

CHAIRMAN'S STATEMENT



FENG Boming
Chairman

In 2019, COSCO SHIPPING Ports continued to promote the three major development strategies by building global terminal network actively, enhancing the synergy with COSCO SHIPPING, the parent company, and shipping fleets of OCEAN Alliance, further strengthening the control and management capacity of port and terminal business and establish ports supply chain platform proactively to develop mid to high-end warehouse business and realise the extension to the upstream and downstream industries. COSCO SHIPPING Ports has now become the largest container terminal operator worldwide and its terminal portfolio covers five main port regions in China, as well as the key hub ports in Southeast Asia, Middle East, Europe, South America and the Mediterranean.



Following the completion of our reorganisation and successful transformation into a ports operator in 2016, with our concerted efforts and active development, we have achieved a steady growth in our results, which demonstrated that COSCO SHIPPING Ports is on the right track to execute the Five-Year Plan devised in 2016 upon its reorganisation, and strive to achieve the target of 50% growth in total assets, 60% growth in equity throughput and double net profit by 2021.

FOCUS ON THE DEVELOPMENT STRATEGY AND STRENGTHEN THE STRATEGIC COOPERATION

Based on the corporate vision of “The Ports for ALL”, our strategy is to create a win-win, sharing and supportive platform proactively for upstream and downstream shipping industries, connecting global

routes to truly live up to the name of “the ports for all people”. In 2019, the Company continued to build its global terminal network around the globe, actively leverage the synergy with COSCO SHIPPING and the OCEAN Alliance, and strengthen business relationships with strategic partners and customers to fully drive the growth of container volume.

In January 2019, we announced to acquire 60% equity interest in CSP Chancay Terminal, which marked further extension of the Group’s global terminal network to Latin America. On 10 May 2019, the acquisition was officially completed. Port of Chancay is the Company’s first greenfield subsidiary in which the Group has controlling stakes in South America and COSCO SHIPPING Ports works to develop Port of Chancay into an important gateway port in South America.

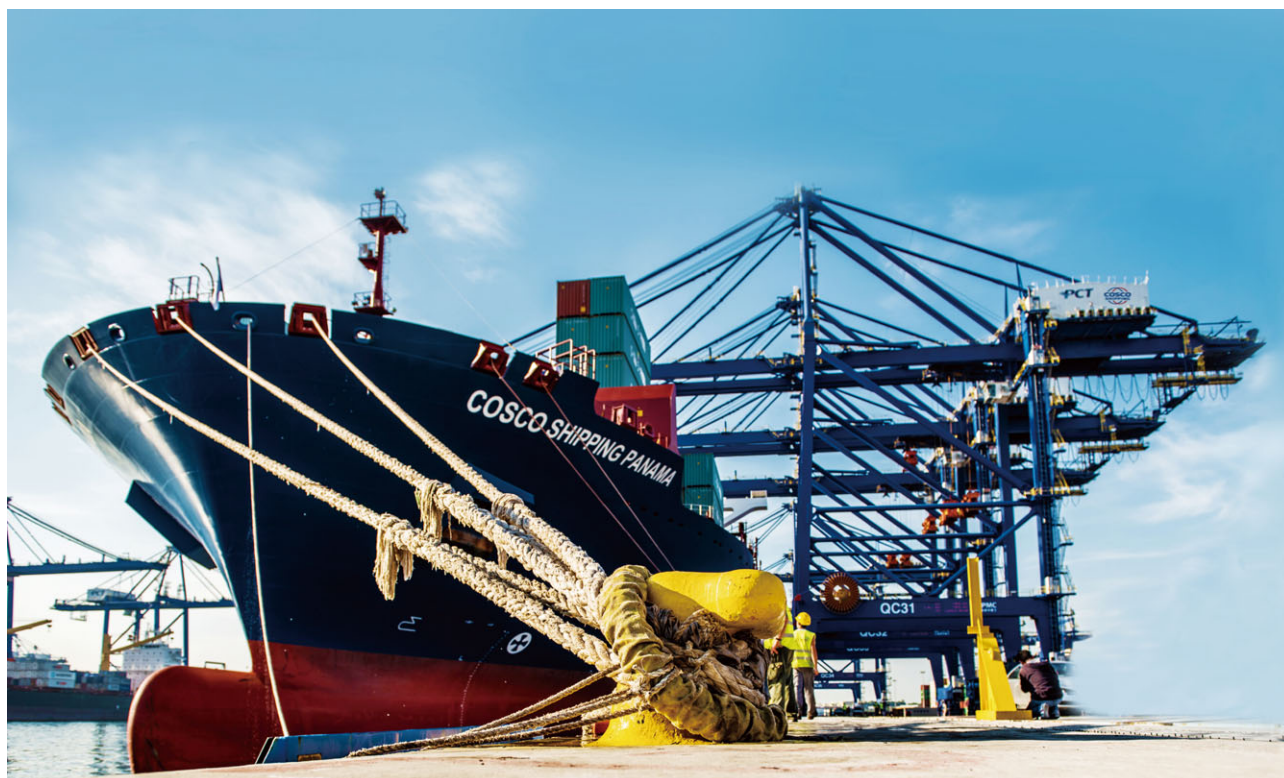
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We further collaborated with PSA Corporation Limited by adding two new berths at COSCO-PSA Terminal and the berths were put into operation officially in January 2019. With the newly-added two berths, COSCO-PSA Terminal is now equipped with five container berths with designed annual handling capacity of 4.85 million TEU, which is fully in align with the Group's development strategy of strengthening terminal network in Southeast Asia and supporting our parent company's need for more mega-vessels and forming industry alliances.

We inaugurated CSP Abu Dhabi Terminal, the Group's first overseas greenfield subsidiary, in December 2018. With designed annual handling capacity of 2.5 million TEU and the inclusion of the largest container freight station in the Middle East, the terminal entered into trial operation in April 2019 and officially commenced operation in the fourth quarter of 2019 with 1.5 million TEU annual handling capacity to start with. With the support of our parent company, we will harness our unparalleled advantages to turn CSP Abu Dhabi Terminal into a regional hub and a competitive shipping service centre.

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In April 2019, the Group signed an investment agreement with Guangzhou Nansha Economic and Technology Development Zone Commercial Bureau in respect of the investment in the COSCO SHIPPING Ports Supply Chain Project in Guangzhou Nansha. It planned to develop the business of terminal extended logistic services outside Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal, so as to establish port supply chain platform and develop mid to high-end warehouse business. Besides Guangzhou, the Group plans to gradually expand the above business to Abu Dhabi, Nantong, Xiamen and Wuhan etc.

Establishing port supply chain platform through development of terminal extended logistic services is one of the new growth drivers that COSCO SHIPPING Ports will develop vigorously in the future. It aims at

building a sharing and win-win platform that connects the upstream and downstream industries centred around the port and gathering the strength of COSCO SHIPPING Group in the centralised transportation, bulk transportation, logistics, shipping finance and e-commerce platform, with a view to expand the port ecosystem continuously, innovate business model, and add new profit growth points.

In December 2019, we acquired two warehouses in Port of Zeebrugge adjacent to the CSP Zeebrugge Terminal which integrated upstream and downstream resources of the supply chains, enhanced the influence of CSP Zeebrugge Terminal on the surrounding logistics activities of the port, and emphasised the features of goods collection, inventory and distribution of the port, so as to optimise port resources and increase terminal business.

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DEEPEN THE DOMESTIC INVESTMENT AND DISPOSE ASSETS STRATEGICALLY

While we stayed focused on the globalisation, port consolidations in China give us an opportunity to strengthen and broaden our investments. We are actively participating in the restructuring of major China port groups and disposing of assets strategically, with a view to enhance the capital recycling and further improve profitability. On 18 September 2019, the Group announced the plan to dispose of the indirect interests in Nanjing Longtan Terminal, Yangzhou Yuanyang Terminal and Zhangjiagang Terminal.

Such disposal of interest in port assets was a move in line with the strategic plan in response to the changes in industry development in the region. The profit contribution from Nanjing Longtan Terminal, Yangzhou Yuanyang Terminal and Zhangjiagang Terminal to the Company is small with relatively low throughput. The Group will continue to optimise the terminal portfolio in the Yangtze River Delta, strengthen the development of Nantong Tonghai Terminal and CSP Wuhan Terminal and continue to build a regional hub in the Yangtze River Delta.

In November 2019, the Group announced to increase its shareholding in Beibu Gulf Port by approximately 5.66%. As the key terminal and a listed company in the Guangxi Beibu Gulf Region, Beibu Gulf Port will benefit from the promotion and implementation of the "International New Land and Marine Routes (國際陸海新通道)" strategy of the PRC, and is expected to share the benefits of economic growth and industrial development in Southwest China.

Through further enlarging the Group's shareholding in Beibu Gulf Port, the Group could better participate in the operation and management of Beibu Gulf Port, consolidate its interest in Beibu Gulf Port in the Group's accounts using the equity accounting method and generate more profits through its investments in Beibu Gulf Port.

CREATING VALUE FOR SUSTAINABLE GROWTH

At COSCO SHIPPING Ports, sustainability remains as the core value of all operations and is the commitment of the Group to grow a successful business, create long-term value for various stakeholders, and give back to society. The Group has actively fulfilled its firm commitment to care for its people, put customers first, promote green development, achieve win-win cooperation and invest in communities. The Group also believes that outstanding businesses adhere to the values of honesty, integrity and compliance, which form the foundation of the Group's efforts to foster trust and build mutually beneficial relationships with its stakeholders and society.

DIVIDEND

The Board of Directors is recommending a final dividend of US2.028 cents per share, subject to shareholders' approval at the Company's forthcoming Annual General Meeting. Together with the interim dividend of US1.9 cents per share, it brings the total dividend for 2019 to US3.928 cents per share, represents a 40% payout ratio. This is a cash distribution with a scrip dividend alternative.

COSCO SHIPPING Ports has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth. The Board regards a stable payout ratio and steady implementation of long-term business development plans as key commitments to shareholders.

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

PROSPECTS

2020 is full of challenges and opportunities. Novel Coronavirus Pneumonia spreads across the world, it is expected to hit global economy. Despite the uncertain outlook, however, the Group's strong EBITDA, cash on hand as well as cash received from the disposals so far this year could assure us to maintain our financial stability and sustainability. Meanwhile, we see coronavirus epidemic in China has now been under control and factories have started to resume operation since late February. The Group is well prepared to grasp the opportunities arising from the pent-up demand as a result of the global restocking.

COSCO SHIPPING Ports, as one of the world's largest ports operators, will continue to cooperate with major shipping companies and ports companies. The Company will remain committed to building its global terminal network and searching for opportunities to acquire overseas terminals in line with the Board's established plan, so as to provide more efficient and comprehensive services to meet the needs of the shipping alliances.

We will actively seek cooperation opportunities to continuously refine its global terminal network and will work towards building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies when serving clients. Meanwhile we will leverage on the synergies with the parent company and the OCEAN Alliance to generate higher value and better returns for shareholders.

BOARD AND CORPORATE GOVERNANCE

COSCO SHIPPING Ports holds fast to the highest standards of corporate governance. The Board and its committees play an active role in guiding the Company and leading its strategy and we are determined to ensure that we have the right resources and skillset to steer the Group forward. In a business evolving at pace, we are committed to maintaining a sound corporate governance structure that underpins business network and encourages growth.

On behalf of the Board, I would like to thank the Management and the staff for their commitment and continued dedication towards the Group throughout the year. We are also thankful for the continued support and positive alliance from our various stakeholders and, last but not least, the continuing support from our shareholders.

FENG Boming

Chairman

26 March 2020