

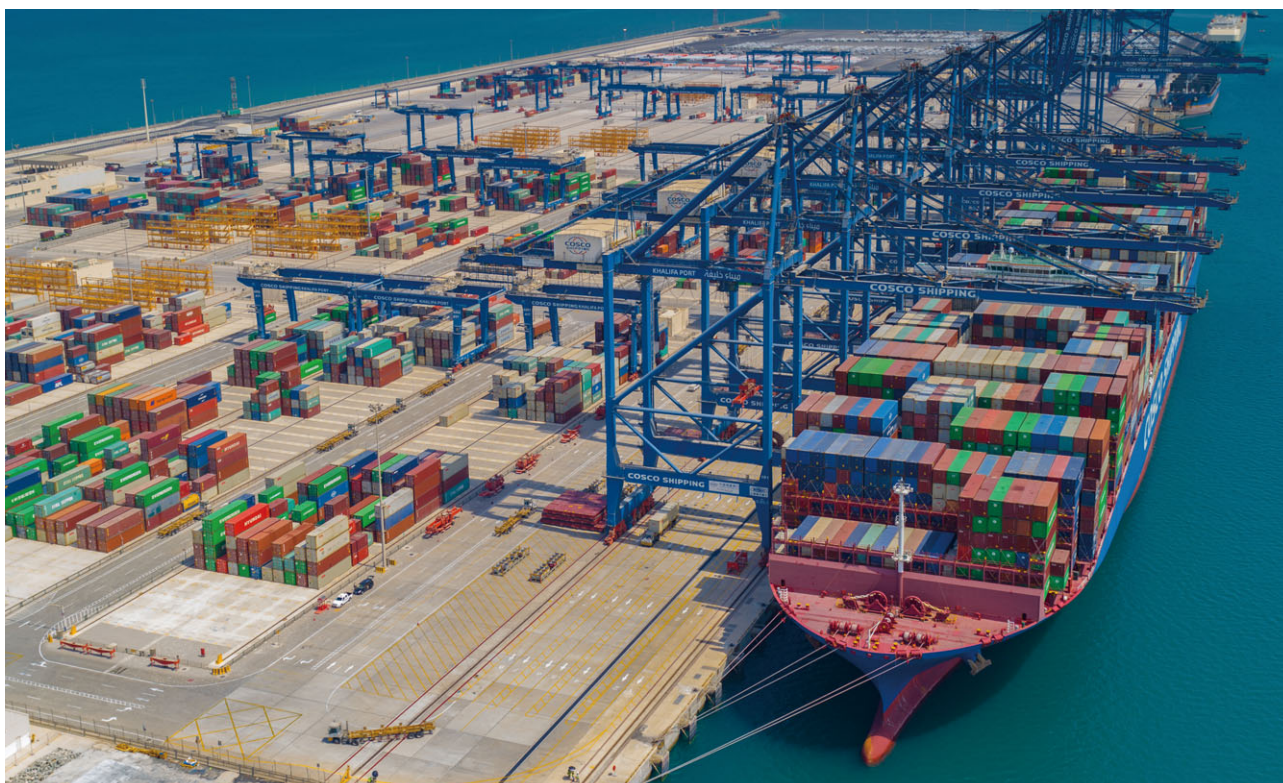
MANAGING DIRECTOR'S REPORT



In 2019, the Group recorded solid growth in its results, revenue of the Group amounted to US\$1,027,658,000, a 2.7% increase compared with US\$1,000,350,000 of 2018. Adjusted net profit increased by 8.1% to US\$350,869,000; adjusted earnings per share increased by 5.8% to US11.19 cents.

Backed by calls of shipping fleets of major shipping alliances and the contribution of the container volume from newly acquired terminals, total throughput of the Group increased by 5.5% to 123,784,335 TEU. Throughput of the Group's subsidiaries increased by 11.5% to 25,104,282 TEU and made up 20.3% of the Group's total. Throughput of the non-controlling terminals increased by 4.0% to 98,680,053 TEU. The performance of overseas terminal throughput was outstanding with a remarkable increase of 13.0% year-on-year.

Managing Director's Report



ACTIVELY BUILDING GLOBAL TERMINAL NETWORK

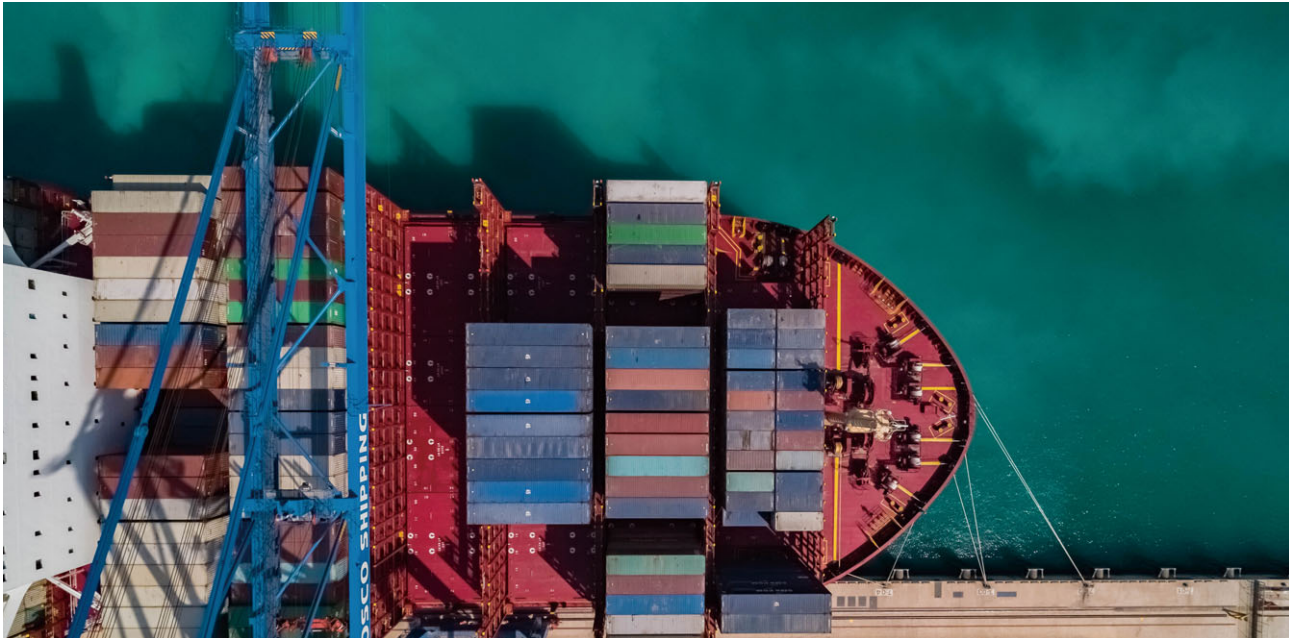
We continued to strive to build comprehensive and well-balanced global terminal network, providing efficient and high-quality services to the shipping alliances in 2019. The Group has continued to identify new terminal projects and investment opportunities in Southeast Asia, the Middle East, Africa and South America with our prudent utilisation of financial resources.

In May 2019, the equity transaction of Peru Chancay project of COSCO SHIPPING Ports was officially completed. Port of Chancay is the Company's first greenfield terminal company in which it has controlling stakes in South America. The Group is committed to making Port of Chancay into an important gateway port in South America. Peru has great economic development potential. Port of Chancay is located at 58 kilometers north of Lima, Peru's capital, enjoying an exceptional outstanding geographical location and convenient transportation to the economic centre of Peru. About 60% of Peru's

economic activities is concentrated in Lima and its surrounding regions. Within the close proximity of Lima, the location of Port of Chancay represents a strategic importance. Port of Chancay is a natural deep-water port with a maximum depth of 16 metres, which can accommodate mega vessels when they have to berth. Putting the port as a focus, the Group fully utilises COSCO SHIPPING Group's resources and strengths to introduce shipping companies and the logistics industry chain to Port of Chancay, so that it can grow into a key hub port in Latin America, as well as the most important logistics centre along the Pacific Coast.

In 2019, the single-year container throughput of the Piraeus Port reached a historical breakthrough of 5 million TEU for the first time. It is an unprecedented leap in the history of the container development of Piraeus Port, suggesting that Piraeus Port in Greece takes the honour to become the largest container port in the Mediterranean region. It also signifies that Piraeus Port has taken a firm step to be Europe's and the world's first-class container port.

Managing Director's Report



COSCO SHIPPING Ports will spend efforts to make Piraeus Port as an important container transshipment port, a hub for sea-land transshipment, and international logistics distribution centre in the Mediterranean region, playing an important pivot role in Sino-European sea-land expressway and the “Belt and Road” Initiative.

CAPITALISING ON UNPARALLELED STRENGTHS TO ENHANCE THE SYNERGY

By virtue of support of our parent company and the OCEAN Alliance’s shipping fleets, the Group enjoys unparalleled advantages. During the year, the synergies with the OCEAN Alliance were further strengthened, the container volume contribution from the OCEAN Alliance increased by 13.0% compared with the previous year, representing 52.3% of total throughput of our seven major subsidiaries. The container volume from COSCO SHIPPING Lines and OOCL increased by 17.9% and 39.4%, respectively, as compared with the previous year.

On the basis of a balanced and stable terminal network, we not only further exerted the synergy from our parent company and the OCEAN Alliance, but also we benefited from the support of other shipping alliances. The container volume from 2M and THE Alliance increased by 8.8%, representing 31.7% of the total throughput of our seven major subsidiaries.

As one of the world’s largest ports operators, COSCO SHIPPING Ports will continue to leverage on the synergy with the OCEAN Alliance and our parent company, capture every opportunity to cooperate with major shipping companies and ports operators to achieve a win-win scenario, as well as continue to increase the throughput, rapidly improve our terminal operation capabilities and customer service capabilities.



ACTIVELY DEVELOP THE PORTS SUPPLY CHAIN PLATFORM TO ACHIEVE THE EXTENSION OF UPSTREAM AND DOWNSTREAM INDUSTRIES

COSCO SHIPPING Ports will continue to speed up the development of its terminal extended business. In April 2019, the Group signed an investment agreement with Guangzhou Nansha Economic and Technology Development Zone Commercial Bureau to invest in the supply chain base project of COSCO SHIPPING Ports in Nansha District, Guangzhou, with a view to establish a port supply chain platform, to develop the mid to high-end warehouse business, and to achieve the extension to upstream and downstream industries. The Group will develop its terminal extended business to other terminals so as to further improve our profitability.

The development of extension services at the back of the ports and construction of a ports supply chain platform is one of the new growth drivers for COSCO SHIPPING Ports for its future development. COSCO

SHIPPING Ports' investment in the supply chain base project in Nansha District, Guangzhou, is our efforts to effectively utilise the scarce port logistics resources to focus on the development of mid to high-end warehouse business. In contrast to traditional warehouses, this port mid to high-end warehouse project has a strong irreplaceability, as it has a higher planned plot ratio as well as more scientific and efficient storage space in the spatial layout. In terms of geographical location, it is located right behind the container hub, enjoying a convenient transportation, a strong radiation coverage, and a lower integrated transportation cost. As far as the construction and operations are concerned, it will have higher construction standards and facilities, as well as a professional and modernised auxiliary management and services of the park. More importantly, the project will equip with a sharing and win-win platform connecting to upstream and downstream industries setting the ports as a focus. It represents a cluster of the elements of container shipping, bulk shipping, logistics, shipping finance, and e-commerce platform within the COSCO SHIPPING Group.

Managing Director's Report

CONTROL THE COST AND IMPROVE EFFICIENCY TO MAXIMISE RETURNS

COSCO SHIPPING Ports continues to improve operation and management capabilities, enhance customer services experience, and gradually deploy the Navis N4 system to its terminals in the future. In 2019, the Company actively provided training sessions for its internal staff for the application of the Navis N4 operating system. At present, CSP Zeebrugge Terminal and Lianyungang New Oriental Terminal have successfully launched the Navis N4 system, which further strengthens the efficiency of terminal operations and enhance cost effects.

The Group has been committed to enhancing terminal operational efficiency and strengthening the cost control, which are some of our major strategic initiatives as the world's leading terminal operator. COSCO SHIPPING Ports gives priority to the promotion of Navis N4 system at its subsidiaries. It aims at, on one hand, strengthening the standardised production process management of the subsidiaries, enhancing the control of the terminal business, and building a terminal with high efficiency; on the other hand, enhancing information sharing technology and the ability of integrating shipping information chain in the future, to ultimately unify the management perspective, management mind set, management control and marketing capacity of COSCO SHIPPING Ports all across the world. COSCO SHIPPING Ports will deploy the resources of the Company carefully, continue to optimise the cost structure and enhance the operational efficiency.

PROACTIVELY LAUNCH VARIOUS PREVENTIVE MEASURES AGAINST THE DISEASE

Since the outbreak of Novel Coronavirus, the Company has taken immediate actions. Under the direction of the Team of Contingency, Direction and Guidance for the Prevention and Control of Disease under the Group, COSCO SHIPPING Ports' Disease Prevention and Control Guidance Team and Working Team have been set up. They aim at performing various preventive measures practically and pragmatically according to the requirements and deployment of national, local governments and the Group. Their objectives are to effectively perform prevention and control measures against the disease on one hand, and to properly arrange the production and operations during the period in which prevention and control are in place on the other. COSCO SHIPPING Ports is, according to the changes of the disease, continuously and firmly conducting its preventive and control measures across all units in China. Meanwhile, it also strengthens its support to its overseas units on preventive material supplies.

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PROSPECTS

The world economic growth in 2020 is subject to certain challenges. With the complicated global trade and macro-economics, global capital markets tend to be cautious.

As the Group utilises its own strengths and constantly develops, we will strive to create sustainable value, continue to prudently utilise our financial resources and follow our growth strategy, and at the same time create value. COSCO SHIPPING Ports will continue to control our costs, continue to optimise cost structure, and enhance operational efficiency, and strengthen risk management. The Company is committed to continuing to strengthen our global terminal network to meet the needs of the shipping alliances with more comprehensive services. Meanwhile, the Group will capture every development opportunity to strengthen our global terminal network.

ZHANG Dayu

Managing Director

26 March 2020