

# TARGET

## Intelligence Report

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**COSCO SHIPPING INTERNATIONAL (HONGKONG) COMPANY LTD:  
BEER AND SKITTLES ARE NOT, ALWAYS,  
THE WAY THINGS COME TO PASS**

COSCO SHIPPING International (Hongkong) Company Ltd (中遠海運國際[香港]有限公司) (Code: 517, Main Board, The Stock Exchange of Hongkong Ltd) is domiciled in Bermuda.

Its entire Issued Share Capital is listed on the premier equity market of The **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

However, ultimately, China COSCO Shipping Corporation Ltd (**COSCO SHIPPING**) (中國遠洋海運集團有限公司) holds the reins of power over all the corporate entities under the 'umbrella' of COSCO SHIPPING International (Hongkong) Company Ltd.

China COSCO Shipping Corporation Ltd is a State-owned enterprise, having been established in the PRC.

At Page 202 of the 2022 Annual Report of COSCO SHPPING International (Hongkong) Company Ltd, in respect of the Financial Year, ended December 31, 2022, one was informed of the following intelligence:

*'COSCO SHIPPING itself is a state-owned enterprise established and controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING, its subsidiaries (other than the Group) and associates, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, and 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 years 2022 and 2021, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government mainly include most of its bank deposits and the*

*corresponding interest income and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the agreements governing these transactions or as mutually agreed ...'.*

## **The 2022 ANNUAL REPORT OF COSCO SHIPPING International (Hongkong) Company Ltd**

### **The Chairman's Statement**

The 2022 Annual Report of COSCO SHIPPING International (Hongkong) Company Ltd was published and disseminated in the HKSAR on or about Wednesday, April 26, 2023.

At Pages 10 through to 13 of the 2022 Annual Report, Mr Zhu Jian Hui (朱建輝), the Chairman of the Board of Directors, went on record, making the following statements:

*'On behalf of the Board of the Company, I am pleased to report to you the 2022 annual results and future directions of COSCO SHIPPING International. In 2022, due to the cyclical impact of individual business segments, revenue of COSCO SHIPPING International recorded a year-on-year decrease of 13%, while operating profit decreased by 27% year-on-year to HK\$202,831,000 (2021: HK\$277,545,000). However, with the outstanding performance of the Group's marine coatings business and the increase in finance income, the profit attributable to equity holders of the Company was HK\$347,062,000 (2021: HK\$288,341,000), representing a year-on-year increase of 20%. The basic and diluted earnings per share were 22.74 HK cents (2021: 18.81 HK cents). The Board recommended the payment of a final dividend of 11.5 HK cents per share. The dividend per share for the year 2022 will amount to 22.5 HK cents (2021: 19 HK cents) in total, representing a dividend payout ratio of 99% (2021: 101%).*

*'COSCO SHIPPING International has a specific and clear dividend policy, pursuant to which, the Company's annual dividend payout ratio shall not be less than 50% of net profit prior to achieving practical progress in significant investment projects. Adhering to the business philosophy of maximising shareholders' returns, under the principle of prudent investment attitudes to make good use of our capital, and taking into account factors such as the operating environment and development needs, the actual dividend payout ratio has been improved to approximately 100% since 2020, which fully demonstrates the Company's determination to enhance shareholders' returns in the long run. In order to achieve better shareholders' returns, the Company further optimised its use of cash flow by repurchasing Shares in the open market in 2022, with a total of 51,262,000 Shares repurchased during the year. The long-term development of COSCO SHIPPING International relies on the trust and support of its shareholders. We will continue to enhance our awareness of rewarding our shareholders and strive to move ahead together.*

### **'BUSINESS DEVELOPMENT AND PERFORMANCE**

*‘In 2022, the repeated and prolonged outbreaks of the COVID-19 pandemic and the increasing geopolitical frictions continued to interfere with the recovery of the global supply chain. The sharp fluctuations in energy and food prices, the increasing inflationary pressures and a rapidly tightening financial environment posed numerous obstacles to the stable development of the world economy. China’s economy was also hit by unexpected factors such as the pandemic, extreme weather and a sudden drop in global demand. In response, the central government launched a package of policies and measures to stabilise the economy, firmly promoting a balanced and coordinated socio-economic development and steadily improving the quality of development...*

*‘In the face of the challenging macro environment, COSCO SHIPPING International committed to its development strategy of becoming a leading international shipping service company, providing a full range of value-added shipping services to its customers. With a well-diversified shipping service businesses and investments portfolio, the Company effectively reduced the cyclical fluctuations of its businesses as a whole and achieved profit growth during the year.*

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