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中遠海運發展股份有限公司  
**COSCO SHIPPING Development Co., Ltd.\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 02866)

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS (UNDER HKFRSs)**

- Revenue amounted to RMB25,464,673,000
- Profit before tax from continuing operations amounted to RMB4,828,038,000
- Profit attributable to owners of the parent of the Company amounted to RMB3,923,130,000
- Basic earnings per share attributable to ordinary equity holders of the parent of the Company amounted to RMB0.2902
- The Board proposed the payment of a final dividend of RMB0.087 per share (inclusive of applicable tax)

The board of directors (the “**Board**”) of COSCO SHIPPING Development Co., Ltd. (the “**Company**” or “**COSCO SHIPPING Development**”) is pleased to announce the consolidated financial information of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Period**”) prepared under Hong Kong Financial Reporting Standards (“**HKFRSs**”), together with the comparative figures for the year ended 31 December 2021.

## **CHAIRMAN’S STATEMENT**

In 2022, the evolution of the world economic changes has accelerated due to the interplay of multiple factors such as inflationary pressure and geopolitics. The global economic development was generally slowing down, and the overall economic operation of China remained stable. Under the economic and trade environment, the shipping market gradually returned to normal. Facing the severe and complicated market environment, the Company has solidly pushed forward to improve quality and efficiency and stabilize growth, promoted reform and innovation for new development, achieving stability in economic benefits amid market fluctuations.

In 2022, the Company achieved operating revenue of RMB25,465 million, a decrease of 27.1% compared with 2021. Net profit attributable to shareholders of the Company was RMB3,923 million, a decrease of 35.6% compared with 2021. Basic earnings per share amounted to RMB0.2902.

The Board proposed the payment of a final dividend of RMB0.087 per share (inclusive of applicable tax).

## **REVIEW OF OPERATIONS**

In 2022, the Company firmly followed the “14th Five-Year” development strategy, focused on shipping industrial chains, expanded industry and finance businesses, enhanced corporate management and refined operational measures, continuously promoting the high-quality development of the Company.

### **I. MAKING FULL USE OF INDUSTRIAL CHAIN ADVANTAGES AND DEMONSTRATING NEW BREAKTHROUGHS IN HIGH-QUALITY DEVELOPMENT**

In respect of the shipping leasing business: The Company continuously optimized the models of the integration of industry and finance, further strengthened the coordinated linkage of industrial chains on the integration of “leasing and manufacturing, and leasing and shipping”, promoted innovation in leasing models and facilitated the green transformation of the shipping industry. Meanwhile, the Company deeply tapped into market potential and strengthened judgment on market segments. It conducted reasonable layout on external markets on the premise of strictly controlling market risks and achieved business expansion in market segments.

In respect of the container leasing business: The Company always adhered to the “key customer strategy” and advanced diversified leasing services to improve customer satisfaction and enhance customer stickiness. The Company deeply explored market opportunities, actively expanded its business in the field of reefer containers and special containers and achieved new breakthroughs in business sectors. Meanwhile, the Company vigorously promoted the digital transformation, accurately positioned customer demands through the establishment of the customer-centric digital operation system, enhanced the capabilities on global containers trade and boosted the improvement of the overall operational efficiency.

In respect of the container manufacturing business: With the orientation of customer demand, the Company constantly improved the product layout, improved the service capability, actively promoted product R&D and deployed green and environmental protection sectors to advance the expansion of application scenarios of containers. In 2022, the Company and COSCO SHIPPING Specialized Carriers Co., Ltd. jointly developed and produced special collapsible frames for commercial vehicles and vigorously demonstrated its professional advantages in “customized production + oriented services”. The Company actively deployed on the market demand for high-end special containers such as energy storage containers in low-carbon and environmental protection sectors. The Company’s marine container-type power batteries have obtained the recognition on the overall design by China Classification Society and passed on-site inspections.

In respect of the investment management business: The Company focused on the principal business of shipping logistics, integrated resources in industrial chains and empowered the development of the principal business through “an industry-finance-investment integrated business”. Meanwhile, it promoted the development of new shipping technologies, new industries and green shipping through the integration of industry and finance and facilitated the upgrading of industrial structures.

## **II. ADHERING TO DIGITAL AND INTELLIGENT EMPOWERMENT WITH INNOVATION AND STIMULATING NEW DRIVERS TO HIGH-QUALITY DEVELOPMENT**

The Company improved the top design on scientific and technological innovation and digital transformation, released the “14th Five-Year” Plan on Digital Transformation and Cyberspace Work and the “14th Five-Year” Special Plan on Scientific and Technological Development, which specified key projects and set out development targets and orientations.

The Company actively laid out the track of scientific and technological innovation and continuously promoted scientific and technological innovation and the digital transformation and construction. Florens International Limited (“**Florens**”), a subsidiary of the Company, actively promoted the in-depth integration of digital technology with production and operation and the coordination of users’ services with industries. Based on the own-designed and developed iFlorens and the containers trade platform, it developed a new business scenario with digital technology empowering business and e-commerce improving customer experience, achieving new breakthroughs in online orders on the platform and sales volume of e-commerce. Florens applied for participating in the first “Professional Competition on Innovation in Digital Scenarios of SOEs” hosted by the State-owned Assets Supervision and Administration Commission and has successfully qualified for the finals. Shanghai Universal Logistics Equipment Co., Ltd., a subsidiary of the Company, vigorously promoted the construction of “digital factories” and facilitated green and intelligent development. It achieved application and breakthroughs in key sectors and key technologies and recorded remarkable results in the updating and upgrading of green and intelligent products and technological equipment. In 2022, the Company applied 184 new patents. As of the end of 2022, the Company had 457 patents.

## **III. CONTINUOUSLY IMPROVING THE GOVERNANCE STRUCTURE AND BOOSTING NEW VALUE OF HIGH-QUALITY DEVELOPMENT**

The Company enhanced and improved corporate governance and standard operation and strived to continuously enhance the quality as a listed company. In August 2022, the Company was rated A by Shanghai Stock Exchange for its information disclosure for the year 2021-2022 and it has been awarded the highest rating for eight consecutive years. In September 2022, the Company was awarded the “Prize for Top 100 Growth Listed Companies in China” at the 16th China Listed Company Value Evaluation hosted by Securities Times. The Company placed great emphasis in creating reasonable returns to investors, strived to safeguard the interests of investors and adhered to the implementation of proactive and steady dividend distribution plans. It has declared dividend distribution in cash to its shareholders for four consecutive years and shared development results with its shareholders.

#### **IV. IMPROVING RISK PREVENTION AND CONTROL CAPABILITY AND CONSOLIDATING THE FOUNDATION FOR HIGH-QUALITY DEVELOPMENT**

The Company steadily advanced the rule of law and risk prevention and control, enhanced the deployment on compliance management and continued to improve the capability on operation in accordance with laws the level of and compliance governance. It actively carried out comprehensive risk management, effectively facilitated risk identification, prevention and control, optimized annual risk quota and monitoring indicators and constantly refined risk management systems and operation mechanisms to enhance internal control and management level. In 2022, the overall risk prevention and control of the Company was accurate and effective and all business segments achieved sound development.

#### **V. DEVOTED TO GREEN AND ZERO-CARBON DEVELOPMENT AND ENHANCING NEW RESILIENCE OF HIGH-QUALITY DEVELOPMENT**

The Company continued to improve the ESG governance and integrated the special strategic planning on ESG into the “14th Five-year” development plan of the Company to promote the comprehensive implementation of the ESG concept in an orderly manner. In 2022, the Company obtained various recognitions over its ESG management work. The analysis on risks and opportunities related to climate change in the Sustainability Report of the Company was displayed by The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) as an excellent case in TCFD trainings and was awarded the “GoldenBee Excellent CSR Report 2022 – Environmental Protection Disclosure Award” and the prize of the “2022 ESG Golden Bull Award – Pioneer in Governance”.

The construction of two 700TEU electric container vessels of the Company was successively commenced. The project is an important measure for the Company to actively practice the national carbon peaking and carbon neutrality strategies and develop demonstration for green and zero-carbon shipping, and won the “Green Growth” Award at the United Nations Industrial Development Organization (UNIDO) Global Call 2022. It was released at the 2023 Pudong New Area Conference on High-quality Development of Core Area of International Shipping Center as one of the annual Top 10 innovation cases in international shipping in Pudong New Area.

In addition, the Company organized the establishment of the China Electric Ship Innovation Alliance to integrate advantageous resources in all links of green shipping industrial chains, jointly promote a green shipping system on the coordinated development of relevant ancillary industries and better facilitate the implementation of the carbon peaking and carbon neutrality strategies in the shipping industry.

#### **VI. PRACTICING SOCIAL AND PUBLIC WELFARE PROGRAMS AND ADHERING TO SENSE OF RESPONSIBILITY ON HIGH-QUALITY DEVELOPMENT**

The Company actively participated in practices on pairing assistance, continuously consolidated and expanded the achievements in poverty alleviation, led the industrial development in assisted areas and contributed to rural revitalization. The Company vigorously carried out charitable and public welfare activities and organized student assistance and other public welfare activities to convey warmth and hope. The Company cared about staff health and development and strived to create more possibilities for each of its staff and jointly build a sustainable future with its staff.

## OUTLOOK

In 2023, the global economic situation will remain complex and severe and the economic development will face the challenges of various uncertainties. With the gradual unleashing of the effect of a package of economic stabilization policies and the gradual enhancement of new drivers to economic growth, the new horizon of the high-quality development of the PRC economy will embrace new opportunities. In the coming period, the shipping industrial chains will resume periodic fluctuations in supply and demand while the digital, intelligent, green and low-carbon transformation and upgrading will further integrate into the global shipping logistics ecosystem. The shipping industrial chain will step into the new normal with resilient development.

The Company will be devoted to the re-upgrading of service capabilities of industry and finance. With value creation as the orientation, risk management as the driver, low-carbon transformation as an opportunity and driven by scientific and technological innovation, the Company will constantly accumulate momentum for high-quality and sustainable development.

For the shipping leasing segment, the Company will further focus on the digitalization of the shipping industrial chains and the transformation and upgrading of energy conservation and emission reduction, strengthen the judgment on the trends of the shipping market segments, explore market demand in the green and low-carbon transformation of vessels and shipping equipment, promote innovation in business models and enhance the professional service capabilities on the integration of industry and finance.

For the container leasing segment, the Company will constantly improve the global network, seize market opportunities to conduct precision marketing and continue to enhance professional services on reefer containers and special containers; further promote digital empowerment and build the service ecosystem on customer-centric digital supply chains. Meanwhile, the Company will optimize the allocation of resources, bolster the market influence of container leasing and sales businesses and continuously boost the value creation capability.

For the container manufacturing segment, the Company will strengthen the synergy of container leasing and manufacturing industrial chains and develop leasing, manufacturing and marketing “complexes”; build our brand image with integrity and quality, enhance customer stickiness and achieve win-win results and mutual benefit; bolster market insight, actively promote market exploitation for special containers and develop special containers with the characteristics of the Company. Meanwhile, the Company will vigorously advance the establishment of the ecosystem on digital and intelligent containers and accumulate strong development power.

For investment management segment, the Company will strengthen judgment on the capital market and continue to optimize investment portfolios and improve investment returns. Meanwhile, the Company will strengthen the integration of industry and finance and provide intelligence and capital injection services for the “digital, networking and intelligent” development of the shipping logistics industry to boost industry upgrading.

In addition, the Company will continuously reinforce the risk management system, beef up internal control and supervision to safeguard development safety, and further improve the construction of the safety production system and consolidate the foundation for development; actively practice sustainable development and build development brands.

As we set sail for a new journey, new trends stimulate new momentum and new opportunities promote new development. COSCO SHIPPING Development will take root in the integration of industry and finance, establish in digital and intelligent empowerment, focus on value creation and forge ahead with the pursuit of excellence to embark on a new journey of high-quality development.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

		For the year ended 31 December	
	Notes	2022 RMB'000	2021 RMB'000
<b>Continuing operations:</b>			
<b>Revenue</b>		25,464,673	34,914,585
Cost of sales		<u>(18,947,065)</u>	<u>(24,944,934)</u>
Gross profit		6,517,608	9,969,651
Other income	4	282,961	257,439
Other gains, net	5	344,353	313,566
Selling, administrative and general expenses		(1,233,738)	(1,448,301)
Expected credit losses, net		(180,518)	(668,466)
Finance costs		(2,527,627)	(1,770,906)
Share of profit of associate		1,715,874	1,172,848
Share of (loss)/profit of joint ventures		<u>(90,875)</u>	<u>4,751</u>
<b>Profit before tax from continuing operations</b>		4,828,038	7,830,582
Income tax expenses	6	<u>(904,908)</u>	<u>(1,757,417)</u>
<b>Profit for the year from continuing operations</b>		3,923,130	6,073,165
<b>Discontinued operation:</b>			
Profit for the year from a discontinued operation		<u>–</u>	<u>16,156</u>
<b>Profit for the year</b>		<u><u>3,923,130</u></u>	<u><u>6,089,321</u></u>
Attributable to:			
Owners of the parent		<u><u>3,923,130</u></u>	<u><u>6,089,321</u></u>
<b>Earnings per share attributable to ordinary equity holders of the parent (expressed in RMB per share)</b>			
7			
Basic			
– For profit for the year		0.2902	0.4978
– For profit from continuing operations		<u><u>0.2902</u></u>	<u><u>0.4964</u></u>
Diluted			
– For profit for the year		0.2901	0.4973
– For profit from continuing operations		<u><u>0.2901</u></u>	<u><u>0.4959</u></u>



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

	<b>For the year</b>	
	<b>ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the year</b>	<b>3,923,130</b>	<b>6,089,321</b>
<b>Other comprehensive income</b>		
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:		
Associates:		
Share of other comprehensive (expense)/income	(296,847)	45,713
Reclassification to profit or loss	(6,615)	(1,470)
	<b>(303,462)</b>	<b>44,243</b>
Share of other comprehensive income/(expense) of joint ventures	–	223
Effective portion of changes in fair value of hedging instruments arising during the year	48,392	(2,601)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	1,319	19,102
	<b>49,711</b>	<b>16,501</b>
Exchange differences on translation of foreign operations	453,533	4,351
Comprehensive income that may be reclassified to profit or loss in subsequent periods	<b>199,782</b>	<b>65,318</b>
Other comprehensive income/(expense) that may not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(expense) of associates	198,950	(378,461)
Net other comprehensive income/(expense) may not be reclassified to profit or loss in subsequent periods	<b>198,950</b>	<b>(378,461)</b>
<b>Other comprehensive income/(expense) for the year, net of tax</b>	<b>398,732</b>	<b>(313,143)</b>
<b>Total comprehensive income for the year</b>	<b>4,321,862</b>	<b>5,776,178</b>
Attributable to:		
Owners of the parent	<b>4,321,862</b>	<b>5,776,178</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	<i>Notes</i>	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>43,162,536</b>	38,432,202
Investment properties		<b>103,529</b>	95,338
Right-of-use assets		<b>613,206</b>	530,466
Intangible assets		<b>116,877</b>	181,563
Investments in joint ventures		<b>93,813</b>	185,701
Investments in associates		<b>24,407,843</b>	24,285,370
Financial assets at fair value through profit or loss		<b>2,852,534</b>	4,012,295
Finance lease receivables		<b>31,111,935</b>	30,931,971
Factoring receivables		<b>16,180</b>	194,870
Derivative financial instruments		<b>45,553</b>	–
Deferred tax assets		<b>116,142</b>	41,154
Other long-term prepayments		<b>616,489</b>	157,713
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>103,256,637</b>	99,048,643
<b>Current assets</b>			
Inventories		<b>4,049,879</b>	6,901,763
Trade and notes receivables	9	<b>556,145</b>	1,372,306
Prepayments and other receivables		<b>527,972</b>	1,503,818
Financial assets at fair value through profit or loss		<b>639,606</b>	1,073,731
Finance lease receivables		<b>3,170,009</b>	3,217,218
Factoring receivables		<b>329,380</b>	1,479,284
Restricted and pledged deposits		<b>120,443</b>	148,413
Cash and cash equivalents		<b>15,440,560</b>	17,871,147
		<hr/>	<hr/>
<b>Total current assets</b>		<b>24,833,994</b>	33,567,680
		<hr/>	<hr/>
<b>Total assets</b>		<b>128,090,631</b>	132,616,323
		<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2022*

	<i>Notes</i>	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
<b>Current liabilities</b>			
Trade and notes payables	<i>10</i>	<b>2,479,634</b>	4,054,265
Other payables and accruals		<b>2,968,317</b>	2,519,119
Contract liabilities		<b>304,062</b>	1,313,944
Derivative financial instruments		–	3,934
Bank and other borrowings		<b>35,925,365</b>	41,884,085
Corporate bonds		–	3,500,000
Lease liabilities		<b>39,089</b>	47,226
Tax payable		<b>303,090</b>	562,072
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>42,019,557</b>	53,884,645
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(17,185,563)</b>	(20,316,965)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>86,071,074</b>	78,731,678
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Bank and other borrowings		<b>48,519,715</b>	40,345,183
Corporate bonds		<b>8,000,000</b>	5,000,000
Lease liabilities		<b>36,369</b>	66,466
Derivative financial instruments		–	223
Deferred tax liabilities		<b>4,321</b>	39,177
Government grants		<b>63,710</b>	22,113
Other long-term payables		<b>552,652</b>	569,619
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>57,176,767</b>	46,042,781
		<hr/>	<hr/>
<b>Net assets</b>		<b>28,894,307</b>	32,688,897
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>			
Share capital		<b>13,586,477</b>	13,586,477
Treasury shares		<b>(173,155)</b>	(233,428)
Other reserves		<b>15,480,985</b>	14,335,848
Other equity instruments		–	5,000,000
		<hr/>	<hr/>
<b>Total equity</b>		<b>28,894,307</b>	32,688,897
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

### 1. CORPORATE AND GROUP INFORMATION

COSCO SHIPPING Development Co., Ltd. (the “**Company**”) is a joint stock company with limited liability established in the People’s Republic of China (the “**PRC**”). The address of the Company’s registered office is Room A-538, International Trade Center, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC.

For the year ended 31 December 2022, the principal activities of the Group were as follows:

- (a) Operating leasing and financial leasing;
- (b) Manufacture and sale of containers; and
- (c) Investment management.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company are China Shipping Group Company Limited and China COSCO Shipping Corporation Limited, respectively, both established in the PRC.

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the company, and all values are rounded to the nearest thousand except when otherwise indicated.

#### Going concern basis

The financial statements have been prepared on the going concern basis notwithstanding that the Group had net current liabilities of RMB17,185,563,000 as at 31 December 2022. The directors of the Company are of opinion that based on the available unutilised banking facilities as at 31 December 2022, the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

## 3. OPERATING SEGMENT INFORMATION

The Group is organised into business units based on their products and services and has three reportable operating segments for the year ended 31 December 2022 as follows:

- (a) The shipping leasing segment, which renders vessel chartering, container leasing and finance lease services;
- (b) The container manufacturing segment, which manufactures and sells containers; and
- (c) The investment management segment, which focuses on equity or debt investments and insurance brokerage services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is measured consistently with the Group's profit/loss before tax from continuing operations, excluding unallocated selling and administrative expenses and non-lease-related finance costs and including intersegment transactions.

Segment assets are measured consistently with the Group's assets.

Segment liabilities exclude certain bank and other borrowings and corporate bonds as these liabilities are managed on a group basis.

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

The following table presents revenue and profit information for the Group's operating segments for the years ended 31 December 2022 and 2021, respectively:

	For the year ended 31 December 2022				Total RMB'000
	Shipping and industry-related leasing RMB'000	Container manufacturing RMB'000	Investment management services RMB'000	Others RMB'000	
<b>Segment revenue</b>					
Sales of containers	-	17,450,727	-	-	17,450,727
Fee and commission income	-	-	56,991	-	56,991
Total revenue from contract with external customers	-	17,450,727	56,991	-	17,507,718
Other revenue from external customers	7,845,690	-	111,265	-	7,956,955
Revenue from the third party	7,845,690	17,450,727	168,256	-	25,464,673
Intersegment revenue from contracts with customers	-	3,091,117	-	-	3,091,117
Total revenue	7,845,690	20,541,844	168,256	-	28,555,790
<b>Segment results</b>	2,151,101	2,453,099	468,888	46,064	5,119,152
Elimination of intersegment results					(11,162)
Unallocated selling, administrative and general expenses					(197,905)
Unallocated finance costs					(82,047)
<b>Profit before tax from continuing operations</b>					<b>4,828,038</b>

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December 2021				
	Shipping and industry- related leasing	Container manufacturing	Investment management services	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Segment revenue:</b>					
Sales of containers	–	26,616,196	–	–	26,616,196
Rendering of service	–	–	49,838	–	49,838
Total revenue from contract with external customers	–	26,616,196	49,838	–	26,666,034
Other revenue from external customers	8,043,308	–	205,243	–	8,248,551
Total revenue from external customers	8,043,308	26,616,196	255,081	–	34,914,585
Intersegment revenue from contracts with customers	–	4,659,440	6,716	–	4,666,156
Total revenue	<u>8,043,308</u>	<u>31,275,636</u>	<u>261,797</u>	<u>–</u>	<u>39,580,741</u>
<b>Segment results</b>	1,346,593	6,605,458	1,048,631	281,926	9,282,608
Elimination of intersegment results					(869,452)
Unallocated selling, administrative and general expenses					(265,224)
Unallocated finance costs					<u>(317,350)</u>
<b>Profit before tax from continuing operations</b>					<u><u>7,830,582</u></u>

### 4. OTHER INCOME

	For the year ended 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income	139,982	66,249
Government grants related to assets	3,993	3,230
Government subsidies	110,335	106,838
Sales of scrap materials	24,227	49,884
Others	4,424	31,238
	<u>282,961</u>	<u>257,439</u>

## 5. OTHER GAINS, NET

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Gain on disposal of property, plant and equipment	58,931	7,548
Gain on disposal of investments in associates	54,019	236,292
Gain on derecognition of financial assets measured at amortised cost	–	52,847
Gain on disposal of financial assets at fair value through profit or loss	2,084	–
Dividend income from financial assets at FVTPL	64,930	–
Changes in fair value of financial assets at fair value through profit or loss	(996,858)	500,848
Government grants not related to the ordinary course of business	2,665	169
Donation expenditures for public interest	(30,449)	(109,278)
Net foreign exchange losses	1,149,947	(366,164)
Gain on disposal of a subsidiary	37,796	–
Others	1,288	(8,696)
	<b>344,353</b>	<b>313,566</b>

## 6. INCOME TAX

According to the Corporate Income Tax (“CIT”) Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the years ended 31 December 2022 and 2021.

Hong Kong profits tax was provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits of the Group’s companies operating in Hong Kong during the year.

Taxes or profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

The major components of income tax expense of the Group are as follows:

	2022	2021
	RMB'000	RMB'000
Current income tax:		
– Mainland China	910,061	1,705,580
– Hong Kong	8,707	32,538
– Elsewhere	64,955	46,683
	<b>983,723</b>	<b>1,784,801</b>
Deferred income tax	(78,815)	(27,384)
	<b>904,908</b>	<b>1,757,417</b>



## 7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

	<b>For the year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation		
From continuing operations	<b>3,923,130</b>	5,800,005
From a discontinued operation	–	16,156
	<b>3,923,130</b>	5,816,161
Interest on perpetual debts	–	273,160
	<b>3,923,130</b>	<b>6,089,321</b>
Profit attributable to equity holders of the parent before interest on perpetual debts		
Attributable to:		
From continuing operations	<b>3,923,130</b>	6,073,165
From a discontinued operation	–	16,156
	<b>3,923,130</b>	<b>6,089,321</b>

## 8. DIVIDENDS

	<b>31 December</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Proposed final dividend – RMB0.087 (2021: RMB0.226) per ordinary share	<b>1,176,885</b>	3,057,195

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The board of directors proposed the payment of a final dividend of RMB0.087 (2021: RMB0.226) per share (inclusive of applicable tax), totalling RMB1,176,884,731.77 (2021: RMB3,057,194,836.90) calculated based on 13,527,410,710 shares, being the number of issued shares of the Company of 13,573,299,906 as at 30 March 2023 deducting 45,889,196 A shares repurchased by the Company, for the year ended 31 December 2022.

## 9. TRADE AND NOTES RECEIVABLES

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Within 3 months	532,896	1,356,412
3 to 6 months	11,621	10,275
6 to 12 months	11,340	4,562
Over 1 year	288	1,057
	<u>556,145</u>	<u>1,372,306</u>

## 10. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at end of the reporting period, based on the invoice date, is as follows:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Within 3 months	2,418,433	3,509,520
3 to 6 months	43,554	362,519
6 to 12 months	6,212	155,897
Over 1 year	11,435	26,329
	<u>2,479,634</u>	<u>4,054,265</u>

## 11. EVENT AFTER THE REPORTING PERIOD

On 30 March 2023, the Board proposed the payment of a final dividend of RMB0.087 (inclusive of applicable tax) per share for the year ended 31 December 2022, totalling RMB1,176,884,731.77 (inclusive of tax) calculated based on 13,527,410,710 shares, being the number of issued shares of the Company of 13,573,299,906 as at 30 March 2023 deducting 45,889,196 A shares repurchased by the Company, which is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the "AGM") of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING ENVIRONMENT

In 2022, the international situation was complex and global inflation continued to spread, which had a profound impact on the global economy and financial markets. The growth momentum of global trade declined, and the shipping industry faced challenges. In 2023, the global economic and political environment is severe and complex, and economic development and commodity trade are facing challenges. However, with the gradual release of the effect of a package of economic stabilization policies in China, China's high-quality economic development has opened up a new situation, ushering in new opportunities and injecting new momentum into the recovery of the world economy. The container shipping industry will face realistic challenges such as slowing demand growth and increasing transportation capacity supply, and will enter the rational development trend of cyclical fluctuation, while the transformation and upgrading of digital intelligence and green low-carbon will further integrate into the global shipping logistics ecology, and the shipping industry chain will enter the new normal of resilient development.

For the shipping leasing market, the demand for ship leasing has slowed down in the past two years, and coupled with factors such as rising market benchmark interest rates, the market has become more competitive. However, with the new development trend of the shipping market, there are new opportunities in the market in future. The global green agenda is further promoted and the demand for green financing in the market continues to increase.

For container leasing, as the shipping supply chain gradually returns to normal, some empty containers flow back to the market, which to a certain extent affects the rental demand of shipping companies, and the overall market demand has slowed down. The overall rent level in 2023 will fluctuate due to the impact of future market supply and demand. In the long run, under the influence of factors such as the demand for container allocation and the renewal of old containers with new market capacity, the demand for container leasing will gradually return to a stable situation.

For container manufacturing, in 2023, the container manufacturing market is still facing challenges such as inflation in overseas economies and a decline in the growth momentum of export trade, and overall demand will slow down. However, it still maintains a supportive foundation and resilience: the demand for renewal of old containers, shipping companies with new capacity to increase inventory of new containers, and the expansion of demand for diversified special containers in container application scenarios, etc., will promote the gradual formation of a new balance in the future container market.

## **1. *Strategic Position***

COSCO SHIPPING Development will integrate shipping logistics-related resources including cargo source, capital, information and equipment, and fully leverage its advantages in the shipping industry to serve and empower the shipping logistics industry, expand the capital flow value of the shipping logistics ecosystem, and develop into an excellent world-class industry and finance operator in the shipping industry with COSCO SHIPPING characteristics.

## **2. *Development Goals***

With a focus on integrated logistics industry, the Company will develop container manufacturing, container leasing and shipping leasing business as the core business, with a view to pursuing industry-finance integrated development underpinned by investment. Leveraging the advantage of its container industry chain, the Company will explore container-based IOT technology integrating the flow of goods, capital and information, empower its shipping logistics ecosystem, enhance the loyalty of industry chain and create value for customers. With market-oriented approaches, professional strengths and an international vision, the Company aspires to grow into an excellent world-class industry-finance operator in the shipping industry with COSCO SHIPPING's characteristics.

## **3. *Development Plans***

### *(1) Shipping leasing business*

The vessel leasing business focuses on the operating lease or finance lease of various vessels, such as container vessels and dry bulk cargo vessels. The Company will, based on its existing business, gradually set up a high-level professional investment and financing team and strengthen the synergy between “leasing and manufacturing, leasing and trading, and leasing and shipping”, so as to become a first-class domestic ship owner leasing enterprise. In the short term, the Company will optimize the current business model of industry-finance integration for the fleet, strengthen investment in low-carbon fuel vessels and vessels related to green industry supply chain, serve the green and low-carbon transformation of the fleet of major countries, explore asset-light vessel investment and financing mode and build a platform for the operation of shipping assets within the Group. In the long run, it will gradually increase the proportion of external business and work out a “one-stop” business model leveraging COSCO SHIPPING's advantages of full industrial chain deployment, in an attempt to establish a unique competitive edge in the industry.

The container leasing business, as an integral part of the container industry chain, mainly involves container leasing and trading of various kinds. The Company will strive to develop as a leading world-class leasing company with unique competitive edges on the basis of the current leasing business of Florens. In the short term, the Company will follow the guideline of “consolidating core businesses while seizing market opportunities”, strengthen the development on special container and reefer container business, study energy storage container and smart container leasing, improve the coordination between “leasing and manufacturing” and between “leasing and shipping”, promote the dual model of lease and sale, leverage the cyclical supply and demand for containers to tap profits externally and generate synergy internally. In the long term, the Company will seize market opportunities, actively enhance asset quality and optimize contract business model so as to enhance the rate of return and long-term core competitiveness.

(2) *Container manufacturing business*

In respect of container manufacturing, the Company will focus on industry collaboration, intelligent manufacturing and diversified development, guarantee the container supply security of the principal shipping business, and coordinate with the industry-finance platform while creating value for the industry, in a drive to achieve high-quality development of the container manufacturing segment. The Company will promote the transformation of intelligent plant, improve the synergy in the container industry chain, strengthen dry container manufacturing, enhance the development of special container and reefer container business, explore the research and development of smart containers and energy storage containers, and branch out into peripheral equipment of containers relating to the application scenarios of containers. We will improve and maintain the industry’s healthy operating environment, with an aim to develop ourselves into a world-class container manufacturing company with strong technological edge, high capacity efficiency and profitability.

(3) *Investment management*

The Company will give equal weight to strategic value and financial returns, adhere to the principal business of shipping logistics, aim at integration of industry and finance utilizing investment measures, continuously focus on investment areas, optimize investment portfolios, strengthen asset operation, increase investment gains to smooth out the shipping business cycle. The Company will maintain its investment focus and make full use of capital to attract and integrate high-quality assets, intellectual property and resource exchange based on the application scenarios of shipping, port and logistics industries, explore venture capital, and provide intelligence and capital injection services for the “digitalised, networked and intelligent” development of the shipping logistics industry, in an effort to boost industry upgrading.

## MAJOR RISKS AND COUNTERMEASURES

### 1. *Macroeconomic Risks*

At present, the world is undergoing changes at an accelerated pace, with increased fluctuation sources and risk triggers, the increased volatility in overseas financial markets as a result of the local liquidity crisis in the banking sector in Europe and the United States, ongoing international geopolitical conflicts and further escalation and intensification, the re-arrangement of the global trade and industrial chains, the internal recovery of the economy moving forward in the midst of twists and turns, and more and greater predictable and unpredictable risks and challenges. As the Company is a shipping industry-finance operating platform that focuses on shipping leasing, container leasing and container manufacturing business and relies on shipping industry experience, with an extensive business network at home and abroad, it has broad exposure to macroeconomic environment both domestically and globally. To tackle the macroeconomic uncertainties, the Company has built and kept improving its risk monitoring and management system to guarantee operation and asset security.

### 2. *Credit Risk*

Credit risk refers to the risk of the Company suffering unexpected losses arising from failure or delay of a counterparty to perform its contractual obligations or from any unfavorable change of a counterparty's credit standing. The Company's credit risk is mainly from operating lease, financial leasing, container production and sales, and investment in fixed-income financial products. The Company has established and implemented a sound credit risk management system, including setting annual credit risk limits based on the Company's risk appetite, dynamically monitoring the implementation of credit risk limits and giving early warnings as needed, and establishing and implementing a series of credit management systems.

### 3. *Market Risk*

Market risk refers to the risk of the Company's unexpected losses arising from unfavourable movements in interest rates, exchange rates, prices of equity or fixed-income product, etc. While building up and improving its market risk management mechanism, the Company has formulated market risk management policy, qualitative and quantitative monitoring standards, determined market risk limits, and defined the management responsibilities and functional division for departments responsible for market risk.

### 4. *Capital Liquidity Risk*

Capital liquidity risk refers to the risk of the Company's failure to obtain sufficient funds in a timely manner or failure to do so at reasonable cost in order to repay debt upon maturity or fulfill other payment obligations. Depending on factors such as the Company's strategies, business structure, risk situation and market environment, and taking full account of the impact of other risks on liquidity and its overall risk appetite, the Company will determine its liquidity risk appetite and risk tolerance, and gradually build up a liquidity risk limit management system. The Company will take measures such as regular assessment, monitoring and establishment of firewalls and stress test to effectively prevent liquidity risk.

## **5. *Strategy Risk***

Strategy risk refers to the risk that the actual results of the selection and implementation of the strategy may deviate from the expected goal of the strategy due to uncertainties in the internal and external environment of the Company. The Company has set up and continually improved its working procedures for strategy risk management to identify, analyze and monitor strategy risk. The Company makes strategic planning after taking into full consideration of factors such as market environment, its risk appetite and capital position, and regularly reviews the strategic planning to strengthen its implementation.

## **6. *Company-wide Concentration Risk***

Company-wide concentration risk refers to the risk that the individual risks or risk portfolios of the Company's business units are concentrated within the Company, which may directly or indirectly lead to heightened concentration or convergence of single types. The Company will set its company-wide concentration risk limits based on factors such as its overall risk appetite and tolerance, size of capital, assets and liabilities, transaction types (e.g. investment asset classes etc.), counterparty characteristics, trading risk rating (e.g. credit rating etc.), and perform concentration risk limit management.

## **7. *Risk of Industry Competition***

The leasing industry in which the Company operates is known for fierce competition in terms of rent, leasing terms, customer services and reliability. With its market-oriented system, differentiated strengths and international vision, the Company will focus on shipping industry and finance and give full play to its advantages in shipping logistics to establish a "one-stop" industry-finance operation platform which combines industry with finance, facilitates industry development with finance and seeks synergy of multiple businesses, so as to cope with market competition in an active manner.

## **FINANCIAL REVIEW OF THE GROUP**

The Group recorded revenue of RMB25,464,673,000 during the Period, representing a decrease of 27.1% as compared with revenue of RMB34,914,585,000 for the same period of last year; profit before income tax from continuing operations amounted to RMB4,828,038,000, representing a decrease of 38.3% as compared with profit of RMB7,830,582,000 for the same period of last year; profit attributable to owners of the parent of the Company for the year amounted to RMB3,923,130,000, representing a decrease of 35.6% as compared with the profit of RMB6,089,321,000 for the same period of last year.

Analysis of segment results is as follows:

*Unit: RMB' 000*

Segment	Revenue			Cost		
	2022	2021	Change (%)	2022	2021	Change (%)
Shipping leasing business	7,845,690	8,043,308	(2.5)	3,879,840	5,265,024	(26.3)
Container manufacturing business	20,541,844	31,275,636	(34.3)	17,918,069	23,707,551	(24.4)
Investment management business	168,256	261,797	(35.7)	24,866	50,318	(50.6)
Offset amount	(3,091,117)	(4,666,156)	(33.8)	(2,875,710)	(4,077,959)	(29.5)
<b>Total</b>	<b><u>25,464,673</u></b>	<b><u>34,914,585</u></b>	<b><u>(27.1)</u></b>	<b><u>18,947,065</u></b>	<b><u>24,944,934</u></b>	<b><u>(24.0)</u></b>

## 1. ANALYSIS OF SHIPPING LEASING BUSINESS

### 1) *Operating Revenue*

The Group recorded revenue from the leasing business of RMB7,845,690,000 for the year ended 31 December 2022, representing a decrease of 2.5% as compared with the revenue of RMB8,043,308,000 for the same period of last year, which accounted for 30.8% of the total revenue of the Group.

Revenue from the vessel leasing business amounted to RMB2,408,963,000, representing an increase of 16.6% as compared with the revenue of RMB2,066,578,000 for the same period of last year. The increase was mainly due to the year-on-year increase of the scale of fleet under operating leases. As at 31 December 2022, the number and amount of the Group's vessel assets under operating leases increased by 21.7% and 23.9% year-on-year, respectively.

Revenue from leasing, management and sales of containers amounted to RMB5,436,727,000, representing a decrease of 9.0% as compared with the revenue of RMB5,976,730,000 for the same period of last year. The decrease was mainly due to the decline in the container leasing market as a result of changes in market supply and demand, and the gradual adjustment of container rental rates and old container sales prices from high levels.

### 2) *Operating Costs*

Operating costs of the leasing business mainly include the depreciation and maintenance costs of self-owned vessels and containers, net carrying value of sale of containers returned upon expiry and interest costs of finance lease business. Operating costs of the leasing business for the year ended 31 December 2022 amounted to RMB3,879,840,000, representing a year-on-year decrease of 26.3% as compared with the costs of RMB5,265,024,000 for the same period of last year, which was mainly due to the year-on-year decrease of the cost for sales of old containers.



## **2. ANALYSIS OF CONTAINER MANUFACTURING BUSINESS**

### **1) Operating Revenue**

For the year ended 31 December 2022, the Group's container manufacturing business realized operating revenue of RMB20,541,844,000, representing a year-on-year decrease of 34.3% as compared with the revenue of RMB31,275,636,000 for the same period of last year, primarily attributable to the declined demand for new containers in the second half of the year as a result of the increase in the number of containers in the market and gradual recovery of the container turnover rate. During the Period, the aggregate container sales was 958,900 TEU, representing a year-on-year decrease of 41.7% as compared with 1,645,000 TEU for the same period of last year.

### **2) Operating Costs**

Operating costs of the container manufacturing business mainly consist of raw material costs, employee compensation and depreciation expenses. The operating costs amounted to RMB17,918,069,000 for the year ended 31 December 2022, representing a year-on-year decrease of 24.4% as compared with the costs of RMB23,707,551,000 for the same period of last year. Such decrease was mainly due to the decrease in production costs such as materials and labor costs as the sales volume of containers decreased.

## **3. ANALYSIS OF INVESTMENT MANAGEMENT BUSINESS**

### **1) Operating Revenue**

For the year ended 31 December 2022, the investment management business realized revenue of RMB168,256,000, representing a year-on-year decrease of 35.7% as compared with the revenue of RMB261,797,000 for the same period of last year, primarily due to the Company's reasonable slowdown in the scale of factoring business according to market conditions.

### **2) Operating Costs**

For the year ended 31 December 2022, the operating costs were RMB24,866,000, representing a decrease of 50.6% as compared with the costs of RMB50,318,000 for the same period of last year, mainly due to a corresponding decrease in operating costs as a result of a reduction in the scale of investments.

### **3) Investment Income**

For the year ended 31 December 2022, the net income from the investment management business was RMB1,783,828,000, representing an increase of 25.5% as compared with the income of RMB1,420,835,000 for the same period of last year, mainly due to the improvement in the efficiency of some associates and joint ventures.

## **GROSS PROFIT**

Due to the above reasons, the Group recorded gross profit of RMB6,517,608,000 for the year ended 31 December 2022 (gross profit for the same period of last year: RMB9,969,651,000).

## **SIGNIFICANT SECURITIES INVESTMENT**

As of 31 December 2022, the Group's equity investments in associates and joint ventures generated a profit of RMB1,624,999,000, which was mainly attributable to the profits from China Everbright Bank Co., Ltd., Powchan Financial Group Co., LTD. and China Bohai Bank Co., Ltd. for the year.

## 1. Shareholdings in Other Listed Companies

Stock code	Company name	Investment cost (RMB)	Shareholding at the beginning of the Period (%)	Shareholding at the end of the Period (%)	Book Value at the end of the Period (RMB)	Gain during the Period (RMB)	Changes in other reserve during the Period (RMB)	Gain from the disposal (RMB)	Dividends received during the Period (RMB)	Accounting ledger	Sources of the shareholding
09668	China Bohai Bank Co., Ltd.	5,749,379,000	11.12	11.12	9,976,479,000	573,564,000	(25,047,000)	-	171,852,000	Investment in associates	Purchase
601818/06818	China Everbright Bank Co., Ltd.	3,398,255,000	1.34	1.34	5,295,176,000	535,946,000	(50,143,000)	-	145,524,000	Investment in associates	Purchase
000039/02039	China International Marine Containers (Group) Co., Ltd.	784,978,000	3.61	1.53	582,702,000	87,917,000	5,445,000	88,610,000	37,754,000	Financial assets at fair value through profit or loss	Purchase
600643	Shanghai AJ Group Co., Ltd.	25,451,000	0.22	0.22	19,513,000	-	-	-	778,000	Financial assets at fair value through profit or loss	Purchase
600390	Minmetals Capital Co., Ltd.	1,207,117,000	3.17	3.17	724,984,000	-	-	-	19,266,000	Financial assets at fair value through profit or loss	Purchase
<b>Total</b>		<b>11,165,180,000</b>	<b>/</b>	<b>/</b>	<b>16,598,854,000</b>	<b>1,197,427,000</b>	<b>(69,745,000)</b>	<b>88,610,000</b>	<b>375,174,000</b>		

## 2. Shareholdings in Financial Enterprises

Name of investee	Investment amount (RMB)	Shareholding at the beginning of the Period (%)	Shareholding at the end of the Period (%)	Book Value at the end of the Period (RMB)	Gain during the Period (RMB)	Changes in other reserve during the Period (RMB)	Gain from the disposal (RMB)	Dividends received during the Period (RMB)	Accounting ledger	Sources of the shareholding
Bank of Kunlun Co., Ltd.	1,077,153,000	3.74	3.74	1,483,088,000	102,999,000	(1,412,000)	-	38,076,000	Investment in associates	Purchase
CIB Fund Management Co., Ltd.	100,000,000	10.00	10.00	433,449,000	38,349,000	-	-	5,000,000	Investment in associates	Purchase
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	125,000,000	25.00	25.00	32,992,000	(96,985,000)	-	-	-	Investment in joint ventures	Purchase
Chinese Enterprise Elephant Financial Information Services Company Limited	12,500,000	14.29	14.29	14,410,000	(35,000)	-	-	-	Investment in associates	Purchase
Shanghai COSCO SHIPPING Microfinance Company Limited	90,000,000	45.00	45.00	91,990,000	5,693,000	-	-	9,891,000	Investment in associates	Purchase
COSCO SHIPPING Finance Company Limited	2,914,166,000	23.38	13.38	3,096,583,000	126,324,000	(434,000)	4,968,100	-	Investment in associates	Purchase
Powchan Financial Group Co., LTD.	3,575,320,000	49.70	40.81	3,867,936,000	377,487,000	(76,557,000)	-	111,514,000	Investment in associates	Purchase
<b>Total</b>	<b>7,894,139,000</b>	<b>/</b>	<b>/</b>	<b>9,020,448,000</b>	<b>553,832,000</b>	<b>(78,403,000)</b>	<b>4,968,100</b>	<b>164,481,000</b>		

**(a) Summary of principal business of the investees in the investments**

<b>Name of Investee</b>	<b>Exchange</b>	<b>Principal businesses</b>
China Bohai Bank Co., Ltd.	Hong Kong Stock Exchange	Bank business
Bank of Kunlun Co., Ltd.	/	Bank business
Powchan Financial Group Co., LTD.	/	Leasing business
CIB Fund Management Co., Ltd.	/	Fund management business
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	/	Leasing business
Chinese Enterprise Elephant Financial Information Services Company Limited	/	Financial information service
Shanghai COSCO SHIPPING Microfinance Company Limited	/	Loan extending and other business
COSCO SHIPPING Finance Company Limited	/	Bank business
China International Marine Containers (Group) Co., Ltd. (“CIMC”)	Shenzhen Stock Exchange/ Hong Kong Stock Exchange	Manufacturing and sales of containers
Shanghai AJ Group Co., Ltd.	Shanghai Stock Exchange	Investment in industries and other financial business
China Everbright Bank Co., Ltd.	Shanghai Stock Exchange/ Hong Kong Stock Exchange	Bank business
Minmetals Capital Co., Ltd.	Shanghai Stock Exchange	Integrated financial business

The stock market was volatile in 2022. The Company expects that the investment portfolio of the Group (including the above major investments) will be subject to, among other things, the movement of interest rates, market factors and macroeconomic factors. Moreover, the market value of individual shares will be affected by relevant companies’ financial results, development plan as well as the prospects of the industry where they operate. To mitigate relevant risks, the Group will take appropriate measures in due course and adjust its investment strategies in response to the changes in market conditions.

## **INCOME TAX**

From 1 January 2022 to 31 December 2022, the corporate income tax (“CIT”) rate applicable to the Company and its other subsidiaries in the PRC was 25%.

Pursuant to the relevant new CIT regulations, the profits derived from the Company’s offshore subsidiaries shall be subject to applicable CIT when dividends were declared by such offshore subsidiaries. The Company uses an applicable tax rate in accordance with relevant regulations to pay CIT on profits of the offshore subsidiaries.

## **SELLING, ADMINISTRATIVE AND GENERAL EXPENSES**

For the year ended 31 December 2022, the Group’s selling, administrative and general expenses were RMB1,233,738,000, representing a decrease of 14.8% as compared with the expenses for the same period of last year.

## **OTHER GAINS, NET**

For the year ended 31 December 2022, other gains of the Group were RMB344,353,000, representing an increase of approximately RMB30,787,000 as compared with other gains of RMB313,566,000 for the same period of last year, which was mainly attributable to the increase in exchange income caused by the fluctuation of the exchange rate between USD and RMB in the Period.

## **PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT FOR THE YEAR**

For the year ended 31 December 2022, the profit attributable to owners of the parent of the Company for the year was RMB3,923,130,000, representing a decrease of 35.6% as compared with the profit of RMB6,089,321,000 for the same period of last year.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

### **Analysis of Liquidity and Borrowings**

The Group’s principal sources of liquidity are cash flow from operating business and short-term bank borrowings. The Group’s cash is mainly used for expenses of operating cost, repayment of loans, construction of new vessels, procurement of containers, and support of the Group’s financial leasing business. During the Period, the Group’s net operating cash inflow was RMB11,212,791,000. As at 31 December 2022, the Group’s cash and cash equivalents were RMB15,440,560,000.

As at 31 December 2022, the Group’s total bank and other borrowings amounted to RMB84,445,080,000, with RMB35,925,365,000 repayable within one year, RMB19,056,186,000 repayable within two years, RMB21,828,523,000 repayable within three to five years and RMB7,635,006,000 repayable after five years. The Group’s long-term bank and other borrowings are mainly used for the procurement of vessels and containers, equity acquisitions and replenishment of liquidity.

As at 31 December 2022, the Group’s RMB-denominated corporate bonds payables amounted to RMB8,000,000,000, which were used for the purchase of financial lease assets, repayment of loans and replenishment of liquidity.

The Group's RMB-denominated borrowings at fixed interest rates amounted to RMB14,598,000,000. USD-denominated borrowings at fixed interest rates amounted to USD1,090,915,000 (equivalent to approximately RMB7,597,785,000), RMB-denominated borrowings at floating interest rates amounted to RMB6,559,154,000, and USD-denominated borrowings at floating interest rates amounted to USD7,996,172,000 (equivalent to approximately RMB55,690,141,000). The Group's borrowings are settled in RMB or USD while its cash and cash equivalents are primarily denominated in RMB and USD.

The Group expects that capital needs for regular working capital and capital expenditure can be funded by the internal cash flow of the Group or external financing. The Board will review the operating cash flow of the Group from time to time. It is the intention of the Group to maintain an appropriate composition of equity and debt to constantly achieve an effective capital structure.

### Net Current Liabilities

As at 31 December 2022, the Group's net current liabilities amounted to RMB17,185,563,000. Current assets mainly included inventories of RMB4,049,879,000, trade and notes receivables of RMB556,145,000, prepayments and other receivables of RMB527,972,000, financial assets at fair value through profit or loss of RMB639,606,000, the current portion of finance lease receivables of RMB3,170,009,000, cash and cash equivalents of RMB15,440,560,000, restricted deposits of RMB120,443,000, factoring receivables of RMB329,380,000. Current liabilities mainly included trade payables of RMB2,479,634,000, other payables and accruals of RMB2,968,317,000, contract liabilities of RMB304,062,000, tax payable of RMB303,090,000, bank and other borrowing of RMB35,925,365,000, and current portion of lease liabilities of RMB39,089,000.

### Cash Flows

For the year ended 31 December 2022, the Group's net cash inflow generated from operating activities was RMB11,212,791,000, denominated principally in RMB and USD, representing a decrease of RMB3,293,004,000 as compared with the net cash inflow generated from operating activities of RMB14,505,795,000 for the corresponding period of 2021. The cash inflow generated from financing activities of the Group for the Period was mainly derived from bank and other borrowings and such funds were used mainly for short-term operation and the purchase and construction of vessels and containers. The balance of cash and cash equivalents as at 31 December 2022 decreased by RMB2,430,587,000 as compared with that at the beginning of the Period, mainly because the net cash outflow generated from financing activities exceeded the net cash inflow generated from investing activities and operating activities.

The following table provides the information regarding the Group's cash flow for the years ended 31 December 2022 and 31 December 2021:

	<i>Unit: RMB</i>	
	<b>2022</b>	2021
Net cash generated from operating activities	<b>11,212,791,000</b>	14,505,795,000
Net cash used in investing activities	<b>(300,660,000)</b>	(15,136,136,000)
Net cash (used in)/generated from financing activities	<b>(14,492,259,000)</b>	5,901,791,000
Impact of exchange rate movement on cash	<b>1,149,541,000</b>	(189,797,000)
Net (decrease)/increase in cash and cash equivalents	<b><u>(2,430,587,000)</u></b>	<b><u>5,081,653,000</u></b>

## **Net Cash Generated from Operating Activities**

For the year ended 31 December 2022, the net cash inflow generated from operating activities was RMB11,212,791,000, representing a decrease of RMB3,293,004,000 as compared with RMB14,505,795,000 of net cash inflow generated from operating activities for the same period of last year. The Group's cash flow generated from operating activities was mainly due to the decrease in the business volume of the container segment.

## **Net Cash Used in Investing Activities**

For the year ended 31 December 2022, the net cash outflow generated from investing activities was RMB300,660,000, representing a decrease of RMB14,835,476,000 as compared with RMB15,136,136,000 of net cash outflow used in investing activities for the same period of last year. The increase in the Group's net cash generated from investing activities was mainly due to the deconsolidation of Powchan Financial Group Co., LTD. (海發寶誠融資租賃有限公司) (formerly known as COSCO SHIPPING Leasing Co., Ltd. (中遠海運租賃有限公司)) for the Period and the slow down of the investment in vessels and container leasing business according to market conditions.

## **Net Cash Used in Financing Activities**

For the year ended 31 December 2022, the net cash outflow used in financing activities was RMB14,492,259,000, representing a decrease of RMB20,394,050,000 as compared with the net cash inflow generated from financing activities of RMB5,901,791,000 for the same period of last year, primarily because the Group continued to promote "reducing leverage and liabilities", fully optimized the Company's capital structure, reduced the scale of liabilities, strictly controlled the costs of funding and rewarded shareholders with dividends. For the year ended 31 December 2022, the Group's new bank and other borrowings amounted to RMB51,756,670,000, repayment of bank and other borrowings amounted to RMB54,912,204,000, and proceeds from new issuance of bonds amounted to RMB10,000,000,000.

## **USE OF PROCEEDS AND FUTURE PLANS**

Upon consideration at the 30th meeting of the sixth session of the Board and the 36th meeting of the sixth session of the Board of the Company and approved by the 2021 first extraordinary general meeting, 2021 first A shareholders class meeting and 2021 first H shareholders class meeting, and the Approval on the Acquisition of Assets through Issuance of Shares of COSCO SHIPPING Development Co., Ltd. to COSCO SHIPPING Investment Holdings Co., Ltd. and Raising Ancillary Funds (Zheng Jian Xu Ke[2021]No.3283) (《關於核准中遠海運發展股份有限公司向中遠海運投資控股有限公司發行股份購買資產並募集配套資金申請的批覆》(證監許可[2021]3283號)) issued by the China Securities Regulatory Commission, the Company completed the acquisition of assets through issuance of Shares and raising ancillary funds through non-public issuance of A shares in 2021. Under the transactions related to non-public issuance of A shares, the Company issued 530,434,782 RMB ordinary shares to 8 eligible investors, including China Shipping Group Company Limited, at the issue price of RMB2.76 per share (the "**Non-public Issuance of A**

**Shares**”). Total proceeds from the issuance were RMB1,463,999,998.32 and actual net proceeds were RMB1,460,904,954.84, net of issue cost of RMB3,095,043.48 (including value-added tax). Such proceeds were fully received on 16 December 2021 and receipt of proceeds from the non-public issuance of A shares was verified by ShineWing Certified Public Accountants LLP, who issued a Capital Verification Report on the Proceeds from the Non-public Issuance of Shares of COSCO SHIPPING Development Co., Ltd. (No. XYZH/2021BJAA131539) in this regard on 17 December 2021.

To regulate the management, storage and use of proceeds and protect the legitimate rights and interests of investors, the Company has formulated the Proceeds Management Policies according to the Measures for the Administration of the Funds Raised by Listing Companies on the Shanghai Stock Exchange (《上海證券交易所上市公司募集資金管理辦法》) and the Regulatory Guidelines for Listed Companies No.2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (《上市公司監管指引第2號 – 上市公司募集資金管理和使用的監管要求》) and other laws and regulations. According to the Proceeds Management Policies, the Company implemented special account placement for proceeds from the Non-public Issuance of A Shares. A special bank account has been opened with China Development Bank Shanghai Branch for the exclusive deposit, management and utilization of the proceeds from the Non-public Issuance of A Shares. A Tripartite Supervision Agreement for the Designated Accounts for Proceeds was entered among the Company, China International Capital Corporation Limited and China Development Bank Shanghai Branch in January 2022. In addition, the subsidiaries of project implementation entities of the Company have opened up a special account for the proceeds with Bank of China Limited, Shanghai Branch for the exclusive deposit, management and utilization of the proceeds. In February 2022, they entered into the Quadripartite Supervision Agreement for Proceeds with the Company, China International Capital Corporation Limited and Bank of China Limited, Shanghai Branch.

As of 31 December 2022, the use of proceeds from the Non-public Issuance of A Shares is as follows:

	<i>Unit: RMB</i>
<b>Item</b>	<b>Amount of proceeds</b>
Net proceeds	1,460,904,954.84
Less: total accumulated proceeds used	1,352,762,791.74
Including: amount of projects financed by the proceeds in 2022	1,121,951,717.00
Portion of replacement of the pre-invested internal funds with the proceeds	230,811,074.74
Less: bank charges	618.57
Plus: interest income recorded in the special account	1,182,840.68
Balance in the special account for proceeds as of 31 December 2022	<u>109,324,385.21</u>



In order to ensure the implementation of the project construction, the subsidiaries of project implementation entities of the Company have invested in the proceeds-funded projects with self-raised funds in advance according to the actual situation of the project progress before receiving the proceeds. The details are as follows:

			<i>Unit: RMB</i>
No.	Proceeds-funded project	Implementation entity	Pre-invested amount
1	Production lines technology transformation project	Dong Fang International Container (Qidong) Co., Ltd.(寰宇東方國際集裝箱(啟東)有限公司)	108,621,990.97
2	Container production lines technology transformation project	Dong Fang International Container (Qingdao) Co., Ltd.(寰宇東方國際集裝箱(青島)有限公司)	96,058,931.10
3	Logistics equipment transformation project	Dong Fang International Container (Ningbo) Co., Ltd.(寰宇東方國際集裝箱(寧波)有限公司)	6,274,409.57
4	Information system upgrade and setup project	Shanghai Universal Logistics Technology Co., Ltd.(上海寰宇物流科技有限公司)	19,855,743.10
Total			<u><u>230,811,074.74</u></u>

Pursuant to the Special Audit Report on the Replacement of Self-raised Funds Pre-invested in Investment Projects with the Proceeds by COSCO SHIPPING Development Co., Ltd. (No. XYZH/2022BJAA130022) (《中遠海運發展股份有限公司以募集資金置換預先投入募投項目自籌資金的專項審核報告》) (XYZH/2022BJAA130022號) issued by ShineWing Certified Public Accountants LLP, the Company replaced self-raised funds pre-invested in investment projects of RMB230,811,074.74 with the proceeds on 18 February 2022, including production lines technology transformation project of RMB108,621,990.97, container production lines technology transformation project of RMB96,058,931.10, logistics equipment transformation project of RMB6,274,409.57 and information system upgrade and setup project of RMB19,855,743.10. According to the opinions expressed by the independent financial adviser, the supervisory committee and independent directors of the Company on the aforesaid replacement of self-raised funds pre-invested in investment projects with the proceeds, the relevant legal procedures of the above matter are believed to be performed to comply with the relevant requirements under the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (Revision 2022) (《上市公司監管指引第2號 – 上市公司募集資金管理和使用的監管要求》(二零二二年修訂)) and the Guidelines of Shanghai Stock Exchange for Self-Regulatory Supervision by Listed Companies (No. 1) – Standardized Operations (《上海證券交易所上市公司自律監管指引第1號 – 規範運作》).

As of 31 December 2022, the use of proceeds from the Non-public Issuance of A Shares is as follows:

*Unit: RMB0'000*

Item	Total committed investment of proceeds	Total investment of proceeds after adjustment	Proceeds utilized	Proceeds unutilized	Date of project reaching the scheduled usable status
Production lines technology transformation project	19,400.00	19,400.00	19,412.99	–	May 2023
Container production lines technology transformation project	20,000.00	20,000.00	16,773.87	3,226.13	July 2023
Logistics equipment transformation project	9,200.00	9,200.00	4,035.33	5,164.67	May 2024
Information system upgrade and setup project	8,800.00	8,800.00	6,363.59	2,436.41	May 2023
Replenishment of the working capital of the Company	89,000.00	88,690.50	88,690.50	–	N/A
<b>Total</b>	<b>146,400.00</b>	<b>146,090.50</b>	<b>135,276.28</b>	<b>10,827.21</b>	<b>–</b>

As of 31 December 2022, the use and intended use of proceeds from the Non-public Issuance of A Shares are in line with the use of proceeds as previously disclosed. For the details of intended use of proceeds from the Non-public Issuance of A Shares, please refer to the circular of the Company dated 24 May 2021 and the relevant overseas regulatory announcements.

### **Trade and Notes Receivables**

As at 31 December 2022, the Group's net amount of trade and notes receivables was RMB556,145,000, representing a decrease of RMB816,161,000 as compared with the same period of last year, of which note receivables increased by RMB14,285,000 and trade receivables decreased by RMB830,446,000.

### **Gearing Ratio Analysis**

As of 31 December 2022, the Group's net gearing ratio (i.e. net debts over shareholders' equity) was 266%, higher than 223% of last year. The net gearing ratio increased slightly compared to last year.

## **Foreign Exchange Risk Analysis**

Revenues and costs of the Group's shipping leasing business and container manufacturing operations are settled or denominated in USD. As a result, the impact on the net operating revenue due to RMB exchange rate fluctuation can be offset by each other to a certain extent. During the Period, the Group recorded an exchange gain of RMB1,149,947,000, which was mainly due to fluctuations of the USD exchange rate in 2022; the increase in exchange difference which was charged to equity attributable to shareholders of the parent company amounted to RMB453,533,000. The Group will continue to monitor the exchange rate fluctuation of RMB and major international settlement currencies, reduce the loss arising from exchange rate fluctuation, and take appropriate measures to mitigate the Group's foreign exchange risk when necessary.

## **Capital Expenditures**

For the year ended 31 December 2022, the Group's expenditures on the acquisition of container vessels, vessels under construction and containers and other expenditures amounted to RMB6,877,625,000, expenditures on the acquisition of financial lease assets amounted to RMB4,224,975,000.

## **Capital Commitments**

As at 31 December 2022, the Group had RMB471,600,000 in capital commitment to property, plant and equipment which had been contracted but not provided for, and RMB64,972,000 in equity investment commitment.

## **Pledge**

As at 31 December 2022, certain container vessels and containers with net carrying value of approximately RMB18,611,895,000 (31 December 2021: RMB18,672,682,000), finance lease receivables of RMB12,969,610,000 (31 December 2021: RMB12,497,828,000) and pledged deposits of RMB5,340,000 (31 December 2021: RMB57,775,000) of the Group were pledged for the grant of bank borrowings and issuance of corporate bonds.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

References are made to the announcement and the circular of the Company respectively dated 19 May 2022 and 9 June 2022, in relation to the shareholding restructuring and the capital increase agreement of COSCO SHIPPING Finance Company Limited (“**COSCO SHIPPING Finance**”).

Pursuant to the shareholding restructuring, the following agreements were entered into by relevant parties on 19 May 2022:

- (1) the equity transfer agreement entered into by COSCO SHIPPING Holdings Co., Ltd. (“**COSCO SHIPPING Holdings**”), COSCO International Freight Co., Ltd., COSCO (Tianjin) Co., Ltd., COSCO (Qingdao) Co., Ltd., COSCO (Xiamen) Co., Ltd., China Marine Bunker (Petro China) Co., Ltd., COSCO Shipbuilding Industry Company Ltd. and COSCO Shipyard Group Co., Ltd., pursuant to which COSCO SHIPPING Holdings conditionally agreed to purchase an aggregate of 15.1258% of the equity interests of COSCO SHIPPING Finance from other parties thereto;
- (2) the equity transfer agreement entered into by China Ocean Shipping Company Limited (“**COSCO**”) and the Company, pursuant to which the Company conditionally agreed to sell and COSCO conditionally agreed to purchase 10.0000% of the equity interests of COSCO SHIPPING Finance;
- (3) the equity transfer agreement entered into by COSCO SHIPPING Logistics Co., Ltd. (“**COSCO SHIPPING Logistics**”), China Ocean Shipping Agency Co., Ltd. (“**China Agency**”) and China Ocean Shipping Tally Co., Ltd. (“**China Tally**”), pursuant to which COSCO SHIPPING Logistics conditionally agreed to purchase, China Agency and China Tally conditionally agreed to sell an aggregate of 4.8018% of the equity interests of COSCO SHIPPING Finance; and
- (4) the equity transfer agreement entered into by COSCO SHIPPING Specialized Carriers Co., Ltd. (“**COSCO SHIPPING Specialized**”) and Guangzhou Ocean Shipping Co., Ltd. (“**Guangzhou Ocean**”), pursuant to which COSCO SHIPPING Specialized conditionally agreed to purchase and Guangzhou Ocean conditionally agreed to sell 3.5214% of the equity interests of COSCO SHIPPING Finance.

In addition to the shareholding restructuring, in order to increase the capital adequacy ratio for COSCO SHIPPING Finance to further develop its business and enhance its overall profitability, on 19 May 2022, each of the post-restructuring shareholders (including (1) the Company, (2) COSCO SHIPPING Lines Co., Ltd., (3) China COSCO Shipping Corporation Ltd., (4) COSCO, (5) COSCO SHIPPING Holdings, (6) COSCO SHIPPING Energy Transportation Co., Ltd., (7) COSCO SHIPPING Specialized and (8) COSCO SHIPPING Logistics) entered into the capital increase agreement, pursuant to which the post-restructuring shareholders conditionally agreed to increase the registered capital of COSCO SHIPPING Finance by an aggregate of RMB13,500,000,000 (equivalent to approximately HK\$16,200,000,000) in proportion to their respective shareholdings of COSCO SHIPPING Finance after completion of the shareholding restructuring. Accordingly, the Company agreed to contribute RMB1,806,840,000 (equivalent to approximately HK\$2,168,208,000) pursuant to the capital increase agreement. Upon completion of the shareholding restructuring and the capital increase, the registered capital of COSCO SHIPPING Finance will be increased from RMB6,000,000,000 to RMB19,500,000,000, while the shareholding by the Company in COSCO SHIPPING Finance will remain at 13.3840%.

For further details, please refer to the announcement dated 19 May 2022, the circular dated 9 June 2022 and the announcement on poll results of the 2021 annual general meeting of the Company dated 30 June 2022.

## **SUBSEQUENT EVENTS**

On 30 March 2023, the Board proposed the payment of a final dividend of RMB0.087 per share (inclusive of applicable tax) for the year ended 31 December 2022, totaling approximately RMB1,176,884,731.77 calculated based on 13,527,410,710 shares, being the total number of issued shares of the Company of 13,573,299,906 as at 30 March 2023 deducting 45,889,196 A shares repurchased by the Company, which is subject to the approval of shareholders of the Company at the forthcoming annual general meeting (the “AGM”) of the Company.

## **CONTINGENT LIABILITIES**

As at 31 December 2022, there were no significant contingent liabilities for the Group.

## **EMPLOYEES, TRAINING AND BENEFITS**

As of 31 December 2022, the Group had 10,586 employees, and the total staff costs for the Period (including staff remuneration, welfare cost and social insurance fees etc.) amounted to approximately RMB2,532,521,000 (including outsourced labour costs).

Remuneration management, as one of the most effective incentives and a form of enterprise value distribution, is carried out on the basis of total budget control, value creation, internal fairness, market competition and sustainable development. Based on the principle of “contractualized management, differential compensation”, the senior management of the Company has introduced and implemented the professional manager system and strengthened the incentive and restraint mechanism based on performance management. The Company’s comprehensive remuneration system applicable to the employees mainly consists of two aspects: (1) salaries, including position/title salary, performance salary, special incentives and allowances; and (2) benefits, including mandatory social insurance, provident housing fund as stipulated by the state and its own corporate welfares.

To support the Company’s human resources management reform, talent development and cultivation, the Company has constructed its employee training system to make it based on identification of demand, with the support of clearly defined responsibilities and list-based management. We have enhanced the training content and implementation system, and improved the effectiveness of training resource allocation, staff training participation and satisfaction. Based on the training system, various training programmes were designed and implemented to address different types of business and positions, covering topics such as transformation and innovation, industry development, management capability, industrial and financial business, risk management, safety and individual caliber.

In addition, through the implementation of the stock option incentive scheme, the Company will further establish and improve the long-term incentive mechanism of the Company to attract and retain outstanding talents, fully mobilize the enthusiasm of the senior management and core staff of the Company, promote business innovation and expansion, and facilitate the achievement of the Company’s long-term strategic objectives, thereby maximizing shareholder value and preserving the value of state-owned assets.

## **DIVIDEND**

The Board proposed to distribute a final dividend of RMB0.087 per share (inclusive of applicable taxes) for the year ended 31 December 2022 (2021: RMB0.226 per share), subject to the approval of shareholders of the Company at the forthcoming AGM. The final dividend will be denominated and declared in RMB, payable to the holders of A shares and H shares of the Company in RMB and Hong Kong dollars, respectively within two months after the approval at the AGM.

The Company will make further announcements as and when necessary to disclose further details including, among other things, the expected timetable and arrangements of closure of register of members of H shares by the Company, and the proposal to distribute final dividend.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) consists of two independent non-executive directors, namely Mr. Lu Jianzhong and Mr. Chan Kwok Leung, and one non-executive director, namely Mr. Huang Jian. The Audit Committee has discussed with the independent auditor of the Company, SHINEWING (HK) CPA Limited, and reviewed the annual results of the Group for the year ended 31 December 2022.

This annual results announcement is based on the Company’s consolidated financial statements for the year ended 31 December 2022 which have been agreed with the auditor of the Company.

## **CORPORATE GOVERNANCE CODE**

The Board has confirmed that the Company was in full compliance with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Listing Rules**”) during the year ended 31 December 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by directors, supervisors and relevant employees on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry by the Company of all directors and supervisors, the directors and supervisors have each confirmed their compliance with the required standard set out in the Model Code regarding securities transactions by directors and supervisors during the Period. The Company is not aware of any non-compliance with these guidelines by the relevant employees.

## **SCOPE OF WORK OF SHINEWING (HK) CPA Limited**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this preliminary announcement.

## **DISCLOSURE OF INFORMATION**

This announcement is published on the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://development.coscoshipping.com>. The annual report of the Company for year ended 31 December 2022 will be despatched by the Company to its shareholders and published on the aforesaid websites of the Hong Kong Stock Exchange and the Company in due course.

By order of the Board  
**COSCO SHIPPING Development Co., Ltd.**  
**Cai Lei**  
*Joint Company Secretary*

Shanghai, the PRC  
30 March 2023

*As at the date of this announcement, the Board comprises Mr. Liu Chong and Mr. Zhang Mingwen, being executive Directors, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, being non-executive Directors, and Mr. Lu Jianzhong, Ms. Zhang Weihua, Mr. Shao Ruiqing and Mr. Chan Kwok Leung, being independent non-executive Directors.*

\* *The Company is a registered non-Hong Kong company as defined under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd."*