, as well as the Company's policies and practices on compliance with legal and regulatory requirements pursuant to code provision A.2.1 of the Corporate Governance Code

Attendance Record of Environmental, Social and Governance Committee Members in 2023

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Prof. CHAN Ka Lok[1] (Chairman)	2/2	100
Mr. YANG Liang Yee Philip[1]	2/2	100
Mr. YANG Zhijian[2]	0/2	0

1 Independent non-executive director
2 Executive director, Chairman of the Board

6. Investment and Strategic Planning Committee

The Investment and Strategic Planning Committee, led by an executive director, comprises 12 members, including executive directors, members of senior management and management members. It is responsible for the consideration, evaluation and review of and making recommendations to the Board on proposed major investment plans, acquisitions and disposals, and conducting post-investment evaluation of investment projects. It also reviews and considers the direction of the overall strategy and business development of the Company.

Although the Investment and Strategic Planning Committee did not convene any meeting during the year, it reviewed and approved an investment project by way of a written resolution according to actual work demand and relevant opinions were submitted to the Board for consideration. The Board is of the view that the Investment and Strategic Planning Committee has fully fulfilled its duties.

In 2023, the Investment and Strategic Planning Committee comprises Mr. YANG Zhijian[1] (Chairman), Mr. ZHU Tao[2], Mr. ZHAO Fengnian, Mr. CHEN Dong, Mr. SHI Guoqiang, Mr. YU Danwei, Mr. LI Jie, Ms. HUANG Li, Mr. LI Wei, Ms. YAO Li, Mr. WANG Shenyuan and Mr. XIE Manding.

1 Executive director, Chairman of the Board
2 Executive director, Managing Director

7. Risk Management Committee of the Company

The Risk Management Committee of the Company, led by an executive director, comprises eight members, including executive directors, members of senior management and management members. It is responsible for identifying and minimizing the operational risks of the Company, setting the direction of the Group's risk management strategy, strengthening the Group's risk management system and giving opinions to the Board on risk-related matters of the Company.

Details of the role and responsibilities of the Risk Management Committee in relation to risk management of the Company are set out in the paragraph headed "Risk Management and Internal Control" below.

Attendance Record of Risk Management Committee Members in 2023

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. ZHU Tao[1] (Chairman)	3/4	75
Mr. ZHAO Fengnian	4/4	100
Ms. HUNG Man, Michelle	4/4	100
Mr. CHEN Dong	4/4	100
Mr. YU Danwei	4/4	100
Mr. LI Jie	4/4	100
Mr. MA Bo (Appointed on 19 December 2023)	N/A	N/A
Mr. PAN Dong (Appointed on 19 December 2023)	N/A	N/A
Ex-members		
Mr. ZHU Hanliang (Resigned on 6 September 2023)	2/3	67

1 Executive director, Managing Director

ACCOUNTABILITY AND AUDIT

Financial Reporting

Below sets out the responsibilities of the directors in relation to the financial statements, which should be read in conjunction with, but distinguished from, the Independent Auditor's Report on pages 123 to 129 which acknowledges the reporting responsibilities of the Group's auditors.

Annual Report and Financial Statements

The directors acknowledge their responsibilities for preparing financial statements for each financial year which shall give a true and fair view of the results and financial position of the Group.

Accounting Policies

The directors consider that in preparing its financial statements, the Group adopted appropriate accounting policies that are consistently applied, and that all applicable accounting standards are observed.

Accounting Records

The directors are responsible for ensuring that the Group keeps accounting records which disclose, with reasonable accuracy, the financial position and results of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Companies Ordinance, the Listing Rules and applicable accounting standards.

Safeguarding Assets

The directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

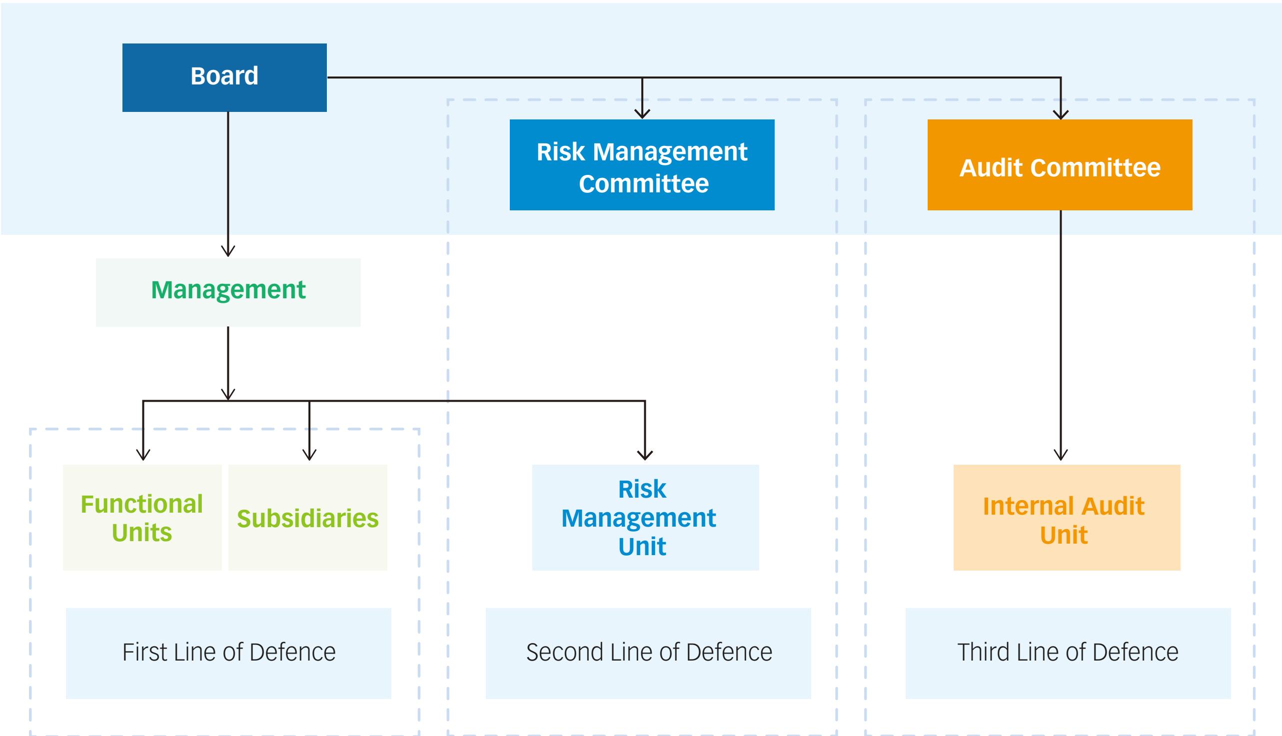
RISK MANAGEMENT AND INTERNAL CONTROL

The Board is fully responsible for assessing and determining the continuous effectiveness of the risk management and internal control systems of the Company in an effort to safeguard the interests of its shareholders. Based on its control environment, risk assessment and corresponding strategies, supervision and improvement, the Company has established the risk management and internal control systems which are grounded on "three lines of defence" and are integrated with business activities. The risk management framework of the risk management and internal control systems makes reference to the COSO framework established by the Committee of Sponsoring Organisations of the Treadway Commission of the United States of America, the "General Risk Management Guidelines for State-owned Enterprises" issued by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC"), the "Basic Norms of Internal Control for Enterprises" and complementary guidelines issued by the Ministry of Finance and four other ministries and commissions of the People's Republic of China, and the guide on internal control and risk management issued by the HKICPA.

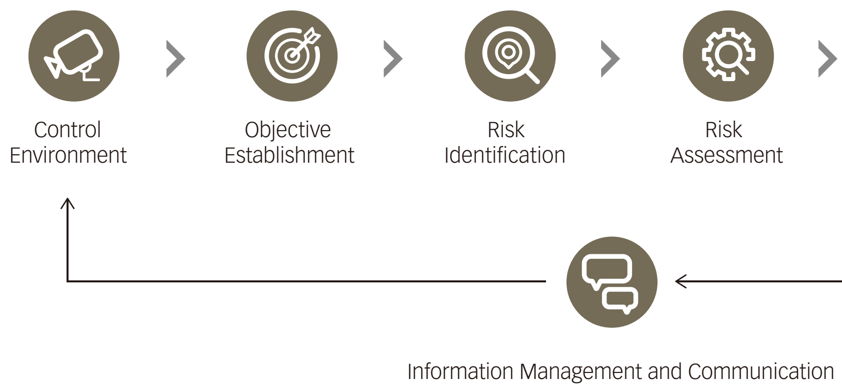
Risk Management Framework

Below is the Company's risk management framework, which comprises the risk management structure and the risk management procedures:

Risk Management Structure



Risk Management Procedures



The division of major functions and responsibilities in the risk management structure is as follows:

The Board	• Review the effectiveness of the risk management and internal control systems • Make decisions on and monitor the risk management and internal control systems of the Company • Approve the annual assessment report on risk management and internal control of the Company • Approve the work plans on risk management and internal control of the Company • Review and ensure the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, as well as in relation to the Company's environmental, social and governance performance and reporting
Audit Committee	• Review the effectiveness of the risk management and internal control systems of the Company, ensure that the management has performed its duties of establishing effective systems, and report to the Board on the conclusion of the review
Risk Management Committee	• Establish a scientific risk management mechanism, enhance the ability to prevent and control the risks relating to assets and business, improve work efficiency, and ensure a smooth rollout and steady implementation of operational management • Consider and approve the risk management policy, and monitor and provide guidance on the implementation of the policy • Monitor and provide guidance on the identification, prevention and control of risks regarding funds, assets, projects, business and management • Consider and approve the risk control review report regarding material funds, assets, projects, business and matters, and monitor their implementation • Give opinions to the Board on risk-related matters of the Company
Management	• Implement, maintain and continuously monitor the risk management and internal control systems of the Company • Provide the Board with confirmation on the effectiveness of the risk management and internal control systems on an annual basis • Make annual work arrangement for the upcoming year with appropriate emphases, based on the assessment reports on risk management and internal control of the Company issued by external agencies

Risk Management Unit	• Coordinate the drafting of basic systems and processes for risk management and internal control, standardise and regulate the risk management and internal control of the Company • Coordinate the drafting and implementation of the routine and annual work plans on risk management and internal control • Coordinate risk assessment by functional units and subsidiaries, and prepare the annual risk assessment report for the Company • Coordinate the evaluation on the effectiveness of the internal control by functional units and subsidiaries, and prepare the annual evaluation report on internal control • Coordinate, liaise, guide and monitor the work on risk management and internal control by functional units and subsidiaries • Complete other tasks in relation to risk management and internal control assigned by the Board
Functional Units and Subsidiaries	• Amend and implement the regulatory policies and management procedures within their scope of duties, and establish and optimise the risk management and internal control mechanisms • Carry out risk management and internal control functions, including identifying, analysing, evaluating and handling operational and management risks within their scope of duties • Conduct self-evaluation, correction, and rectification of risk management and internal control for areas within their scope of duties • Establish, maintain and monitor on a daily basis the risk alert indicators for areas within their scope of duties, report major risks and take contingency measures in case of a significant risk incident • Guide and supervise the risk management and internal control exercised on business carried out by functional units and subsidiaries within their scope of duties • Assist in completing other routine works on risk management and internal control
Internal Audit Unit	• Examine the suitability and effectiveness of the risk management and internal control systems, and supervise in an independent manner the risk management and internal control exercised by functional units and subsidiaries • Prepare the audit plan at the beginning of each year, and enhance supervision over the implementation of various requirements from the supervisory

The risk management procedures include the following major tasks:

Objective establishment	• Establish strategic, operational, reporting, compliance and other relevant objectives based on the risk tolerance levels of the Company, while fully taking into account the impact of various risks during the process
Risk identification	• All functional units and subsidiaries to collect internal and external information relating to risks on a regular basis, and carry out necessary screening, refinement, comparison, classification and combination • Identify the risks in the Company's major business operations and key business processes in accordance with the risk management framework established
Risk assessment	• Define the identified risks and their characteristics, and analyse and describe the likelihood and impact of the risks • Determine the Company's major risks after assessing their importance in accordance with the evaluation criteria established
Measures against risks	• All functional units and subsidiaries choose corresponding strategies to address risks based on risk assessment results and the causes of such risks • Prepare solutions to each types of or each individual major risk based on the risk reaction strategies • Design practical risk control activities and effectively implement corresponding solutions to risk management
Supervision and improvement	• All functional units and subsidiaries carry out ongoing day-to-day monitoring and analysis of the major and related risks under their management • The risk management unit prepares risk management reports based on risk monitoring information and makes cross-departmental recommendations on significant changes in risks • The risk management unit supervises and assesses the risk control at all functional units and subsidiaries and the effectiveness thereof

Control Environment

Maintaining a high standard of control environment has been a top priority of the Company. Hence, the Company has been dedicated to continuous enhancement and improvement of control standard. The Board recognises the importance of integrity, character, operating philosophy and team building capabilities (the overall quality of staff) and other core values of the management, and has drawn up guidelines on the internal control system to ensure that the Group's objectives are achieved and discrepancies can be detected with effective rectification adopted.

The management is primarily responsible for the design, implementation and maintenance of a sound internal control system for the Company, with a view to safeguarding the interests of shareholders and the assets of the Company. The internal control system covers all major and material control aspects, including financial, operational, environmental, social and governance, compliance and risk management, etc.

The Board is ultimately responsible for the effectiveness of the internal control and risk management systems of the Company. The Risk Management Committee, a committee under the board, is delegated to assist the Board in identifying and minimising the operational risks of the Company, determining the direction for the risk management strategies and strengthening the risk management system of the Company. The Risk Management Committee followed up and reviewed the results of internal control and risk management assessment, with regular reporting and discussion. Moreover, the Audit Committee assists the Board in reviewing the effectiveness of the internal control and risk management systems twice a year by scrutinising the underlying mechanism and functioning of the internal control and risk management systems and written reports, and reporting to the Board on the effectiveness of the systems.

With a view that a controlled environment lays the foundation for other components in the internal control system, the Company has defined its overall business structure and compiled an instruction manual to supervise the business processes and activities involved therein. Apart from establishing an effective internal control system, the Company attaches great importance to the conduct and qualifications of its accounting, internal audit and financial reporting personnel, as well as personnel in relation to the Company's environmental, social and governance performance and reporting and has imposed relevant requirements in that regard.

Assessment of and Measures against Risks

The Company attaches great importance to risk assessment for 2024. Under the unified planning of the management, the legal department of the Company has formed a risk assessment project team with external experts to jointly conduct risk assessment. The specific implementation process is as follows:

The Company's management representatives and all department heads have participated in the risk assessment. A profound and thorough analysis of the businesses involved in future operation and development was carried out through interviews and questionnaires. By envisaging potential concerns in an all-rounded manner, countermeasures were formulated against the risks on a case-by-case basis. After considering the interviews with both the management of the Company and the responsible persons of the Company, and the conclusions on the questionnaires on risk evaluation, the Company's risk category framework and risk database for 2024 were established, including 5 first-grade risks, 46 second-grade risks and 130 third-grade risks. The identified top five major risks of the Company were the risks relating to geopolitics and international macroeconomy, exchange rate and interest rate fluctuations, overseas labor, overseas business compliance and domestic economic situation and policies. Furthermore, according to the assessment by the Company's management, the Company will also face significant risks such as risks relating to energy transition brought by climate change, extreme weather events, and information protection and cybersecurity.

On the basis of annual risk assessment, the Company regularly tracks and monitors major risks, and monitors risk events in operation through various forms and dimensions such as business seminars, collaborative linkages, and a timely reporting mechanism for risk events. In case of major risk events, management will be notified immediately. At the same time, major risk tracking and monitoring forms are prepared every quarter, with various risk prediction and response work performed accordingly, so as to reduce major business risks.

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to geopolitics and international macroeconomy	The scope of the Israeli-Palestinian conflict continues to expand, and the conflict between Russia and Ukraine has become a protracted war of attrition. At the same time, geopolitical disputes in specific countries and regions such as Sudan (Sudan's armed conflict), Red Sea (Red Sea crisis) and northern Myanmar are showing a trend of expansion. There are anti-monopoly trade traps in overseas investment, high uncertainty in security review policies for overseas investment, the global layout of the Company's terminal business, and many geopolitical policy uncertainties, which may have a negative impact on terminal investment and operation. As major global economies continue to suffer from high inflation and rising trade protectionism, the momentum for global economic growth remains weak. The potential risks of globalised industrial chains become increasingly apparent, and the anti-globalisation trend is further intensified. As a "barometer" of macroeconomic development, the ports' slowdown in throughput growth may affect the long-term plan of terminal investment and operation, and increase the difficulty of operation and management.	• Pay close attention to changes in geopolitical and international macroeconomic trends, continue ongoing information collection and risk monitoring, study the impact of risks, market expectations and potential investment opportunities, analyse risk countermeasures in the process of risk monitoring, and reduce the potential impact of risk events on the Company's business development. • Explore investment opportunities in key hub ports and core supply chains behind terminals, and continue to promote the digitalisation of the supply chain and the sustainable development of green, low-carbon, and smart ports to enhance the Company's risk prevention capabilities. • Strengthen cooperation with governments, industry associations, units within the COSCO SHIPPING system and local enterprises to jointly respond to and share risks, and enhance the Company's market competitiveness through technological innovation, market development and collaborative partnerships. • Keep an eye on the economic policies and development of countries and regions along the "Belt and Road", and strengthen and enhance the Company's market competitiveness.	

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to exchange rate and interest rate fluctuations	In order to safeguard the status of the US dollar and curb inflation in the United States, the Federal Reserve Board raised interest rates eleven times in two years, severely affecting the confidence of foreign investors in port investments, which in turn impacted overseas terminal investment plans and brought operational pressure. At the same time, to address the weak domestic economy, China has repeatedly cut interest rates and reduced the deposit reserve ratio, leading to a gradual widening of the interest rate gap at home and abroad, and a decrease in the attractiveness of lower interest rates to foreign investors. If the port company fails to continuously monitor the relevant national interest rate policies and is unable to scientifically predict and plan its capital arrangements, it may affect the Company's ability to achieve the expected operational profit targets and have an adverse impact on the Company's business plans. In terms of exchange rates, the successive interest rate hikes in the United States have led to sharp depreciation of many currencies against the US dollar, causing significant volatility in the global exchange rates and international financial instability. Given that the port company has many overseas investment businesses, insufficient assessment on the impact of exchange rate fluctuations on the investment revenue in the investment feasibility study will result in deviation from the expected investment targets.	• Forecast the future exchange rate movements by taking into consideration the economic fundamentals and market technical aspects of major global economies, and pay close attention to foreign exchange management policies to establish an effective early warning and management mechanism. Reasonably arrange the structure of foreign currency assets and liabilities, and use a neutral risk management strategy of natural hedging to control exchange rate risks. • Minimise exchange rate exposure risk through various risk control measures. Choose currencies with smaller exchange rate fluctuations as the settlement currency, or include corresponding exchange rate protection clauses in transaction contracts. Based on the Company's business needs and financial condition, enhance sensitivity to the financial market, closely monitor the trend of monetary policies in various countries, and expand financing channels with major financial institutions both domestically and internationally. • Plan short and long-term capital arrangements reasonably, reduce investment scale in an orderly manner, and promptly dispose of idle assets to revitalise existing assets. Under the premise of ensuring a stable cash flow, repay or refinance existing loans with higher interest rates as early as possible.	↑

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to overseas labor	Against the backdrop of soaring inflation abroad, the monetary purchasing power has declined, and the dissatisfaction among overseas workers has surged dramatically, leading to frequent labor unrest incidents. As a global terminal operator, the port company has a portfolio of terminals spread across the world, and the number of overseas workers is growing rapidly as the number of terminals invested and managed overseas continues to increase. The headquarters of the Company should guide its overseas terminals to strengthen communication with local port authorities and labor unions, promptly coordinate and address potential labor instabilities to prevent the spread of labor risks and protect the Company's overall reputation.	• Establish and improve the transmission mechanism for managing overseas labor risks, supervise subsidiaries to carry out effective and regular communication with local labor unions and port authorities, timely coordinate labor management issues, and strive to maximise the corporate interests. Increase the Company's publicity efforts and strive to lead public opinion. Strengthen the inspection to the Company's terminal sites, and require the unions to enhance their management of workers. • Strengthen the cultivation of management talent to achieve efficient management and minimise the occurrence of labor disputes due to improper management. Enhance internal negotiation and consultation capabilities, provide a platform for effective dialogue between employers and employees, identify potential issues in time, understand employee demands, and in the event of disputes, the Company can engage in timely communication and mediation to prevent the escalation of labor disputes and the deterioration of labor relations.	

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to overseas business compliance	The port company is in a crucial period of expanding its global layout. While extensively participating in overseas operations, the Company faces higher investment and operational risks, as well as compliance pressures due to multiple regulatory and legal and regulatory constraints. If the Company does not fully understand or comprehend the political, economic, commercial, and legal regulatory methods in the region of the project due to lack of practical experience in international business operations, resulting in the Company's international business operations, such as overseas trade, investment, operations, and project construction, not complying with the laws and regulations of China and the local laws and regulations, relevant international treaties, and other regulatory requirements, it may cause the Company to face sanctions or penalties, thereby causing economic losses, reputational damage, and affecting the business continuity of the port company.	• Further improve the Company's overseas compliance management system, enhance the domestic and foreign compliance policies and regulations database. Based on its investment layout plan, Company conducts regular research and analysis on the compliance policies of both potential and invested regions, in order to adapt to local laws, regulations and changes in business environments, ensuring that the Company's investment, construction and operational compliance requirements are consistent with the those of the region of the project. • When conducting feasibility analysis for overseas business, it is important to thoroughly include the regulatory environment in the region of the project, as well as any relevant international regulatory provisions, as part of the compliance considerations, to further assess compliance risks to ensure the compliance and sustainable development of the Company's overseas business activities. • Strengthen the cultivation of employees' compliance awareness. Enhance employees' understanding of relevant laws, regulations, and supervisory requirements through regular compliance training, and improve their ability to identify risk factors and their capacity for risk prevention.	↓

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to domestic economic situation and policies	With the establishment of the "Chinese-style modernisation" development concept, a series of economic structural reforms have taken place in China. On one hand, due to the industrial upgrading, the proportion of traditional export goods has decreased; on the other hand, high-value-added products have more stringent requirements for transportation time and environment, which may lead to a reduction in the demand for maritime transportation, negatively affecting the throughput volume of the port company and, in turn, impacting the overall profitability of the port company. Furthermore, with the changes in the international macroeconomic situation and the intensification of geopolitical risks, to safeguard national economic security and financial stability, the Chinese government may introduce a series of foreign exchange control and export/investment restrictive policies. The uncertainty of domestic economic policies may indirectly lead to the inability of the port company to achieve its investment plans and strategic layout objectives as scheduled.	• Continue to participate in the integration of domestic port resources, optimise and adjust the terminal structure, enhance asset quality, and develop various forms of value-added services by focusing on the main business to cope with the possibility of a decline in throughput. • Focus on "Lean Operations", seizing favorable opportunities for the release of container ship capacity; continuously deepen the synergy between ports and shipping, collaborate with major shipping companies on joint marketing initiatives, and tap into the potential cargo volume growth in emerging and regional markets; continue to promote cost control by taking the operation cost of a single container as the key point. Enhance terminal management efficiency through various business management strategies and cost control measures. • Closely monitor and analyse the trends and regulatory requirements of national foreign exchange control and export investment policies, continue to carry out the policy risk information collection and risk monitoring, and adjust corporate strategies and business strategies in a timely and flexible manner.	↑

Regarding environmental, social and governance risks, after joint assessment with external experts, the Company's management believes that there are three material risks in this aspect as below:

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to climate change and energy transition	• According to World Meteorological Organization, 2023 was the warmest year on record and the annual average temperature was 1.45°C above pre-industrial levels, further approaching the 1.5°C threshold established in the Paris Agreement. Climate change is currently the biggest challenge to human and has brought pervasive impact. Although vigorous actions have been undertaken around the world, the speed and scale of such actions have yet to be accelerated. The world has to cut down greenhouse gas emissions drastically and expedite energy transition toward renewables. Over 100 countries pledged to triple the world's renewable energy capacity by 2030 at the 28th session of the United Nations' climate summit (COP28). There is a pressing need to promote energy transition. • In 2023, International Maritime Organization (IMO) revised its strategy envisaging a target to reach net-zero greenhouse gas emissions from international shipping around 2050. Amid the global trend to support green shipping corridors, there are increasing orders for ships powered by methanol or other low-carbon fuels, resulting in a higher requirements for green ancillary facilities and fuels at ports and terminals from shipping companies. • China has established the goal of peaking carbon emission and achieving carbon neutrality, and the countries and regions where the Company's terminals operate in have also pledged carbon neutrality, posing challenges to the ports and terminals in terms of energy transition and energy saving and emissions reduction.	• The Company has established the goal of achieving carbon neutral, and has been driving the construction of green and low-carbon ports. With an aim to cut down carbon emission from its operation, the Company has sped up the construction of digitalised and smart terminals to improve the overall operational efficiency, and has achieved notable results in the promotion of energy saving and emissions reduction, including the conversion of diesel-powered terminal equipment to electric ones, the use of electric driverless container vehicles, the application of renewable energy (such as solar photovoltaic), energy regeneration from port equipment, and the switch to green lighting. • To reduce carbon emission from upstream and downstream of the industrial chain, the Company follows the principle of sustainable procurement and imposes stringent shortlisting criteria for suppliers, and joined hands with COSCO SHIPPING Lines and Orient Overseas Container Line Limited to release the Initiative to Promote the Use of Shore Power by Vessels at Berth to facilitate decarbonisation of the maritime and port industry together with its customers. • On the green shipping corridor front, the Company expressed to stakeholders its expectations and recommendations to enhance cooperation on green shipping corridors in Asia-Pacific Economic Cooperation ("APEC") region at the webinar on Establishing Green Shipping Corridors among Ports in APEC Economies held at the end of 2023.	↑

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to extreme weather and climate events	According to the statistics of World Meteorological Organization, extreme weather caused two million deaths and cost US$4 trillion over last 50 years. The World Economic Forum's Global Risks Report 2023 provides an analysis of the top five risks the world may face in the next two to ten years that include natural disasters and extreme weather and climate events, and the challenges brought by the failure to mitigate climate change and the failure of climate-change adaption. The increasing serious and frequent floods, heatwaves, drought and other extreme weather and climate events present a long-term and significant threat to coastal and low-lying areas. Given that ports and terminals are located in coastal areas, and the Company's terminal network covers many regions around the world, including areas with high temperatures or environments vulnerable to floods and typhoons, frequent occurrence of extreme weather and climate events may cause higher risks to the safe operation of terminals.	• The Company proactively enhances seasonal safety by calling for the terminals in which it has controlling stake to strengthen preparedness for typhoon, heat stroke and cold weather, and organises contingency drills to improve emergency preparedness. • Improve emergency planning and the ability to deal with extreme weather, ensure the safety of personnel, equipment and facilities, implement a robust roster system during important periods and holidays to effectively reduce the impact of extreme weather on the Company's production and operation. • Be well-prepared for typhoons and floods, enhance the implementation and sense of responsibility of safety management personnel. • Enhance windy and gusty weather monitor, issue safety warnings to the affected terminals in a timely manner, monitor local weather changes closely, get prepared in advance and take effective preventive measures.	

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to information protection and cybersecurity	• The digitalisation of ports and terminals is depended on the development of information technology and cyber system. The lack of a regulated and comprehensive information system and data security management mechanism, failure to develop data backup requirements, failure to prevent computer virus, and the lack of effective physical and environmental controls and access control of information devices in a company may result in data breaches, data loss, unauthorised access or malicious attacks, presenting threats to the Company's information system and data security.	• Released and continue to improve the management policies relating to information and privacy protection and cybersecurity, providing a regulated system and guidelines to related duties. • Continue to mobilise the terminals in which the Company has controlling stake in China to promote the use of unified security systems, which allow the terminals to spot and handle security loopholes immediately through regular monitoring and scanning to prevent cyber invasion and attacks such as virus, Trojan Horse virus and remote control effectively. • Provide cybersecurity and information and privacy protection trainings to staff and organise cybersecurity contingency drills. • Close security loopholes and minimise potential cybersecurity risks regularly, and make sure that the information of the Company and the customers are well protected.	

The Company's 2023 risk management and internal control report was approved by the Risk Management Committee and the Audit Committee and submitted to the Board for review, forming the basis for the Board's assessment of the effectiveness of the risk management and internal control systems for the year 2023.

Internal Control System and Mechanism

The Company invited external consultants to evaluate the effectiveness of internal control as at 31 December 2023. Pursuant to the accreditation standard on internal control weaknesses, no material weaknesses nor important weaknesses on the internal control of the Company were identified during the reporting period. The features of the Company's internal control mechanism are as follows:

1. The Group has a clear organisational structure in place detailing the lines of authority and control responsibilities in each business unit, which is beneficial for the delegation of authority, proper determination of duties and better accountability. Certain specific matters are not delegable and are subject to the Board's decision. These include, among others, the approval of annual, interim and quarterly results, annual budgets, distribution of dividends, as well as the structure, composition and succession of the Board.
2. To assist the Board in the execution of its duties, the Board is supported by seven Board Committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Environmental, Social and Governance Committee, the Investment and Strategic Planning Committee and the Risk Management Committee. These committees make recommendations to the Board on relevant matters within their terms of reference, or make decisions where appropriate within the scope of the power delegated by the Board. Details of the Board Committees are set out in the section headed "Board Committees" in this report.
3. A comprehensive management accounting system is in place that provides financial and operational performance measurement indicators for the management and relevant financial figures for reporting and disclosure purposes. Reports on the variance between actual performance and targets are prepared, analysed and explained. Appropriate actions are also taken to rectify the deficiencies identified, if necessary. This helps the management of the Group to monitor business operations closely and enables the Board to formulate and, if necessary, revise strategic plans in a timely and prudent manner.
4. The Company places great importance on internal audit functions and has set up the Audit & Supervision Department for the relevant work. The internal audit's roles include assisting the management and the Audit Committee to ensure that the Company maintains an effective system of internal control and a high standard of governance, by reviewing the Company's major production and operation activities with unrestricted access and conducting comprehensive audits on all practices and procedures on a regular basis. The scope of work of internal audit includes:
   - Ascertaining the extent to which the Company's assets are accounted for and safeguarded to avoid any form of asset loss
   - Reviewing and evaluating the completeness, adequacy and effective application of accounting, financial and other controls in the Company
   - Ascertaining the compliance with established policies, procedures and statutory regulations
   - Monitoring and evaluating the effectiveness of the risk management system
   - Monitoring the operational efficiency, and the appropriateness of resources utilisation
   - Evaluating the reliability and availability of the information provided by the financial and operating systems of the Company
   - Ensuring that findings and recommendations arising from the internal audit are communicated to the management, and monitoring the implementation of corrective measures
   - Conducting ad hoc projects and investigation work as required by the management and/or the Audit Committee

5. The Company has established the "Whistleblowing Management Rules" and system which is applicable to the Group, so as to allow all members (including directors, senior management and employees at all levels) or any member of the Group or other persons having any dealings with the Group (such as customers and suppliers) may report, with name or anonymity, any illegal, unethical practices or irregularities in the operation and management of the Group to the Chairman of the Audit Committee or the Audit and Supervision Department of the Company. The Company shall provide a confirmation of receipt within 15 working days, or wherever reasonably practicable, upon receipt of a reasonable whistleblowing report, to request for further information or evidence (if necessary), and where appropriate, status of the investigation. Based on the results of the investigation and the seriousness of the violation, member(s) who are found in violation of the rules and regulations shall be subject to strict disciplinary actions in accordance with the applicable rules. Where the responsible person is in violation of local laws or regulations, the Company shall refer the case to the judicial authority and pursue legal responsibilities. The Whistleblowing Policy is set out in the section headed under "About CSP – Corporate Governance – Policies and Guidelines" at the Company's website (https://ports.coscoshipping.com).
6. The Company has established the "Anti-corruption Rules" which aims at upholding honesty, integrity and fairness for all members the Group. Such rules set out essential basic behaviours that all members must follow, and the principles for receipt of interest and report on conflict of interest. Any member who violates these Rules shall be investigated and treated in a strict manner in accordance with the relevant internal regulations of the Company or subsidiary companies. In order to promote and support anti-corruption, both the Company and its subsidiaries promote a corporate culture that promotes honesty and integrity. The directors and management of the Company and its subsidiaries shall insist on leading by example and take the lead in action to comply with the laws, regulations and rules of the Company and the subsidiaries. At the same time, members are encouraged to abide by the laws and the ethical conducts during daily work of the Company, and to assist members in dealing with conflicts of interests and resisting temptation of improper benefits in a proper manner during the course of work. Regular trainings on clean practices are held to further enhance corporate integrity management and promote the establishment of a non-corrupt working culture. The Anti-corruption Policy is set out in the section headed under "About CSP – Corporate Governance – Policies and Guidelines" at the Company's website (https://ports.coscoshipping.com).
7. With respect to procedures and internal control measures for the handling and dissemination of inside information, the Company:
   - is well aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision
   - conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission
   - informs all directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange
   - has developed procedures and mechanisms for the disclosure of inside information, and established the Inside Information Evaluation Group to evaluate whether disclosure of the inside information is required

- has included in its Code of Conduct strict prohibition on unauthorised use of confidential, sensitive or inside information, and has communicated this to all staff
- has established and implemented procedures for responding to the enquiries from external enquiries about the Company's affairs. Only directors and designated management personnel of the Company may act as the Company's spokespersons and respond to enquiries on designated areas

Particular attention is also paid to activities which are considered to present higher risks under monitoring, including income, expenditure and other areas of particular concern to the management. Representative of the Audit & Supervision Department has free access to the Audit Committee without consulting the management, and reports directly to the Chairman of the Board and/or the Managing Director and the Chairman of the Audit Committee. He attends meetings of the Audit Committee quarterly and brings matters identified during the course of the internal audit to the Audit Committee. This reporting structure allows the Audit & Supervision Department to stay independent and effective.

The internal audit function has a risk-based audit approach in place which is based on the COSO framework and the requirements laid down by the HKICPA, with multiple factors taken into account such as the risks recognised. Such audit focuses on material internal controls and risk management, including financial, operational and compliance controls. Internal audits were carried out on all significant business units in the Company. All internal audit reports are submitted to the Audit Committee for review and approval. The Audit & Supervision Department's summary of findings, recommendations and follow-up reviews of previous internal audit findings are discussed at the Audit Committee meetings. The Audit Committee actively monitors the number and importance of issues raised by the Audit & Supervision Department and also the corrective measures taken by the management. The annual internal audit plan will be submitted to the Audit Committee for review and approval, with the scope and frequency of audit based on the size and prevailing risks of all business units of the Company.

Supervision and Improvement

The Company supervises and evaluates the implementation and effectiveness of its risk management on a regular basis, and makes timely improvements based on changes and existing defects. Based on the risk assessment results in 2023, the Company monitors the changes in major risk monitoring indicators and new major risk events regularly on a quarterly basis, collects and summarises relevant data for the current quarter. The risk monitoring and warning indicators collected including but not limited to total overseas assets in medium and high risk areas, number of major construction projects overdue, major legal proceedings, major compliance cases, accounts receivables aged three years or more, overdue accounts receivables, the number of major safety production accidents and other risks resulting in significant impact on the operation and development of the Company. According to statistics, the Company's risk monitoring and warning indicators in 2023 was normal, and there were no significant risk events.

In 2023, the Company revised the "Compliance Management Rules" and, in full consideration of the changes in the external environment and the current state of the port company's compliance system, compiled the "Compliance Risk List", "Key Process Control List" and "Compliance Position Responsibility List" for the port company. On the basis of comprehensively advancing compliance management, focusing on the Company's development strategy and reform actions, we highlighted the compliance management of key areas, key links and key personnel, to promote implementation in a tiered and categorised manner to prevent compliance risks. By improving the above compliance system documents, the implementation subjects of our Company's compliance management will cover all departments and positions, allowing the "first line of defense" to play its important role fully, ultimately forming a virtuous cycle of compliance by all employees, and gradually building a solid and effective compliance management system.

In November 2023, the Risk Management Unit initiated an integrated evaluation on the operation of internal control of the Company. The results of internal control evaluation showed that the internal control system of the Company was effective. No material errors or weaknesses on monitoring and control were found during the period. In addition, the Company established three standards, namely, company risk assessment standards, internal control defect determination standards and compliance management evaluation standards, set risk scoring standards, clarified internal control defect determination standards and compliance management evaluation standards, and further improved the risk management and internal control systems.

The audit projects for 2023 covered 18 terminals, including 10 terminal companies in which the Group has controlling stakes. The audit carried out in the terminal companies in which the Group has controlling stakes focused on major risks during operations, the establishment and implementation of internal control, risk prevention and control mechanism, including the implementation of decision-making systems such as "three majors and one major", and the implementation and advancement of lean operations and cost control, etc. The audit carried out in non-controlling terminals focused on returns on investments, assets management and significant capital expenditures, etc.

During 2023, the Internal Audit Unit completed a total of 19 audit assignments. All the internal audit reports were reviewed and approved by the Audit Committee. All internal audit work scheduled for the year 2023 was completed. The management of the Company will follow up with all the matters of concern reported by the Audit & Supervision Department till corrective measures have been adopted and implemented properly.

The Board has obtained the management's confirmation that the Company's risk management, internal control and accounting systems were effective, which provide reasonable assurance for safeguarding significant resources, identifying and monitoring the Company's risks in commercial, environmental, social and governance and operational perspectives. At the same time, the Company has established an ongoing process for identifying, evaluating and managing the Company's exposure to material risks (including material risks relating to environmental, social and governance). In this regard, the Board considered that the risk management and internal control systems established during the year were effective and adequate for the Company's existing business scope and operations and that no significant factors have been identified which might affect the interests of shareholders. However, the systems aim to manage but not eliminate the risks relating to failure to achieve business objectives, and the Board will only give reasonable but not absolute assurance against material misstatement or loss.

INSTITUTIONAL DEVELOPMENT ON LEGAL GOVERNANCE

The Company strictly abides by laws and regulations, effectively implements its legal governance and continuously promotes the standards and efficiency of the Company's legal governance work. The relevant work is coordinated and strategised by the legal governance steering group and implemented by the working group. Meanwhile, the Board and the Audit Committee review the legal governance report on a bi-annual basis, to ensure the effective, orderly and thorough implementation of the institutional development on legal governance. In 2023, the Company continued to enhance the concept of legal governance, strengthen internal rules, improve work organisation, provide compliance trainings, strengthen legal risks prevention for investment and financing projects, strictly implement major contract management, legal disputes management and international sanctions compliance management, as well as implemented the below measures to improve legal risks prevention and control system: (1) formulated and published the "Rules for General Managers" and other rules in relation to directorial governance so that the institutional documents on corporate governance can be further enhanced and aligned with the business development needs of the Company, hence further improving the level of corporate governance of the Company; (2) organised various legal compliance and risk screening work to continuously improve the risk prevention and control system and risk emergency response mechanism, effectively enhancing the Company's risk prevention and control capabilities, under such effective control, the Company encountered no major risk events during the year; (3) summarised years of experience in overseas risk management and control to formulate the "Overseas Risk Studies" for the purpose of sharing knowledge and promoting the culture in overseas risk management and furthering the Company's capability in this respect; (4) strengthened the risk prevention work of overseas terminals by establishing a legal and regulatory research and support database, and regularly followed updates in the laws, regulations, and policies of relevant overseas regions, and provided customised trainings in relation to legal and regulatory updates for the terminals, effectively raising the legal and regulatory awareness of all employees; and (5) continuously strengthened management in international sanctions compliance, closely monitored the updates in international sanctions measures, timely issued risk alerts on major sanctions lists and legislations, conducted bi-annual self-inspections and analysis on international sanctions compliance management, and continuously enhanced the international sanctions compliance management process and measures in risk prevention and control. During the year, no significant incidents of violation of laws and regulations occurred.

AUDITOR'S REMUNERATION AND RELATED MATTERS

In addition to audit and audit related services, the Company engaged the external auditor for non-audit services, under which the external auditor is required to comply with the independence requirements under the Code of Ethics for Professional Accountants issued by the HKICPA. The external auditor may provide non-audit services to the Group given that those services do not involve any management or decision-making functions for and on behalf of the Group, no self-assessments are carried out, and that there is no promotional effect to the Group.

For the year ended 31 December 2023, the remuneration paid or payable in respect of the audit, audit related and non-audit services provided by the auditor to the Company was as follows:

Nature of Service	2023 US$	2022 US$
Audit services	**1,015,000**	1,076,000
Audit related services	**289,000**	296,000
Non-audit services:		
– Financial advisory services	**20,000**	41,000
– Tax related services	**173,000**	198,000

DIVERSITY

Status on Board diversity is set out in the section headed "Board Diversity Policy" above.

Regarding diversity in workforce (including senior management), as at 31 December 2023, male workers and female workers accounted for 83% and 17%, respectively, of the total number of workers of the Group.

As a leading ports operator in the world, COSCO SHIPPING Ports has an international team composed of members from different countries with different genders, age, cultural backgrounds, knowledge and professional experience. The Group pursues a gender diversity approach as part of its good management practices to ensure an inclusive workforce. In respect of staff recruitment, the Group has put in place established management rules and procedures to ensure meritocracy-oriented recruitment. During the recruitment process, the Group attracts candidates with different backgrounds and experiences based on the consistent selection criteria and according to the principle of meritocracy, regardless of gender, to ensure that only experience and qualifications are relevant to job requirements. In regard to the promotion, redesignation and training of staff, the Group has also established relevant administrative rules with clear criteria to provide employees with equal opportunities and ensure no subjectivity, differential treatment or discrimination is involved in such decisions. The Group also reviews the relevant administrative rules and criteria from time to time to ensure that the management of the Company is in compliance with the laws and regulations.

Due to the industry characteristics of port operation, male dominated the supply of manpower in traditional labour markets. Recently, the Group has continued to proceed and improve terminal automation. Being the first totally automated container terminal in China, Xiamen Ocean Gate Terminal has ridden on the achievement of remote control and introduced a team of female operators and set up the first fully automated "Women Team" in China, with a view of bringing female's strengths of meticulousness and rigour in modern workplace and their own potential into play, thus broadening the employment and promotion path for female in the port industry. The Group recognises that gender diversity not only enables better corporate development, but also allows for better commitment to social responsibility. Therefore, as we strive to build a terminal network with controlling stake, deepen lean operations and promote technological innovation, we continue to promote gender diversity within the Group to build a high performing and diversified team of excellence.

SHAREHOLDERS' RIGHTS

General Meeting

The Company views its general meetings ("General Meetings"), including the annual general meeting and special general meetings, as a forum for shareholders to communicate with the Board and senior management. All directors and senior management attend the meeting to the best of their availability. Representatives of external auditors are also available at the annual general meeting to address shareholders' queries on the financial statements. The Chairmen or members of the Audit Committee, the Nomination Committee and the Remuneration Committee or independent board committee (if any) are normally available at the General Meetings (where applicable) to take any relevant questions. All shareholders will be given at least twenty one (21) clear business days' notice of the annual general meeting and fourteen (14) clear business days' notice of a special general meeting and they are encouraged to attend the General Meetings. The Company follows the code provisions contained in the Corporate Governance Code to encourage shareholders' participation. Questioning by the shareholders at the General Meetings is encouraged and welcome. The General Counsel & Company Secretary, on behalf of the chairman of the General Meetings, explains the detailed procedures for conducting a poll at the General Meetings. To facilitate enforcement of shareholders' rights, substantially separate issues at General Meetings are dealt with under separate resolutions.

Procedures for Shareholders to Convene a Special General Meeting

Pursuant to the Bye-laws of the Company and the Companies Act 1981 of Bermuda (the "Companies Act"), registered shareholders holding not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at General Meetings of the Company may deposit a requisition to the Board or the General Counsel & Company Secretary of the Company to convene a special general meeting.

The requisition must state the purposes of the meeting and must be signed by the requisitionists, and deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda or its principal place of business at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong. The requisition may consist of several documents in like form each signed by one or more requisitionists.

The Board may proceed to convene a special general meeting within 21 days from the date of the deposit of such requisition upon receipt of confirmation from the share registrar on validity of the requisition, and such meeting shall be held within two months after the deposit of such requisition. If the Board fails to convene the special general meeting as aforesaid, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, and such meeting shall be held within three months from the date of the deposit of the requisition.

Procedures for Shareholders to Put Forward Proposals at the General Meetings

Pursuant to the Companies Act, registered shareholders holding any amount not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at the General Meetings of the Company, or registered shareholders of not less than 100, can request the Company in writing to:

- notify shareholders entitled to receive notice of the next General Meeting of any resolution which may officially be moved and is proposed to be moved at that meeting
- circulate to shareholders entitled to have notice of any General Meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the meeting

The requisition must be deposited to the Company not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition.

In addition, a shareholder may propose a person other than a retiring director of the Company for election as a director of the Company at the General Meetings. Detailed procedures for shareholders to propose a person for election as a director are available on the Company's website at (https://ports.coscoshipping.com) under section headed "About CSP – Corporate Governance – Policies and Guidelines".

SHAREHOLDINGS AND SHAREHOLDERS' INFORMATION

Share Capital (as at 31 December 2023)

Authorised share capital	HK$400,000,000 divided into 4,000,000,000 shares of a par value of HK$0.1 each
Issued and fully paid-up capital	HK$356,357,908.5 comprising 3,563,579,085 shares of a par value of HK$0.1 each

Type of Shareholders (as at 31 December 2023)

Type of shareholders	No. of shares held	% of the total number of issued shares
China COSCO (Hong Kong) Limited and its subsidiary	2,106,032,842	59.10
Other corporate shareholders	1,452,678,745	40.76
Individual shareholders	4,867,498	0.14
Total	**3,563,579,085**	**100**

Location of Shareholders (as at 31 December 2023)

Location of shareholders[1]	No. of shareholders	No. of shares held
Hong Kong	457	3,563,567,492[2]
United Kingdom	1	5,000
The People's Republic of China	1	4,000
Canada	1	2,593
Total	**460**	**3,563,579,085**

1 The location of shareholders is prepared according to the address of shareholders registered in the register of members of the Company.
2 These shares include 2,136,477,139 shares registered in the name of HKSCC Nominees Limited which may hold these shares on behalf of its clients in or outside Hong Kong.

INVESTOR RELATIONS

The Company is committed to enhancing the long-term value of shareholders through constant communication with individual and institutional shareholders. The Company believes that informed and constructive communication between the Board and shareholders is crucial to improving the standard of corporate governance. The Company's dedicated investor relations department supports designated executive directors and senior management in maintaining regular dialogue with institutional investors and analysts to keep them abreast of the Company's development and in attending to any queries promptly. The Company maintained close communications with the media, analysts and fund managers by way of individual meetings, roadshows and conferences. Also, press and analyst conferences are held at least twice a year subsequent to the interim and annual results announcements at which the executive directors and senior management are available to answer questions regarding the Group's operational and financial performances.

Memorandum of Association and Bye-laws

For the year ended 31 December 2023, no change has been made to the Memorandum of Association and Bye-laws of the Company.

Shareholders' Communication Policy

The Company has established a shareholders' communication policy, which includes channels for shareholders to communicate their views (such as participation in general meetings, investor and analyst meetings), and measures taken to solicit and understand the views of shareholders and stakeholders (including active participation in investor meetings organised by other financial institutions and a designated e-mail address for shareholders' enquiries, etc.). The Company has adopted and implemented fair, transparent and timely disclosure policies and practices. All inside information or data is publicly released as and when appropriate, prior to individual sessions held with investors or analysts. The following is a summary of the work conducted in accordance with the shareholders' communication policy in 2023:

- communicated with institutional investors regularly
- held press conferences at the time of financial results announcements
- disclosed detailed information in annual report, interim report, results announcements and press releases to facilitate effective communication
- published information of the Group and its business, including disclosing throughput figures of the Group's terminals at the Company's website on a monthly basis
- responded to enquiries to the Company from individual or institutional shareholders made through the abovementioned designated email address

The Board had considered the above works and was of the view that the shareholders' communication policy of the Company was effective.

Key Corporate Event Dates

The following are the dates for certain key corporate events:

Event	Date
Payment of 2023 First Interim Dividend	23 November 2023
2023 Annual Results Announcement	28 March 2024
Closures of Register of Members	
(a) for receiving the 2023 Second Interim Dividend	17 April 2024 to 22 April 2024
(b) for attending the 2024 Annual General Meeting	16 May 2024 to 21 May 2024
2024 First Quarter Results Announcement	26 April 2024
Annual General Meeting	21 May 2024
Payment of 2023 Second Interim Dividend	19 June 2024
2024 Interim Results Announcement	August 2024
2024 Third Quarter Results Announcement	October 2024

DIRECTORS AND SENIOR MANAGEMENT PROFILES

DIRECTORS

YANG Zhijian
Chairman of the Board, Executive Director

Mr. YANG, aged 59, has been an Executive Director and Chairman of the Board of the Company since May 2022. Mr. YANG is the Chairman of the Executive Committee and the Investment and Strategic Planning Committee, and a member of the Environmental, Social and Governance Committee of the Company. He is also the employee representative director of China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), an executive director, the general manager and party secretary of COSCO SHIPPING Holdings Co., Ltd. (listed in Hong Kong and Shanghai), the chairman of the board and party secretary of COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines"), an executive director of Orient Overseas (International) Limited (listed in Hong Kong), the chairman of the board, chief executive officer and chairman of the executive committee of Orient Overseas Container Line Limited, and a director of several subsidiaries of COSCO SHIPPING. He previously held various positions including the head of Ocean Transportation Division of Shanghai Ocean Shipping Co., Ltd., the head of planning and cooperation office under the Corporate Planning Division and deputy general manager of marketing department of COSCO SHIPPING Lines, the deputy general manager of Hong Kong Ming Wah Shipping Co., Ltd., the general manager of the Trade Service Division and the general manager of the Asia-Pacific Trade Division of COSCO SHIPPING Lines, general manager and deputy party secretary of Shanghai PANASIA Shipping Company Limited, assistant to the general manager and deputy general manager of COSCO Logistics Co., Ltd. (currently known as COSCO SHIPPING Logistics Co., Ltd.), the deputy general manager, general manager and deputy party secretary of COSCO SHIPPING Bulk Co., Ltd., the general manager and deputy party secretary of COSCO SHIPPING Lines and the deputy party secretary of COSCO SHIPPING Holdings. Mr. YANG has over 30 years of experience in the maritime industry and has extensive experience in container shipping, logistics and bulk shipping. Mr. YANG graduated from Shanghai Maritime University with EMBA degree. He is an economist.

ZHU Tao
Managing Director, Executive Director

Mr. ZHU, aged 51, has been an Executive Director and the Managing Director of the Company since June 2022. He is the Chairman of the Risk Management Committee, and a member of the Executive Committee, the Nomination Committee, the Remuneration Committee and the Investment and Strategic Planning Committee of the Company. He is also a non-executive director of Qingdao Port International Co., Ltd. (listed in Hong Kong and Shanghai). Mr. ZHU served as business deputy manager and business manager of the Dispatching Division of the Liner Department of COSCO Container Lines Co., Ltd. ("COSCO Container Lines") (now known as COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines")), deputy head of the Business Division of the Coastal Transportation Department of COSCO Container Lines, manager of the East and South China Operating Department of Sino-Japan Trade Division of COSCO Container Lines, deputy general manager and chairman of the Labour Union of Shanghai PANASIA Shipping Company Limited ("Shanghai PANASIA"), deputy general manager of Americas Trading Division of COSCO Container Lines, general manager of COSCO Container Lines (Netherlands) B.V., supervisor of the General Manager's Office of COSCO Container Lines, general manager and deputy party secretary of Shanghai PANASIA, and deputy general manager and member of the Party Committee of COSCO SHIPPING Lines, etc. Mr. ZHU graduated from Shanghai Jiao Tong University with a Master's Degree in Business Administration. He is an economist.

ZHANG Wei
Non-executive Director

Mr. ZHANG, aged 57, has been a Non-executive Director of the Company since October 2016. He is also an executive director and a deputy general manager of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") (listed in Hong Kong and Shanghai), a director and the general manager of COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines"). Mr. ZHANG served as the deputy general manager of Asia-Pacific Trade Division and manager of Australia-New Zealand Operation Department, the deputy general manager of European Trade Division and deputy general manager of the Enterprise Information Development Department of COSCO SHIPPING Lines, deputy general manager of Florens Container Holdings Limited (now known as Florens International Limited), executive vice-president of Piraeus Container Terminal Single Member S.A., a wholly owned subsidiary of the Company, general manager of Operation and Management Department of China COSCO SHIPPING Corporation Limited. He was a non-executive director of COSCO SHIPPING Holdings and COSCO SHIPPING Energy Transportation Co., Ltd. and a director of COSCO SHIPPING Specialized Carriers Co., Ltd. and COSCO SHIPPING Bulk Co., Ltd. Mr. ZHANG has nearly 30 years of working experience in shipping enterprises and has extensive experience in container transportation marketing management and terminal operation management.
Mr. ZHANG holds a Master of Business Administration degree from Shanghai Maritime University. He is an engineer.

CHEN Dong
Non-executive Director

Mr. CHEN, aged 49, has been a Non-executive Director of the Company since October 2016. Mr. CHEN is the general manager of Financial Management Department of China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), a non-executive director of COSCO SHIPPING International (Hong Kong) Co., Ltd. (listed in Hong Kong) and a director of COSCO SHIPPING Specialized Carriers Co., Ltd. (listed in Shanghai) and COSCO SHIPPING Bulk Co., Ltd. All the above companies are subsidiaries of COSCO SHIPPING. He is also a non-executive director of China Merchants Bank Co., Ltd. (listed in Hong Kong and Shanghai) and the Chairman of the Supervisory Committee of COSCO SHIPPING Finance Co., Ltd.. He served as deputy head of Risk Control Section under the Planning and Finance Department of China Shipping (Group) Company (now known as China Shipping Group Co., Ltd.) ("China Shipping", a wholly owned subsidiary of COSCO SHIPPING), deputy head of the Finance Section under Planning and Finance Department of China Shipping, senior manager of Finance and Taxation Management Office of China Shipping, assistant to the general manager of the Finance Department of China Shipping and deputy general manager of the Finance Department of China Shipping, and was a non-executive director of COSCO SHIPPING Holdings Co., Ltd. and COSCO SHIPPING Development Co., Ltd. (both listed in Hong Kong and Shanghai). Mr. CHEN has over 20 years of working experience in shipping enterprises and has extensive experience in risks control, taxation management and finance. Mr. CHEN holds a Master Degree in Economics from Shanghai University of Finance and Economics. He is a senior accountant.

Directors and Senior Management Profiles

WONG Tin Yau, Kelvin *SBS, JP*
Executive Director

Dr. WONG, aged 63, has been an Executive Director and a Deputy Managing Director of the Company since July 1996. He is a member of the Executive Committee of the Company. Dr. WONG is the Chairman of Accounting and Financial Reporting Council. He was a Non-executive Director of Securities and Futures Commission (2012-2018), the Chairman of Investor and Financial Education Council (2017-2018), the Chairman of The Hong Kong Institute of Directors (2009-2014), a member of Main Board and GEM Listing Committees of The Stock Exchange of Hong Kong Limited (2007-2013), a member of Standing Committee on Company Law Reform (2010-2016) and a member of Operations Review Committee of Independent Commission Against Corruption (2017-2022). Dr. WONG obtained his Master of Business Administration degree from Andrews University in Michigan, the USA in 1992 and his Doctor of Business Administration degree from The Hong Kong Polytechnic University in 2007. Dr. WONG is currently an Independent Non-executive Director of China ZhengTong Auto Services Holdings Limited (listed in Hong Kong) and Yangtze Optical Fibre and Cable Joint Stock Limited Company (dual listed in Hong Kong and Shanghai). He was also an Independent Non-executive Director of JS Global Lifestyle Company Limited (listed in Hong Kong), Xinjiang Goldwind Science & Technology Co., Ltd. (dual listed in Hong Kong and Shenzhen), I.T Limited (delisted in Hong Kong on 30 April 2021) and Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (dual listed in Hong Kong and Shanghai). Dr. WONG held various senior positions in several listed companies in Hong Kong before he joined the Company. Dr. WONG was appointed as a Justice of the Peace in 2013 and awarded Silver Bauhinia Star in 2021 by the Government of the Hong Kong Special Administrative Region.

HSU Lai Tai, Rita (alias: FAN HSU Lai Tai, Rita)
GBM, GBS, JP
Independent Non-executive Director

Dr. FAN, aged 78, has been an Independent Non-executive Director of the Company since January 2009. She is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Dr. FAN was appointed to the Legislative Council from 1983 to 1992 and was a member of the Executive Council from 1989 to 1992. She became the President of the Provisional Legislative Council in 1997, and has since been re-elected as the President of the First, Second and Third Legislative Council. Dr. FAN has served as the President of the legislature of the Hong Kong Special Administrative Region ("HKSAR") for 11 years. Dr. FAN was a member of the Preliminary Working Committee for the Preparatory Committee for the HKSAR from 1993 to 1995 and of the Preparatory Committee for the HKSAR from 1995 to 1997, and was the Chairman of the Board of Education from 1986 to 1989 and the Chairman of the Education Commission from 1990 to 1992. She was elected as a Hong Kong Deputy to the 9th, 10th, 11th and 12th sessions of the National People's Congress ("NPC") during 1998 to 2018, and was a Member of the Standing Committee of the 11th and 12th sessions of the NPC. Dr. FAN is currently an Independent Non-executive Director of The Bank of East Asia, Limited and was an Independent Non-Executive Director of China Overseas Land & Investment Limited. She is also the Chairman of Endeavour Education Trust and the Chairman of the Management Committee of the Endeavour Education Centre. She also serves as a non-official member of the Candidate Eligibility Review Committee and a member of the Hong Kong Laureate Forum Council. Dr. FAN was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 1998 and 2007 respectively by the Government of the HKSAR.

Adrian David LI Man Kiu *BBS JP*
Independent Non-executive Director

Mr. LI, aged 50, has been an Independent Non-executive Director of the Company since May 2012. He is Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee of the Company. Mr. LI is Co-Chief Executive of The Bank of East Asia, Limited. He is an Independent Non-executive Director of two listed companies under the Sino Group (Sino Land Company Limited and Tsim Sha Tsui Properties Limited). All the above are Hong Kong-listed companies. Mr. LI is a member of the Shanghai Committee of the Chinese People's Political Consultative Conference and a Counsellor of the Hong Kong United Youth Association. He is Chairman of The Chinese Banks' Association, Deputy Chairman of The Hong Kong Institute of Bankers' Executive Committee and Vice President of its Council, and a member of the MPF Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority. He is a Vice Patron of The Community Chest of Hong Kong, a member of the Advisory Board of The Salvation Army Hong Kong and Macau Territory and a Trustee of The University of Hong Kong's occupational retirement schemes. Furthermore, Mr. LI serves as a member of the Election Committees responsible for electing the Chief Executive and Legislative Council Members of the HKSAR as well as deputies of the HKSAR to the 14th National People's Congress. Mr. LI was previously a Non-executive Director of The Berkeley Group Holdings plc, which is listed in London, and an Independent Non-executive Director of China State Construction International Holdings Limited, which is listed in Hong Kong. Mr. LI holds a Master of Management degree from the Kellogg School of Management, Northwestern University in the US, and a Master of Arts degree and Bachelor of Arts degree in Law from the University of Cambridge in Britain. He is a member of The Law Society of England and Wales, and The Law Society of Hong Kong. He is also a member of the Hong Kong Academy of Finance and has been conferred as an Honorary Certified Banker by The Hong Kong Institute of Bankers. Mr. LI was awarded the Bronze Bauhinia Star by the Government of the HKSAR in 2022 in recognition of his contributions to the community.

LAM Yiu Kin
Independent Non-executive Director

Mr. LAM, aged 69, has been an Independent Non-executive Director of the Company since August 2015. He is a member of the Audit Committee of the Company. Mr. LAM is an Independent Non-executive Director of CITIC Telecom International Holdings Limited, Global Digital Creations Holdings Limited, Nine Dragons Paper (Holdings) Limited, Shougang Century Holdings Limited and Topsports International Holdings Limited, all of which are companies listed in Hong Kong, and Spring Asset Management Limited as the manager of Spring Real Estate Investment Trust (listed in Hong Kong), and was an Independent Non-executive Director of WWPKG Holdings Company Limited, a company listed in Hong Kong, Bestway Global Holding Inc., a company formerly listed in Hong Kong, and Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd., a company listed in Hong Kong and Shanghai. Mr. LAM was a member of the Listing Committee and the Financial Reporting Advisory Panel of The Stock Exchange of Hong Kong Limited from 1997 to 2003, a committee member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") from 1994 to 2009, and an audit partner of PricewaterhouseCoopers from 1993 to 2013. He has over 40 years of experience in accounting, auditing and business consulting. Mr. LAM is a fellow member of the HKICPA, the Association of Chartered Certified Accountants, the Chartered Accountants of Australia and New Zealand and the Institute of Chartered Accountants in England & Wales. Mr. LAM obtained a higher diploma in accountancy from The Hong Kong Polytechnic University in 1975 and was conferred an Honorary Fellow by The Hong Kong Polytechnic University in 2002.

Directors and Senior Management Profiles

CHAN Ka Lok
Independent Non-executive Director

Prof. CHAN, aged 62, has been an Independent Non-executive Director of the Company since October 2016. He is the Chairman of the Environmental, Social and Governance Committee and a member of the Remuneration Committee of the Company. Prof. CHAN is currently Dean of the College of Business and Chair Professor of Finance at City University of Hong Kong. He is also a member of a number of committees, including the Human Capital Committee of The Financial Services Development Council of Hong Kong, TraHK Supervisory Committee, Hong Kong Academy of Finance, and Council of Advisers and Applied Research of Hong Kong Institute for Monetary and Financial Research. From 2014 to 2023, Prof. CHAN was the Wei-Lun Professor of Finance at the Chinese University of Hong Kong (CUHK), serving as Dean of CUHK Business School from 2014 to 2019 and Chair of Finance Department from 2021 to 2023. Prior to that, Prof. CHAN was Synergis-Geoffrey Yeh Professor of Finance at Hong Kong University of Science and Technology (HKUST) (2008-2014), where he served as Head of Finance Department (2003-2013) and Acting Dean of HKUST Business School (2013-2014). Prof. CHAN has also served as the President of Asian Finance Association from 2008 to 2010. Prof. CHAN obtained his Bachelor of Social Science degree in Economics from CUHK and Doctor of Philosophy degree in Finance from Ohio State University in the USA.

YANG Liang Yee Philip
Independent Non-executive Director

Mr. YANG, aged 75, has been an Independent Non-executive Director of the Company since April 2020. He is a member of the Environmental, Social and Governance Committee of the Company. Mr. YANG is also an independent non-executive director of Orient Overseas (International) Limited. He is a full-time arbitrator in international commercial and maritime arbitration, the Honorary Chairman of Hong Kong International Arbitration Centre, the member of the Expert Committee of China International Commercial Court of the Supreme People's Court of China, the International Advisory Board of China International Economic and Trade Arbitration Commission, the council member of Shanghai Arbitration Commission (SHAC) and chairman of SHAC – Academy. Mr. YANG had been the Chairman of Hong Kong International Arbitration Centre, the Vice Chairman of the Documentary Committee of the Baltic International Maritime Council in Denmark, the President of Asia-Pacific Regional Arbitration Group, the Hong Kong representative of ICC International Court of Arbitration, the Chairman of the East Asia Branch of the Chartered Institute of Arbitrators, member of the Korean Commercial Arbitration Board, the General Committee of Singapore Chamber of Maritime Arbitration and the Asian International Arbitration Centre (AIAC) Advisory Council in Malaysia, and an independent non-executive director of COSCO SHIPPING Holdings Co., Ltd. Mr. YANG as a full-time arbitrator has extensive experience in dealing with cases related to international commercial, maritime and trade law and is very familiar with laws and practice in such areas. He has acted as an arbitrator in Hong Kong, London, Singapore, Malaysia, Australia, Austria, Korea, the USA and Mainland China in thousands of cases during the past over 30 years. He has also published many books and articles in English and Chinese on international commercial, maritime and trade law and practice. Mr. YANG has also devoted himself to the educational activities in various law schools in Hong Kong and Mainland China and is a visiting professor in more than ten universities.

SENIOR MANAGEMENT

CHEN Yipeng

Deputy General Manager

Mr. CHEN, aged 54, has been a Deputy General Manager of the Company since June 2022. Before the appointment, he had been an Executive Assistant to Managing Director of the Company since April 2021. Mr. CHEN served as managing director of Xiamen Ocean Gate Container Terminal Co., Ltd. (a subsidiary of the Company), deputy general manager of Shanghai Ocean Industry Corporation, deputy general manager of the Asia-Pacific Trade Division of COSCO Container Lines Co., Ltd. (now known as COSCO SHIPPING Lines Co., Ltd.), marketing director of COSCO Xiamen International Freight Co., Ltd., and second officer of Shanghai Ocean Shipping Co., Ltd., etc. Mr. CHEN has over 30 years of solid work experience in the shipping and port industry and has extensive experience in container transportation and marketing management, terminal operation management and Smart Port development. Mr. CHEN graduated from Navigation College of Jimei University with Marine Navigation major and holds a Master of Business Administration degree from Xiamen University. He is a senior economist.

ZHAO Fengnian

Chief Accountant

Mr. ZHAO, aged 51, has been the Chief Accountant of the Company since June 2022. He is a member of the Investment and Strategic Planning Committee and the Risk Management Committee of the Company. Mr. ZHAO joined the COSCO group in 1995. He had been section manager of the Accounting Section of the Finance Department of Qingdao Ocean Shipping Co., Ltd. (now known as COSCO SHIPPING (Qingdao) Co., Ltd.), chief financial officer of COSCO Africa Co., Ltd. (now known as COSCO SHIPPING (Africa) Co., Ltd.), deputy manager (person-in-charge) of the Fund Management Office of the Finance Department of China Ocean Shipping (Group) Company (now known as China Ocean Shipping Co., Ltd.)/China COSCO Holdings Company Limited (now known as COSCO SHIPPING Holdings Co., Ltd.), senior manager of the Fund Management Office of the Financial Management Department of China COSCO SHIPPING Corporation Limited. Mr. ZHAO has over 20 years of solid work experience in the shipping industry and has extensive experience in financial accounting, fund management, business financing, etc. Mr. ZHAO graduated from Central University of Finance and Economics, majoring in National Economic Management. He is a senior accountant.

HUNG Man, Michelle

General Counsel & Company Secretary

Ms. HUNG, aged 54, has been appointed as the General Counsel of the Group and the Company Secretary of the Company since November 1996 and March 2001, respectively. Ms. HUNG is mainly responsible for the overall legal, corporate governance, compliance, company secretarial, risk management and internal control and related matters for the Company. She is currently a member of the Risk Management Committee of the Company. She holds a Bachelor of Laws degree (Hons) from The University of Hong Kong. Ms. HUNG is currently a practicing solicitor of the High Court of the Hong Kong Special Administrative Region and is qualified in England and Wales. She is also a Fellow of The Hong Kong Chartered Governance Institute. Ms. HUNG was named among the top 25 "in-house high flyers" and "the best in Asia" for three consecutive years (2006-2008) by Asian Legal Business Magazine ("ALB"), rewarded the "Asian Company Secretary of the Year Recognition Award" for two consecutive years (2013-2014) by Corporate Governance Asia, a corporate governance magazine, named among the top 15 general counsels of the 2015 China's Top General Counsel Rankings by ALB, and awarded the "Woman Lawyer of the Year (In-House)" at the ALB Hong Kong Law Awards 2021 and the "In-House Lawyer of the Year" at the ALB Women in Law Awards 2021 by ALB.

REPORT OF THE DIRECTORS

The board of directors of the Company (the "Board") presents its report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 41 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and the principal risks and uncertainties faced by the Group are provided in the Chairman's Statement on pages 14 to 19 and the Financial Review on pages 38 to 42 of this annual report.

The financial risk management objectives and policies of the Group can be found in note 4 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on pages 12 to 13 of this annual report.

The environmental policies and performance and compliance with relevant laws and regulations are provided in the 2023 Sustainability Report of the Company, which has been published on the same date of this annual report. The English and Chinese version of the 2023 Sustainability Report are available on the Company's website (https://ports.coscoshipping.com) and the HKEXnews' website (www.hkexnews.hk). Such report could be accessed by clicking "Sustainability" on the home page of the Company's website, then selecting "Sustainability Report 2023" under "Reports on Sustainability" and viewing them using Adobe Reader, or browsing through the HKEXnews' website.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated income statement on page 132 of this annual report.

The Board declared a first interim dividend of HK13.6 cents (equivalent to US1.744 cents) per share with a scrip dividend alternative, totalling HK$476,110,000 (equivalent to US$61,054,000), which was paid on 23 November 2023.

The Board also declared a second interim dividend of HK15.5 cents (equivalent to US1.988 cents) per share with a scrip dividend alternative, totalling HK$552,355,000 (equivalent to US$70,844,000), payable on 19 June 2024.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 235 of this annual report.

DONATIONS

Charitable and other donations made by the Group during the year amounted to US$1,548,000.

SHARES ISSUED IN THE YEAR

Details of the Shares issued by the Company during the year are set out in note 19 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as of 31 December 2023 calculated under the Companies Act of Bermuda amounted to US$2,466,448,000.

BORROWINGS

Details of the borrowings of the Group are set out in note 21 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group are set out in note 26.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Mr. YANG Zhijian[1] *(Chairman)*
Mr. ZHU Tao[1] *(Managing Director)*
Mr. ZHANG Wei[2]
Mr. CHEN Dong[2]
Dr. WONG Tin Yau, Kelvin[1]
Dr. FAN HSU Lai Tai, Rita[3]
Mr. Adrian David LI Man Kiu[3]
Mr. LAM Yiu Kin[3]
Prof. CHAN Ka Lok[3]
Mr. YANG Liang Yee Philip[3]

1 Executive director
2 Non-executive director
3 Independent non-executive director

In accordance with Clauses 84(1) and (2) of the Bye-laws of the Company, Mr. ZHANG Wei, Mr. CHEN Dong and Mr. LAM Yiu Kin, being directors longest in office since their last re-election, shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive directors confirming their independence, and considers that each of the independent non-executive directors is independent to the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management are set out on pages 90 to 96 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company and the director's connected party had a material interests, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISIONS

The Bye-laws of the Company provide that the directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Directors liability insurance is in place to protect the directors of the Company or of its subsidiaries against any potential costs and liabilities arising from claims brought against the directors.

SHARE OPTION SCHEME

General Information of the Share Option Scheme

On 26 October 2017, the Board approved the "Share Option Scheme of COSCO SHIPPING Ports Limited (Proposed)" (公司股票期權激勵計劃(草案)). At a special general meeting of the Company held on 8 June 2018, the shareholders of the Company (the "Shareholders") approved the adoption of a share option scheme containing the terms of the said proposed scheme (the "Share Option Scheme").

On 19 June 2018, the Board was of the view that all the conditions of the grant of options had been fulfilled, and determined the date of the initial grant be on 19 June 2018 for the granting of 53,483,200 share options to 238 eligible participants, and had handled all necessary issues regarding the grant of share options.

Pursuant to the relevant requirements under the Share Option Scheme, within one year after the abovementioned initial grant, the Company had granted a total of 3,640,554 share options to 17 participants in four times on 29 November 2018, 29 March 2019, 23 May 2019 and 17 June 2019, respectively, and had handled all necessary issues regarding the grant of share options.

Please refer to the circular of the Company dated 18 May 2018 (the "Circular") and announcements of the Company dated 19 June 2018, 29 November 2018, 29 March 2019, 23 May 2019 and 17 June 2019 for details of the Share Option Scheme and each grant.

Summary of the Principal Terms of the Share Option Scheme

The Share Option Scheme was designed to enable the Company (i) to establish and cultivate a performance-oriented culture, under which value is created for the Shareholders, and to establish an interests-sharing and restraining mechanism between the Shareholders and the Company's management; (ii) to further improve the Company's corporate governance structure and provide a unified mechanism to balance the interests among the Shareholders, decision-makers and executives of the Company, to secure stable and long-term development of the Company; (iii) to coordinate the short-term and long-term incentives of the management and professional talents of the Company, to cultivate and strengthen the key personnel, to attract different kinds of talents more flexibly and to improve the long-term development of the Company; (iv) to effectively motivate the management and key personnel to enhance their performance and the core competitiveness of the Company; and (v) to further enhance the Company's competitive advantage in the labour market, to attract, retain and incentivise senior management and personnel at key positions of the Company for achieving the strategic targets of the Company, to enhance the realisation of the long-term strategic targets of the Company and to strengthen cohesion of the Company.

Eligible participants for the Share Option Scheme (the "Participants" or a "Participant") include the directors of the Company, key management personnel such as senior management members at the headquarters of the Company and departmental deputy managers and above, and management personnel (including senior and mid-level management personnel) appointed to subsidiaries and other invested companies of the Company, and senior management members of the Company's subsidiaries excluding independent non-executive directors, Shareholders or de facto controllers of the Company who on their own or in aggregate holding more than 5% of the shares of the Company (the "Shares") and their respective spouses, parents, children or other associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

The number of share options to be granted to each Participant shall be determined on the basis that the estimated benefit upon exercise of the share options will not exceed 40% of twice of his/her total annual emolument (inclusive of the estimated benefit upon exercise of the share options) which was determined according to the annual salary level in 2016. If the results of the Company is exceptionally outstanding, the cap on the benefit upon exercise of the share options mentioned above may be adjusted according to the regulations of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會) (the "SASAC"). The specific operation and arrangement will be implemented by the Board in accordance with the then regulations of the SASAC.

The maximum entitlement for any one Participant (including exercised, cancelled and outstanding options) in any 12 months' period shall not exceed 1% of the total number of Shares in issue.

Share options cannot be exercised during the two-year period commencing from the date of grant of the share options (the "Restriction Period"). Subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, and each batch of share options vested is exercisable within the relevant exercise period. For details of the vesting and exercise periods in respect of the share options granted, please refer to the table and relevant notes of the table regarding movement of the share options during the year 2023 which is set out at the end of this section.

The validity period within which the Participants can take up the underlying Shares under the share options is 5 years from the date of grant of the share options and no consideration is payable on acceptance of the share options.

The exercise price in relation to each share option is determined based on the principle of fair market value and in any event should be the highest of (i) the closing price of the Shares as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date when an option was formally granted; (ii) the average closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date on which an option was formally granted; and (iii) the nominal value of the Shares.

The Share Option Scheme is valid and effective for a period of 10 years commencing from the date of adoption and will expire on 7 June 2028.

As at the date of this report, all share options were lapsed, pursuant to the terms of the Share Option Scheme. According to the terms of the Share Option Scheme, no share options can be granted under the Share Option Scheme.

Movements of the share options granted under the Share Option Scheme during the year are set out below:

		Number of share options								
Category	Exercise price per share HK$	Outstanding at 1 January 2023	Granted during the year	Exercised during the year	Transfer (to)/ from other categories during the year	Lapsed/ Cancelled during the year	Outstanding at 31 December 2023	% of total number of issued Shares	Exercise period	Notes
Directors										
Mr. ZHU Tao	7.27	371,026	–	–	–	(371,026)	–	–	19.6.2020-18.6.2023	(1), (2)
Dr. WONG Tin Yau, Kelvin	7.27	799,200	–	–	–	(799,200)	–	–	19.6.2020-18.6.2023	(1), (3)
		1,170,226	–	–	–	(1,170,226)	–			
Continuous contract employees	7.27	22,910,070	–	–	(678,460)	(22,231,610)	–	–	19.6.2020-18.6.2023	(1), (4), (5)
	8.02	398,404	–	–	–	(398,404)	–	–	29.11.2020-28.11.2023	(6), (10)
	8.48	225,201	–	–	–	(225,201)	–	–	29.3.2021-28.3.2024	(7), (10)
	7.27	67,673	–	–	–	(67,673)	–	–	23.5.2021-22.5.2024	(8), (10)
	7.57	425,350	–	–	–	(425,350)	–	–	17.6.2021-16.6.2024	(9), (11)
Others	7.27	6,438,158	–	–	678,460	(7,116,618)	–	–	19.6.2020-18.6.2023	(1), (4), (12)
		30,464,856	–	–	–	(30,464,856)	–			
		31,635,082	–	–	–	(31,635,082)	–			

Notes:

(1) The share options were granted on 19 June 2018 under the Share Option Scheme at an exercise price of HK$7.27 per share of the Company (the "Share"). According to the provisions of the Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 19 June 2020; (b) 33.3% of the share options were vested on 19 June 2021; and (c) 33.4% of the share options will be vested on 19 June 2022. Details of the vesting conditions for the share options are more particularly set out in section headed "11. Performance Target before the Options can be granted and vested – Performance Conditions for the vesting of Share Options" of the Circular.

(2) These share options were held by the spouse of Mr. ZHU Tao and were lapsed due to expiry of exercisable period.

(3) These share options represented personal interest held by Dr. WONG Tin Yau, Kelvin as beneficial owner and were lapsed due to expiry of exercisable period.

(4) These 678,460 share options were transferred from the category of "continuous contract employees" to the category of "others" pursuant to the terms of the Share Option Scheme.

(5) These 22,231,610 share options were lapsed due to expiry of exercisable period.

(6) The share options were granted on 29 November 2018 under the Share Option Scheme at an exercise price of HK$8.02 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 29 November 2020; (b) 33.3% of the share options were vested on 29 November 2021; and (c) 33.4% of the share options will be vested on 29 November 2022.

(7) The share options were granted on 29 March 2019 under the Share Option Scheme at an exercise price of HK$8.48 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 29 March 2021; (b) 33.3% of the share options will be vested on 29 March 2022; and (c) 33.4% of the share options will be vested on 29 March 2023.

(8) The share options were granted on 23 May 2019 under the Share Option Scheme at an exercise price of HK$7.27 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 23 May 2021; (b) 33.3% of the share options will be vested on 23 May 2022; and (c) 33.4% of the share options will be vested on 23 May 2023.

(9) The share options were granted on 17 June 2019 under the Share Option Scheme at an exercise price of HK$7.57 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options were vested on 17 June 2021; (b) 33.3% of the share options will be vested on 17 June 2022; and (c) 33.4% of the share options will be vested on 17 June 2023.

(10) These share options were cancelled due to the dissatisfaction of the performance targets of the Company.

(11) Amongst the 425,350 share options, 58,464 share options were lapsed due to resignation of an employee and 366,886 share options were cancelled due to the dissatisfaction of the performance targets of the Company pursuant to the terms of the Share Option Scheme.

(12) Amongst the 7,116,618 share options, 884,706 share options were lapsed upon expiry of six months after resignation or retirement of the relevant employees pursuant to the terms of the Share Option Scheme and 6,231,912 share options were lapsed due to expiry of exercisable period.

(13) No share options were granted or exercised under the Share Option Scheme during the year.

Explanation on the Exercise Conditions and Fulfillment of Exercise Conditions for 2019 Third Exercise Period under the Share Option Scheme

(1) 2019 Third Exercise Period has commenced

In accordance with the Share Option Scheme, Participants may exercise their share options only after the expiry of the Restriction Period. The third exercise periods of share options granted in 2019 ("2019 Third Exercise Period") were due in 2023. Participant of 2019 Third Exercise Period entitled to exercise his/her share options may exercise 33.4% of the share options granted to him/her respectively during the respective exercise period.

(2) Exercise conditions to be fulfilled

1. Exercise conditions in relation to the Company's business performance: (a) return on net assets (after extraordinary gains and losses) (the "ROE") in 2022 should not be lower than 7.0% and the average of the selected peer benchmark enterprises; (b) growth rate of revenue in 2022 as compared to 2018 should not be lower than 40.0% and the average of the selected peer benchmark enterprises; and (c) the EVA indicator accomplished for 2022 has reached the assessment target set by COSCO SHIPPING, and ΔEVA is greater than zero;
2. Events described in article 2 under Chapter 10 of the Share Option Scheme did not happen to the Company; and
3. Subject to the fulfillment of conditions relating to the Company's business performance, personal exercise conditions precedent in relation to the Participants are as follows: (a) events described in articles 3 and 4 under Chapter 9 of the Share Option Scheme did not happened to the participants during the valid period of the Share Option Scheme prior to the commencement of the current exercise period; and (b) the Participant had achieved average or above at his/her annual performance appraisal in 2022.

(3) Fulfillment of exercise conditions for the exercise periods

Exercise conditions for 2019 Third Exercise Period have not been fulfilled

1. The Company's business performance condition: according to the audited 2022 financial statements approved at the annual general meeting of the Company held on 24 May 2023, ROE of the Company in 2022 was 5.36%, which was lower than 7.0%, but not lower than the average of the selected peer benchmark enterprises of 1.86%; the growth rate of revenue in 2022 as compared to 2018 was 44.08%, which was not lower than 40.0%, and not lower than the average of the selected peer benchmark enterprises of 19.55%. Meanwhile, the EVA accomplished by the Company in 2022 was RMB69.84 million (2021: RMB87.35 million) which has reached the assessment target set by COSCO SHIPPING, however ΔEVA is less than zero;
2. Events described in article 2 under Chapter 10 of the Share Option Scheme did not happened; and
3. As the Company's business performance conditions were not fulfilled, analysis of the individual target achievement is not necessary.

(4) How non-fulfilled share options were dealt with

In accordance with the Share Option Scheme, those share options not qualified to be exercised or not yet exercised after the expiry of the exercise year will lapse with immediate effect and will be forfeited and cancelled by the Company without compensation. Details on the cancellation of share options during the year (including 659,760 Share Options under 2019 Third Exercise Period which exercise conditions were not fulfilled due to the non-fulfillment of vesting conditions) were set out in the above table and notes regarding the movement of share options.

Notes:

1. Regarding the peer benchmark enterprises, COSCO SHIPPING Ports mainly focused on ports and terminals business. Based on the Global Industry Classification Standard (GICS), an industry classification indicator established jointly by Morgan Stanley and Standard & Poor which global financial institutes make reference to, COSCO SHIPPING Ports is categorised under the industry of marine ports & services. Peer benchmark enterprises of the Company include the constituent stocks under such classification. After the adjustment made pursuant to the "Administrative Measures of the Share Option Scheme" (股票期權激勵計劃管理辦法), details of which have been set out in section headed "Share Option Scheme" in the 2023 annual report of the Company, the list of peer benchmark enterprises composed of the following 22 enterprises:

Stock Code	Stock Name
0144.HK	CHINA MER PORT
0517.HK	COSCO SHIP INTL
0871.HK	CH DREDG ENV
3369.HK	QHD PORT
3382.HK	TIANJINPORT DEV
6198.HK	QINGDAO PORT
1719.HK	China Infrastructure & Logistics Group
000088	Yantian Port
000507	Zhuhai Port
000582	Beibu Gulf Port
000905	Xiamen Port Development
002040	Nanjing Port
002492	Winbase
600017	Rizhao Port
600018	Shanghai International Port Group
600279	Chongqing Gangjiu
600717	Tianjin Port
600794	Freetrade Science & Technology
601000	Tangshan Port
601008	Lianyungang Port
601018	Ningbo Port
603117	Wanlin Modern

Among which, Zhuhai Port has a total of 5 corporate merger transactions in the financial year 2022, resulting in significant changes in the company's operating performance.

The Remuneration Committee established by the Board has reviewed and discussed the details of the exercise proposal in accordance with the "Administrative Measures of the Share Option Scheme" (股票期權激勵計劃管理辦法), including but not limited to the fulfillment of performance conditions of the Company, the performance appraisal of participants and quantity of exercisable options, adjustment to the peer benchmark enterprises, etc., and was of the opinion that due to the significant changes in the operating performance of Zhuhai Port in the financial year of 2022. Therefore, the Remuneration Committee recommended the Board to consider and approve the exclusion of Zhuhai Port from the List of Peer Benchmark Enterprises.

After consideration, the Board approved the exclusion of Zhuhai Port from the List of Peer Benchmark Enterprises, the number of peer benchmark enterprises applicable to the Share Option Scheme was reduced from 22 to 21.

2. Events described in article 2 under Chapter 10 of the Share Option Scheme include:

   (i) failure to engage an accounting firm to carry out audit work in accordance with the established procedures and requirements;

   (ii) issue of an auditors' report with qualified or negative opinion or which indicates the inability to give opinion by a certified public accountant with respect to the annual financial accountant's report of the Company;

   (iii) the bodies performing the contributor's functions or the audit department raising significant objections to the business performance or the annual financial accountant's report of the listed company; and

   (iv) imposition of penalties by security supervisory authority or other relevant authorities due to the occurrence of material non-compliance of the Company.

3. Events described in articles 3 and 4 under Chapter 9 of the Share Option Scheme include:

   (i) results of accountability audit indicate failure in performing duties effectively or gross negligence of duty or malfeasance;

   (ii) violation of applicable domestic or foreign laws and regulations or provisions of the Bye-laws of the Company;

   (iii) possession of sufficient evidence by the Company proving that the holder of such share options, during his/her employment, due to offering or accepting brides, corruption, theft, leaking commercial and technological secrets of the listed company, conducting connected transactions which impaired the interests and reputation of the listed company, and other illegal behaviors which have material adverse impact on the image of the Company, has caused the Company to suffer losses;

   (iv) unauthorised transfer, sale, exchange, pledge, guarantee, charge or settlement of debts by using the share options;

   (v) using the share options held in fraud, extortion, etc.;

   (vi) violation of the law and conviction of any criminal liability;

   (vii) other circumstances stipulated under applicable domestic or foreign laws and regulations; and

   (viii) failure in the performance appraisal.

In light of the above, after a review of the actual conditions of the Company against the conditions required to be fulfilled for the exercise period under the Share Option Scheme and the actual condition of the Company, the Board has considered and confirmed that the conditions for the exercise for 2019 Third Exercise Period were not fulfilled.

The independent non-executive directors of the Company have reviewed and studied the documents and explanations regarding the fulfillment of the exercise conditions of the share options and issued the following independent opinions:

I. *Regarding the Non-fulfillment of the Exercise Conditions of 2019 Third Exercise Period*

According to the 2022 audited financial statements being approved at the 2023 annual general meeting, (i) the ROE in 2022 was 5.36%. The requirement on the vesting condition of 2019 Third Exercise Period under the Share Option Scheme that "the ROE in the financial year immediately preceding the vesting of Share Options (excluding extraordinary income and loss) should not be lower than 7.0% and the average of the selected peer benchmark enterprises" was not achieved; and (ii) the EVA accomplished was RMB69.84 million, however ΔEVA is less than zero, therefore the conditions for the vesting of the 2019 Grands (Third Batch) "the EVA indicator accomplished for the financial year immediately preceding the vesting of the Share Options has reached the assessment target set by COSCO SHIPPING (i.e. RMB0) and ΔEVA is greater than zero" was not fulfilled. As the exercise condition was not fulfilled, such batch of Share Options held by 10 competent Participants, totaling 659,760 Share Options, had to be cancelled.

II. *Regarding Cancellation of Certain Share Options*

Cancellation of certain Share Options by the Company complied with the relevant requirements of the "Administrative Measures of the Share Option Scheme" (股票期權激勵計劃管理辦法) and the Share Option Scheme. Mandatory approval procedures which were legal and compliant, and were non-detrimental to the interests of the Company and its Shareholders as a whole, had been carried out.

The conditions for the exercise for 2019 Third Exercise Period were not fulfilled and not vested. After relevant share options being cancelled, no share options can be exercised.

Pursuant to the terms of the Share Option Scheme, funds required for the exercise of share options by the Participants and the payment of personal income tax shall be financed by the Participants. The Company undertakes not to provide loans or financial assistance in any other forms to the Participants for their exercise of share options under the Share Option Scheme, including provision of guarantee for loans.

Effect of the Exercise on the Financial Conditions and Results of Operation of the Company for the Relevant Year

In accordance with the "Hong Kong Financial Reporting Standard 2 – Share-based Payments", services rendered by the Participants are included in relevant costs at the fair value of the share options on the date of grant and the share options reserve is credited accordingly, based on the best estimated number of exercisable share options. During the exercise period of the share options, the Company will not adjust recognised costs. The Company will recognise monetary funds received and the increase in share capital and share premium according to the actual situation of exercising. The share options shall be exercised by the Participants on a voluntary basis. The Company adopted the Black-Scholes valuation model for share options to determine the fair value of the share options on the date of grant. As at 31 December 2023, based on the best estimated number of exercisable options (after adjusting the estimated number of options to be vested after taking into account of the options not being vested under the first recognised exercisable period for options granted in 2019), the fair value of share options granted in 2018 and 2019 was US$0. The share option expenses recognised in 2023 was US$0 with a reversal of US$57,000.

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

The interest of the Company's directors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company as at 31 December 2023 under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules were as follows:

(a) Long positions in the Shares of the Company

Name of director	Capacity	Nature of interest	Number of Shares held	% of total number of issued Shares
Mr. ZHU Tao	Beneficial owner	Personal	8,000	0.0002%
Mr. ZHANG Wei	Beneficial owner	Personal	30,000	0.001%
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	1,448,950	0.041%

(b) Long positions in underlying shares (equity derivatives) of the Company

Share options were granted by the Company to certain directors of the Company pursuant to the Share Option Scheme. Details of the directors' interest in share options granted by the Company are set out under the previous section headed "Share Option Scheme" of this report.

(c) Long positions in shares of associated corporations

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of shares held	% of total number of issued shares of the relevant class of the relevant associated corporation
COSCO SHIPPING Holdings Co., Ltd.	Mr. YANG Zhijian	Beneficial owner	Personal	130,000 H shares	0.004%
				803,088 A shares	0.006%
	Mr. ZHU Tao	Beneficial owner	Personal	404,030 A shares	0.003%
	Mr. ZHANG Wei	Beneficial owner	Personal	646,932 A shares	0.005%
COSCO SHIPPING Development Co., Ltd.	Mr. YANG Zhijian	Beneficial owner	Personal	400,000 H shares	0.011%
	Mr. ZHU Tao	Beneficial owner	Personal	65,000 H shares	0.002%
				108,100 A shares	0.001%
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. ZHU Tao	Beneficial owner	Personal	10,000 H shares	0.0008%
	Mr. Adrian David LI Man Kiu	Beneficial owner	Personal	508,000 H shares	0.04%

(d) Long positions in underlying shares (equity derivatives) of associated corporations

Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price (RMB)	Numbers of share options	% of total number of issued shares of the relevant class of the relevant associated corporation	Notes
COSCO SHIPPING Holdings Co., Ltd.	Mr. YANG Zhijian	Beneficial owner	Personal	1.00	413,712	0.003%	(1), (2), (3)
	Mr. ZHU Tao	Beneficial owner	Personal	1.00	333,268	0.003%	(1), (2), (3)
	Mr. ZHANG Wei	Beneficial owner	Personal	1.00	333,268	0.003%	(1), (2), (3)

Notes:

(1) Such share options were granted on 29 May 2020 pursuant to the A-shares share option incentive scheme of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") adopted on 30 May 2019 and amended on 18 May 2020 by the shareholders of COSCO SHIPPING Holdings and can be exercised during the period from 30 May 2022 to 28 May 2027.

(2) Such share options have been or will be vested after 24 months from the date of grant (the "Vesting Period"). Subject to the fulfilment of the relevant vesting conditions, such share options will be vested in three batches after the Vesting Period, i.e. (a) 33% of the share options can be exercised during the first trading day after 24 months from the date of grant to the last trading day within 36 months from the date of grant; (b) 33% of the share options can be exercised during the first trading day after 36 months from the date of grant to the last trading day within 48 months from the date of grant; and (c) 34% of the share options can be exercised during the first trading day after 48 months from the date of grant to the last trading day within 84 months from the date of grant.

(3) On 12 December 2022, the board of directors of COSCO SHIPPING Holdings resolved to adjust its reserved A share options' exercise price from RMB1.82 to RMB1.00 per A share following the 2022 interim dividend distribution plan of COSCO SHIPPING Holdings. The registration with China Securities Depository and Clearing Corporation Limited for such adjustment was completed.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2023, the directors, namely Mr. YANG Zhijian, Mr. ZHU Tao, Mr. ZHANG Wei and Mr. CHEN Dong held directorships or senior management positions in the associates of COSCO SHIPPING and/or other companies which have interests in terminals operation and management business.

The Board is of the view that the Group is capable of carrying on its businesses independently of the interests referred to in the paragraph above. When making decisions on the terminals business of the Group, the relevant directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interest of the Group. Other than as disclosed above, none of the Directors and their respective associates has interests in the businesses which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group.

SUBSTANTIAL INTEREST IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any directors or chief executive of the Company, the interest of shareholders in the Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company or the Stock Exchange, as at 31 December 2023, were as follows:

			Number of Shares/Percentage of total number of issued Shares as at 31 December 2023				
Name	Capacity	Nature of interests	Long positions	%	Short positions	%	Note
COSCO Investments Limited	Beneficial owner	Beneficial interest	250,408,951	7.03	–	–	(1)
China COSCO (Hong Kong) Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	2,353,329,793	66.04	–	–	(1)
COSCO SHIPPING Holdings Co., Ltd.	Interest of controlled corporation	Corporate interest	2,353,329,793	66.04	–	–	(1)
China Ocean Shipping Co., Ltd.	Interest of controlled corporation	Corporate interest	2,353,329,793	66.04	–	–	(1)
China COSCO SHIPPING Corporation Limited	Interest of controlled corporation	Corporate interest	2,353,329,793	66.04	–	–	(1)
Silchester International Investors LLP	Investment manager	Other interest	244,534,315	6.86	–	–	

Note:

(1) The 2,353,329,793 Shares relate to the same batch of Shares. COSCO Investments Limited ("COSCO Investments") is a wholly-owned subsidiary of China COSCO (Hong Kong) Limited ("China COSCO (HK)"). Accordingly, the 250,408,951 Shares held by COSCO Investments are also included as part of China COSCO (HK)'s interest in the Company. China COSCO (HK) is a wholly-owned subsidiary of COSCO SHIPPING Holdings and it itself held 2,102,920,842 Shares beneficially. Accordingly, China COSCO (HK)'s interest in relation to the 2,353,329,793 Shares is also recorded as COSCO SHIPPING Holdings' interest in the Company. China Ocean Shipping Co., Ltd. ("COSCO Group") held 39.23% equity interest in COSCO SHIPPING Holdings as at 31 December 2023, and accordingly, COSCO Group is deemed to have the interest of 2,353,329,793 Shares held by China COSCO (HK). COSCO Group is a wholly-owned subsidiary of China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"). Accordingly, COSCO Group's interest in relation to the 2,353,329,793 Shares is also recorded as COSCO SHIPPING's interest in the Company.

As informed by China COSCO (HK), it was interested in a total of 2,356,441,793 Shares (representing approximately 66.13% of the total number of issued Shares) as at 31 December 2023, of which 250,408,951 Shares (representing 7.03% of the total number of issued Shares) were held by COSCO Investments. Such increase in shareholding was not required to be disclosed under Part XV of the SFO.

Save as disclosed above, as at 31 December 2023, the Company had not been notified of any other interest or short positions in the Shares and underlying Shares of the Company which had to be recorded in the register required to be kept under Section 336 of the SFO.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of its directors, as at the date of this report, there was sufficient public float of the Shares of the Company with no less than 25% of the total number of issued Shares of the Company held by the public as required under the Listing Rules.

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.

PRE-EMPTIVE RIGHTS

There are no provisions on pre-emptive rights under the Bye-laws of the Company and there are no restrictions on such rights under the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or subsisted during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of the Group's purchases and revenues attributable to major suppliers and customers are as follows:

Percentage of purchases attributable to the Group's largest supplier	16%
Percentage of purchases attributable to the Group's five largest suppliers	56%
Percentage of revenue from sales of goods or rendering of services attributable to the Group's largest customer	30%
Percentage of revenue from sales of goods or rendering of services attributable to the Group's five largest customers	66%

None of the directors or their associates is interested in any of the suppliers or customers of the Group.

During the year ended 31 December 2023, COSCO SHIPPING, has equity interest in (1) one of the five largest suppliers of the Group which contributed 15% of the purchases made by the Group; and (2) the largest customer of the Group.

Save as disclosed above, to the best knowledge of the directors, none of the Shareholders owning more than 5% of the Company's Shares is interested in any of the suppliers and customers of the Group.

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 Listing Rules throughout the year ended 31 December 2023.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 52 to 89 of this annual report.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group conducted certain continuing related party transactions, as disclosed in note 37 (Related party transactions) of the audited consolidated financial statements of the Company for the year ended 31 December 2023, some of which constituted continuing connected transactions of the Group (exempted or non-exempted) and the Company has complied with the relevant applicable requirements under Chapter 14A of the Listing Rules in respect of the following continuing connected transactions which are not exempt from annual reporting requirement:

(1) Rental of office premises

On 27 November 2020, COSCO SHIPPING Ports Management Company Limited ("COSCO SHIPPING Ports Management") as the tenant entered into a tenancy agreement with Wing Thye Holdings Limited ("Wing Thye") as the landlord (the "49F Tenancy Agreement") in respect of the leasing of the Unit Nos. 4901, 4902A, 4902B and 4903 situated at 49th Floor of High Block (COSCO Tower), Grand Millennium Plaza, No. 183 Queen's Road Central, No. 33 Wing Lok Street, Hong Kong (the "49F Properties") for a term of three years commencing from 29 November 2020 at a monthly rental of HK$1,404,480 exclusive of government rent, rates, management fees and other outgoings. The monthly management fees payable to Wing Thye under the 49F Tenancy Agreement is HK$95,760 (subject to revision by the incorporated owners and the management company of the building of which the 49F Properties form part from time to time). The (i) rental and (ii) management fees and other outgoings paid by COSCO SHIPPING Ports Management under the 49F Tenancy Agreement for the period from 1 January 2023 to 28 November 2023 were HK$15,355,648 and HK$1,046,976 respectively.

On 29 November 2023, COSCO SHIPPING Ports Management as the tenant entered into a new tenancy agreement with Wing Thye as the landlord (the "New 49F Tenancy Agreement") in respect of the leasing of the 49F Properties for a term of three years commencing from 29 November 2023 at a monthly rental of HK$1,404,480 exclusive of management fees, rates and government rents and all other outgoings. The monthly management fees payable to Wing Thye under the New 49F Tenancy Agreement is HK$95,760 (subject to revision by the incorporated owners and the management company of the building of which the 49F Properties form part from time to time). The (i) rental and (ii) management fees and other outgoings paid by COSCO SHIPPING Ports Management under the New 49F Tenancy Agreement for the period from 29 November 2023 to 31 December 2023 were HK$1,498,112 and HK$102,144 respectively.

Apart from the 49F Tenancy Agreement and New 49F Tenancy Agreement, COSCO SHIPPING Ports Management as the tenant also entered into a tenancy agreement with Malayan Corporations Limited ("Malayan Corporations") as the landlord (the "42F Tenancy Agreement", together with the 49F Tenancy Agreement, the "Tenancy Agreements") in respect of Unit No. 4206 situated at the 42nd Floor of COSCO Tower, 183 Queen's Road Central, Hong Kong (the "42F Property") on 27 November 2020. Pursuant to the 42F Tenancy Agreement, COSCO SHIPPING Ports Management agreed to rent from Malayan Corporations the 42F Property for a term of two years nine months and twelve days commencing from 15 February 2021 at a monthly rental of HK$325,512 exclusive of government rent, rates, management fees and other outgoings. The monthly management fees payable to Malayan Corporations under the 42F Tenancy Agreement is HK$22,194 (subject to revision by the incorporated owners and the management company of the building of which the 42F Property forms part from time to time). The (i) rental and (ii) management fees and other outgoings paid by COSCO SHIPPING Ports Management under the 42F Tenancy Agreement for the period from 1 January 2023 to 28 November 2023 were HK$3,558,931 and HK$242,654 respectively.

On 29 November 2023, COSCO SHIPPING Ports Management as the tenant entered into a new tenancy agreement with Malayan Corporations as the landlord (the "New 42F Tenancy Agreement") in respect of the leasing of the 42F Property for a term of three years commencing from 29 November 2023 at a monthly rental of HK$325,512 exclusive of management fees, rates and government rents and all other outgoings. The monthly management fees payable to Wing Thye under the New 42F Tenancy Agreement is HK$22,194 (subject to revision by the incorporated owners and the management company of the building of which the 42F Properties form part from time to time). The (i) rental and (ii) management fees and other outgoings paid by COSCO SHIPPING Ports Management under the New 42F Tenancy Agreement for the period from 29 November 2023 to 31 December 2023 were HK$347,213 and HK$23,674 respectively.

The payments to be made by the Group contemplated under the Tenancy Agreements comprise different components and hence different accounting treatments will apply. Pursuant to HKFRS 16 "Leases", the monthly rentals of the 42F Property and the 49F Properties leased under the Tenancy Agreements will be recognised as right-of-use assets with the estimated aggregate consideration of approximately HK$56,180,000. The right-of-use assets represent the Company's right to use the underlying leased assets over the lease term and the lease liabilities represent its obligation to make lease payments (i.e. the rent). The assets and the liabilities arising from the leases are initially measured on present value basis and calculated by discounting the non-cancellable lease payments under the Tenancy Agreements, using the incremental borrowing rate as the discount rate. Under HKFRS 16 and in the consolidated financial statements of the Group, the Group shall recognise (i) depreciation charge over the life of the right-of-use assets, and (ii) interest on the lease liabilities over the lease term.

Accordingly, the Group will recognise the monthly rentals as acquisitions of right-of-use assets taking into account the aggregate discounted amount of the monthly rentals in accordance with HKFRS 16. Such acquisitions of right-of-use assets will constitute one-off connected transactions for the Company under Chapter 14A of the Listing Rules. The management fees and other outgoings under the Tenancy Agreements (the "Other Charges") will be recognised as expenses in the Group's profit and loss accounts in the periods in which they are incurred, and the payment of such expenses will be regarded as continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Company intended to continue to occupy the 49F Properties on a long term basis as the head office of itself and its subsidiaries and as its principal place of business in Hong Kong. In addition, the Company considered it necessary and appropriate to rent the 42F Property, which has the advantage of close proximity to the Company's head office at 49th floor of the same building, to cater for the operation and growth of the Group. In negotiating the rental under the Tenancy Agreements, the directors of the Company had made reference to the professional opinion given by Cushman & Wakefield Limited, an independent professional valuer. The monthly rental agreed for the 49F Properties and the 42F Property as provided in the Tenancy Agreements were at market levels and were fair and reasonable.

Both Wing Thye and Malayan Corporations are wholly-owned subsidiaries of COSCO SHIPPING (Hong Kong) Co., Limited ("COSCO SHIPPING (Hong Kong)"). COSCO SHIPPING Ports Management is a wholly-owned subsidiary of the Company. COSCO SHIPPING is a controlling shareholder of both the Company and COSCO SHIPPING (Hong Kong). Accordingly, each of Wing Thye and Malayan Corporations is a connected person of the Company. The payment of the rentals under the Tenancy Agreements is regarded as acquisitions of assets by the Group and constitutes connected transactions of the Company; and the payment of the Other Charges constitutes continuing connected transactions of the Company under the Listing Rules.

For further details, please refer to announcement of the Company dated 27 November 2020 and 29 December 2023.

(2) Financial Services Master Agreement

On 30 August 2022, the Company entered into a financial services master agreement (the "Financial Services Master Agreement") with COSCO SHIPPING Finance Co., Ltd. ("COSCO SHIPPING Finance"). Under the Financial Services Master Agreement, COSCO SHIPPING Finance agreed to provide its services to the Group for deposit transactions (the "Deposit Transactions"), loan transactions (the "Loan Transactions"), clearing transactions (the "Clearing Transactions") and other financial services which COSCO SHIPPING Finance may offer to the Group from time to time (the "Further Financial Services") (collectively, the "Transactions") for the period from 1 January 2023 to 31 December 2025 (both dates inclusive).

In respect of the Deposit Transactions, the rate of interest which would accrue on any deposits placed by the Group with COSCO SHIPPING Finance under the Financial Services Master Agreement will: (a) be no lower than the benchmark rate for the same type of deposits for the same term stipulated by the People's Bank of China from time to time; (b) make reference to market interest rates, being the interest rates offered by independent third party commercial banks and/or financial institutions providing the same type of deposit services on normal commercial terms in their ordinary course of business in the same or nearby service area, and in accordance with the principle of fairness and reasonableness; and (c) make reference to the interest rates offered by COSCO SHIPPING Finance to COSCO SHIPPING and subsidiaries held by COSCO SHIPPING as to more than 51%, companies held by COSCO SHIPPING and such subsidiaries (individually or jointly) as to more than 20%, (or as to less than 20% but with COSCO SHIPPING and such subsidiaries (individually or jointly) being the largest shareholder), and enterprise legal entities (事業單位法人) and social organisation legal entities (社會團體法人) under COSCO SHIPPING or such subsidiaries with the same qualities for the same type of deposit services in the same period of time. The annual caps representing the daily maximum aggregate amount of deposits placed by the Group with COSCO SHIPPING Finance (including the amount of any interest accrued thereon) for each of the three years ended or ending 31 December 2023, 2024 and 2025 were RMB3,500,000,000. The maximum daily aggregate amount of deposits for the year ended 31 December 2023 was RMB3,356,585,000.

The deposit interest rates offered by COSCO SHIPPING Finance to the Group were no less favourable to the Group than those offered by independent third party commercial banks and/or financial institutions for comparable deposits. The Financial Services Master Agreement did not preclude the Group from using the services of other financial institutions as it thought fit and appropriate for the benefit of the Group. Where required, the Group could solicit other reference quotations, where available, from independent third party commercial banks and/or financial institutions in respect of similar transactions for comparison and consideration. The Financial Services Master Agreement provided the Group with additional means of financing and improved the efficiency of the use of its funds through favourable interest income and costs of financing.

COSCO SHIPPING Finance is a subsidiary of COSCO SHIPPING, a controlling shareholder of the Company, and is therefore a connected person of the Company. Hence, the Transactions constituted continuing connected transactions of the Group.

The Deposit Transactions were subject to the announcement requirements under Chapter 14 and Chapter 14A of the Listing Rules and the reporting, annual review, circular (including independent financial advice) and independent shareholders' approval requirements and were approved by the independent shareholders of the Company at the special general meeting held on 1 December 2022. As no Further Financial Services were requested by the Group from COSCO SHIPPING Finance for the year ended 31 December 2023, no fee was charged by COSCO SHIPPING Finance for such services. For the Loan Transactions and the Clearing Transactions which are fully exempt from the requirements under Chapter 14A of the Listing Rules including annual reporting requirements, shareholders may refer to the announcement of the Company dated 30 August 2022 for their details if interested.

For further details, please refer to the announcement of the Company dated 30 August 2022 and the circular of the Company dated 21 September 2022.

(3) Master agreements relating to shipping and terminal related services transactions (collectively, the "Shipping and Terminal Related Services Master Agreements")

The Company and certain of its subsidiaries entered into the following master agreements each for a term of three years from 1 January 2022 to 31 December 2024 (other than the CMA Terminal Services Master Agreement which is for the term from 29 September 2023 to 31 December 2024):

(1) COSCO SHIPPING Shipping Services and Terminal Services Master Agreement entered into between the Company and COSCO SHIPPING on 29 October 2021 in respect of the following transactions:

(a) Provision of terminal services by the relevant members of the Group to COSCO SHIPPING, its subsidiaries and associates (excluding the Group) (collectively, the "COSCO SHIPPING Group"), being the terminal services which are related to the shipping business carried out by the COSCO SHIPPING Group, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes and provision of container storage space and terminal facilities, and other ancillary services. The annual caps of the aggregate amount receivable by the Group from the COSCO SHIPPING Group for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB3,750,000,000, RMB4,220,000,000 and RMB4,870,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2023 was RMB3,104,290,000.

(b) Provision of shipping services by the relevant members of the COSCO SHIPPING Group to members of the Group, being the shipping services which are related to the terminal business carried out by the Group, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials, supply of fuel and oil products (including but not limited to diesel oil, fuel oil, lubricating oil, hydraulic oil and transmission oil) and subsidy on port construction fee, and other ancillary services. The annual caps of the aggregate amount payable by the Group to the COSCO SHIPPING Group for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB350,000,000, RMB390,000,000 and RMB420,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2023 was RMB91,145,000.

It was agreed that the service fees payable by the relevant members of the COSCO SHIPPING Group shall be no less favourable to the relevant members of the Group than those at which the relevant members of the Group charge independent third party customers for similar type of services. It was also agreed that the service fees payable by the relevant members of the Group shall be no less favourable to the relevant members of the Group than those at which independent third party providers charge the relevant members of the Group for similar type of services. The fees charged shall be determined with reference to the prevailing market price, being the price offered to or charged by independent third parties in respect of similar types of services in the ordinary course of business in the same or nearby service area and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.

For further details, please refer to the announcement of the Company dated 29 October 2021 and the circular of the Company dated 19 November 2021.

(2) Maersk Shipping Services Master Agreement entered into between the Company and Maersk A/S in its own capacity and for entities trading under the names of Maersk, Safmarine, MCC Transport, Sealand and Hamburg Süd and any other future entities where Maersk A/S holds a majority ownership (collectively, "Maersk") on 29 October 2021 in respect of the provision of shipping related services by members of the Group to Maersk, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes, provision of container storage space and terminal premises.

The annual caps of the aggregate amount receivable by the Group from Maersk for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB819,625,000, RMB938,899,000 and RMB1,065,748,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2023 was RMB641,607,000.

The terms on pricing under the Maersk Shipping Services Master Agreement shall be at rates no less favourable to the relevant members of the Group than those at which the relevant members of the Group charge independent third party customers for the relevant services.

For further details, please refer to the announcement of the Company dated 29 October 2021.

Report of the Directors

(3) GZ Port Company Container Terminal Services Master Agreement entered into between Guangzhou South China Oceangate Container Terminal Company Limited ("GZ South China", a subsidiary of the Company) and Guangzhou Port Holdings Company Limited ("GZ Port Company") on 12 November 2021 in respect of the following transactions:

(a) Provision of terminal related services, including but not limited to cargo inspection related services, leasing of frontloaders, port related services (including without limitation, provision of berths, loading and unloading, inspection, transportation, shifting, boxing and unboxing of containers, transshipment of passenger liners, operation and management of transshipment of cargoes and provision of container storage space), repairing services to pontoon, leasing of assets and provision of machinery, and all other ancillary and related services, by GZ South China to GZ Port Company and its subsidiaries and branches (collectively, the "GZ Port Company Group"). The annual caps of the aggregate amount receivable by GZ South China from the GZ Port Company Group for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB47,955,000, RMB55,149,000 and RMB63,420,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2023 was RMB18,506,000.

(b) Provision of terminal related services, including but not limited to container handling services, tugboat services, information services, provision of fuel and oil, port related services (including without limitation, provision of berths, cargoes loading and unloading, operation and management of transshipment of cargoes, transshipment and transportation of containers, and provision of container storage space), shuttle bus services, inspection centre services, construction services, electricity supply services, supervision services, surveying services, pollution prevention, manpower services relating to the appointment of seconded staff, leasing and maintenance of frontloaders, floating cranes and pontoons, logistics services, customs declaration and inspection declaration services, procurement and purchase of tyres and materials, leasing of assets, marketing centres services (which are mainly in the nature of market expansion, sales and promotion and external coordination) and all other ancillary and related services, by members of the GZ Port Company Group to GZ South China. The annual caps of the aggregate amount payable by GZ South China to the GZ Port Company Group for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB159,235,000, RMB178,800,000 and RMB200,017,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2023 was RMB55,072,000.

It was agreed that the terms (including without limitation, the service fees) for the provision of services by the members of the GZ Port Company Group shall be no less favourable to GZ South China (as service receiving party) than terms available to GZ South China from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by GZ South China shall be no less favourable to GZ South China (as service providing party) than terms offered by it to independent third parties for the relevant services.

For further details, please refer to the announcements of the Company dated 29 October 2021 and 12 November 2021.

(4) GZ Port Holding Container Terminal Services Master Agreement entered into between GZ South China and Guangzhou Port Group Company Limited ("GZ Port Holding") on 12 November 2021 in respect of the provision of terminal related services, including but not limited to property management, property cleaning, pest control and garbage clean up services, provision of vehicle for staff commuting, safety management, security services, training services, printing services, marketing centres services (which are mainly in the nature of market expansion, sales and promotion and external coordination) and tourism and recuperation services, by GZ Port Holding and its subsidiaries, branches and associates (but excluding the GZ Port Company Group) (collectively, the "GZ Port Holding Group") to GZ South China.

The annual caps of the aggregate amount payable by GZ South China to GZ Port Holding Group for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB24,452,000, RMB27,934,000 and RMB31,918,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2023 was RMB21,069,000.

It was agreed that the terms (including without limitation, the service fees) for the provision of services by members of the GZ Port Holding Group shall be no less favourable to GZ South China than terms available to GZ South China from independent third parties for the relevant services.

For further details, please refer to the announcements of the Company dated 29 October 2021 and 12 November 2021.

(5) Lianyungang Terminal Services Master Agreement entered into between Lianyungang New Oriental International Terminals Co., Ltd. ("Lianyungang New Oriental", a subsidiary of the Company) and Lianyungang Port Group Co., Ltd. ("Lianyungang Port") on 29 October 2021 in respect of the following transactions:

(a) Provision of terminal related services, including but not limited to port facility leasing and maintenance services; project construction and supervision; port dredging operations; software development and systems integration; network technology services; environmental project supervision and environmental technology testing services; telecommunications construction projects; catering services; labour and technology services (loading and unloading, transportation, labour arrangement and manager appointment); measuring instrument testing and weighing equipment installation verification; supply of materials, electrical machinery and equipment and other appliances and products; waste materials recycling; gas and oil sales; port railway transportation; electricity and water supply for port area, by Lianyungang Port and its subsidiaries, branches and associates (but excluding Lianyungang New Oriental) (collectively, the "Lianyungang Port Group") to Lianyungang New Oriental. The annual caps of the aggregate amount payable by Lianyungang New Oriental to the Lianyungang Port Group for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB93,092,000, RMB87,996,000 and RMB89,446,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2023 was RMB61,867,000.

(b) Provision of terminal related services, including but not limited to container or bulk cargo handling (including barge), warehousing and storage, intra-port transfer, container consolidation and devanning; provision of shore electricity for vessels; port facilities and equipment and port machinery leasing; dangerous goods port operations (under the scope of the "Dangerous Goods Port Operation Approval Certificate"), by Lianyungang New Oriental to members of the Lianyungang Port Group. The annual caps (as revised and announced by the Company on 30 December 2022) of the aggregate amount receivable by Lianyungang New Oriental from the Lianyungang Port Group for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB2,000,000, RMB3,300,000 and RMB4,300,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2023 was RMB1,966,000.

It was agreed that the terms (including without limitation, the service fees) for the provision of services by the members of the Lianyungang Port Group shall be no less favourable to Lianyungang New Oriental (as service receiving party) than terms available to Lianyungang New Oriental from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by Lianyungang New Oriental shall be no less favourable to Lianyungang New Oriental (as service providing party) than terms offered by it to independent third parties for the relevant services.

For further details, please refer to the announcements of the Company dated 29 October 2021 and 30 December 2022.

(6) TCT Terminal Services Master Agreement entered into between Tianjin Port Container Terminal Co., Ltd. ("Tianjin Container Terminal", a subsidiary of the Company) and Tianjin Port (Group) Co., Ltd. ("Tianjin Port Group") on 28 September 2022 in respect of the following transactions:

(a) Provision of terminal related services, including but not limited to stevedoring and ancillary services; port services for vessels (including but not limited to container service fees); port facilities, equipment and machinery leasing and maintenance; information services; labour and technical services; printing services; sales (including but not limited to gas, oil, electricity, water supply, materials and supplies); property management (including but not limited to housing rental, canteen catering services, hygiene and cleaning); pest control; engineering construction and supervision; surveying and mapping services; tender agency services; logistics services; medical examination services; safety management; training services; and all other ancillary and related services, by Tianjin Port Group and its subsidiaries, branches and associates from time to time (but excluding Tianjin Container Terminal) (collectively, the "TPG Group") to Tianjin Container Terminal. The annual caps of the aggregate amount payable by Tianjin Container Terminal to the TPG Group for such services (including the Supplies Agreements mentioned in section (4) below) for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB480,310,000, RMB527,271,000 and RMB540,274,000 respectively. The total amount for the aforesaid transactions (including those under the Supplies Agreements mentioned in section (4) below) for the year ended 31 December 2023 was RMB298,667,000.

(b) Provision of terminal related services, including but not limited to stevedoring; cargo storage services (excluding dangerous chemicals, dangerous goods and other items requiring licences and approvals); agency for international cargo transportation by land, sea and air; customs clearance services; inspection services; port services for vessels; cargo transportation by road (excluding dangerous goods); and all other ancillary and related services by Tianjin Container Terminal to members of the TPG Group. The annual caps of the aggregate amount receivable by Tianjin Container Terminal from the TPG Group for such services for the three years ended or ending 31 December 2022, 2023 and 2024 are RMB194,321,000, RMB213,767,000 and RMB264,997,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2023 was RMB183,613,000.

It was agreed that the terms (including without limitation, the service fees) for the provision of services by the members of the TPG Group shall be no less favourable to Tianjin Container Terminal (as service receiving party) than terms available to Tianjin Container Terminal from independent third parties for the relevant services, and the terms (including without limitation, the service fees) for the provision of services by Tianjin Container Terminal shall be no less favourable to Tianjin Container Terminal (as service providing party) than terms offered by it to independent third parties for the relevant services. The fees for the transactions shall be determined through fair negotiation between the relevant parties based on the above principle or (if applicable) in accordance with relevant laws and regulations.

For further details, please refer to the announcement of the Company dated 28 September 2022.

(7) CMA Terminal Services Master Agreement entered into between the Company and CMA CGM S.A. ("CMA CGM") on 29 September 2023 in respect of the provision of terminal services, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes, provision of container storage space and terminal premises, by members of the Group to CMA CGM and its subsidiaries, branches and associates from time to time (but excluding subsidiaries of the Company) (collectively, the "CMA Group").

The annual caps of the aggregate amount payable by CMA Group to the Group for such services for the period from 29 September 2023 to 31 December 2023 and for the year ending 31 December 2024 are RMB404,245,000 and RMB1,589,252,000 respectively. The total amount of the aforesaid transactions for the period from 29 September 2023 to 31 December 2023 was RMB352,041,000.

It was agreed that the transactions contemplated under the CMA Terminal Services Master Agreement shall be conducted on normal commercial terms, in particular, the service fees payable by the relevant members of the CMA Group shall be at rates no less favourable to the relevant members of the Group than those at which the relevant members of the Group charge independent third party customers for the relevant services.

For further details, please refer to the announcement of the Company dated 29 September 2023.

The continuing connected transactions contemplated under the Shipping and Terminal Related Services Master Agreements are part of or related to the principal business activities of the Group and are expected to either increase the revenue of the Group, and/or provide the Group with overall business and operational convenience and synergy.

Since COSCO SHIPPING is a controlling shareholder of the Company, members of the COSCO SHIPPING Group are connected persons of the Company.

Maersk A/S is an associate of a substantial shareholder of a subsidiary of the Company, and accordingly Maersk A/S and members of Maersk are connected persons of the Company at the subsidiary level.

GZ Port Company directly holds and GZ Port Holding indirectly holds a 41% equity interest in GZ South China, a subsidiary of the Company. Accordingly, members of the GZ Port Company Group and GZ Port Holding Group are connected persons of the Company at the subsidiary level.

Lianyungang Port has a 45% equity interest in Lianyungang New Oriental, a subsidiary of the Company, and accordingly, Lianyungang Port is a substantial shareholder of a subsidiary of the Company.

Tianjin Port Group owns an indirect 41.69% equity interest in Tianjin Container Terminal, a subsidiary of the Company. Accordingly, members of TPG Group are connected persons of the Company at the subsidiary level.

CMA CGM indirectly owns 100% equity interest in CMA Terminals Espagne S.A.S, which in turn owns 49% equity interests in COSCO SHIPPING Ports (Spain) Holding, S.L., a 51%-owned subsidiary of the Company, and accordingly, CMA CMG is a connected person of the Company at the subsidiary level.

The continuing connected transactions under the agreement numbered (1) above was subject to the reporting, annual review, announcement and independent shareholders' approval requirements and was approved by the independent shareholders of the Company at the special general meeting held on 28 December 2021, whilst the transactions under the agreements numbered (2) to (4), (6) and (7) were exempted from the independent shareholders' approval requirement (so far as applicable) under Rule 14A.101 of the Listing Rules.

In addition, the transactions under the agreement numbered (5) did not constitute continuing connected transactions of the Company for the year ended 31 December 2023, since members of the Lianyungang Port Group were persons connected with an insignificant subsidiary for the relevant period under Rule 14A.09 of the Listing Rules.

(4) Concession Agreement

On 25 November 2008, Piraeus Container Terminal Single Member S.A. ("PCT"), a wholly-owned subsidiary of the Company, as concessionaire and the Company as the sole shareholder of PCT entered into a concession agreement with Piraeus Port Authority S.A. ("PPA") as grantor, which was further amended by an amendment agreement dated 27 November 2014 that became effective on 20 December 2014 (the "Concession Agreement").

Pursuant to the Concession Agreement, in consideration of the payments contemplated thereunder (which include, among others, two fixed annual fees, and a variable annual concession fee based on the aggregate revenue of PCT for pier 2 of the Piraeus Port ("Pier 2") and pier 3 of the Piraeus Port ("Pier 3"), including, following construction of the western part of Pier 3, the turnover generated by the western part of Pier 3), (a) PPA agreed to grant a concession to PCT, (i) for the development, operation of Pier 2 and (ii) for the construction, operation and utilisation of the eastern part of Pier 3 and the western part of Pier 3; and (b) PCT has agreed to construct and put into operation, on behalf of PPA, a new oil pier on the southern part of Pier 3 (at PPA's costs).

The concession is for an initial term of 30 years (which commenced on 1 October 2009), with a mandatory extension for a term of 5 years subject to PCT's fulfillment of its obligations to construct the eastern part of Pier 3 in accordance with the timetable agreed in the Concession Agreement. The estimated total consideration for the 35-year term of the Concession is Euro 831,200,000.

In view of the commercial and strategic importance of the Piraeus Port, and the growth potential of the Piraeus Port Container Terminal, the Concession Agreement represents a good opportunity for the Company to invest in a major container outside China and is in line with the Company's strategy to become a leading global port operator.

PPA became a subsidiary of COSCO SHIPPING (Hong Kong) on 10 August 2016. COSCO SHIPPING is a controlling shareholder of both the Company and COSCO SHIPPING (Hong Kong). Accordingly, PPA is a connected person of the Company. The continuing transactions under the Concession Agreement constituted continuing connected transactions of the Company under the Listing Rules since 10 August 2016.

INTERNAL CONTROL MEASURES

As part of the Group's internal control systems to ensure that the transactions between the Group and its connected persons are conducted in accordance with the terms of their respective continuing connected transaction master agreements, the Company implemented the following internal control arrangements to the connected transactions conducted, where applicable:

(i) The relevant business unit of each subsidiary of the Company will periodically observe the market conditions and monitor the prevailing market prices including the pricings of contemporaneous transactions with independent third parties in respect of comparable types of products and/or services in the same or nearby area in the ordinary course of business, and evaluate if the transactions are no less favourable to the relevant member of the Group than those it could have obtained from independent third parties for similar types of goods and/or services.

(ii) The relevant departments in the head office of the Company and each subsidiary of the Company has a designated person to record the entering into of continuing connected transactions.

(iii) The Finance Department of the Company will prepare a "Summary for Continuing Connected Transactions" each quarter and organise meetings regularly to review and assess whether the relevant continuing connected transactions are conducted in accordance with the terms of their respective continuing connected transaction master agreements. After the "Summary for Continuing Connected Transactions" is reviewed by the relevant departments of the Company and the management, it will be submitted to the Audit Committee of the Company and the Board for further review.

(iv) The Audit and Supervision Department of the Company will monitor the risks related to continuing connected transactions by reviewing the minutes of important meetings of subsidiaries of the Company as well as accounting records to identify if the Group has any undisclosed connected transactions.

(v) The Audit and Supervision Department will also check the terms and implementation status of the Group's policies and requirements related to continuing connected transactions from time to time, including investigating the audited entities' processes for identification of connected persons and their procedures for dealing with continuing connected transactions. The Audit and Supervision Department is also responsible for monitoring the prices of the transactions with connected persons by reviewing samples of the relevant sales contracts and costs, etc., to ensure such prices are in compliance with the pricing policies under the terms of their respective continuing connected transaction master agreements.

(vi) Each relevant member of the Group shall monitor its own utilisation of the portion of the annual transaction cap amount allocated to it by the Company (the "Designated Amount"). If the annual transaction amount of a relevant member of the Group reaches 80% of its Designated Amount, or is expected to exceed its Designated Amount within three months, such member shall inform the relevant personnel in the Finance Department and Legal Department of the Company immediately and the Company shall determine the appropriate actions to be taken, such as (a) require such member not to enter any further transactions which would cause the Designated Amount to be exceeded; (b) increase the Designated Amount allocated to such member by reducing the Designated Amount(s) allocated to other member(s); or (c) if the accumulative annual transaction amount of the Group will exceed the relevant annual cap, the relevant member(s) of the Group shall provide sufficient reasons and cooperate with the Company to revise the annual cap and comply with the relevant requirements of the Listing Rules.

OPINION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS ON THE CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.55 of the Listing Rules, Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu, Mr. LAM Yiu Kin, Prof. CHAN Ka Lok and Mr. YANG Liang Yee Philip, independent non-executive directors of the Company, have reviewed the continuing connected transactions conducted by the Group during the year and opined that the transactions were:

– entered into in the ordinary and usual course of the Group's businesses;
– entered into on normal commercial terms or terms no less favourable to the Group than terms available from/to independent third parties; and
– entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

REPORT FROM THE AUDITOR ON THE CONTINUING CONNECTED TRANSACTIONS

For the purposes of Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to report on the above continuing connected transactions that are subject to annual review for the year ended 31 December 2023 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the such continuing connected transactions, in accordance with Rule 14A.56 of Listing Rules.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee of the Company consists of three independent non-executive directors.

The Audit Committee reviews the systems of internal controls throughout the Group, the completeness and accuracy of its financial statements and liaises on behalf of the Board with external auditor and the Group's internal auditor. During the year, members of the Audit Committee met regularly with the management, the external auditor and the Group's internal auditor, and reviewed the internal and external audit reports as well as the interim and annual consolidated financial statements of the Group.

AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

YANG Zhijian
Chairman
Hong Kong, 28 March 2024

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COSCO SHIPPING PORTS LIMITED

(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of COSCO SHIPPING Ports Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 130 to 234, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Recoverability of carrying amounts of terminal assets, investments in joint ventures and associates; and
- Impairment assessment of goodwill.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of carrying amounts of terminal assets, investments in joint ventures and associates Refer to notes 3.8, 5(a), 7, 9, 10, 11 and 12 to the consolidated financial statements. The Group is involved in terminals operation through subsidiaries, investments in joint ventures and associates in Hong Kong, Mainland China, Europe and other regions. As at 31 December 2023, there were terminal assets with a total carrying value of property, plant and equipment of US$4,144 million, right-of-use assets of US$1,004 million, intangible assets of US$395 million, investments in joint ventures with a total carrying amount of US$1,060 million, and investments in associates with a total carrying amount of US$3,343 million. Management performed assessment at the end of each reporting period whether there is any indication that the terminal assets, investments in joint ventures and associates may be impaired. Should indication of impairment exist, an impairment assessment will be performed accordingly.	Our procedures to evaluate the Group's assessments of recoverability of carrying amounts of terminal assets, investments in joint ventures and associates included: • understood the management's assessment process of impairment of terminal assets, investments in joint ventures and associates and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and judgements involved in determining the assumptions to be applied; • evaluated the Group's assessment as to whether any impairment indications exists in respect of the terminal assets, investments in joint ventures and associates; • evaluated the appropriateness of the value-in-use model adopted for the impairment assessments; • evaluated the outcome of prior period assessment of management's forecast to assess the effectiveness of management's estimation process; • challenged the reasonableness of key assumptions such as revenue growth rates, terminal growth rates and EBITDA margins applied by management by comparing to commercial contracts, available market reports and historical trend analyses, where applicable;

Key Audit Matter	How our audit addressed the Key Audit Matter
The recoverable amounts of the terminal assets, investments in joint ventures and associates are measured at value-in-use which are based on future discounted cash flows on a cash generating unit. Management has concluded that there was no impairment in respect of the terminal assets, investments in joint ventures and associates as at 31 December 2023. This area is significant to our audit because of the significance of the carrying amounts of the assets and the significant management judgement involved in determining the value-in-use prepared based on future discounted cash flows under income approach. For terminal assets, investments in joint ventures and associates, the judgement focuses on revenue growth rates, terminal growth rates, EBITDA margins and discount rates. All these factors are with estimation uncertainties and may impact the results of the impairment assessments.	• involved our internal valuation experts to assess the reasonableness of the discount rates in the impairment assessments applied by management and benchmarked the discount rates applied to other comparable companies in the same industry, where applicable; • agreed input data to supporting evidence, such as approved budgets, inflation rates, strategic plans and market data, where applicable; and • evaluated management's sensitivity of a reasonably possible change in the key assumptions, adopted in the discounted cash flow calculation to the recoverable amounts. Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessments to be supported by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Refer to notes 3.7(a), 5(b) and 10 to the consolidated financial statements. As at 31 December 2023, the Group had a balance of goodwill of US$187 million. Management tests whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.7(a). The recoverable amounts of cash generating units ("CGUs") have been determined based on value-in-use or fair value less costs of disposal calculations. The value-in-use or fair value less costs of disposal calculations use cash flow projections based on financial budgets approved by management which involve judgement by management such as determining the discount rates, revenue growth rates, terminal growth rates and operating margins. Changes in these assumptions may impact the recoverable amount of goodwill. Management concluded that the goodwill was not impaired. We focused on this area as the assessments involved significant judgements, including the revenue growth rates, terminal growth rates, operating margins and discount rates applied to the estimates of the recoverable amount. All these factors are with estimation uncertainties and may impact the results of the impairment assessments.	Our procedures to evaluate the Group's impairment assessment of goodwill included: • understood the management's assessment process of impairment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and judgements involved in determining the assumptions to be applied; • evaluated the appropriateness of the value-in-use or fair value less costs of disposal model adopted for the impairment assessments; • evaluated the outcome of prior period assessment of management's forecast to assess the effectiveness of management's estimation process; • challenged the reasonableness of key assumptions such as revenue growth rates, terminal growth rates and operating margins applied by management by comparing to commercial contracts, available market reports and historical trend analyses, where applicable; • involved our internal valuation experts to evaluate the valuation methodologies and assess the reasonableness of the discount rates in the impairment assessments applied by management and benchmarked the discount rates applied to other comparable companies in the same industry, where applicable; • agreed input data to supporting evidence, such as approved budgets, inflation rates, strategic plans and market data, where applicable; • evaluated management's sensitivity of a reasonably possible change in the key assumptions adopted in the discounted cash flow calculation to the recoverable amounts; and • assessed the adequacy of the disclosures related to impairment of goodwill in the context of the applicable financial reporting framework. Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment assessments to be supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Nim Tsz Elizabeth.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2024

CONSOLIDATED BALANCE SHEET

As at 31 December 2023

	Note	2023 US$'000	As at 31 December 2022 US$'000 (Restated)	As at 1 January 2022 US$'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	7	**4,143,919**	3,837,374	3,953,801
Right-of-use assets	9	**1,003,805**	1,016,981	1,086,887
Investment properties	8	**90,580**	9,535	10,054
Intangible assets	10	**394,733**	384,739	426,121
Joint ventures	11	**1,060,374**	1,036,280	1,154,633
Loans to a joint venture		**–**	–	23,083
Associates	12	**3,343,432**	3,262,155	3,422,897
Loans to associates	12	**32,181**	100,251	107,643
Financial asset at fair value through profit or loss	13	**53,745**	53,338	61,922
Financial assets at fair value through other comprehensive income	14	**139,022**	139,557	161,902
Deferred tax assets	15	**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	16	**19,817**	19,354	20,111
Trade and other receivables, prepayments and contract assets	17	**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	36(c)	**45,113**	45,849	33,214
Cash and cash equivalents	36(c)	**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
Equity				
Capital and reserves attributable to the equity holders of the Company				
Share capital	19	**45,742**	44,172	42,574
Reserves		**5,724,989**	5,487,831	5,788,370
		5,770,731	5,532,003	5,830,944
Non-controlling interests		**1,071,794**	1,107,170	1,124,220
Total equity		**6,842,525**	6,639,173	6,955,164

	Note	2023 US$'000	As at 31 December 2022 US$'000 (Restated)	As at 1 January 2022 US$'000 (Restated)
Liabilities				
Non-current liabilities				
Deferred tax liabilities	15	**142,486**	128,525	140,775
Lease liabilities	9	**762,332**	738,703	748,459
Long term borrowings	21	**2,275,593**	2,121,488	2,306,423
Loans from non-controlling shareholders of subsidiaries	22	**556**	66,263	70,591
Derivative financial instruments		**–**	–	2,991
Put option liability	25	**246,013**	239,039	232,263
Pension and retirement liabilities	26	**13,895**	11,255	11,828
Other long term liabilities	23	**41,176**	37,642	46,942
		3,482,051	3,342,915	3,560,272
Current liabilities				
Trade and other payables and contract liabilities	24	**577,427**	464,421	521,630
Current tax liabilities		**22,643**	45,530	51,696
Current portion of lease liabilities	9	**48,197**	47,179	42,450
Current portion of long term borrowings	21	**617,710**	465,247	653,680
Short term borrowings	21	**341,328**	321,888	259,507
Derivative financial instruments		**–**	–	3,423
		1,607,305	1,344,265	1,532,386
Total liabilities		**5,089,356**	4,687,180	5,092,658
Total equity and liabilities		**11,931,881**	11,326,353	12,047,822

On behalf of the Board

YANG Zhijian
Executive Director and Chairman of the Board

ZHU Tao
Executive Director and Managing Director

The accompanying notes on pages 138 to 234 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 December 2023

	Note	2023 US$'000	2022 US$'000 (Restated)
Revenues	6	**1,454,353**	1,441,273
Cost of sales		**(1,033,491)**	(1,011,595)
Gross profit		**420,862**	429,678
Administrative expenses		**(164,596)**	(167,457)
Other operating income	27	**39,466**	35,407
Other operating expenses		**(20,916)**	(36,278)
Operating profit	28	**274,816**	261,350
Finance income	29	**27,998**	17,122
Finance costs	29	**(171,189)**	(126,387)
Operating profit (after finance income and costs)		**131,625**	152,085
Share of profits less losses of			
– joint ventures		**61,805**	75,078
– associates		**236,056**	232,946
Profit before taxation		**429,486**	460,109
Taxation	30	**(35,206)**	(69,365)
Profit for the year		**394,280**	390,744
Profit attributable to:			
Equity holders of the Company		**324,557**	306,633
Non-controlling interests		**69,723**	84,111
		394,280	390,744
Earnings per share for profit attributable to equity holders of the Company			
– Basic	31	**US9.33 cents**	US9.12 cents
– Diluted	31	**US9.33 cents**	US9.12 cents

The accompanying notes on pages 138 to 234 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2023

	2023 US$'000	2022 US$'000 (Restated)
Profit for the year	**394,280**	390,744
Other comprehensive income		
Items that may not be reclassified subsequently to profit or loss		
Exchange differences from retranslation of financial statements of subsidiaries attributable to the non-controlling interests	**(10,597)**	(74,661)
Share of other comprehensive loss of an associate		
– other reserves	**(4,238)**	(8,526)
Changes in the fair value of financial assets at fair value through other comprehensive income ("FVOCI"), net of tax	**1,599**	(7,418)
Remeasurement of retirement benefit obligation	**(2,126)**	–
Items that may be reclassified to profit or loss		
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 (loss)/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)

The accompanying notes on pages 138 to 234 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2023

	Share capital US$'000	Share premium US$'000	Share option reserve US$'000	Capital reserve US$'000	Contributed surplus US$'000	Financial assets at FVOCI reserve US$'000	Properties revaluation reserve US$'000	Exchange reserve US$'000	Other reserves US$'000	Retained profits US$'000	Total reserves US$'000	Non-controlling interests US$'000	Total US$'000
Total equity at 31 December 2022, as previously reported	44,172	2,001,907	4,760	(251,782)	115	(147)	10,699	(483,298)	72,653	4,119,276	5,474,183	1,105,236	6,623,591
Change in accounting policy (note 2.2(b))	-	-	-	-	-	-	-	(747)	-	14,395	13,648	1,934	15,582
Total equity at 1 January 2023, as restated	44,172	2,001,907	4,760	(251,782)	115	(147)	10,699	(484,045)	72,653	4,133,671	5,487,831	1,107,170	6,639,173
Profit for the year	-	-	-	-	-	-	-	-	-	324,557	324,557	69,723	394,280
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	-	-	-	-	-	-	-	(5,320)	-	-	(5,320)	(10,597)	(15,917)
Changes in the fair value of financial assets at FVOCI, net of tax	-	-	-	-	-	1,531	-	-	-	-	1,531	68	1,599
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	(1,166)	-	(1,166)	(1,383)	(2,549)
Remeasurement of retirement benefit obligation	-	-	-	-	-	-	-	-	(978)	-	(978)	(1,148)	(2,126)
Share of other comprehensive loss of joint ventures and associates	-	-	-	-	-	-	-	(4,302)	(4,781)	-	(9,083)	-	(9,083)
Total comprehensive income for the year	-	-	-	-	-	1,531	-	(9,622)	(6,925)	324,557	309,541	56,663	366,204
Issue of shares on settlement of scrip dividends	1,570	74,171	-	-	-	-	-	-	-	-	74,171	-	75,741
Acquisition of additional interest in a subsidiary	-	-	-	(27,519)	-	-	-	-	-	-	(27,519)	(97,185)	(124,704)
Share based compensation	-	-	(57)	-	-	-	-	-	-	-	(57)	-	(57)
Transfer of share option reserve upon the expiry of share options	-	-	(4,703)	-	-	-	-	-	-	4,703	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	62,421	62,421
Repayment of an equity loan from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	(4,300)	(4,300)
Put option liability movement	-	-	-	-	-	-	-	-	-	(6,974)	(6,974)	-	(6,974)
Share of reserve of joint ventures and associates	-	-	-	796	-	-	-	-	-	-	796	-	796
Dividends paid to equity holders of the Company													
– 2022 second interim	-	-	-	-	-	-	-	-	-	(51,746)	(51,746)	-	(51,746)
– 2023 first interim	-	-	-	-	-	-	-	-	-	(61,054)	(61,054)	-	(61,054)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(52,975)	(52,975)
	1,570	74,171	(4,760)	(26,723)	-	1,531	-	(9,622)	(6,925)	209,486	237,158	(35,376)	203,352
At 31 December 2023	45,742	2,076,078	-	(278,505)	115	1,384	10,699	(493,667)	65,728	4,343,157	5,724,989	1,071,794	6,842,525
Representing:													
Share capital	45,742	-	-	-	-	-	-	-	-	-	-		
Reserves	-	2,076,078	-	(278,505)	115	1,384	10,699	(493,667)	65,728	4,272,313	5,654,145		
2023 second interim dividend declared	-	-	-	-	-	-	-	-	-	70,844	70,844		
	45,742	2,076,078	-	(278,505)	115	1,384	10,699	(493,667)	65,728	4,343,157	5,724,989		

Consolidated Statement of Changes in Equity

	Share capital US$'000	Share premium US$'000	Share option reserve US$'000	Capital reserve US$'000	Contributed surplus US$'000	Financial assets at FVOCI reserve US$'000	Properties revaluation reserve US$'000	Exchange reserve US$'000	Other reserves US$'000	Retained profits US$'000	Total reserves US$'000	Non-controlling interests US$'000	Total US$'000
Total equity at 31 December 2021, as previously reported	42,574	1,917,156	6,538	(237,300)	115	7,266	10,699	31,309	75,171	3,964,491	5,775,445	1,122,620	6,940,639
Change in accounting policy (note 2.2(b))	–	–	–	–	–	–	–	–	–	12,925	12,925	1,600	14,525
Total equity at 1 January 2022, as restated	42,574	1,917,156	6,538	(237,300)	115	7,266	10,699	31,309	75,171	3,977,416	5,788,370	1,124,220	6,955,164
Profit for the year	–	–	–	–	–	–	–	–	–	306,633	306,633	84,111	390,744
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	–	–	–	–	–	–	–	(506,787)	–	–	(506,787)	(74,661)	(581,448)
Changes in the fair value of financial assets at FVOCI, net of tax	–	–	–	–	–	(7,413)	–	–	–	–	(7,413)	(5)	(7,418)
Cash flow hedges, net of tax	–	–	–	–	–	–	–	–	4,873	–	4,873	4,427	9,300
Share of other comprehensive loss of joint ventures and associates	–	–	–	–	–	–	–	(8,567)	(7,233)	–	(15,800)	–	(15,800)
Total comprehensive loss for the year	–	–	–	–	–	(7,413)	–	(515,354)	(2,360)	306,633	(218,494)	13,872	(204,622)
Issue of shares on settlement of scrip dividends	1,598	84,751	–	–	–	–	–	–	–	–	84,751	–	86,349
Acquisition of additional interests in a subsidiary	–	–	–	(2,259)	–	–	–	–	–	–	(2,259)	(1,214)	(3,473)
Share based compensation	–	–	(1,778)	–	–	–	–	–	–	–	(1,778)	–	(1,778)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(103)	(103)
Remeasurement of retirement benefit obligation	–	–	–	–	–	–	–	–	(158)	–	(158)	(199)	(357)
Capital injection from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	31,205	31,205
Put option liability movement	–	–	–	–	–	–	–	–	–	(6,776)	(6,776)	–	(6,776)
Share of reserve of joint ventures and associates	–	–	–	(12,223)	–	–	–	–	–	–	(12,223)	–	(12,223)
Dividends paid to equity holders of the Company													
– 2021 second interim	–	–	–	–	–	–	–	–	–	(71,609)	(71,609)	–	(71,609)
– 2022 first interim	–	–	–	–	–	–	–	–	–	(71,993)	(71,993)	–	(71,993)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(60,611)	(60,611)
	1,598	84,751	(1,778)	(14,482)	–	(7,413)	–	(515,354)	(2,518)	156,255	(300,539)	(17,050)	(315,991)
At 31 December 2022 (Restated)	44,172	2,001,907	4,760	(251,782)	115	(147)	10,699	(484,045)	72,653	4,133,671	5,487,831	1,107,170	6,639,173
Representing:													
Share capital	44,172	–	–	–	–	–	–	–	–	–	–		
Reserves	–	2,001,907	4,760	(251,782)	115	(147)	10,699	(484,045)	72,653	4,081,924	5,436,084		
2022 second interim dividend declared	–	–	–	–	–	–	–	–	–	51,747	51,747		
	44,172	2,001,907	4,760	(251,782)	115	(147)	10,699	(484,045)	72,653	4,133,671	5,487,831		

The accompanying notes on pages 138 to 234 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 December 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from operating activities			
Cash generated from operations	36(a)	**521,170**	532,528
Interest received		**24,878**	13,640
Tax refund		**6,136**	2,743
Tax paid		**(69,737)**	(81,273)
Net cash generated from operating activities		**482,447**	467,638
Cash flows from investing activities			
Dividends received from joint ventures		**70,791**	80,045
Dividends received from associates		**181,494**	156,001
Dividends received from listed and unlisted financial assets at FVOCI		**2,154**	2,800
Government subsidies related to property, plant and equipment		**8,258**	4,771
Acquisition of an associate		**(50,593)**	–
Capital injection of associates		**(3,394)**	(9,360)
Net cash paid for purchase of subsidiaries, net of cash and cash equivalent acquired	38(a)	**(79,715)**	(372)
Purchase of property, plant and equipment and intangible assets		**(346,466)**	(325,553)
Proceeds from disposal of property, plant and equipment and intangible assets		**1,714**	7,209
Repayment of loan to an associate		**1,770**	1,648
Repayment of loan to a joint venture		**22,942**	–
Advances of loan to an associate		**(21,458)**	–
Proceeds from disposal of a financial asset at FVOCI		**–**	42
Return of investment from an associate		**–**	6,461
Net cash used in investing activities		**(212,503)**	(76,308)

Consolidated Cash Flow Statement

	Note	2023 US$'000	2022 US$'000
Cash flows from financing activities			
Repayment of an equity loan from a non-controlling shareholder of a subsidiary		**(4,300)**	–
Dividends paid to equity holders of the Company		**(36,068)**	(57,453)
Dividends paid to non-controlling shareholders of subsidiaries		**(52,975)**	(60,611)
Interest paid		**(152,615)**	(90,243)
Changes in restricted bank deposits		**1,782**	(12,635)
Loans drawn down	36(d)	**1,376,793**	1,008,884
Loans repaid	36(d)	**(1,078,098)**	(1,215,490)
Loans drawn down from non-controlling shareholders of subsidiaries	36(d)	**–**	10,075
Loans repaid from non-controlling shareholders of subsidiaries	36(d)	**(16,946)**	(11,561)
Loans drawn down from an associate and a joint venture	36(d)	**38,767**	42,361
Loans repaid from an associate and a joint venture	36(d)	**(57,327)**	(54,252)
Other incidental borrowing costs paid		**(1,699)**	(1,847)
Principal elements of lease payment	36(d)	**(21,926)**	(18,894)
Payment of lease interest	36(d)	**(27,950)**	(25,103)
Acquisition of additional interests in a subsidiary		**(120,997)**	(3,473)
Repayment of an amount due to a related company		**(22,609)**	–
Net cash used in financing activities		**(176,168)**	(490,242)
Net increase/(decrease) in cash and cash equivalents		**93,776**	(98,912)
Cash and cash equivalents at 1 January		**1,069,317**	1,226,841
Exchange differences		**(167)**	(58,612)
Cash and cash equivalents at 31 December		**1,162,926**	1,069,317
Analysis of cash and cash equivalents			
Time deposits, bank balances and cash		**1,162,926**	1,069,317

The accompanying notes on pages 138 to 234 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

COSCO SHIPPING Ports Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the businesses of managing and operating terminals and their related businesses. The Company is a limited liability company incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The intermediate holding company of the Company is COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings"), a company established in the People's Republic of China (the "PRC") with its H-Shares and A-Shares listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange respectively. The immediate holding company and ultimate holding company of COSCO SHIPPING Holdings are China Ocean Shipping Co., Ltd ("COSCO") and China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), state-owned enterprises established in the PRC, respectively.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2024.

2 BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") as issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") 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.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

2 BASIS OF PREPARATION (CONTINUED)

2.1 Adoption of new standard 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.

2.2 Changes 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.

2 BASIS OF PREPARATION (CONTINUED)

2.2 Changes 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

(i) Consolidated balance sheet on 1 January 2022 and 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	**128,566**	**(41)**	**128,525**

	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

2 BASIS OF PREPARATION (CONTINUED)

2.2 Changes 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 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	388,847	1,897	390,744
Profit attributable to:			
Equity holders of the Company	305,163	1,470	306,633
Non-controlling interest	83,684	427	84,111
	388,847	1,897	390,744
Earnings per share for profit attributable to equity holders of the Company			
Basic	US9.08 cents	US0.04 cents	US9.12 cents
Diluted	US9.08 cents	US0.04 cents	US9.12 cents

2 BASIS OF PREPARATION (CONTINUED)

2.2 Changes 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 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	(205,679)	1,057	(204,622)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	(219,217)	723	(218,494)
Non-controlling interests	13,538	334	13,872
	(205,679)	1,057	(204,622)

2 BASIS OF PREPARATION (CONTINUED)

2.3 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
HKAS 21 (Amendments)	Lack of exchangeability	1 January 2025
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 (Amendment)	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

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.

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

3.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(c) Joint ventures

Joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy stated in note 3.8.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Principles of consolidation and equity accounting (Continued)

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in capital reserve within equity attributable to owners of the Company.

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, is identified as the executive directors of the Company.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollar ("US dollar"), which is Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other operating income/(expenses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Freehold land with unlimited useful life is not depreciated.

Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to the residual values of respective property, plant and equipment over their estimated useful lives, as follows:

Leasehold land	Remaining period of the lease
Buildings	25 to 50 years
Leasehold improvements	5 years or the remaining period of the lease, whichever is shorter
Other property, plant and equipment	5 to 30 years

Other property, plant and equipment includes plant and machinery with estimated useful lives ranging from 5 to 30 years, and furniture, fixtures and equipment and motor vehicles with estimated useful lives ranging from 5 to 10 years.

No depreciation is provided for construction in progress. Construction in progress is transferred to relevant categories of property, plant and equipment upon the completion of the related construction works and depreciation will then be commenced accordingly.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

3.5 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to decide on whether to exercise an extension option (or not to exercise a termination option). Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

Some concession leases contain variable payment terms that are linked to revenue or throughput generated from a port. For individual ports, lease payments are on the basis of variable payment terms with a wide range of percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for port operations. Variable lease payments that depend on revenue or throughput are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT equipment.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

3.6 Investment properties

Land and buildings that are held for long term rental yields or for capital appreciation or both, and that is not occupied by the companies of the Group, is classified as investment property.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Change in fair value is recognised in the consolidated income statement. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purpose.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Intangible assets

(a) Goodwill

Goodwill is measured as described in note 3.1(f) above. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 years on a straight-line basis.

Costs associated with developing or maintaining computer software programmes which do not generate economic benefits exceeding costs beyond one year are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer systems under development are transferred to computer software upon the completion of the respective development and amortisation will then be commenced accordingly over the estimated useful lives of 5 years on a straight-line basis.

(c) Concession rights

Concession rights are resulted from the entering of agreement for the right to construct, operate, manage and develop container terminals. Concession rights are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line basis over the period of operation of approximately 23 to 32 years.

(d) Customer relationships

Customer relationships, which are acquired in a business combination, are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships, ranging from approximately 12 to 20 years.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.9 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets at FVPL include financial assets held for trading and financial assets designated upon recognition as financial assets at FVPL. Financial assets at FVPL are carried in the consolidated balance sheet at fair value with net changes in fair value recognised in the consolidated income statement in the period in which they arise. These net fair value changes do not include any interest income on these financial assets. Financial assets at FVPL are designated at the date of initial recognition and only if the criteria under HKFRS 9 are satisfied.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Investments and other financial assets (Continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as amortised cost for assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and measures at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income/(expenses) together with foreign exchange gains and losses.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other operating income/(expenses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other financial assets at amortised cost and debt instruments at FVOCI, the provision for these financial assets will be determined based on whether their credit risk are low at each reporting date, and, if so, by recognising a 12-month expected losses amount. If the financial asset is not subsequently of a low credit risk, the corresponding provision for doubtful debts will be recognised as equal to lifetime expected losses.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3.11 Inventories

Inventories include resaleable containers and consumable parts for terminal operations. Inventories are stated at the lower of cost and net realisable value. Costs are calculated on weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3.12 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

3.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Current and deferred taxation

The taxation expense or credit for the year comprises current and deferred taxation. Taxation is recognised in the consolidated income statement, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the taxation is also recognised in OCI or directly in equity, respectively.

(a) Current taxation

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group, its joint ventures and its associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred taxation

Inside basis differences

Deferred taxation is recognised (provided) in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Current and deferred taxation (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to taxation levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.20 Employee benefits

(a) Retirement benefit costs

The Group contributes to both defined contribution and defined benefit retirement schemes. The assets of the schemes are held separately from those of the Group in independently administered funds.

Defined contribution retirement schemes

Pursuant to the relevant regulations of the government authorities in different territories where the Group has employees, the Group participates in respective government benefit schemes whereby the Group is required to contribute to the schemes for the retirement benefits of eligible employees. The government authorities of the respective countries are responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the schemes is to pay the ongoing contributions required by the schemes.

Contributions made to the schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums that are determined with reference to salary scale as stipulated under the requirements of the respective countries.

The Group's contributions to the aforesaid defined contribution retirement schemes are charged to the consolidated income statement as incurred.

Defined benefit retirement schemes

The liability recognised in the consolidated balance sheet in respect of defined benefit retirement schemes is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit retirement scheme, recognised in the consolidated income statement in staff costs, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in the consolidated income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in staff costs in the consolidated income statement.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.20 Employee benefits (Continued)

(a) Retirement benefit costs (Continued)

Defined benefit retirement schemes (Continued)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited directly to other comprehensive income in the period in which they occur.

Employee early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date as approved by management. The related benefit payments are made from the date of early retirement through the normal retirement date.

Certain defined benefit schemes require employees to contribute to reduce the cost of the benefits to the Group. Contributions from employees are linked to service and hence, the contributions reduce service cost. The Group attributes the contributions from employees to periods of service on a straight-line basis.

(b) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

3.21 Revenue recognition

(a) Revenue for ports and related services

Revenue for ports and related services is recognised over time in which the services are rendered as the Group's performance provides all of the benefits received and consumed simultaneously by the customer. Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Accumulated experience is used to estimate and provide for the discounts, using either the expected value or the most likely amount approach, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability (included in trade and other payables and contract liabilities) is recognised for expected volume discounts to customers in relation to sales made until the end of the reporting period.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.21 Revenue recognition (Continued)

(b) Rental income from investment properties

Rental income from investment properties is recognised on a straight-line basis over the period of each lease and is recognised in the consolidated income statement within other operating income.

(c) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(d) Dividend income

Dividend income is recognised when the right to receive payment is established and is recognised in the consolidated income statement within other operating income.

3.22 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset, until such time as the asset is substantially ready for its intended use or sale.

All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

3.23 Government subsidy

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the subsidy will be received and the Group will comply with all attached conditions. Government subsidies relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government subsidy relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

3.24 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under direction by the Boards of Directors. The directors and management identify, evaluate and hedge financial risks in close co-operation with the Group's operating units. The Group has principles for overall risk management, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi and Euro. Foreign exchange risk mainly arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The foreign exchange risk faced by the Group primarily arises from non-functional currency bank balances, receivable and payable balances and borrowings (collectively "Non-Functional Currency Items"). Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Under the Linked Exchanged Rate System in Hong Kong and the monetary policy of the Central Bank of the United Arab Emirates, Hong Kong dollar and United Arab Emirates Dirham are pegged to the US dollar respectively, management therefore considers that there are no significant foreign exchange risk with respect to Hong Kong dollar and United Arab Emirates Dirham.

With all other variables held constant, if the currencies (except for Hong Kong dollar and United Arab Emirates Dirham) of Non-Functional Currency Items had weakened/strengthened by 5% against the US dollar, the Group's profit after taxation for the year would have increased/decreased by US$2,839,000 (2022: increased/decreased by US$4,790,000) as a result of the translation of those Non-Functional Currency Items.

(ii) Price risk

The Group is exposed to price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets at FVPL and FVOCI. Management monitors the market conditions and securities price fluctuations and response so as to minimise adverse effects on the Group's financial performance.

A 10% increase/decrease in the price of the financial asset at FVPL would increase/decrease the Group's profit after taxation by US$4,031,000 (2022: US$4,000,000).

A 10% increase/decrease in the price of the financial assets at FVOCI would increase/decrease the other comprehensive income by US$10,617,000 (2022: increase/decrease US$10,622,000).

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk

Other than bank balances and loans to a joint venture and associates (collectively "Interest Bearing Assets"), the Group has no significant interest bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from loans from a joint venture, loans from an associate, loans from non-controlling shareholders of subsidiaries, long term and short term borrowings (collectively "Interest Bearing Liabilities"). Borrowings are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Generally, the Group raises long term and short term borrowings at floating rates as well as fixed rates, based upon the capital market conditions and the Group's internal requirements. Interest rate swaps with financial institutions are used to achieve the optimum ratio between fixed and floating rates and to manage the related interest rate exposure.

With all other variables held constant, if the interest rate had increased/decreased by 50 basis-points, the corresponding increase/decrease in net finance costs (representing interest expenses on Interest Bearing Liabilities net of interest income on the Interest Bearing Assets) would have been approximately US$8,746,000 (2022: US$6,098,000).

(b) Credit risk

(i) Risk management

The Group's maximum exposure to credit risk in relation to financial assets at the reporting date is the carrying amounts of bank balances and cash, restricted bank deposits, trade and other receivables and contract assets, loans to associates and loan to a joint venture.

There is no concentration of credit risk with respect to trade receivables from third party customers as the Group has a large number of customers which are internationally dispersed. The Group limits its exposure to credit risk through performing credit reviews and monitoring the financial strength of its major customers and generally does not require collateral on trade receivables.

Customer credit limit is assessed by the credit and risk management department with reference to their financial positions, historical credit references and other factors. This limit will be reviewed and adjusted, if circumstances required, to comply with the Group's credit and risk management policy.

No credit limits were exceeded during the year, and management does not expect any significant losses from non-performance by these relevant parties.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Risk management (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. Trade receivables are measured at an amount equal to the lifetime expected credit losses. Other receivables are measured as either 12 months expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available.

In addition, the Group monitors the exposure to credit risk in respect of the financial assistance provided to subsidiaries, joint ventures and associates through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. No significant increase in credit risk since initial recognition, and therefore the impairment provision is determined as 12 months expected credit losses.

For bank balances and cash, the Group has limited its credit exposure by restricting their selection of financial institution on those reputable local banks or state-owned banks with sound credit ratings. Management considers theses balances are subject to low credit risk.

No other financial assets carry a significant exposure to credit risk.

(ii) Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which was mainly based on past due information unless other information was available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Maximum exposure and year-end staging (Continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1 US$'000	Stage 2 US$'000	Stage 3 US$'000	Simplified approach US$'000	Total US$'000
2023					
Trade receivables and contract assets	**–**	**–**	**–**	**115,926**	**115,926**
Bills receivables, loans to associates and financial assets included in other receivables – Normal*	**199,529**	**–**	**–**	**–**	**199,529**
Restricted bank deposits	**45,113**	**–**	**–**	**–**	**45,113**
Cash and cash equivalents	**1,162,926**	**–**	**–**	**–**	**1,162,926**
	1,407,568	**–**	**–**	**115,926**	**1,523,494**
2022					
Trade receivables and contract assets	–	–	–	117,230	117,230
Bills receivables, loans to associates, loan to a joint venture and financial assets included in other receivables – Normal*	213,486	–	–	–	213,486
Restricted bank deposits	45,849	–	–	–	45,849
Cash and cash equivalents	1,069,317	–	–	–	1,069,317
	1,328,652	–	–	117,230	1,445,882

* The credit quality of the bills receivables, loans to associates, loan to a joint venture and financial assets included in other receivables was considered to be "normal" when they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets had been considered to be "doubtful".

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group's cash management policy is to regularly monitor its current and expected liquidity positions to ensure adequate funds are available for its short term and long term requirements.

The table below analyses the Group's non-derivative and derivative financial liabilities which will be settled into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
At 31 December 2023				
Bank and other borrowings	**1,095,098**	**349,602**	**1,366,136**	**1,103,829**
Lease liabilities	**45,358**	**93,645**	**127,585**	**1,165,723**
Loans from non-controlling shareholders of subsidiaries	**64,043**	**586**	**1,757**	**880**
Loans from a joint venture	**17,332**	**–**	**–**	**–**
Loans from an associate	**4,334**	**–**	**–**	**–**
Trade and other payables	**485,017**	**–**	**–**	**–**
Put option liability	**–**	**280,000**	**–**	**–**
At 31 December 2022				
Bank and other borrowings	880,843	954,335	729,867	732,488
Lease liabilities	47,897	43,943	120,497	1,175,686
Loans from non-controlling shareholders of subsidiaries	11,635	67,612	–	–
Loans from a joint venture	32,802	–	–	–
Loans from an associate	8,714	–	–	–
Trade and other payables	399,486	–	–	–
Put option liability	–	–	280,000	–

4.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the net debt (total bank borrowings less cash and cash equivalents and restricted bank deposits) to total equity ratio. The Group aims to maintain a manageable net debt to total equity ratio. As at 31 December 2023, the net debt-to-total equity ratio is 29.6% (2022: 27.0%).

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or capital or sell assets to reduce debt.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation

(a) Fair value hierarchy

The Group's assets that are measured at fair value is disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 31 December 2023 and 2022:

As at 31 December 2023

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Financial assets				
Financial asset at FVPL	**53,745**	**–**	**–**	**53,745**
Financial assets at FVOCI	**116,565**	**–**	**22,457**	**139,022**
Derivative financial instruments				
– interest rate swap	**–**	**2,698**	**–**	**2,698**
Non financial asset				
Investment properties	**–**	**3,674**	**86,906**	**90,580**

As at 31 December 2022

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets				
Financial asset at FVPL	53,338	–	–	53,338
Financial assets at FVOCI	117,719	–	21,838	139,557
Derivative financial instruments				
– interest rate swap	–	6,074	–	6,074
Non financial asset				
Investment properties	–	3,674	5,861	9,535

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (Continued)

(b) Valuation techniques used to determine fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

These instruments are included in level 1. Instruments included in level 1 comprise primarily listed convertible bonds or equity investments classified as financial assets at FVPL or FVOCI.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no changes made to the valuation techniques applied as of 31 December 2023.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

For the year ended 31 December 2023, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (Continued)

(b) Valuation techniques used to determine fair value (Continued)

The movements in assets included in level 3 are as follows:

Unlisted financial assets at FVOCI

	2023	2022
	US$'000	US$'000
At 1 January	**21,838**	25,956
Fair value gain/(loss) recognised in OCI	**946**	(2,011)
Exchange differences	**(327)**	(2,107)
At 31 December	**22,457**	21,838

Investment properties

	2023	2022
	US$'000	US$'000
At 1 January	**5,861**	6,380
Acquisition of subsidiaries	**84,965**	–
Exchange differences	**(3,920)**	(519)
At 31 December	**86,906**	5,861

The valuation technique and inputs used in the fair value measurements within Level 3 for unlisted financial assets at FVOCI are summarised as follows:

Description	**Fair value at**		**Valuation techniques**	**Unobservable inputs**
	31 December 2023 US$'000	31 December 2022 US'000		
Unlisted equity security:				
Port industry	**22,457**	21,838	Market multiples	Price/book multiples (i), discount for lack of marketability (ii)

(i) Represents amounts used when the entity has determined that market participants would use such multiples when pricing the investment.

(ii) Represents amounts used when the entity has determined that market participants would take into account the discount when pricing the investment.

The carrying amounts of receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of terminal assets, investments in joint ventures and associates

Management determines whether terminal assets, investments in joint ventures and associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. The determination of impairment indication requires significant judgement, and the calculations require the use of estimates which are subject to change of economic environment in future.

(b) Assessment of goodwill impairment

The Group tests annually whether goodwill have suffered any impairment and when there is indication that they may be impaired, in accordance with the accounting policy stated in note 3.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of assumptions. These calculations require the use of estimates. The key assumptions and sensitivity test was disclosed in note 10.

(c) Taxation

Deferred tax liabilities have not been recognised for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries which were under certain jurisdictions as the directors consider that the timing of the reversal of related temporary differences can be controlled.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group is subject to taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises or writes back liabilities for anticipated tax issues based on estimates of whether additional taxes will be due or reversal to be made. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation and deferred taxation provisions in the period in which such determination is made.

(d) Fair value of financial assets at FVOCI

If information on current or recent prices of financial assets at FVOCI is not available, the fair values of financial assets at FVOCI are determined using valuation techniques (market multiples derived from a set of comparable companies). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

6 REVENUES AND SEGMENT INFORMATION

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 revenue 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 property, plant and equipment, investment properties, intangible assets and right-of-use assets.

(a) Operating segments

Segment assets

	Terminals and related businesses US$'000	Others US$'000	Elimination US$'000	Total US$'000
At 31 December 2023				
Segment assets	**11,208,772**	**939,316**	**(216,207)**	**11,931,881**
Segment assets include:				
Joint ventures	**1,060,374**	**–**	**–**	**1,060,374**
Associates	**3,343,432**	**–**	**–**	**3,343,432**
Financial asset at FVPL	**53,745**	**–**	**–**	**53,745**
Financial assets at FVOCI	**139,022**	**–**	**–**	**139,022**
At 31 December 2022 (Restated)				
Segment assets	10,602,650	887,258	(163,555)	11,326,353
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	139,557	–	–	139,557

6 REVENUES AND 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 2023				
Revenues	**1,454,353**	**–**	**–**	**1,454,353**
Segment profit/(loss) attributable to equity holders of the Company	**431,601**	**(107,044)**	**–**	**324,557**
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	**(246,527)**	**(4,946)**	**–**	**(251,473)**
Additions to non-current assets	**(424,185)**	**(7,292)**	**–**	**(431,477)**
Additions to non-current assets arising from a business combination	**(175,982)**	**–**	**–**	**(175,982)**

	Terminals and related businesses US$'000	Others US$'000	Elimination US$'000	Total US$'000
Year ended 31 December 2022 (Restated)				
Revenues	1,441,273	–	–	1,441,273
Segment profit/(loss) attributable to equity holders of the Company	437,873	(131,240)	–	306,633
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	(244,010)	(5,155)	–	(249,165)
Additions to non-current assets	(352,524)	(953)	–	(353,477)

6 REVENUES AND 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 US$'000	2022 US$'000
Terminals and related businesses		
– Mainland China (excluding Hong Kong)	**706,534**	703,564
– Europe	**670,517**	682,085
– Others	**77,302**	55,624
	1,454,353	1,441,273

(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 US$'000	**Joint ventures and associates US$'000**	**Total US$'000**
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**
	5,662,713	**4,403,806**	**10,066,519**
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
	5,267,958	4,298,435	9,566,393

7 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings outside Hong Kong US$'000	Leasehold improvements US$'000	Other property, plant and equipment US$'000	Construction in progress US$'000	Total US$'000
Cost					
At 1 January 2023	2,612,324	7,101	1,688,177	651,371	4,958,973
Exchange differences	(25,790)	(68)	4,185	(3,506)	(25,179)
Additions	1,297	13	10,602	403,501	415,413
Acquisition of subsidiaries	89,240	–	1,313	–	90,553
Disposals	(370)	–	(7,292)	(292)	(7,954)
Transfers	91,694	151	126,937	(217,376)	1,406
At 31 December 2023	2,768,395	7,197	1,823,922	833,698	5,433,212
Accumulated depreciation and impairment					
At 1 January 2023	497,969	4,404	618,335	891	1,121,599
Exchange differences	(6,007)	(54)	(702)	–	(6,763)
Depreciation charge for the year	78,720	378	101,353	–	180,451
Disposals	(259)	–	(6,108)	–	(6,367)
Transfers	(7)	–	380	–	373
At 31 December 2023	570,416	4,728	713,258	891	1,289,293
Net book value					
At 31 December 2023	2,197,979	2,469	1,110,664	832,807	4,143,919

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings outside Hong Kong US$'000	Leasehold improvements US$'000	Other property, plant and equipment US$'000	Construction in progress US$'000	Total US$'000
Cost					
At 1 January 2022	2,784,605	6,924	1,738,973	474,816	5,005,318
Exchange differences	(205,412)	(459)	(137,390)	(22,048)	(365,309)
Additions	12,570	511	34,304	296,353	343,738
Acquisition of a subsidiary	–	–	7	–	7
Disposals	(2,703)	(18)	(8,640)	(431)	(11,792)
Transfers	23,264	143	60,923	(97,319)	(12,989)
At 31 December 2022	2,612,324	7,101	1,688,177	651,371	4,958,973
Accumulated depreciation and impairment					
At 1 January 2022	465,863	4,213	580,550	891	1,051,517
Exchange differences	(44,885)	(298)	(56,521)	–	(101,704)
Depreciation charge for the year	76,655	506	102,088	–	179,249
Disposals	(363)	(17)	(7,107)	–	(7,487)
Transfers	699	–	(675)	–	24
At 31 December 2022	497,969	4,404	618,335	891	1,121,599
Net book value					
At 31 December 2022	2,114,355	2,697	1,069,842	650,480	3,837,374

Notes:

(a) As at 31 December 2023, certain other property, plant and equipment with an aggregate net book value of US$803,286,000 (2022: US$137,117,000) were pledged as security for banking facilities granted to the Group (note 21(e)).

(b) As at 31 December 2023, a freehold land amounting to US$102,796,000 (2022: US$100,475,000) was included in land and buildings outside Hong Kong.

8 INVESTMENT PROPERTIES

	2023	2022
	US$'000	US$'000
At 1 January	**9,535**	10,054
Exchange differences	**(3,920)**	(519)
Acquisition of subsidiaries	**84,965**	–
At 31 December	**90,580**	9,535

Notes:

(a) The investment property amounted to US$5,010,000 as at 31 December 2023 (2022: US$5,095,000) was revalued on an open market value basis by Kroll (HK) Limited, independent professional property valuer who holds recognised relevant professional qualifications and has recent experiences in the locations and segments of the investment properties valued.

Investment properties arising from the acquisition of subsidiaries on 28 February 2023 were valued by Shanghai Orient Appraisal Co., Ltd., an independent professional property valuer who holds recognised relevant professional qualifications and has recent experiences in the locations and segments of the investment properties valued. Management assessed and considered that there is no fair value change since the acquisition date to the year end date.

For all investment properties, their current use equates to the highest and best use.

(b) The Group's interests in investment properties are office units situated in Guangzhou, the PRC on leases of 50 years, office units and warehouse situated in Xiamen, the PRC on leases of 50 years, and a residential property in Hong Kong on leases of over 50 years. For minimum lease payments receivable on leases of investment properties, refer to note 35.

(c) In 2023 and 2022, the valuations for Guangzhou office units are derived using income capitalisation method. The valuation for Xiamen office units and warehouse are derived using replacement cost method. The valuation for the Hong Kong residential property is derived using direct comparison method.

Income capitalisation method is based on the capitalisation of the net rental income derived from the existing leases and/or achievable in existing market with reversionary income potential by adopting appropriate capitalisation rates. Capitalisation rates are estimated by valuer based on the risk profile of the properties being valued. The higher the rates, the lower the fair value. Prevailing market rents are estimated based on recent lettings within the subject properties and other comparable properties. The lower the rents, the lower the fair value. As at 31 December 2023, capitalisation rate of 7.5% (2022: 8.0%) is used in income capitalisation method for Guangzhou, PRC office units.

Replacement cost method is based on the current cost of replacing the asset, in an arm's length transaction, with a similar asset in a similar condition. As at 31 December 2023, the unit rates for office units and warehouse ranging from RMB433 to RMB5,561 per square feet are used in the replacement cost method. The higher the unit rates, the higher fair value.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. As at 31 December 2023, unit price of HK$34,740 (2022: of HK$28,175) per square feet is used in the direct comparison method.

9 LEASES

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2023	2022
	US$'000	US$'000
Right-of-use assets		
Concession	**654,075**	647,921
Buildings	**16,334**	19,016
Plant and machinery	**371**	919
Land use rights (note a)	**333,025**	349,125
	1,003,805	1,016,981
Lease liabilities		
Current	**48,197**	47,179
Non-current	**762,332**	738,703
	810,529	785,882

Notes:

(a) The Group has land lease arrangements with the PRC government.

(b) Additions to the right-of-use assets during the year were US$10,586,000 (2022: US$5,662,000).

(c) Increase of the right-of-use assets due to extension of lease and remeasurement were US$13,002,000 (2022: US$26,077,000).

(d) Acquisition of subsidiaries during the year increased right-of-use assets by US$389,000 (2022: US$7,333,000).

9 LEASES (CONTINUED)

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	Note	2023 US$'000	2022 US$'000
Depreciation charge of right-of-use assets			
Concession		**26,174**	26,023
Buildings		**10,390**	9,853
Plant and machinery		**182**	176
Land use rights		**10,526**	11,023
	28	**47,272**	47,075
Interest expense (included in finance costs)		**28,213**	26,212
Expense relating to short-term leases (included in cost of sales and administrative expenses)		**5,321**	5,291
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)		**115**	60
Expense relating to variable lease payments not included in lease liabilities (included in cost of sales)		**96,583**	86,396

The total cash outflow for leases in 2023 was US$151,895,000 (2022: US$135,744,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various concession, buildings, plant and machinery and land use rights. Rental contracts are typically made for fixed periods of 3 to 50 years, but may have extension options as described in (e) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

(d) Variable lease payments

Some of the concession agreements consist of variable payments based on the performance of the entity. Variable lease payments that based on revenue or throughput are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

A 1% increase in revenue or throughput relating to concession in the Group with such variable lease arrangements would increase total lease payments by approximately US$917,000 and US$72,000 (2022: US$795,000 and US$75,000) respectively.

(e) Extension and termination options

Extension and termination options are included in a number of concession rights across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

10 INTANGIBLE ASSETS

	Computer software		Computer systems under development		Concession		Customer relationships		Goodwill		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Cost												
At 1 January	**40,175**	39,032	**2,815**	2,687	**248,789**	262,202	**44,763**	47,560	**165,302**	172,991	**501,844**	524,472
Exchange differences	**384**	(2,375)	**104**	(155)	**8,468**	(13,736)	**1,841**	(2,797)	**3,950**	(7,689)	**14,747**	(26,752)
Additions	**1,179**	866	**4,293**	3,200	**6**	11	**–**	–	**–**	–	**5,478**	4,077
Acquisition of subsidiaries	**75**	–	**–**	20	**–**	–	**–**	–	**17,291**	–	**17,366**	20
Disposals	**(69)**	(295)	**–**	–	**–**	–	**–**	–	**–**	–	**(69)**	(295)
Transfers	**4,196**	2,947	**(4,964)**	(2,937)	**160**	312	**–**	–	**–**	–	**(608)**	322
At 31 December	**45,940**	40,175	**2,248**	2,815	**257,423**	248,789	**46,604**	44,763	**186,543**	165,302	**538,758**	501,844
Accumulated amortisation												
At 1 January	**23,896**	20,447	**4**	–	**75,584**	62,805	**17,621**	15,099	**–**	–	**117,105**	98,351
Exchange differences	**685**	(1,002)	**–**	–	**1,741**	(1,908)	**803**	(858)	**–**	–	**3,229**	(3,768)
Amortisation for the year	**5,179**	4,770	**–**	4	**15,099**	14,687	**3,472**	3,380	**–**	–	**23,750**	22,841
Disposals	**(69)**	(295)	**–**	–	**–**	–	**–**	–	**–**	–	**(69)**	(295)
Transfers	**–**	(24)	**–**	–	**10**	–	**–**	–	**–**	–	**10**	(24)
At 31 December	**29,691**	23,896	**4**	4	**92,434**	75,584	**21,896**	17,621	**–**	–	**144,025**	117,105
Net book value												
At 31 December	**16,249**	16,279	**2,244**	2,811	**164,989**	173,205	**24,708**	27,142	**186,543**	165,302	**394,733**	384,739

10 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill

Goodwill is allocated to the Group's CGUs that are expected to benefit from business combination which primarily arises from acquisition of terminal operations and terminal related operations. Impairment testing is performed annually on goodwill allocated to the CGUs included in the terminals and related business segment.

For the year ended 31 December 2023 and 2022, the recoverable amount of the CGUs is determined based on value-in-use or fair value less costs of disposal calculations. These calculations use cash flow projections based on the financial budget and future forecast.

Forecast profitability is based on past performance and expected future changes in costs and revenue. Major CGU cash flow projections are based on financial forecasts covering a five to ten year period using an estimated average revenue growth rate of 9.7% (2022: 7.1%) and average operating margin of 32.8% (2022: 36.7%) with cash flows beyond this period at 2.3% (2022: 2.2%) average terminal growth rate. In general, a projection period of five years is used for developed terminals. Projection for a period of greater than five years for developing terminals may be used on the basis that these terminals require a longer period to achieve their optimal operation level and it is a more appropriate reflection of the future cash flows generated from these terminals. Future cash flows are discounted at a rate equivalent to an average pre-tax rate of 11.0% (2022: 11.5%).

Assuming discount rate increased by 50 basis points, impairment charge of US$27,269,000 would be required for the goodwill in terminals and related business segment at 31 December 2023 (2022: US$9,707,000).

11 JOINT VENTURES

	2023	2022
	US$'000	US$'000
Investment in joint ventures (including goodwill on acquisitions) (note a)	**917,615**	893,521
Equity loan to a joint venture (note b)	**142,759**	142,759
	1,060,374	1,036,280

Notes:

(a) The carrying amount of goodwill on acquisitions of joint ventures amounted to US$66,219,000 (2022: US$66,304,000).

(b) The balance is equity in nature, unsecured, interest free and has no fixed terms of repayment.

(c) There is no joint venture that is individually material to the Group as at 31 December 2023 and 2022. The financial information below represents the Group's interests in respective joint ventures:

	Net assets	**Share of the joint ventures' profits less losses for the year**	**Share of the joint ventures' other comprehensive (loss)/income**	**Total share of the joint ventures' comprehensive income**
	US$'000	**US$'000**	**US$'000**	**US$'000**
2023	**1,060,374**	**61,805**	**(139)**	**61,666**
2022	1,036,280	75,078	375	75,453

(d) There are no contingent liabilities relating to the Group's interest in joint ventures.

(e) Details of the principal joint ventures as at 31 December 2023 are set out in note 42 to the consolidated financial statements.

12 ASSOCIATES

	2023 US$'000	2022 US$'000
Investment in associates (including goodwill on acquisitions) (note b)	**3,253,432**	3,172,155
Equity loan to an associate (note d)	**90,000**	90,000
	3,343,432	3,262,155
Loans to associates – non-current (note c)	**32,181**	100,251

Notes:

(a) Qingdao Port International Co., Ltd. ("QPI"), Success Enterprises Limited (formerly known as Sigma Enterprises Limited) ("Success") and Wattrus Limited ("Wattrus") and their subsidiaries (collectively "Success and Wattrus Related Companies") are associates that are material to the Group. Both QPI and Success and Wattrus Related Companies are engaged in the operation, management and development of terminal related business. There are no quoted market prices for Success and Wattrus Related Companies. As at 31 December 2023, the quoted market price of the Group's interest in QPI amounted to US$1,063,656,000 (2022: US$979,357,000).

Set out below are the summarised consolidated financial information for QPI as at and for the year ended 31 December 2023 and 2022 which is accounted for using the equity method:

Summarised consolidated balance sheet

	QPI 2023 US$'000	 2022 US$'000
Non-current assets	**6,429,449**	6,259,997
Current assets	**2,076,608**	1,992,582
Non-current liabilities	**(1,009,948)**	(1,078,603)
Current liabilities	**(1,207,736)**	(1,247,301)

Summarised consolidated statement of comprehensive income

	QPI 2023 US$'000	 2022 US$'000
Revenues	**2,578,187**	2,863,117
Profit attributable to equity holders for the year	**699,009**	664,399
The Group's share of profits of the associate	**135,192**	128,191

12 ASSOCIATES (CONTINUED)

(a) **Reconciliation of summarised financial information**

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associate.

Summarised consolidated financial information

	QPI	
	2023	2022
	US$'000	US$'000
Attributable to equity holders		
Opening net assets	**5,374,194**	5,537,529
Profit for the year	**699,009**	664,399
Other comprehensive loss for the year	**(19,449)**	(42,224)
Other reserve for the year	**2,344**	(59,248)
Dividends	**(247,993)**	(247,376)
Exchange difference	**(90,096)**	(478,886)
Closing net assets	**5,718,009**	5,374,194
Interest in the associate at 19.79% (2022: 19.79%)	**1,131,594**	1,063,553
Fair value adjustment	**76,707**	81,214
Goodwill	**205,556**	209,037
Carrying amount	**1,413,857**	1,353,804

Set out below are the summarised consolidated financial information for Success and Wattrus Related Companies as at and for the year ended 31 December 2023 and 2022 which is accounted for using the equity method:

Summarised consolidated balance sheet

	Success and Wattrus Related Companies	
	2023	2022
	US$'000	US$'000
Non-current assets	**3,331,894**	3,475,897
Current assets	**1,007,941**	1,162,505
Non-current liabilities	**(80,045)**	(96,770)
Current liabilities	**(627,448)**	(504,136)

12 ASSOCIATES (CONTINUED)

(a) **Reconciliation of summarised financial information (Continued)**

Summarised consolidated statement of comprehensive income

	Success and Wattrus Related Companies	
	2023	2022
	US$'000	US$'000
Revenues	**1,024,075**	1,122,138
Profit attributable to equity holders for the year	**245,708**	275,708
Group's share of profits of associates	**50,493**	56,658
Group's share of the comprehensive loss	**(3,159)**	(10,117)

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in these associates.

Summarised consolidated financial information

	Success and Wattrus Related Companies	
	2023	2022
	US$'000	US$'000
Capital and reserves attributable to equity holders	**2,778,978**	3,046,151
Group's effective interest	**20.55%**	20.55%
Group's share of capital and reserves attributable to equity holders	**571,080**	625,984
Adjustment to cost of investment	**46,860**	46,860
Carrying amount	**617,940**	672,844

(b) The carrying amount of goodwill on acquisitions of associates amounted to US$323,877,000 (2022: US$318,828,000).

(c) A balance of US$93,209,000 (2022: US$89,527,000) is unsecured, which bears interest at the aggregate of 2.0% per annum and EURIBOR (2022: 2.0% per annum and EURIBOR), and is repayable in 2024. As at 31 December 2023, the balance was reclassified to trade and other receivables, prepayment and contract assets (note 17(c)). A balance of US$9,997,000 (2022: US$10,724,000) is unsecured, bears interest at 2.5% per annum above 10-year EURIBOR ICE swap rate (2022: 2.5% per annum above 10-year EURIBOR ICE swap rate) and has no fixed terms of repayment. A balance of US$22,184,000 (2022: Nil) is unsecured, bears interest at 4.45% per annum and is repayable in 2028.

12 ASSOCIATES (CONTINUED)

(d) The balance is equity in nature, unsecured, interest free and has no fixed terms of repayment.

(e) The financial information below, represents the Group's interests in respective associates other than QPI and Success and Wattrus Related Companies disclosed above:

	Net assets US$'000	Share of the associates' profits less losses for the year US$'000	Share of the associates' other comprehensive (loss)/income US$'000	Share of the associates' total comprehensive income US$'000
2023	**1,311,635**	**50,371**	**(1,547)**	**48,824**
2022	1,235,507	48,097	2,468	50,565

(f) Details of the Group's associates as at 31 December 2023 are set out in note 43 to the consolidated financial statements.

13 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 **US$'000**	2022 US$'000
Non-current asset		
Listed convertible bonds	**53,745**	53,338

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 US$'000	2022 US$'000
Non-current assets		
Listed shares (note i)		
Qinhuangdao Port Co., Ltd.	**7,595**	6,193
Guangzhou Port Company Limited	**108,970**	111,526
	116,565	117,719
Unlisted investments (note ii)	**22,457**	21,838
	139,022	139,557

Notes:

(i) Listed shares represent equity interests in entities which are principally engaged in provision of port and port related services.

(ii) Unlisted investments mainly comprise equity interests in terminal operating companies, and port information system engineering companies.

(iii) Financial assets at FVOCI are denominated in the following currencies:

	2023 US$'000	2022 US$'000
Hong Kong dollar	**7,595**	6,193
Renminbi	**130,672**	132,639
Euro	**755**	725
	139,022	139,557

(iv) Movements of the financial assets at FVOCI during the year are as follows:

	2023 US$'000	2022 US$'000
At 1 January	**139,557**	161,902
Fair value gain/(loss) recognised in OCI	**1,661**	(9,570)
Exchange differences	**(2,196)**	(12,775)
At 31 December	**139,022**	139,557

15 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

The movements on the net deferred tax liabilities during the year are as follows:

	2023 US$'000	2022 US$'000 (Restated)
At 1 January	**30,936**	31,193
Exchange differences	**(5,587)**	906
Credited to consolidated income statement	**(8,765)**	(2,105)
Charged to reserves	**62**	942
Acquisition of subsidiaries (note 38(a))	**23,725**	–
At 31 December	**40,371**	30,936

Deferred tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable.

As at 31 December 2023, the Group has unrecognised tax losses of US$165,796,000 (2022: US$155,400,000) to carry forward. Except for the tax losses of US$77,987,000 (2022: US$62,511,000) of the Group which will be expired between 2024 and 2028 (2022: between 2023 and 2027), all other tax losses have no expiry dates.

As at 31 December 2023, undistributed earnings from subsidiaries of US$1,096,330,000 (2022: US$976,837,000) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Group is able to control the timing of distributions from the subsidiaries and is not expected to distribute these profits in the foreseeable future.

15 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year, were as follows:

Deferred tax liabilities

	Accelerated tax depreciation		Undistributed profits		Fair value gains		Right-of-use assets		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000 (Restated)	**US$'000**	US$'000 (Restated)
At 1 January (Restated)	**98,124**	108,541	**27,727**	25,641	**28,219**	33,826	**84,941**	91,586	**239,011**	259,594
Exchange differences	**(2,329)**	(4,013)	**25**	(210)	**773**	(2,588)	**3,526**	(3,501)	**1,995**	(10,312)
(Credited)/charged to consolidated income statement	**(1,158)**	(6,404)	**(2,959)**	2,296	**(1,510)**	(867)	**(4,352)**	(3,144)	**(9,979)**	(8,119)
Acquisition of subsidiaries (note 38(a))	**23,730**	–	**–**	–	**–**	–	**–**	–	**23,730**	–
Charged/(credited) to reserve	**–**	–	**–**	–	**62**	(2,152)	**–**	–	**62**	(2,152)
At 31 December	**118,367**	98,124	**24,793**	27,727	**27,544**	28,219	**84,115**	84,941	**254,819**	239,011

Deferred tax assets

	Tax losses		Future deductible finance costs		Others		Lease liabilities		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000 (Restated)	**US$'000**	US$'000 (Restated)
At 1 January (Restated)	**60,363**	65,946	**22,290**	26,743	**24,899**	29,602	**100,523**	106,111	**208,075**	228,402
Exchange differences	**1,579**	(3,526)	**905**	(1,598)	**896**	(1,754)	**4,202**	(4,341)	**7,582**	(11,219)
(Charged)/credited to consolidated income statement	**(8,130)**	(2,057)	**(486)**	(2,855)	**10,071**	145	**(2,669)**	(1,247)	**(1,214)**	(6,014)
Acquisition of subsidiaries (note 38(a))	**–**	–	**–**	–	**5**	–	**–**	–	**5**	–
Charged to reserve	**–**	–	**–**	–	**–**	(3,094)	**–**	–	**–**	(3,094)
At 31 December	**53,812**	60,363	**22,709**	22,290	**35,871**	24,899	**102,056**	100,523	**214,448**	208,075

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2023	2022
	US$'000	US$'000 (Restated)
Deferred tax assets	**102,115**	97,589
Deferred tax liabilities	**142,486**	128,525

16 INVENTORIES

Inventories of the Group mainly include consumable parts for terminal operations at their carrying amount.

17 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND CONTRACT ASSETS

	2023 US$'000	2022 US$'000
Trade receivables (note a)		
– third parties	**65,719**	73,127
– fellow subsidiaries (note b)	**23,550**	22,965
– non-controlling shareholders of subsidiaries (note b)	**1,001**	7,042
– an associate (note b)	**2**	–
– joint ventures (note b)	**–**	10
– related companies (note b)	**24,806**	7,140
	115,078	110,284
Bills receivables (note a)	**3,337**	2,535
	118,415	112,819
Less: provision for impairment (note a)	**(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 (note c)	**93,209**	–
Loan to a joint venture (note d)	**–**	23,087
Amounts due from		
– fellow subsidiaries (note b)	**3,253**	5,001
– non-controlling shareholders of subsidiaries (note b)	**485**	1,001
– joint ventures (note e)	**638**	434
– associates (note e)	**22,117**	11,680
– related companies (note b)	**467**	–
	303,954	222,723

17 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND CONTRACT ASSETS (CONTINUED)

Notes:

(a) The Group grants credit periods of 30 to 90 days to its customers. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Expected credit losses on trade receivables are calculated by using the provision matrix approach. The ageing analysis of the combined trade receivables and bills receivables based on invoice date and issuance date respectively is as follows:

	Expected loss rate	**Gross carrying amount 31 December 2023 US$'000**	**Loss allowance 31 December 2023 US$'000**
Within 30 days	**0.1%**	**82,941**	**118**
31-60 days	**0.1%**	**19,858**	**11**
61-90 days	**–**	**8,231**	**–**
Over 90 days	**17.8%**	**7,385**	**1,312**
		118,415	**1,441**

	Expected loss rate	Gross carrying amount 31 December 2022 US$'000	Loss allowance 31 December 2022 US$'000
Within 30 days	0.1%	82,313	120
31-60 days	0.5%	19,698	89
61-90 days	0.1%	6,553	7
Over 90 days	9.7%	4,255	412
		112,819	628

Movements on the provision for impairment of trade receivables are as follows:

	2023 US$'000	2022 US$'000
At 1 January	**(628)**	(324)
Exchange differences	**(12)**	31
Provision for impairment of trade receivables	**(696)**	(511)
Write back of provision for impairment of trade receivables	**555**	176
Receivables written off during the year as uncollectable	**610**	–
Acquisition of subsidiaries	**(1,270)**	–
At 31 December	**(1,441)**	(628)

17 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND CONTRACT ASSETS (CONTINUED)

Notes: (Continued)

(b) The balances are unsecured and interest free. Trading balances have credit periods ranging from 30 to 90 days while other balances have no fixed terms of repayment.

(c) The balance is unsecured, which bears interest at the aggregate of 2.0% per annum and EURIBOR, and is repayable in 2024.

(d) The balances was unsecured and interest bearing at the rate of 2.1% above HIBOR per annum quoted in respect of one month's period, and repayable on or before March 2023. The balance had been settled in 2023.

(e) The amounts receivable mainly represented interest, dividend and other receivable from joint ventures and associates.

(f) The carrying amounts of trade and other receivables, prepayments and contract assets are denominated in the following currencies:

	2023 **US$'000**	2022 US$'000
US dollar	**14,433**	13,319
Renminbi	**76,452**	76,222
Hong Kong dollar	**992**	960
Euro	**198,686**	114,130
Other currencies	**13,391**	18,092
	303,954	222,723

18 FINANCIAL INSTRUMENTS BY CATEGORY

	2023 **US$'000**	2022 US$'000
Financial assets as per balance sheet		
Financial asset at FVPL	**53,745**	53,338
Financial assets at FVOCI	**139,022**	139,557
Financial assets at amortised cost		
Loan to a joint venture	**–**	23,087
Loans to associates	**125,390**	100,251
Trade and other receivables	**176,377**	164,671
Cash and cash equivalents	**1,162,926**	1,069,317
Restricted bank deposits	**45,113**	45,849
Other financial assets		
Derivative financial instruments	**2,698**	6,074
Total	**1,705,271**	1,602,144
Financial liabilities as per balance sheet		
Financial liabilities at amortised cost		
Borrowings	**3,234,631**	2,908,623
Loans from non-controlling shareholders of subsidiaries	**64,174**	76,549
Loans from a joint venture	**16,955**	32,329
Loan from an associate	**4,239**	8,619
Lease liabilities	**810,529**	785,882
Trade and other payables	**485,017**	399,486
Put option liability	**246,013**	239,039
Total	**4,861,558**	4,450,527

19 SHARE CAPITAL

	2023	2022
	US$'000	US$'000
Issued and fully paid:		
3,563,579,085 ordinary shares (2022: 3,440,657,627 ordinary shares) of HK$0.10 each	**45,742**	44,172

The movements of the issued share capital of the Company are summarised as follows:

	Number of ordinary shares	**Nominal Value US$'000**
At 1 January 2023	**3,440,657,627**	**44,172**
Issue of scrip dividend for 2022 second interim dividend (note a)	**60,152,621**	**768**
Issue of scrip dividend for 2023 first interim dividend (note b)	**62,768,837**	**802**
At 31 December 2023	**3,563,579,085**	**45,742**
At 1 January 2022	3,315,296,374	42,574
Issue of scrip dividend for 2021 second interim dividend (note c)	67,928,424	866
Issue of scrip dividend for 2022 first interim dividend (note d)	57,432,829	732
At 31 December 2022	3,440,657,627	44,172

Notes:

(a) During the year ended 31 December 2023, 60,152,621 new shares were issued by the Company at HK$4.930 per share for the settlement of 2022 second interim scrip dividend.

(b) During the year ended 31 December 2023, 62,768,837 new shares were issued by the Company at HK$4.722 per share for the settlement of 2023 first interim scrip dividend.

(c) During the year ended 31 December 2022, 67,928,424 new shares were issued by the Company at HK$5.674 per share for the settlement of 2021 second interim scrip dividend.

(d) During the year ended 31 December 2022, 57,432,829 new shares were issued by the Company at HK$5.088 per share for the settlement of 2022 first interim scrip dividend.

20 SHARE-BASED PAYMENT

At a special general meeting of the Company held on 8 June 2018, the shareholders of the Company approved the adoption of a share option scheme (the "2018 Share Option Scheme"). The purposes of the 2018 Share Option Scheme are to enable the Company to establish and cultivate a performance-oriented culture, under which value is created for the shareholders, and to establish an interests-sharing and restraining mechanism between the shareholders and the Company's management. No consideration was paid by the grantees for the acceptance of share options.

Under the 2018 Share Option Scheme, the exercise of the options is subject to a two-year vesting period during which a participant is not allowed to exercise any option granted. After the expiration of the two-year period, the participant may exercise the options in three equal batches in the 3rd, 4th and 5th year after the grant date respectively. Within the exercise period of the share options, and subject to the fulfilment of the vesting conditions and the exercise arrangement of the share options, grant of each share option entitles the grantee to subscribe for one share at relevant exercise price.

Vesting of share options are subject to the satisfaction of both the Company's performance targets and the participant's performance target including (1) target rate of return on net assets (after extraordinary gains and losses) in the financial year immediately preceding the vesting of the share options and compared to the average of the selected peer benchmark enterprises; (2) target growth rate of revenue in the financial year immediately preceding the vesting of the share options as compared to that in the financial year immediately preceding the grant date and compared to the average of the selected peer benchmark enterprises; (3) the economic value added indicator accomplished for the financial year immediately preceding the vesting of the share options has reached the assessment target set by COSCO SHIPPING; and (4) required appraisal grade of the participant's personal performance appraisal in the preceding financial year.

The exercise price is determined based on the principle of fair market value. The exercise price shall be the highest of the following:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the Grant Date; and

(iii) the nominal value of the Shares.

20 SHARE-BASED PAYMENT (CONTINUED)

Movements of the share options are set out below:

			For the year ended 31 December 2023 Number of share options						
Category	Note	Exercise price HK$	Outstanding at 1 January 2023	Granted during the year	Exercised during the year	Transfer (to)/from other categories during the year	Lapsed/ cancelled during the year	Outstanding at 31 December 2023	Exercisable period
Directors	(i)(ii)	7.27	1,170,226	–	–	–	(1,170,226)	–	19.6.2020-18.6.2023
Continuous contract employees	(i)(ii)	7.27	22,910,070	–	–	(678,460)	(22,231,610)	–	19.6.2020-18.6.2023
	(i)(ii)	8.02	398,404	–	–	–	(398,404)	–	29.11.2020-28.11.2023
	(i)(iii)	8.48	225,201	–	–	–	(225,201)	–	29.3.2021-28.3.2024
	(i)(iii)	7.27	67,673	–	–	–	(67,673)	–	23.5.2021-22.5.2024
	(i)(iii)	7.57	425,350	–	–	–	(425,350)	–	17.6.2021-16.6.2024
Others	(i)(ii)	7.27	6,438,158	–	–	678,460	(7,116,618)	–	19.6.2020-18.6.2023
			31,635,082	–	–	–	(31,635,082)	–	

20 SHARE-BASED PAYMENT (CONTINUED)

			For the year ended 31 December 2022 Number of share options						
Category	Note	Exercise price HK$	Outstanding at 1 January 2022	Granted during the year	Exercised during the year	Transfer from/(to) other categories during the year	Lapsed/ cancelled during the year	Outstanding at 31 December 2022	Exercisable period
Directors	(i)(ii)	7.27	1,200,000	–	–	557,097	(586,871)	1,170,226	19.6.2020-18.6.2023
Ex-directors	(i)(ii)	7.27	2,400,000	–	–	(2,400,000)	–	–	19.6.2020-18.6.2023
Continuous contract employees	(i)(ii)	7.27	37,607,778	–	–	(2,252,178)	(12,445,530)	22,910,070	19.6.2020-18.6.2023
	(i)(ii)	8.02	604,971	–	–	–	(206,567)	398,404	29.11.2020-28.11.2023
	(i)(iii)	8.48	449,726	–	–	–	(224,525)	225,201	29.3.2021-28.3.2024
	(i)(iii)	7.27	135,143	–	–	–	(67,470)	67,673	23.5.2021-22.5.2024
	(i)(iii)	7.57	849,428	–	–	–	(424,078)	425,350	17.6.2021-16.6.2024
Others	(i)(ii)	7.27	6,294,680	–	–	4,095,081	(3,951,603)	6,438,158	19.6.2020-18.6.2023
			49,541,726	–	–	–	(17,906,644)	31,635,082	

Notes:

(i) All vested share options were lapsed/cancelled as at 31 December 2023 (2022: 30,916,858 vested and exercisable).

(ii) The share options were granted on 19 June 2018 and 29 November 2018 under the 2018 Share Option Scheme at an exercise price of HK$7.27 and HK$8.02 respectively. According to the provisions of the 2018 Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. 33.3%, 33.3% and 33.4%.

(iii) The share options were granted on 29 March 2019, 23 May 2019 and 17 June 2019 under the 2018 Share Option Scheme at an exercise price of HK$8.48, HK$7.27 and HK$7.57 respectively. According to the provisions of the 2018 Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. 33.3%, 33.3% and 33.4%.

(iv) No share options were exercised under the 2018 Share Option Scheme during the year (2022: Nil).

20 SHARE-BASED PAYMENT (CONTINUED)

Notes: (Continued)

(v) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Average exercise price per share HK$	**Number of share options**	Average exercise price per share HK$	Number of share options
At 1 January	**7.29**	**31,635,082**	7.30	49,541,726
Lapsed/cancelled	**7.29**	**(31,635,082)**	7.30	(17,906,644)
At 31 December	**–**	**–**	7.29	31,635,082

21 BORROWINGS

	2023 US$'000	2022 US$'000
Long term borrowings		
Secured		
– bank loans	**1,078,453**	753,500
Unsecured		
– bank loans	**1,460,518**	1,198,015
– loans from other financial institutions	**354,332**	329,771
– notes	**–**	305,449
	1,814,850	1,833,235
	2,893,303	2,586,735
Amounts due within one year included under current liabilities	**(617,710)**	(465,247)
	2,275,593	2,121,488
Short term borrowings		
Unsecured		
– bank loans	**341,328**	206,700
– loan from other financial institutions	**–**	115,188
	341,328	321,888

21 BORROWINGS (CONTINUED)

Notes:

(a) The maturity of long term borrowings is as follows:

	2023 US$'000	2022 US$'000
Bank loans		
Within one year	**491,661**	156,966
Between one and two years	**209,843**	779,969
Between two and five years	**1,067,258**	530,925
Over five years	**770,209**	483,655
	2,538,971	1,951,515
Loans from other financial institution		
Within one year	**126,049**	2,832
Between one and two years	**23,631**	101,427
Between two and five years	**43,063**	66,772
Over five years	**161,589**	158,740
	354,332	329,771
Notes (note b)		
Within one year	–	305,449
	–	305,449
	2,893,303	2,586,735

(b) Details of the notes as at 31 December 2023 and 2022 are as follows:

	2023 US$'000	2022 US$'000
Principal amount	–	300,000
Discount on issue	–	(2,040)
Notes issuance cost	–	(2,250)
Net proceeds received	–	295,710
Accumulated amortised amounts of		
– discount on issue	–	2,029
– notes issuance cost	–	2,241
Interest payable	–	5,469
	–	305,449

21 BORROWINGS (CONTINUED)

Notes: (Continued)

(b) (Continued)

10-year notes with principal amount of US$300,000,000 were issued by a subsidiary of the Company to investors on 31 January 2013. The notes carried a fixed interest yield of 4.46% per annum and were issued at a price of 99.320 per cent of their principal amount with a fixed coupon rate of 4.375% per annum, resulting in a discount on issue of US$2,040,000. The notes bore interest from 31 January 2013, payable semi-annually in arrears on 31 January and 31 July of each year, commencing on 31 July 2013. The notes were guaranteed unconditionally and irrevocably by the Company and listed on the Stock Exchange. The notes were fully repaid in January 2023.

(c) The exposure of long term borrowings to interest rate changes and the contractual repricing dates are as follows:

	Within five years US$'000
At 31 December 2023	
Total borrowings	**2,893,303**
At 31 December 2022	
Total borrowings	2,586,735

(d) The carrying amounts of the long term borrowings and short term borrowings are denominated in the following currencies:

	2023 US$'000	2022 US$'000
US dollar	**1,776,704**	1,507,276
Renminbi	**738,352**	759,561
Euro	**619,325**	641,786
Hong Kong dollar	**100,250**	–
	3,234,631	2,908,623

The effective interest rates per annum at the balance sheet date were as follows:

	2023				2022			
	US$	**RMB**	**Euro**	**HK$**	US$	RMB	Euro	HK$
Bank loans and loans from other financial institution	**6.4%**	**3.1%**	**4.1%**	**5.6%**	3.2%	3.5%	2.2%	3.5%
Notes	**N/A**	**N/A**	**N/A**	**N/A**	4.4%	N/A	N/A	N/A

21 BORROWINGS (CONTINUED)

Notes: (Continued)

(e) As at 31 December 2023, bank loans of US$1,078,453,000 (2022: US$753,500,000) granted to subsidiaries of the Group were secured by certain other property, plant and equipment of the Group (note 7(a)) and the Company's interests in subsidiaries.

(f) As at 31 December 2023, the Group had bank borrowings of US$20,133,000 (2022: US$19,262,000) with restricted deposits of US$21,360,000 (2022: US$21,000,000) pledged as security.

22 LOANS FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

As at 31 December 2022, the balance mainly included US$65,803,000 which was unsecured, bore interest at 1% above the 3 months EURIBOR, and repayable on or before December 2024. As at 31 December 2023, the balance of US$61,030,000 was reclassified to trade and other payables and contract liabilities (note 24(e)).

23 OTHER LONG TERM LIABILITIES

	2023	2022
	US$'000	US$'000
Deferred income	**40,571**	36,981
Others	**605**	661
	41,176	37,642

24 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2023 US$'000	2022 US$'000
Trade payables (note a)		
– third parties	**63,217**	80,949
– fellow subsidiaries (note b)	**1,649**	2,433
– non-controlling shareholders of subsidiaries (note b)	**3,057**	1,194
– joint ventures (note b)	**3,013**	1,096
– associates (note b)	**402**	417
– related companies (note b)	**7,724**	6,531
	79,062	92,620
Bills payables (note a)	**11,534**	3,513
	90,596	96,133
Accruals	**65,468**	53,336
Other payables	**320,104**	179,067
Contract liabilities (note c)	**7,065**	13,411
Dividend payable	**4**	5
Loans from a joint venture (note d)	**16,955**	32,329
Loans from an associate (note f)	**4,239**	8,619
Loans from non-controlling shareholders of subsidiaries (note e)	**63,618**	10,286
Amounts due to (note b)		
– 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

Notes:

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

	2023 US$'000	2022 US$'000
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

(b) The balances are unsecured and interest free. Trading balances have similar credit periods granted as those of other third party suppliers while the other balances have no fixed terms of repayment.

24 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

Notes: (Continued)

(c) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	2023 **US$'000**	2022 US$'000
Contract liabilities		
– expected volume discounts	**1,451**	2,444
– receipts in advance from customers	**5,614**	10,967
	7,065	13,411

Revenues recognised in relation to contract liabilities

The following table shows how much of the revenues recognised in the current year relates to carried-forwards contract liabilities:

	2023 **US$'000**	2022 US$'000
Revenues recognised that were included in the contract liabilities balance at the beginning of the year	**9,808**	16,230

(d) Loans from a joint venture of US$16,955,000 (2022: US$32,329,000) are unsecured, bear interest at 2.30% per annum and are repayable within twelve months.

(e) Loans from non-controlling shareholders of subsidiaries of US$61,030,000 are unsecured, interest bearing and repayable within twelve months (note 22). Balance of US$2,588,000 (2022: US$943,000) represents interest payable on loans from non-controlling shareholders of subsidiaries. Balance of US$9,343,000 as at 31 December 2022 bore interest at 3.40% per annum and was fully repaid in January 2023.

(f) Loans from an associate of US$4,239,000 (2022: US$8,619,000) are unsecured, bear interest at 2.3% per annum and are repayable within twelve months.

(g) The carrying amounts of trade and other payables and contract liabilities are denominated in the following currencies:

	2023 **US$'000**	2022 US$'000
US dollar	**117,383**	45,541
Renminbi	**249,886**	267,348
Euro	**174,385**	114,827
Hong Kong dollar	**16,160**	18,639
Other currencies	**19,613**	18,066
	577,427	464,421

25 PUT OPTION LIABILITY

A put option liability was recognised in relation to the put option granted to the non-controlling shareholder of COSCO SHIPPING Ports Chancay PERU S.A. ("CSP Chancay Terminal") to sell 40% interests in CSP Chancay Terminal to the Group. Such put option is exercisable any time during a 5-year period from the commercial operation date. The Group shall be obligated to purchase the put option shares and settle the put option price upon the final determination of the put option price by independent valuation firm. The put option price is at the lower of fair market value and price caps set for each of the 5 consecutive years after the commencement of the terminal operation.

The exercise price of the put option is determined using market approach with key inputs applied including the projected financial position and EBITDA of CSP Chancay Terminal using management's business plans and market multiples. As at 31 December 2023, the carrying amount of the put option liability is US$246,013,000 (2022: US$239,039,000).

26 PENSION AND RETIREMENT LIABILITIES

The Group operates a number of defined benefit and defined contribution retirement schemes in the main countries in which the Group operates. The retirement benefit costs charged to the consolidated income statement for the defined contribution retirement schemes represent contributions payable by the Group to the schemes and amounted to US$32,390,000 (2022: US$30,188,000). The costs charged to the consolidated income statement for the defined benefit retirement schemes amounted to US$3,180,000 (2022: US$3,246,000). At 31 December 2023, contributions totalling US$1,124,000 (2022: US$1,231,000) and US$2,168,000 (2022: US$2,150,000) to the defined contribution and defined benefit retirement schemes were included in trade and other payables and contract liabilities. No forfeited contributions were available as at 31 December 2023 and 2022 to reduce future contributions.

Defined benefit retirement scheme

The amounts recognised in the consolidated balance sheet were as follow:

	2023			2022		
	Current US$'000	**Non-current US$'000**	**Total US$'000**	Current US$'000	Non-current US$'000	Total US$'000
Defined benefit retirement scheme – PRC (note)	**2,168**	**13,014**	**15,182**	2,150	10,460	12,610
Defined benefit retirement scheme – Overseas	**–**	**881**	**881**	–	795	795
As at 31 December	**2,168**	**13,895**	**16,063**	2,150	11,255	13,405

26 PENSION AND RETIREMENT LIABILITIES (CONTINUED)

Note:

Defined benefit retirement scheme of a PRC subsidiary

	2023 US$'000	2022 US$'000
Consolidated balance sheet liabilities for:		
Early-retirement benefits for PRC employees	**5,747**	6,071
Post-retirement benefits for PRC employees	**9,435**	6,539
Total pension and retirement liabilities	**15,182**	12,610
Less: Current portion of pension and retirement liabilities included in trade and other payables and contract liabilities	**(2,168)**	(2,150)
Non-current portion of pension and retirement liabilities	**13,014**	10,460
Charged in consolidated income statement for:		
Early-retirement benefits for PRC employees	**1,992**	2,842
Post-retirement benefits for PRC employees	**1,049**	217
	3,041	3,059

The Group recognised liabilities for the present value of the unfunded obligations relating to retirement benefits payable to certain normal retired or early retired employees in the consolidated balance sheet. The liability related to the benefit obligations for eligible retired employees existing at year end is calculated by independent actuaries, using the projected unit credit method. The actuarial liabilities of early retirement and post retirement benefits as at 31 December 2023 totaled US$15,182,000 (2022: US$12,610,000).

Movements of the liabilities recognised in the consolidated balance sheet are as follows:

	2023			2022		
	Early retirement US$'000	**Post retirement US$'000**	**Total US$'000**	Early retirement US$'000	Post retirement US$'000	Total US$'000
As at 1 January	**6,071**	**6,539**	**12,610**	6,117	7,133	13,250
Charged to the consolidated income statement	**1,992**	**1,049**	**3,041**	2,842	217	3,059
Charged to the consolidated statement of comprehensive income	**–**	**2,341**	**2,341**	–	383	383
Benefits paid	**(2,215)**	**(370)**	**(2,585)**	(2,354)	(592)	(2,946)
Exchange difference	**(101)**	**(124)**	**(225)**	(534)	(602)	(1,136)
As at 31 December	**5,747**	**9,435**	**15,182**	6,071	6,539	12,610

26 PENSION AND RETIREMENT LIABILITIES (CONTINUED)

Notes: (Continued)

Defined benefit retirement scheme of a PRC subsidiary (Continued)

The amounts of retirement benefit costs recognised in the consolidated income statement comprise:

	2023			2022		
	Early retirement US$'000	**Post retirement US$'000**	**Total US$'000**	Early retirement US$'000	Post retirement US$'000	Total US$'000
Interest expense	**126**	**180**	**306**	137	214	351
Current service costs	**–**	**–**	**–**	–	3	3
Past service costs	**1,607**	**869**	**2,476**	2,730	–	2,730
Immediate recognition of actuarial losses/(gains)	**259**	**–**	**259**	(25)	–	(25)

The principal actuarial assumptions used were as follows:

	2023		2022	
	Early retirement	**Post retirement**	Early retirement	Post retirement
Discount rate	**2.50%**	**2.75%**	2.50%	3.00%
Mortality rate	**China Life Insurance Mortality Table (2010-2013) – CL5/CL6**		China Life Insurance Mortality Table (2010-2013) – CL5/CL6	
Annual withdraw rate	**N/A**	**N/A**	N/A	N/A
Annual increase rate of supplemental medical insurance contribution	**6%**	**6%**	6%	6%
Annual increase rate of early-retirement basic salary, social security insurance, housing fund and enterprise annuity contributions for early retirees	**5%**	**N/A**	5%	N/A

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	Impact on defined benefit retirement obligations	
	Increase in assumption US$'000	**Decrease in assumption US$'000**
Discount rate – change by 0.25%	(363)	382
Annual increase rate of supplemental medical insurance contribution – change by 1%	1,028	(829)
Annual increase rate of early retirement basic salary, social security insurance, housing fund and enterprise annuity contributions for early retirees – change by 1%	93	(91)

26 PENSION AND RETIREMENT LIABILITIES (CONTINUED)

Notes: (Continued)

Defined benefit retirement scheme of a PRC subsidiary (Continued)

The defined benefit retirement scheme caused many risks to the Group, and the primary risk is the fluctuation of the interest rates of government bonds. Decreasing in interest rates of government bonds results in increasing in the defined benefit obligation.

The expected maturity analysis of the undiscounted defined benefit obligation is as follows:

	2023 US$'000	2022 US$'000
Within one year	**2,168**	2,150
Over one year	**18,638**	13,520
	20,806	15,670

27 OTHER OPERATING INCOME

	2023 US$'000	2022 US$'000
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
	39,466	35,407

28 OPERATING PROFIT

Operating profit is stated after charging the followings:

	2023 US$'000	2022 US$'000
Charging:		
Amortisation of intangible assets	**23,750**	22,841
Depreciation		
– right-of-use assets (note 9(b))	**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
Auditor's remuneration	**1,222**	1,368
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 a)	**78,402**	71,966
– concession from third parties (note a)	**7,156**	7,588
– concession from a non-controlling shareholder of a subsidiary (note a)	**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 reversal, net (note b)	**(57)**	(1,778)
	435,282	424,342

Notes:

(a) The amounts represent variable lease payments linked to revenues/throughput.

(b) It represents the amounts of benefit in kind provided to the Company's directors and the Group's employees in respect of the Company's share options granted.

29 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
	27,998	17,122
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)
	(190,912)	(133,655)
Less: amount capitalised in construction in progress	**21,422**	9,115
	(169,490)	(124,540)
Other incidental borrowing costs and charges	**(1,699)**	(1,847)
	(171,189)	(126,387)
Net finance costs	**(143,191)**	(109,265)

30 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	**22,930**	(1,456)
	(43,971)	(71,470)
Deferred taxation credit	**8,765**	2,105
	(35,206)	(69,365)

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 and Mainland China 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.

Below is a reconciliation between taxation in the consolidated income statement and aggregate tax expense at the domestic rates applicable to profits in respective territories concerned:

	2023 US$'000	2022 US$'000 (Restated)
Profit before taxation	**429,486**	460,109
Less: Share of profits less losses of joint ventures and associates	**(297,861)**	(308,024)
	131,625	152,085
Aggregate tax at domestic rates applicable to profits in respective territories concerned	**48,236**	56,499
Income not subject to taxation	**(8,922)**	(3,147)
Expenses not deductible for taxation purposes	**12,133**	7,289
(Over)/under provision in prior years	**(22,930)**	1,456
Tax losses not recognised	**4,346**	(198)
Provision for withholding taxation upon distribution of profits and payment of interest	**5,587**	14,001
Recognition of temporary difference previously unrecognised	**(5,407)**	(5,333)
Others	**2,163**	(1,202)
Taxation charged	**35,206**	69,365

30 TAXATION (CONTINUED)

Except for the taxation of US$62,000 relating to the deferred tax charged (2022: US$2,152,000 credited) on the fair value changes on financial assets at FVOCI in 2023, there was no taxation relating to other components of OCI for the year ended 31 December 2023 (2022: US$3,006,000 deferred tax charged relating to cash flow hedges).

(a) Pillar Two income taxes

The Group is within the scope of the OECD Pillar Two model rules. The Group operates globally and the effective dates of the Pillar Two legislation of the countries where the Group has operation vary and will start from 1 January 2024 onwards. Since the Pillar Two legislation is not yet effective at the reporting date, the Group has no related current tax exposure as of 31 December 2023.

When the Pillar Two legislation comes into effect, the Group expects to be subject to a new top-up tax for the difference between the Global Anti-Base Erosion Proposal ("GloBE") effective tax rate for each jurisdiction and the 15% minimum rate. Due to the complexities in applying the Pillar Two legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimated. Therefore, even for those group companies with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The Group is in the process of working together with the holding company to assess its exposure to the Pillar Two legislation when it comes into effect.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

31 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	**US$324,557,000**	US$306,633,000
Weighted average number of ordinary shares in issue	**3,478,999,193**	3,362,046,312
Basic earnings per share	**US9.33 cents**	US9.12 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 considerations 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.

32 DIVIDENDS

	2023 US$'000	2022 US$'000
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	**70,844**	51,747
	131,898	123,742

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.

33 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The aggregate amounts of emoluments paid to directors of the Company during the year are set out as follows:

	2023 US$'000	2022 US$'000
Fees	**244**	244
Salaries, housing and other allowances	**636**	1,313
Bonuses	**181**	15
Contributions to retirement benefit schemes	**2**	2
	1,063	1,574

Directors' fees disclosed above include US$244,000 (2022: US$244,000) paid to independent non-executive directors. The fees comprises, among others, an annual fee of US$36,000 (2022: US$36,000) paid to each independent non-executive director and fees paid to them for acting as chairman or members of the committees established under the Board (as applicable).

As at 31 December 2023, all share options of the Company were forfeited. As at 31 December 2022, two directors of the Company had 1,170,226 share options which are exercisable at HK$7.27 per share granted by the Company on 19 June 2018 under the 2018 Share Option Scheme. No consideration was paid by the directors for the acceptance of share options.

For the year ended 31 December 2023, no share option was exercised (2022: Nil).

Details and movements of share options granted and exercised during the year are set out in note 20 to the consolidated financial statements.

33 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emoluments (Continued)

The directors' emoluments are analysed as follows:

		Year ended 31 December 2023								
Name of directors	Note	Fees US$'000	Salary US$'000	Discretionary bonuses US$'000	Housing and other allowances US$'000	Estimated money value of other benefits US$'000	Contributions to retirement benefit schemes US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	As management (note e) US$'000	Total US$'000
Mr. YANG Zhijian	i	-	-	-	-	-	-	-	-	-
Mr. ZHU Tao	ii	-	102	64	159	-	-	-	-	325
Mr. ZHANG Wei		-	-	-	-	-	-	-	-	-
Mr. CHEN Dong		-	-	-	-	-	-	-	-	-
Dr. WONG Tin Yau, Kelvin		-	353	117	22	-	2	-	-	494
Dr. FAN HSU Lai Tai, Rita		52	-	-	-	-	-	-	-	52
Mr. Adrian David LI Man Kiu		59	-	-	-	-	-	-	-	59
Mr. LAM Yiu Kin		42	-	-	-	-	-	-	-	42
Prof. CHAN Ka Lok		50	-	-	-	-	-	-	-	50
Mr. YANG Liang Yee Philip		41	-	-	-	-	-	-	-	41
		244	455	181	181	-	2	-	-	1,063

		Year ended 31 December 2022								
Name of directors	Note	Fees US$'000	Salary US$'000	Discretionary bonuses US$'000	Housing and other allowances US$'000	Estimated money value of other benefits US$'000	Contributions to retirement benefit schemes US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	As management (note e) US$'000	Total US$'000
Mr. YANG Zhijian	i	–	–	–	–	–	–	–	–	–
Mr. ZHU Tao	ii	–	167	–	13	–	–	–	–	180
Mr. ZHANG Wei		–	–	–	–	–	–	–	–	–
Mr. CHEN Dong		–	–	–	–	–	–	–	–	–
Dr. WONG Tin Yau, Kelvin		–	353	15	22	–	2	–	–	392
Dr. FAN HSU Lai Tai, Rita		52	–	–	–	–	–	–	–	52
Mr. Adrian David LI Man Kiu		59	–	–	–	–	–	–	–	59
Mr. LAM Yiu Kin		42	–	–	–	–	–	–	–	42
Prof. CHAN Ka Lok		50	–	–	–	–	–	–	–	50
Mr. YANG Liang Yee Philip		41	–	–	–	–	–	–	–	41
Mr. FENG Boming	iii	–	248	–	6	–	–	–	–	254
Mr. ZHANG Dayu	iv	–	429	–	7	–	–	–	–	436
Mr. DENG Huangjun	v	–	63	–	5	–	–	–	–	68
		244	1,260	15	53	–	2	–	–	1,574

Notes:

(i) Appointed as Executive Director and Chairman of the Board on 10 May 2022

(ii) Appointed as Executive Director and Managing Director on 28 June 2022

(iii) Resigned on 28 April 2022

(iv) Resigned on 28 June 2022

(v) Resigned on 1 April 2022

The above analysis includes two (2022: three) directors whose emoluments were among the five highest in the Group.

33 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

Details of the aggregate emoluments paid to three (2022: two) individual whose emoluments were the highest in the Group and have not been included in the directors' emoluments above are set out below:

	2023 US$'000	2022 US$'000
Salaries, share options, and other allowances	**770**	571
Bonuses	**377**	30
Contributions to retirement benefit schemes	**4**	4
	1,151	605

The emoluments of the highest paid individuals fell within the following bands:

	Number of individuals	
	2023	2022
Emolument bands		
US$255,497-US$319,371 (HK$2,000,001-HK$2,500,000)	**–**	1
US$319,372-US$383,246 (HK$2,500,001-HK$3,000,000)	**1**	1
US$383,247-US$447,120 (HK$3,000,001-HK$3,500,000)	**2**	–
US$447,121-US$510,994 (HK$3,500,001-HK$4,000,000)	**–**	–
US$510,995-US$574,869 (HK$4,000,001-HK$4,500,000)	**–**	–

(c) During the year, no emolument had been paid by the Group to the directors or the five highest paid individuals as compensation for loss of office. During the year, no directors waived or agreed to waive any emoluments.

(d) No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(e) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings and included salaries, discretionary bonuses, employer's contributions to retirement benefit schemes and housing allowance.

34 CAPITAL COMMITMENTS

The Group has the following significant capital commitments as at 31 December 2023 and 2022:

	2023	2022
	US$'000	US$'000
Contracted but not provided for		
– Investments (note)	**258,390**	426,344
– Other property, plant and equipment	**655,413**	746,794
	913,803	1,173,138

The Group's share of capital commitments of the joint ventures themselves not included in the above are as follows:

	2023	2022
	US$'000	US$'000
Contracted but not provided for	**8,545**	5,794

Note:

The capital commitments in respect of investments of the Group as at 31 December 2023 and 2022 are as follows:

	2023	2022
	US$'000	US$'000
Contracted but not provided for		
Investments in:		
– Antwerp Gateway NV	**54,821**	51,535
– HHLA Container Terminal Tollerort GmbH	**–**	109,877
– COSCO SHIPPING Ports Supply Chain (Xiamen) Development Co., Ltd (formerly known as Xiamen Haicang Free Trade Post Zone Investment and Construction Management Co., Ltd.)	**–**	90,228
– Ningbo Yuan Dong Terminals Limited	**70,595**	71,792
– Others	**71,960**	40,864
	197,376	364,296
Terminal projects in:		
– Shanghai Yangshan Port Phase II	**56,476**	57,433
– Others	**4,538**	4,615
	61,014	62,048
	258,390	426,344

35 OPERATING LEASE ARRANGEMENTS

As at 31 December 2023 and 2022, the Group had future minimum lease receipts under non-cancellable operating leases as follows:

	2023 **US$'000**	2022 US$'000
Buildings, leasehold land and land use rights		
– not later than one year	**163**	358
– between 1 and 2 years	**2**	17
– between 2 and 3 years	**2**	2
– between 3 and 4 years	**2**	2
– between 4 and 5 years	**2**	2
– later than five years	**6**	8
	177	389
Investment properties		
– not later than one year	**2,388**	359
– between 1 and 2 years	**1,882**	185
– between 2 and 3 years	**756**	–
– between 3 and 4 years	**49**	–
	5,075	544
Plant and machinery		
– not later than one year	**609**	371
– between 1 and 2 years	**440**	172
– between 2 and 3 years	**223**	–
	1,272	543
	6,524	1,476

36 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to cash generated from operations

	2023 US$'000	2022 US$'000
Profit before taxation	**429,486**	460,109
Amortised amount of		
– discount on issue of notes	**10**	119
– transaction costs on bank loans and notes	**4,215**	3,291
Depreciation and amortisation	**251,473**	249,165
Dividends income from listed and unlisted financial assets at FVOCI	**(2,154)**	(2,800)
Fair value (gain)/loss on a financial asset at FVPL	**(1,303)**	3,466
Loss on deemed disposal of an associate	**–**	3,215
Interest expenses	**165,265**	121,130
Interest income	**(27,998)**	(17,122)
Loss/(gain) on disposal of property, plant and equipment, net	**210**	(752)
Other incidental borrowing costs and charges	**1,699**	1,847
Provision for impairment of trade receivables	**696**	511
Provision for inventories	**195**	345
Share-based compensation reversal, net	**(57)**	(1,778)
Share of profits less losses of		
– joint ventures	**(61,805)**	(75,078)
– associates	**(236,056)**	(232,946)
Write back of provision for impairment of trade receivables	**(555)**	(176)
Operating profit before working capital changes	**523,321**	512,546
Changes in inventories	**(658)**	412
Changes in trade and other receivables, prepayments and contract assets	**18,777**	39,343
Changes in amounts due from fellow subsidiaries	**1,748**	(4,741)
Changes in amounts due from associates	**4,828**	1,131
Changes in amounts due from joint ventures	**730**	(506)
Changes in amounts due from non-controlling shareholders of subsidiaries	**516**	(68)
Changes in trade and other payables and contract liabilities	**(26,403)**	(6,453)
Changes in amounts due to fellow subsidiaries	**1,092**	477
Changes in amounts due to non-controlling shareholders of subsidiaries	**(1,336)**	(12,755)
Changes in amount due to related companies	**(1,445)**	3,142
Cash generated from operations	**521,170**	532,528

36 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Major non-cash transactions

	2023 US$'000	2022 US$'000
Addition of right-of-use assets	**23,588**	31,739
Capitalisation of a loan from non-controlling shareholder of a subsidiary	**–**	31,205

(c) Analysis of the balances of restricted bank deposits and cash and cash equivalents

	2023 US$'000	2022 US$'000
Total time deposits, bank balances and cash (note i)	**1,208,039**	1,115,166
Restricted bank deposits included in current assets	**(45,113)**	(45,849)
	1,162,926	1,069,317
Representing:		
Time deposits with original maturity of three months or less	**290,419**	214,840
Bank balances and cash	**391,912**	431,348
Balances placed with other financial institution (note iii)	**480,595**	423,129
	1,162,926	1,069,317

Notes:

(i) As at 31 December 2023, the Group's cash and cash equivalents of US$541,726,000 (2022: US$517,856,000) of the Group denominated in Renminbi and US dollar, are placed with bank and other financial institution operating in the PRC where exchange controls apply.

(ii) The carrying amounts of time deposits, bank balances and cash are denominated in the following currencies:

	2023 US$'000	2022 US$'000
US dollar	**399,783**	282,127
Renminbi	**538,635**	534,753
Euro	**186,251**	222,716
Hong Kong dollar	**7,408**	5,404
Other currencies	**30,849**	24,317
	1,162,926	1,069,317

(iii) Balances placed with other financial institution bear interest at prevailing market rates.

36 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(d) Reconciliation of liabilities arising from financing activities

	Borrowings US$'000	Loans from non-controlling shareholders of subsidiaries US$'000	Loans from a joint venture and an associate US$'000	Lease liabilities US$'000
Balance as at 1 January 2023	2,908,623	76,549	40,948	785,882
Changes from financing cash flows				
Loans drawn down	1,376,793	–	38,767	–
Loans repaid	(1,078,098)	(16,946)	(57,327)	–
Principal elements of lease payment	–	–	–	(21,926)
Payment of lease interest	–	–	–	(27,950)
Other changes				
Addition of lease liabilities	–	–	–	10,334
Disposal of lease liabilities	–	–	–	(261)
Extension and remeasurement of right-of-use assets	–	–	–	13,002
Acquisition of subsidiaries	17,750	–	–	502
Finance cost of lease liabilities	–	–	–	30,332
Foreign exchange differences	(8,469)	1,983	(1,209)	20,614
Other non-cash movements	4,226	–	–	–
	312,202	(14,963)	(19,769)	24,647
Balance of interest payable	13,806	2,588	15	–
Balance as at 31 December 2023	3,234,631	64,174	21,194	810,529

Note:

During the year, included in an amount due to a non-controlling shareholder of a subsidiary of US$22,609,000 was reclassified to amounts due to a related company. A repayment of US$22,609,000 was fully settled by the Group.

36 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(d) Reconciliation of liabilities arising from financing activities (Continued)

	Borrowings US$'000	Loans from non-controlling shareholders of subsidiaries US$'000	Loans from a joint venture and an associate US$'000	Lease liabilities US$'000
Balance as at 1 January 2022	3,219,610	113,560	57,248	790,909
Changes from financing cash flows				
Loans drawn down	1,008,884	10,075	42,361	–
Loans repaid	(1,215,490)	(11,561)	(54,252)	–
Principal elements of lease payment	–	–	–	(18,894)
Payment of lease interest	–	–	–	(25,103)
Other changes				
Addition of lease liabilities	–	–	–	5,662
Extension and remeasurement of right-of-use assets	–	–	–	26,077
Acquisition of a subsidiary	411	–	–	7,333
Finance cost of lease liabilities	–	–	–	29,665
Foreign exchange differences	(115,336)	(5,263)	(4,409)	(29,767)
Other non-cash movements	(248)	(31,205)	–	–
	(321,779)	(37,954)	(16,300)	(5,027)
Balance of interest payable	10,792	943	–	–
Balance as at 31 December 2022	2,908,623	76,549	40,948	785,882

37 RELATED PARTY TRANSACTION

The Group is controlled by COSCO SHIPPING Holdings which owns 66.13% of the Company's shares as at 31 December 2023. The parent company of COSCO SHIPPING Holdings is COSCO, and the parent company of COSCO is COSCO SHIPPING.

COSCO SHIPPING is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. PRC government related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government, are also defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING and its subsidiaries, other government related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO SHIPPING as well as their close family members.

For the purpose of the related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO SHIPPING group companies for the interests of financial statements' users, although certain of those transactions which are individually or collectively not significant, and are exempted from disclosure upon adoption of HKAS 24 (Revised). The Directors believe that the information of related party transactions has been adequately disclosed in the consolidated financial statements.

In addition to those disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year.

37 RELATED PARTY TRANSACTION (CONTINUED)

(a) Sales/purchases of goods, services and investments

	2023 US$'000	2022 US$'000
Management fee and service fee income from (note i)		
– joint ventures	**4,546**	4,596
– associates	**1,614**	1,362
Terminal handling and storage income received from (note ii, xii)		
– fellow subsidiaries	**440,400**	432,620
– non-controlling shareholders of subsidiaries	**170,115**	118,004
Container handling and logistics service fees to non-controlling shareholders of subsidiaries (note iii, xii)	**(46,098)**	(54,206)
Electricity and fuel expenses paid to (note iv, xii)		
– fellow subsidiaries	**(9,425)**	(10,856)
– non-controlling shareholders of subsidiaries	**(5,519)**	(5,604)
Handling, storage and maintenance expenses to (note v, xii)		
– fellow subsidiaries	**(1,109)**	(730)
– non-controlling shareholders of subsidiaries	**(3,705)**	(4,286)
Rental expenses paid to non-controlling shareholders of subsidiaries (note vi)	**(520)**	(183)
Rental income received from non-controlling shareholders of subsidiaries (note vii)	**3,667**	1,244
Purchase of materials from fellow subsidiaries (note viii, xii)	**(264)**	(127)
Insurance expenses paid to a fellow subsidiary (note ix)	**(1,345)**	(958)
Concession fee paid to (note x, xii)		
– a fellow subsidiary	**(78,402)**	(71,966)
– a non-controlling shareholder of a subsidiary	**(11,025)**	(6,842)
Payments of lease liabilities to (note xi, xii)		
– a fellow subsidiary	**(14,870)**	(13,903)
– non-controlling shareholders of subsidiaries	**(5,757)**	(6,198)

37 RELATED PARTY TRANSACTION (CONTINUED)

(a) Sales/purchases of goods, services and investments (Continued)

Notes:

(i) The Group provided advisory and management services to COSCO-HIT Terminals (Hong Kong) Limited, a joint venture of the Group, during the year. Management fee was charged and agreed at HK$22,647,000 (equivalent to US$2,893,000) (2022: HK$22,031,000 (equivalent to US$2,814,000)) per annum.

Other management fee and service fee income charged to joint ventures and associates were agreed between the Group and the respective parties in concern.

(ii) The terminal related service income received from fellow subsidiaries and non-controlling shareholders of subsidiaries in relation to the cargoes shipped from/to Quanzhou, Jinjiang, Xiamen, Nansha, Lianyungang, Jinzhou, Nantong, Wuhan and Tianjin were charged at rates by reference to rates as set out by the Ministry of Communications of the PRC.

The terminal related service income received from fellow subsidiaries in relation to the cargoes shipped from/to Piraeus Ports, Zeebrugge, Spain and Abu Dhabi were charged at rates as mutually agreed.

(iii) The terminal related services fee paid to non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(iv) Electricity and fuel expenses paid to fellow subsidiaries and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(v) Handling, storage and maintenance expenses paid to fellow subsidiaries and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(vi) Rental expenses paid to non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(vii) Rental income received from non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(viii) The purchase of materials from fellow subsidiaries were conducted at terms as set out in the agreements entered into between the Group and the respective parties in concern.

(ix) Insurance expenses paid to a fellow subsidiary were charged at rates as mutually agreed.

(x) Concession fee paid to a fellow subsidiary and a non-controlling shareholder of a subsidiary were charged and mutually agreed at a variable annual concession fee based on the aggregate revenue of the terminals.

(xi) The payments of lease liabilities to a fellow subsidiary and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(xii) The transactions represent continuing connected transactions which has complied with the disclosure requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules").

37 RELATED PARTY TRANSACTION (CONTINUED)

(b) Key management compensation

	2023 US$'000	2022 US$'000
Salaries, bonuses and other allowances	**1,911**	1,970
Contributions to retirement benefit schemes	**4**	4
Share-based payments	**–**	(176)
	1,915	1,798

Key management includes directors of the Company and three (2022: three) senior management members of the Group.

The emoluments of the senior management members fell within the following bands:

	Number of Individuals 2023	Number of individuals 2022
Emolument bands		
US$127,749-US$255,496 (HK$1,000,001-HK$2,000,000)	**–**	2
US$255,497-US$319,371 (HK$2,000,001-HK$2,500,000)	**1**	–
US$319,372-US$383,246 (HK$2,500,001-HK$3,000,000)	**–**	1
US$383,247-US$447,120 (HK$3,000,001-HK$3,500,000)	**2**	–
US$447,121-US$510,994 (HK$3,500,001-HK$4,000,000)	**–**	–
US$510,995-US$574,869 (HK$4,000,001-HK$4,500,000)	**–**	–
	3	3

38 BUSINESS COMBINATION AND ACQUISITION OF AN ASSOCIATE

(a) Acquisition of subsidiaries

On 30 December 2022, China Shipping Terminal Development Co., Ltd. ("CSTD", a wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Xiamen Haitou Supply Chain Operation Co., Ltd. ("Xiamen Haitou Operation") in relation to the sale and purchase of 56% interest in COSCO SHIPPING Ports Supply Chain (Xiamen) Development Co., Ltd. ("Xiamen Haitou Supply Chain") (formerly known as Xiamen Haicang Free Trade Port Zone Investment and Construction Management Co., Ltd), at a total consideration of approximately RMB638,408,000 (equivalent to approximately US$94,410,000).

The equity transfer was completed, and the consideration was transferred to Xiamen Haitou Operation by CSTD on 28 February 2023. Xiamen Haitou Supply Chain has become a subsidiary of the Group since the closing date.

38 BUSINESS COMBINATIONS AND ACQUISITION OF AN ASSOCIATE (CONTINUED)

(a) Acquisition of subsidiaries (Continued)

Details of net asset acquired are as follows:

	US$'000
Purchase consideration	94,410
Fair value of net assets acquired shown as below	(77,119)
Goodwill	17,291

The major components of assets and liabilities arising from the business combination are as follows:

	Fair value US$'000
Property, plant and equipment	90,553
Right-of-use assets	389
Investment properties	84,965
Intangible assets	75
Associates	22,347
Deferred tax assets	5
Trade and other receivables, prepayments and contract assets	2,452
Cash and cash equivalents	14,695
Deferred tax liabilities	(23,730)
Long term borrowings	(16,271)
Other long term liabilities	(5)
Current portion of lease liabilities	(502)
Current portion of long term borrowings	(1,479)
Trade and other payables and contract liabilities	(32,872)
Tax payables	(399)
Fair value of net assets acquired	140,223
Less: non-controlling interests	(63,104)
	77,119
Purchase consideration settled in cash	(94,410)
Less: Cash and cash equivalents acquired	14,695
Net cash outflow	(79,715)

38 BUSINESS COMBINATIONS AND ACQUISITION OF AN ASSOCIATE (CONTINUED)

(a) Acquisition of subsidiaries (Continued)

The acquired businesses contributed revenue of US$31,351,000, and net profit of US$3,017,000 to the group for the period from 1 March to 31 December 2023. If the acquisition had occurred on 1 January 2023, consolidated revenue and profit for the year ended 31 December 2023 would have been increased by US$9,216,000 and decreased by US$456,000 respectively.

(b) Acquisition of an associate

In June 2023, Grand Dragon Investment Enterprise Limited (a wholly-owned subsidiary of the Company) entered into an Amended and Restated Purchase Agreement with Hamburger Hafen und Logistik Aktiengesellschaft to acquire 24.99% interests in HHLA Container Terminal Tollerort GmbH ("CTT"). The transaction was completed on 20 June 2023 at a total consideration of approximately EUR67,127,000 (equivalent to approximately US$72,051,000) which including the consideration for the shares, closing shareholder loan and related interest. CTT has become an associate of the Group since the completion date.

39 TRANSACTION WITH A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

In February 2023, the Group acquired an additional 30% interests in Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate Terminal") at a total consideration of approximately RMB843,048,000 (equivalent to approximately US$124,704,000). The transaction was completed on 28 February 2023. Immediately prior to the transaction, the carrying amount of the existing 30% non-controlling interest in Xiamen Ocean Gate Terminal was US$97,185,000. The Group recognised a decrease in non-controlling interest of US$97,185,000 and a decrease in equity attributable to owners of the parent of US$27,519,000.

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	**2023** **US$'000**	2022 US$'000
Assets			
Non-current assets			
Prepayments		**2,991**	2,926
Subsidiaries		**5,888,836**	5,601,997
Amounts due from subsidiaries		**103,099**	131,677
		5,994,926	5,736,600
Current assets			
Other receivables		**2,388**	2,103
Amounts due from subsidiaries		**87,118**	575,355
Amount due from an associate		**2,405**	561
Amounts due from fellow subsidiaries		**4,312**	1,543
Cash and cash equivalents		**362,744**	228,832
		458,967	808,394
Total assets		**6,453,893**	6,544,994

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

	Note	2023 US$'000	2022 US$'000
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**45,742**	44,172
Reserves	(a)	**4,542,526**	4,501,402
Total equity		**4,588,268**	4,545,574
Liabilities			
Non-current liability			
Long term borrowings		**1,070,000**	766,907
Current liabilities			
Short term borrowings		**341,179**	206,580
Other payables		**54,320**	39,555
Current tax liabilities		**145**	20,226
Loan from a subsidiary		**–**	296,610
Amounts due to subsidiaries		**399,981**	669,542
		795,625	1,232,513
Total liabilities		**1,865,625**	1,999,420
Total equity and liabilities		**6,453,893**	6,544,994

On behalf of the Board

YANG Zhijian
Executive Director and Chairman of the Board

ZHU Tao
Executive Director and Managing Director

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note: (a) Reserve movement of the company

	Share premium US$'000	Contributed surplus (note) US$'000	Share option reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2023	**2,001,907**	**414,214**	**4,760**	**2,080,521**	**4,501,402**
Profit for the year	**–**	**–**	**–**	**84,513**	**84,513**
Issued of share on settlement of scrip dividends	**74,171**	**–**	**–**	**–**	**74,171**
Share based compensation	**–**	**–**	**(57)**	**–**	**(57)**
Transfer of share option reserve upon the expiry of share options	**–**	**–**	**(4,703)**	**–**	**(4,703)**
Dividends paid to equity holders of the Company					
– 2022 second interim	**–**	**–**	**–**	**(51,746)**	**(51,746)**
– 2023 first interim	**–**	**–**	**–**	**(61,054)**	**(61,054)**
At 31 December 2023	**2,076,078**	**414,214**	**–**	**2,052,234**	**4,542,526**
Representing:					
Reserves	**2,076,078**	**414,214**	**–**	**1,981,390**	**4,471,682**
2023 second interim dividend declared	**–**	**–**	**–**	**70,844**	**70,844**
At 31 December 2023	**2,076,078**	**414,214**	**–**	**2,052,234**	**4,542,526**
At 1 January 2022	1,917,156	414,214	6,538	2,180,232	4,518,140
Profit for the year	–	–	–	43,891	43,891
Issued of share on settlement of scrip dividends	84,751	–	–	–	84,751
Share based compensation	–	–	(1,778)	–	(1,778)
Dividends paid to equity holders of the Company					
– 2021 second interim	–	–	–	(71,609)	(71,609)
– 2022 first interim	–	–	–	(71,993)	(71,993)
At 31 December 2022	2,001,907	414,214	4,760	2,080,521	4,501,402
Representing:					
Reserves	2,001,907	414,214	4,760	2,028,774	4,449,655
2022 second interim dividend declared	–	–	–	51,747	51,747
At 31 December 2022	2,001,907	414,214	4,760	2,080,521	4,501,402

Note:

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued share capital and the net asset value of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders.

41 DETAILS OF SUBSIDIARIES

Details of the subsidiaries as at 31 December 2023 are as follows:

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group effective interest	
						2023	2022
2	Cheer Dragon Investment Limited	Hong Kong	Hong Kong	Investment holding	HK$3 divided into 3 ordinary shares	**66.67%**	66.67%
2, 3	China Shipping Terminal Development Co., Limited	PRC	PRC	Investment holding	RMB11,550,131,586	**100.00%**	100.00%
1	COSCO Pacific Limited	British Virgin Islands	Hong Kong	Provision of treasury services	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO Ports (Nansha) Limited	British Virgin Islands	Hong Kong	Investment holding	20,000 ordinary shares of US$1 each	**66.10%**	66.10%
	COSCO SHIPPING Ports (Abu Dhabi) Limited	British Virgin Islands	Hong Kong	Investment holding	US$20,000 divided into 20,000 ordinary shares	**44.45%**	44.45%
1, 2	COSCO SHIPPING Ports (Abu Dhabi CFS) Limited	British Virgin Islands	British Virgin Islands	Investment holding	US$17,000,001 divided into 17,000,001 ordinary shares	**100.00%**	100.00%
1	COSCO SHIPPING Ports (ACT) Limited	British Virgin Islands	Hong Kong	Investment holding	US$40,000,001 divided into 40,000,001 ordinary shares	**100.00%**	100.00%
2	COSCO SHIPPING Ports (Antwerp) NV	Belgium	Belgium	Investment holding	Euro61,500 divided into 2 shares with no face value	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Belgium) Limited	Hong Kong	Hong Kong	Investment holding	HK$1 divided into 1 ordinary share and US$7,000,000 divided into 7,000,000 ordinary shares	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Chancay) Limited	British Virgin Islands	British Virgin Islands	Investment holding	US$5,001,000 divided into 5,001,000 ordinary shares	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (CHT) Limited	British Virgin Islands	British Virgin Islands	Investment holding	2 ordinary shares of US$1 each	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Dalian) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Dalian RoRo) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Fangchenggang) Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group effective interest 2023	Group effective interest 2022
1, 2	COSCO SHIPPING Ports (Greece) S.à r.l.	Luxembourg	Luxembourg	Investment holding	Euro 512,500 divided into 20,500 shares of Euro 25 each	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Istanbul) Limited	Hong Kong	Hong Kong	Investment holding	HK$1 divided into 1 ordinary share and US$95,000,000 divided into 95,000,000 ordinary shares	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Jinjiang) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Nansha) Supply Chain Company Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Nantong) Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares and US$61,071,000 divided into 61,071,000 ordinary shares	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Ningbo) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Port Said) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Pudong) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Quanzhou) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Rotterdam) Limited	Hong Kong	Hong Kong	Investment holding	HK$1 divided into 1 ordinary share	**51.00%**	51.00%
1, 2	COSCO SHIPPING Ports (Singapore) Limited	British Virgin Islands	British Virgin Islands	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group effective interest 2023	2022
1	COSCO SHIPPING Ports (Spain) Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares and Euro 70,550,000 divided into 70,550,000 ordinary shares	**100.00%**	100.00%
	COSCO SHIPPING Ports (Spain) Holdings, S.L.	Spain	Spain	Investment holding	23,147,944 ordinary shares of Euro 1 each	**51.00%**	51.00%
	COSCO SHIPPING Ports (Spain) Terminals, S.L.U.	Spain	Spain	Investment holding	36,250,000 ordinary shares of Euro 1 each	**51.00%**	51.00%
1	COSCO SHIPPING Ports (Tianjin) Limited	British Virgin Islands	Hong Kong	Investment holding	10 ordinary share of US$1 each	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Vado) Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares and Euro17,000,000 into 17,000,000 ordinary shares	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Xiamen) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports (Yangshan) Limited	British Virgin Islands	British Virgin Islands	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Yantian) Limited	British Virgin Islands	British Virgin Islands	Investment holding	50,000 ordinary shares of US$1 each	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Yingkou) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO SHIPPING Ports (Zeebrugge CFS) Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
2	COSCO SHIPPING Ports Chancay PERU S.A.	Peru	Peru	Operation of terminals	698,520,318 ordinary shares of Sol 1 each	**60.00%**	60.00%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group effective interest 2023	Group effective interest 2022
1	COSCO SHIPPING Ports Development Co., Limited	Hong Kong	Hong Kong	Investment holding	HK$16,629,120,462 divided into 5,679,542,726 ordinary shares	**100.00%**	100.00%
1	COSCO SHIPPING Ports Finance (2013) Company Limited	British Virgin Islands	Hong Kong	Financing	4,600,001 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO SHIPPING Ports Finance (2018) Company Limited	British Virgin Islands	British Virgin Islands	Inactive	US$1 divided into 1 ordinary share	**100.00%**	100.00%
1, 2, 3	COSCO SHIPPING Ports Investments (Shanghai) Co., Ltd.	PRC	PRC	Investment holding	US$236,000,000	**100.00%**	100.00%
1	COSCO SHIPPING Ports Management Company Limited	Hong Kong	Hong Kong	Investment holding and provision of management services	HK$2 divided into 2 ordinary shares and US$108,800,000 divided into 108,800,000 ordinary shares	**100.00%**	100.00%
2	COSCO SHIPPING Ports Supply Chain (Xiamen) Development Co., Ltd.	PRC	PRC	Investment holding	RMB450,933,700	**56.00%**	–
	CSP Abu Dhabi CFS Limited	Abu Dhabi Free Zone, United Arab Emirates	Abu Dhabi Free Zone, United Arab Emirates	Operation of container freight station	192,498 ordinary shares of AED1,000 each	**100.00%**	100.00%
	CSP Abu Dhabi Terminal L.L.C.	Abu Dhabi, United Arab Emirates	Abu Dhabi, United Arab Emirates	Operation of terminals	150,000 ordinary shares of AED 1 each	**40.00%**	40.00%
2	CSP Guinea Terminal Management SARL	Guinea	Guinea	Provision of management services	9,300 ordinary shares of GNF1,000,000 each	**100.00%**	100.00%
	CSP Iberian Billbao Terminal, S.L.	Spain	Spain	Operation of container	30,694,951 ordinary shares of Euro 0.43 each	**39.51%**	39.51%
	CSP Iberian Rail Services, S.L.U.	Spain	Spain	Provision of rail terminals services	7,160,000 ordinary shares of Euro 1 each	**51.00%**	51.00%
	CSP Iberian Valencia Terminal, S.A.U.	Spain	Spain	Operation of container terminals	170,912,783 ordinary shares of Euro 0.29 each	**51.00%**	51.00%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group effective interest 2023	2022
	CSP Iberian Zaragoza Rail Terminal, S.L.	Spain	Spain	Operation of rail terminals	3,000 ordinary shares of Euro 1 each	**30.60%**	30.60%
	CSP Logitren, S.A.	Spain	Spain	Provision of rail services	22,785 ordinary shares of Euro 30 each	**26.02%**	26.02%
	CSP Zeebrugge Terminal NV	Belgium	Belgium	Operation of container terminals	4,270,001 ordinary shares of Euro 10 each	**90.00%**	90.00%
	CSP Zeebrugge CFS NV	Belgium	Belgium	Operation of container freight station	Euro 6,962,000 divided into 140,362 ordinary shares	**100.00%**	100.00%
1	Golden Chance Investment Enterprises Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	–
1	Golden Creation Development Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
1	Grand Dragon Investment Enterprise Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
2, 3	Guangzhou South China Oceangate Container Terminal Company Limited	PRC	PRC	Operation of container terminals	RMB1,928,293,400	**39.00%**	39.00%
2, 3	Guangzhou Nansha CSP Supply Chain Co., Ltd.	PRC	PRC	Logistics	RMB200,000,000	**100.00%**	100.00%
2, 3	Jinjiang Pacific Ports Development Co., Ltd.	PRC	PRC	Operation of terminals	US$49,900,000	**80.00%**	80.00%
2, 3	Jinzhou New Age Container Terminal Co., Ltd.	PRC	PRC	Operation of terminals	RMB320,843,634	**51.00%**	51.00%
2, 3	Lianyungang New Oriental International Terminals Co., Ltd.	PRC	PRC	Operation of terminals	RMB470,000,000	**55.00%**	55.00%
2	Longyan International Logistics Co., Ltd.	PRC	PRC	Logistics	RMB10,000,000	**28.56%**	–
	Maltransinter, S.A.U.	Spain	Spain	Inactive	14,000 ordinary shares of Euro 1,000 each	**51.00%**	51.00%
2, 3	Nantong Tonghai Port Co., Ltd.	PRC	PRC	Operation of terminals	RMB790,000,000	**51.00%**	51.00%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group effective interest 2023	Group effective interest 2022
1	Navigator Investco Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares, and US$80,605,443.36 divided into 1,000 ordinary shares and Euro 38,408,291.67 divided into 1,000 ordinary shares	**51.00%**	51.00%
1	Nice Grand Development Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
1	Ocean Bridge International Ports Management Company Limited	Hong Kong	Hong Kong	Provision of management and consultancy services	HK$1,000,000 divided into 1,000,000 ordinary shares	**51.00%**	51.00%
1	Piraeus Container Terminal Single Member S.A.	Greece	Greece	Operation of container	Euro77,299,800	**100.00%**	100.00%
2, 3	Quan Zhou Pacific Container Terminal Co., Ltd.	PRC	PRC	Operation of terminals	US$80,770,000	**82.35%**	82.35%
1	Sound Joyce Enterprises Limited	Hong Kong	Hong Kong	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**100.00%**	100.00%
	Sagtransinter, S.L.U	Spain	Spain	Inactive	13,631,405 ordinary shares of Euro 1 each	**51.00%**	51.00%
2, 3	Shanghai China Shipping Terminal Development Co., Ltd.	PRC	PRC	Investment holding	RMB7,485,600,000	**100.00%**	100.00%
1, 2	Taicang Container Terminals Holdings Limited	British Virgin Islands	British Virgin Islands	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
2, 3	Tianjin Port Container Terminal Co., Ltd.	PRC	PRC	Operation of terminals	RMB2,408,312,700	**51.00%**	51.00%
2, 3	Wuhan CSP Terminal Company Limited	PRC	PRC	Operation of terminals	RMB557,715,526	**84.94%**	84.94%

41 DETAILS OF SUBSIDIARIES (CONTINUED)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/ paid-up capital	Group effective interest	
						2023	2022
2, 3	Xiamen CSP Supply Chain Co., Limited	PRC	PRC	Logistics	RMB68,000,000	**100.00%**	100.00%
2	Xiamen Haicang Free Trade Port Area Container Inspection Co., Ltd.	PRC	PRC	Container Stevedoring, storage, inspection and auxiliary services	RMB10,000,000	**61.12%**	N/A
2	Xiamen International Train Co., Ltd.	PRC	PRC	Logistics	RMB6,500,000	**56.00%**	–
2	Xiamen Jiagong Logistics Co., Ltd.	PRC	PRC	Logistics	RMB10,000,000	**36.40%**	–
2, 3	Xiamen Ocean Gate Container Terminal Co., Ltd.	PRC	PRC	Operation of container terminals	RMB1,813,680,000	**100.00%**	70.00%

Notes:

1 Shares held directly by the Company.

2 Subsidiaries not audited by PricewaterhouseCoopers.

3 China Shipping Terminal Development Co., Limited, Shanghai China Shipping Terminal Development Co., Ltd., COSCO SHIPPING Ports Investments (Shanghai) Co., Ltd., Guangzhou Nansha CSP Supply Chain Co., Ltd., Xiamen Ocean Gate Container Terminal Co., Ltd. and Xiamen CSP Supply Chain Co. Ltd. are wholly foreign owned enterprises. Guangzhou South China Oceangate Container Terminal Company Limited, Jinjiang Pacific Ports Development Co., Ltd., Jinzhou New Age Container Terminal Co., Ltd., Lianyungang New Oriental International Terminals Co., Ltd., Quan Zhou Pacific Container Terminal Co., Ltd., Wuhan CSP Terminal Company Limited, Tianjin Port Container Terminal Co., Ltd. and Nantong Tonghai Port Co., Ltd. are sino-foreign equity joint ventures established in the PRC.

42 DETAILS OF JOINT VENTURES

Details of the principal joint ventures as at 31 December 2023, which principally affect the results and/or net assets of the Group, are as follows:

Name	Place of incorporation/ establishment	Principal activities	Paid-up capital	Percentage of interest in ownership/voting power/profit sharing	
				2023	2022
Asia Container Terminals Holdings Limited	Cayman Islands	Investment holding	HK$1,000 divided into 1,000 ordinary shares	**20.00%**	20.00%
Conte-Rail, S.A.	Spain	Operation of rail terminals	45,000 ordinary shares of Euro 34.3 each	**25.50%**	25.50%
COSCO-HIT Terminals (Hong Kong) Limited	Hong Kong	Operation of container terminals	HK$20 divided into 2 "A" ordinary shares HK$20 divided into 2 "B" ordinary shares HK$40 divided into 4 non-voting 5% deferred shares	**50.00%**	50.00%
COSCO-HPHT ACT Limited (note i)	British Virgin Islands	Investment holding	1,000 ordinary shares of US$1 each	**50.00%**	50.00%
COSCO-PSA Terminal Private Limited	Singapore	Operation of container terminals	SGD286,213,000	**49.00%/ 50.00%/ 49.00%**	49.00%/ 50.00%/ 49.00%
Dalian Dagang Container Terminal Co., Ltd	PRC	Operation of container terminals	RMB7,500,000	**35.00%**	35.00%
Euro-Asia Oceangate S.à.r.l. (note ii)	Luxembourg	Investment holding	US$40,000	**40.00%**	40.00%
Lianyungang Port Railway International Container Multimodal Transport Co., Ltd.	PRC	Logistics	RMB3,400,000	**30.00%**	30.00%
Nansha Stevedoring Corporation Limited of Port of Guangzhou	PRC	Operation of container terminals	RMB1,260,000,000	**40.00%**	40.00%
Ningbo Yuan Dong Terminals Limited	PRC	Operation of container terminals	RMB2,500,000,000	**20.00%**	20.00%
Piraeus Consolidation and Distribution Centre S.A.	Greece	Storage, consolidation and distribution	Euro1,000,000	**50.00%/ 60.00%**	50.00%/ 60.00%
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	PRC	Operation of iron ore terminal	RMB2,000,000,000	**25.00%/ 22.22%/ 25.00%**	25.00%/ 22.22%/ 25.00%
Shanghai Pudong International Container Terminals Limited	PRC	Operation of container terminals	RMB1,900,000,000	**30.00%**	30.00%
Xiamen Haicang Free Trade Port Zone Container Inspection Co., Ltd. (note iii)	PRC	Container stevedoring, storage, inspection and auxiliary services	RMB10,000,000	**N/A**	22.40%/ 33.33%/ 22.40%

42 DETAILS OF JOINT VENTURES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities	Paid-up capital	Percentage of interest in ownership/voting power/profit sharing 2023	2022
Yingkou Container Terminals Company Limited	PRC	Operation of container terminals	RMB8,000,000	**50.00%/ 57.14%/ 50.00%**	50.00%/ 57.14%/ 50.00%
Yingkou New Century Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB40,000,000	**40.00%**	40.00%

Notes:

(i) COSCO-HPHT ACT Limited effectively holds 80% equity interest in Asia Container Terminal Limited, which engages in the operation, management and development of container terminals, and is considered as a subsidiary of COSCO-HPHT ACT Limited.

(ii) Euro-Asia Oceangate S.à.r.l. effectively holds 65% equity interest in Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş., which engages in container terminal operations, and is considered as a subsidiary of Euro-Asia Oceangate S.à.r.l.

(iv) The company is accounted for as a subsidiary upon the acquisition of Xiamen Haitou Supply Chain.

43 DETAILS OF ASSOCIATES

Details of the associates as at 31 December 2023, which principally affect the results and/or net assets of the Group, are as follows:

Name	Place of establishment operation	Principal activities	Issued share capital/ registered capital	Group effective interest 2023	2022
Antwerp Gateway NV	Belgium	Operation of container terminals	Euro17,900,000	**20.00%**	20.00%
APM Terminals Vado Holdings B.V. (note i)	Netherlands	Investment holding	10 ordinary shares of Euro 100 each	**40.00%**	40.00%
Beibu Gulf Port Co., Ltd.	PRC	Operation of terminals	RMB1,771,984,012	**9.82%**	9.82%
COSCO Shipping Terminals (USA) LLC	USA	Investment holding	US$200,000	**40.00%**	40.00%
Dalian Automobile Terminal Co., Ltd.	PRC	Construction and operation of automobile terminals	RMB400,000,000	**24.00%**	24.00%
Dalian Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB3,480,000,000	**19.00%**	19.00%

43 DETAILS OF ASSOCIATES (CONTINUED)

Name	Place of establishment operation	Principal activities	Issued share capital/ registered capital	Group effective interest 2023	Group effective interest 2022
Damietta International Port Company S.A.E	Egypt	Operation of container terminals	20,000,000 ordinary shares of US$10 each	**20.00%**	20.00%
Dawning View Limited (formerly known as Dawning Company Limited)	British Virgin Islands	Investment holding	200 "A" shares of US$1 each and 800 "B" shares of US$1 each	**20.00%**	20.00%
Euromax Terminal Rotterdam B.V.	Netherlands	Operation of container terminals	65,000 "A" shares of Euro 1 each and 35,000 "B" shares of Euro 1 each	**17.85%**	17.85%
Fangchenggang Chisha Terminal Co., Limited	PRC	Operation of container terminals	RMB610,000,000	**20.00%**	20.00%
Global Shipping Business Network Limited	Hong Kong	Business Network Services	US$8,000,000 divided into 8,000,000 ordinary shares	**12.50%**	12.50%
Guangxi Beibu Gulf International Container Terminal Co., Ltd	PRC	Operation of container terminals	RMB2,371,600,000	**26.00%**	26.00%
HHLA Container Terminal Tollerort GmbH	Germany	Operation of container terminals	7,700,000 ordinary shares of Euro 1 each	**24.99%**	–
Kao Ming Container Terminal Corp.	Taiwan	Operation of container terminals	TWD6,800,000,000	**20.00%**	20.00%
Lianyungang Xinsanly Container Service Co., Ltd	PRC	Container inspection and auxiliary services	RMB1,000,000	**22.00%**	22.00%
Qingdao Port International Co., Ltd	PRC	Operation of container terminals	RMB6,491,100,000	**19.79%**	19.79%
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB400,000,000	**30.00%**	30.00%
Red Sea Gateway Terminal Company Limited	Kingdom of Saudi Arabia	Operation of container terminals	SAR555,207,000	**20.00%**	20.00%
Servicios Intermodales Bilbaoport, S.L.	Spain	Container storage and transportation	852,236 ordinary shares of Euro 0.407 each	**5.53%**	5.53%
Shanghai Mingdong Container Terminals Limited	PRC	Operation of container terminals	RMB4,000,000,000	**20.00%**	20.00%
Success Enterprises Limited (formerly known as Sigma Enterprises Limited)	British Virgin Islands	Investment holding	2,005 "A" shares of US$1 each and 8,424 "B" shares of US$1 each	**16.49%**	16.49%

43 DETAILS OF ASSOCIATES (CONTINUED)

Name	Place of establishment operation	Principal activities	Issued share capital/ registered capital	Group effective interest 2023	Group effective interest 2022
Suez Canal Container Terminal S.A.E.	Egypt	Operation of container terminals	1,856,250 ordinary shares of US$100 each	**20.00%**	20.00%
Taicang International Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB450,800,000	**39.04%**	39.04%
Tianjin Shengang Container Technological Development Service Co. Ltd	PRC	Container handling	RMB3,000,000	**16.83%**	16.83%
Wattrus Limited	British Virgin Islands	Investment holding	32 "A" shares of US$1 each and 593 "B" shares of US$1 each	**5.12%**	5.12%
Xiamen CCIC Haitou Vehicle Inspection Services Co., Ltd.	PRC	Provision of vehicle inspection services	RMB3,000,000	**19.32%**	–
Xiamen Haitou Logistics Co., Ltd.	PRC	Logistics	RMB50,000,000	**22.40%**	–
Xiamen VX Haitou Cold Chain Logitics CO., Ltd.	PRC	Logistics	RMB205,000,000	**19.60%**	–

Note:

(i) APM Terminals Vado Holdings B.V. holds 100% equity interest in Reefer Terminal S.p.A. and Vado Gateway S.p.A, which engages in container terminal operations, and are considered as subsidiaries of APM Terminals Vado Holdings B.V..

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2023	2022 (Restated)	2021	2020	2019
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenues	**1,454,353**	1,441,273	1,208,252	1,000,629	1,027,658
Operating profit after finance income and costs	**131,625**	152,085	171,075	135,857	116,062
Share of profits less losses of					
– joint ventures	**61,805**	75,078	83,195	78,219	86,359
– associates	**236,056**	232,946	246,195	194,501	181,095
Profit before taxation	**429,486**	460,109	500,465	408,577	383,516
Taxation	**(35,206)**	(69,365)	(94,669)	(34,967)	(33,566)
Profit for the year	**394,280**	390,744	405,796	373,610	349,950
Profit attributable to:					
Equity holders of the Company	**324,557**	306,633	354,652	347,474	308,017
Non-controlling interests	**69,723**	84,111	51,144	26,136	41,933
	394,280	390,744	405,796	373,610	349,950
Dividends	**131,898**	123,742	141,895	141,928	124,194
Basic earnings per share (US cents)	**9.33**	9.12	10.70	10.81	9.82
Dividend per share (US cents)	**3.732**	3.632	4.280	4.324	3.928

	As at 31 December				
	2023	2022 (Restated)	2021 (Restated)	2020	2019
	US$'000	US$'000	US$'000	US$'000	US$'000
Total assets	**11,931,881**	11,326,353	12,047,822	11,224,345	10,476,518
Total liabilities	**(5,089,356)**	(4,687,180)	(5,092,658)	(4,847,119)	(4,711,313)
Net assets	**6,842,525**	6,639,173	6,955,164	6,377,226	5,765,205

Notes:

1 The consolidated results of the Group for the two years ended 31 December 2023 and the assets and liabilities of the Group as at 31 December 2023 have been extracted from the audited consolidated financial statements of the Group as set out on pages 130 to 137 of the annual report.

2 The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) on 26 July 1994.

HISTORICAL STATISTICS SUMMARY

Financial statistics		2014	2015 (Restated)	2016
Consolidated income statement	US$M			
Revenue				
Terminals		514.7	547.3	553.9
Container leasing, management, sale and related businesses		357.1	–	–
Container handling, transportation and storage		2.3	2.9	2.5
Elimination of inter-segment		(4.0)	–	–
Total		870.1	550.2	556.4
EBITDA		610.4	463.6	393.4
Depreciation & amortisation		(211.7)	(98.0)	(98.5)
EBIT		398.7	365.6	294.9
Interest expenses		(72.5)	(54.7)	(52.1)
Interest income		25.7	22.2	14.8
Profit before taxation		351.9	333.1	257.6
Operating profit after finance income and costs		180.7	112.0	57.4
Profit attributable to equity holders of the Company		292.8	429.3	247.0
Breakdown of profit attributable to equity holders of the Company				
Terminals and related businesses		221.0	286.6	242.9
Container leasing, management, sale and related businesses		95.8	82.8	66.1
Container manufacturing and related businesses		–	79.2	–
Net corporate finance income/(costs)		32.0	27.7	8.0
Net corporate expenses		(56.0)	(47.0)	(70.0)
Total		292.8	429.3	247.0
Consolidated balance sheet				
Consolidated total assets		7,616.7	8,860.6	6,786.5
Consolidated total liabilities		2,558.0	2,593.5	2,020.7
Consolidated net assets		5,058.7	6,267.1	4,765.8
Consolidated total debts		1,860.2	2,087.0	1,503.0
Consolidated cash balances		1,116.5	924.2	837.1
Consolidated net debts		743.7	1,162.8	665.9
Per share data				
Capital and reserves attributable to the equity holders of the Company per share	US$	1.61	1.97	1.44
Basic earnings per share	US cents	10.01	14.58	8.30
Dividend per share	US cents	4.004	5.148	13.637 [note 1]
Net asset value per share	US$	1.72	2.11	1.58
Net asset value per share	HK$	13.342	16.373	12.254
Share price (as at 31 December)	US$	1.421	1.102	1.005
Share price (as at 31 December)	HK$	11.02	8.54	7.79
Ratios				
P/E (as at 31 December)	Times	14.2	7.6	12.1
Dividend payout ratio	%	40.0	40.0	40.0 [note 3]
Return on total assets	%	3.9	5.2	3.2
Return on net assets	%	6.3	8.0	5.0
Return on equity holders of the Company	%	6.3	8.1	4.8
Net debt-to-equity ratio	%	14.7	18.6	14.0
Interest coverage (excluding finance charges relating to lease liabilities)	Times	5.9	7.1	5.9
Other information				
Total number of shares issued (as at 31 December)	M	2,940.4	2,966.6	3,016.0
Weighted average number of ordinary shares issued	M	2,924.9	2,945.4	2,976.4
Market capitalisation (as at 31 December)	US$M	4,178.3	3,268.9	3,029.6

Notes:
1 The amount in 2016 included a conditional special cash dividend of HK80.0 cents (equivalent to US10.317 cents) per share.
2 The financial figures for the year 2014 were extracted from the 2015 annual report. No retrospective adjustment for the common control combinations during the year were made on the financial figures for the year 2014. No separate disclosures of continuing operations and discontinued operations were made on the financial figures for the year 2014.
3 The conditional special cash dividend of HK80.0 cents (equivalent to US10.317 cents) per share was excluded in the calculation of dividend payout ratio of the year 2016.
4 One-off exceptional items related to the completion of the subscription of non-circulating domestic shares in QPI and the disposal of equity interests in Qingdao Qianwan Container Terminal Co., Ltd. was excluded in the calculation of dividend payout ratio of the year 2017.
5 The consolidated balance sheet and related financial data of 2021 were restated.

Historical Statistics Summary

2017	2018	2019	2020	2021[note 5]	2022 (Restated)	**2023**
634.7	1,000.4	1,027.7	1,000.6	1,208.3	1,441.3	**1,454.4**
–	–	–	–	–	–	**–**
–	–	–	–	–	–	**–**
–	–	–	–	–	–	**–**
634.7	1,000.4	1,027.7	1,000.6	1,208.3	1,441.3	**1,454.4**
796.0	652.8	670.1	708.9	826.8	818.5	**824.2**
(106.8)	(147.1)	(190.1)	(200.4)	(226.1)	(249.1)	**(251.5)**
689.2	505.7	480.0	508.5	600.7	569.4	**572.7**
(56.0)	(78.0)	(108.9)	(114.6)	(111.5)	(126.4)	**(171.2)**
12.7	12.3	12.4	14.7	11.3	17.1	**28.0**
645.9	440.0	383.5	408.6	500.5	460.1	**429.5**
409.3	147.5	116.1	135.9	171.1	152.1	**131.6**
512.5	324.6	308.0	347.5	354.7	306.6	**324.6**
573.3	364.0	354.0	387.9	449.5	437.9	**431.6**
–	–	–	–	–	–	**–**
–	–	–	–	–	–	**–**
2.8	(10.4)	(14.7)	(13.8)	(18.3)	(29.1)	**(54.1)**
(63.6)	(29.0)	(31.3)	(26.6)	(76.5)	(102.2)	**(52.9)**
512.5	324.6	308.0	347.5	354.7	306.6	**324.6**
8,954.1	9,045.5	10,476.5	11,224.3	12,047.8	11,326.4	**11,931.9**
3,108.7	3,225.8	4,711.3	4,847.1	5,092.7	4,687.2	**5,089.4**
5,845.4	5,819.7	5,765.2	6,377.2	6,955.1	6,639.2	**6,842.5**
2,334.3	2,479.9	2,916.5	3,047.7	3,219.6	2,908.6	**3,234.6**
566.4	606.7	957.5	1,341.5	1,260.1	1,115.2	**1,208.0**
1,767.9	1,873.2	1,959.0	1,706.2	1,959.5	1,793.4	**2,026.6**
1.70	1.66	1.58	1.67	1.76	1.61	**1.62**
16.93	10.58	9.82	10.81	10.70	9.12	**9.33**
3.000	4.232	3.928	4.324	4.280	3.632	**3.732**
1.91	1.87	1.82	1.92	2.10	1.93	**1.92**
14.879	14.643	14.200	14.913	16.360	15.045	**15.007**
1.0448	0.9830	0.8192	0.6953	0.8682	0.7952	**0.7216**
8.13	7.70	6.38	5.39	6.77	6.20	**5.64**
6.17	9.29	8.34	6.43	8.12	8.72	**7.73**
40.0[note 4]	40.0	40.0	40.0	40.0	40.0	**40.0**
6.5	3.6	3.2	3.2	3.0	2.6	**2.8**
10.4	6.4	6.0	6.2	6.1	5.7	**5.8**
10.7	6.3	6.1	6.6	6.2	5.4	**5.7**
30.2	32.2	34.0	26.8	28.2	27.0	**29.6**
12.5	6.6	5.3	5.8	7.2	5.9	**4.2**
3,057.1	3,113.1	3,162.0	3,315.3	3,315.3	3,440.7	**3,563.6**
3,027.4	3,067.5	3,135.1	3,213.5	3,315.3	3,362.0	**3,479.0**
3,194.0	3,060.3	2,590.4	2,305.0	2,878.2	2,736.0	**2,571.6**

Operational statistics		2014	2015 (Restated)	2016
Container throughput	TEU			
COSCO-HIT Terminal		1,639,995	1,575,858	1,343,859
Yantian Terminal		11,672,798	12,165,687	11,696,492
Zhangjiagang Win Hanverky Terminal		798,773	672,295	675,062
Shanghai Pudong Terminal		2,373,620	2,508,121	2,556,220
Qingdao Qianwan Terminal		16,108,145	16,995,934	17,499,703
COSCO-PSA Terminal		1,311,747	1,526,328	1,809,428
Yangzhou Yuanyang Terminal		481,704	482,106	454,104
Yingkou Container Terminal		1,716,128	1,560,138	1,586,108
Nanjing Longtan Terminal		2,495,608	2,633,753	2,773,005
Dalian Port Terminal		2,732,136	2,495,053	2,683,879
Tianjin Five Continents Terminal		2,569,695	2,570,233	2,571,772
Antwerp Terminal		1,727,116	2,015,306	1,922,281
Quan Zhou Pacific Terminal		1,160,480	1,221,692	1,308,652
Guangzhou South China Oceangate Terminal		4,647,266	4,486,627	4,781,665
Ningbo Yuan Dong Terminal		3,214,703	3,040,762	2,536,182
Suez Canal Terminal		3,400,397	2,954,080	2,547,597
Jinjiang Pacific Terminal		467,610	347,226	364,255
Piraeus Terminal		2,986,904	3,034,428	3,470,981
Tianjin Euroasia Terminal		2,004,170	2,032,389	2,232,973
Xiamen Ocean Gate Terminal		806,183	1,034,753	1,131,197
Kao Ming Terminal		1,333,226	1,525,359	1,728,922
Taicang Terminal		538,304	539,771	513,296
Asia Container Terminal		1,139,414	1,252,815	1,088,891
Dalian International Terminal		–	2,826,893	3,182,368
Dalian Dagang Terminal		–	15,971	21,094
Yingkou New Century Terminal		–	1,850,064	1,870,076
Jinzhou New Age Terminal		–	351,773	449,016
Qinhuangdao New Harbour Terminal		–	500,879	515,482
Shanghai Mingdong Terminal		–	5,668,946	5,900,056
Lianyungang New Oriental Terminal		–	3,525,770	3,100,243
Guangzhou Nansha Stevedoring Terminal		–	5,757,635	5,786,311
Qinzhou International Terminal		–	920,737	1,138,057
CSP Zeebrugge Terminal		–	268,261	277,363
Seattle Terminal		–	128,332	151,534
Busan Terminal		–	–	2,084,592
Kumport Terminal		–	–	665,398
Euromax Terminal		–	–	653,808
CSP Spain Related Companies		–	–	–
Vado Reefer Terminal		–	–	–
QPI		–	–	–
Dalian Container Terminal		–	–	–
Tianjin Container Terminal		–	–	–
Nantong Tonghai Terminal		–	–	–
CSP Abu Dhabi Terminal		–	–	–
Beibu Gulf Terminal		–	–	–
Beibu Gulf Port		–	–	–
Red Sea Gateway Terminal		–	–	–
Vado Container Terminal		–	–	–
CSP Wuhan Terminal		–	–	–
CTT		–	–	–
Total		67,326,122	90,485,975	95,071,922

2017	2018	2019	2020	2021	2022	**2023**
1,920,597	1,794,152	1,688,454	1,699,256	1,442,221	1,292,411	**1,148,991**
12,703,733	13,159,705	13,069,120	13,348,546	14,161,034	13,572,909	**14,045,087**
735,918	761,849	657,849	48,008	–	–	**–**
2,650,396	2,602,151	2,550,390	2,443,406	2,600,511	2,600,529	**2,610,086**
–	–	–	–	–	–	**–**
2,044,536	3,198,874	5,011,091	5,090,751	4,727,146	5,129,902	**5,330,470**
489,108	500,340	500,599	31,841	–	–	**–**
1,496,050	1,338,535	1,200,159	1,258,502	1,129,894	1,015,038	**1,140,161**
2,881,008	2,930,391	3,000,506	–	–	–	**–**
2,604,631	–	–	–	–	–	**–**
2,580,943	2,708,817	1,906,220	–	–	–	**–**
2,166,096	2,230,418	2,109,308	2,270,425	2,202,433	2,107,791	**2,003,613**
1,384,479	1,559,899	1,588,589	1,332,207	1,255,347	1,340,389	**1,311,018**
5,056,257	5,164,923	5,624,830	5,753,628	5,902,426	5,747,136	**5,761,204**
2,980,839	3,060,010	3,010,164	3,103,386	3,040,534	3,053,395	**3,143,607**
2,528,647	2,609,978	3,161,084	3,783,388	3,648,393	3,785,317	**3,982,874**
495,993	425,533	498,846	443,748	323,043	262,683	**222,405**
3,691,815	4,409,205	5,158,626	4,896,886	4,696,265	4,352,059	**4,586,535**
2,469,753	2,717,331	2,860,127	3,060,267	3,197,096	–	**–**
1,501,001	1,968,613	2,061,341	2,070,159	2,541,035	2,741,179	**2,748,313**
1,698,187	1,745,673	1,635,045	1,599,548	2,030,360	2,047,877	**1,669,720**
520,799	561,212	403,307	400,095	488,186	220,348	**266,555**
1,568,298	1,465,047	1,378,737	1,387,558	1,630,901	1,434,377	**1,175,581**
2,828,933	–	–	–	–	–	**–**
24,582	22,047	22,006	21,003	20,300	24,415	**23,202**
1,515,057	1,413,894	1,180,410	1,342,018	1,174,719	1,056,240	**1,090,663**
571,113	710,746	770,037	722,981	735,208	717,056	**640,486**
559,330	584,701	617,257	621,862	641,336	629,896	**545,193**
6,500,062	6,252,083	6,160,365	6,246,932	6,845,534	5,477,740	**6,054,308**
2,872,563	2,876,355	2,819,448	1,089,116	1,009,674	945,448	**1,008,171**
5,800,302	5,805,069	5,708,189	5,709,482	5,705,106	5,770,194	**5,801,276**
1,357,005	1,371,051	1,638,621	1,599,524	–	–	**–**
316,448	392,484	483,601	609,277	931,447	1,070,762	**432,843**
188,455	167,824	204,068	248,370	292,473	277,626	**145,024**
3,554,512	3,758,277	3,765,904	3,759,210	3,809,888	3,704,778	**3,881,749**
1,063,335	1,258,294	1,281,850	1,217,240	1,248,131	1,208,865	**1,316,724**
2,693,337	3,054,115	2,792,987	2,454,617	2,658,175	2,644,039	**2,482,846**
554,028	3,622,200	3,585,276	3,387,820	3,621,188	3,430,787	**3,143,154**
39,455	66,565	54,430	60,256	67,252	64,852	**60,584**
12,270,000	19,320,000	21,010,000	22,010,000	23,710,000	26,820,000	**30,020,000**
1,324,584	9,512,744	8,525,291	4,981,782	3,584,187	4,377,050	**4,906,861**
–	–	2,568,105	7,866,145	8,642,445	8,481,293	**8,223,425**
–	264,255	1,135,840	1,405,658	1,452,334	1,623,027	**1,328,201**
–	–	386,258	665,500	697,236	1,018,668	**1,353,215**
–	–	–	421,875	–	–	**–**
–	–	–	3,362,302	6,011,800	7,021,000	**8,022,100**
–	–	–	–	1,354,374	2,751,157	**3,181,901**
–	–	–	–	56,743	222,372	**298,329**
–	–	–	–	–	66,469	**158,596**
–	–	–	–	–	–	**543,483**
100,202,185	117,365,360	123,784,335	123,824,575	129,286,375	130,107,074	**135,808,554**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. YANG Zhijian[1] *(Chairman)*
Mr. ZHU Tao[1] *(Managing Director)*
Mr. ZHANG Wei[2]
Mr. CHEN Dong[2]
Dr. WONG Tin Yau, Kelvin[1]
Dr. FAN HSU Lai Tai, Rita[3]
Mr. Adrian David LI Man Kiu[3]
Mr. LAM Yiu Kin[3]
Prof. CHAN Ka Lok[3]
Mr. YANG Liang Yee Philip[3]

1 Executive Director
2 Non-executive Director
3 Independent Non-executive Director

GENERAL COUNSEL & COMPANY SECRETARY

Ms. HUNG Man, Michelle

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

Clarendon House 2
Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

49th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong
Telephone: +852 2809 8188
Fax: +852 2907 6088
Website: https://ports.coscoshipping.com

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered PIE Auditor
22nd Floor
Prince's Building
Hong Kong

SOLICITORS

Holman Fenwick Willan
Linklaters
Woo, Kwan, Lee & Lo

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
China Construction Bank Corporation
China Development Bank
DBS Bank Ltd
ING Bank N.V.

PRINCIPAL REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LISTING INFORMATION/STOCK CODE

The Stock Exchange of Hong Kong Limited: 1199
Bloomberg: 1199HK
Reuters: 1199.HK

The Ports for ALL

COSCO SHIPPING Ports Limited
(Incorporated in Bermuda with limited liability)

49th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

Stock Code: 1199

Telephone : +852 2809 8188
Facsimile : +852 2907 6088
Email : ir.csp@coscoshipping.com
Website: https://ports.coscoshipping.com

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