

OPERATIONAL REVIEW

Market Review

In 2019, slowdown of global economic growth continued as Sino-US trade frictions, Brexit looms, geopolitical uncertainties, the rise of protectionism exerted pressure on the complicating global trade and macro-economy. The International Monetary Fund ("IMF") revised down its projections of global economic growth several times in 2019.

Against the backdrop of apparent rise of risks and challenges in both domestic and overseas, China's foreign trade imports and exports recorded steady increase in terms of quantity and improvement in terms of quality respectively last year. According to General Administration of Customs of the PRC, China recorded RMB31.54 trillion for total import and export value of foreign trade in 2019, which increased by 3.4% as compared with 2018. In particular, exports recorded RMB17.23 trillion, representing an increase of 5%, while imports recorded RMB14.31 trillion, representing an increase of 1.6%.

Overall Performance

In spite of uncertainties casted over the global trade, COSCO SHIPPING Ports continued to implement strategy effectively by leveraging on the synergistic advantages in 2019. Backed by the increased calls from the shipping alliances at the Group's container terminals and the contributions from newly acquired terminals, total throughput of the Group increased by 5.5% to 123,784,335 TEU in 2019 (2018: 117,365,360 TEU).

The total throughput from terminal companies in which the Group has controlling stake increased by 11.5% to 25,104,282 TEU (2018: 22,507,686 TEU), accounting for 20.3% of the Group's total; and the total throughput from non-controlling terminals rose by 4.0% to 98,680,053 TEU (2018: 94,857,674 TEU), accounting for 79.7% of the Group's total. The Group's total equity throughput rose by 7.0% to 39,670,783 TEU in 2019 (2018: 37,062,172 TEU).

	2019 (TEU)	2018 (TEU)	Change (%)
Total Throughput	123,784,335	117,365,360	+5.5
Throughput from terminal companies in which the Group has controlling stake	25,104,282	22,507,686	+11.5
Throughput from the Group's non-controlling terminals	98,680,053	94,857,674	+4.0
Equity Throughput	39,670,783	37,062,172	+7.0
Equity throughput from terminal companies in which the Group has controlling stake	16,056,895	14,230,256	+12.8
Equity throughput from the Group's non-controlling terminals	23,613,888	22,831,916	+3.4

Greater China

Total throughput of the Greater China region increased by 3.4% to 95,789,852 TEU in 2019 (2018: 92,597,126 TEU) and accounted for 77.4% of the Group's total.

BOHAI RIM

Total throughput of the Bohai Rim region increased by 6.1% to 40,659,612 TEU in 2019 (2018: 38,328,815 TEU) and accounted for 32.8% of the Group's total. In particular, throughput of QPI grew by 8.7% to 21,010,000 TEU (2018: 19,320,000 TEU). During the year, repositioning of several ports by Liaoning Port Group upon its consolidation has resulted in the business diversion of domestic trade of Dalian Container Terminal and a decrease in business volume. As such, throughput of Dalian Container Terminal declined by 10.4% to 8,525,291 TEU (2018: 9,512,744 TEU).

YANGTZE RIVER DELTA

Total throughput of the Yangtze River Delta region increased by 2.2% to 20,238,468 TEU in 2019 (2018: 19,808,646 TEU) and accounted for 16.4% of the Group's total. Throughput of Nantong Tonghai Terminal reached 1,135,840 TEU (August to December 2018: 264,255 TEU). Shanghai Pudong Terminal recorded a decrease of 2.0% in throughput to 2,550,390 TEU (2018: 2,602,151 TEU). Shanghai Mingdong Terminal recorded a decrease of 1.5% in throughput to 6,160,365 TEU (2018: 6,252,083 TEU).



Operational Review

SOUTHEAST COAST AND OTHERS

In 2019, total throughput of the Southeast Coast region increased by 1.5% to 5,783,821 TEU (2018: 5,699,718 TEU) and accounted for 4.7% of the Group's total. During the year, throughput of Xiamen Ocean Gate Terminal increased by 4.7% to 2,061,341 TEU (2018: 1,968,613 TEU).

PEARL RIVER DELTA

In 2019, total throughput of the Pearl River Delta region increased by 0.3% to 27,469,330 TEU (2018: 27,388,896 TEU) and accounted for 22.2% of the Group's total. Benefitting from the support of shipping alliances, throughput of Guangzhou South China Oceangate Terminal increased by 8.9% to 5,624,830 TEU (2018: 5,164,923 TEU).

SOUTHWEST COAST

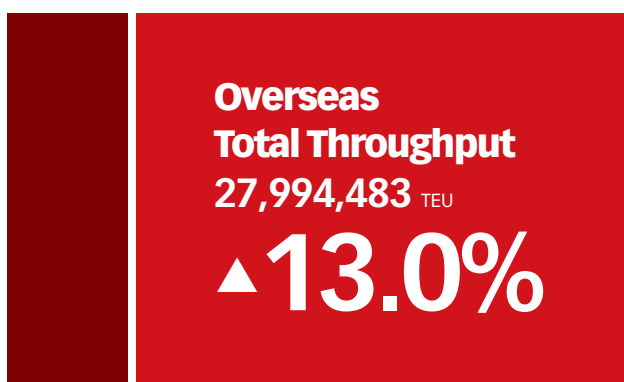
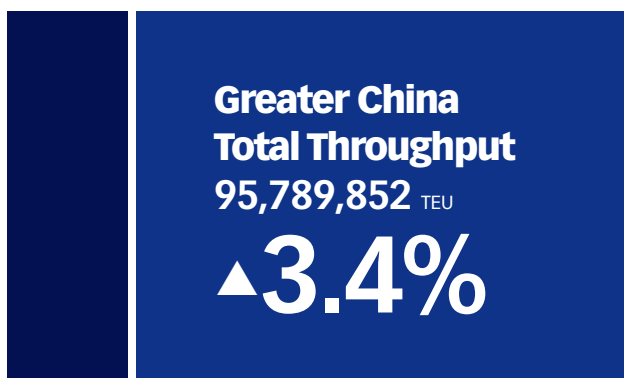
In 2019, total throughput of the Southwest Coast region increased by 19.5% to 1,638,621 TEU (2018: 1,371,051 TEU) and accounted for 1.3% of the Group's total.

Overseas

In 2019, total throughput of overseas portfolio increased by 13.0% to 27,994,483 TEU (2018: 24,768,234 TEU) and accounted for 22.6% of the Group's total.

Supported by increased calls from the OCEAN Alliance and THE Alliance, throughput of Piraeus Terminal increased by 17.0% to 5,158,626 TEU (2018: 4,409,205 TEU). With two new berths added in January 2019 in response to increasing regional demand, throughput of COSCO-PSA Terminal increased by 56.7% to 5,011,091 TEU (2018: 3,198,874 TEU). Throughput of CSP Spain Group slightly decreased by 1.0% to 3,585,276 TEU (2018: 3,622,200 TEU).

Operational Review



QPI	21,010,000	+8.7%
Dalian Container Terminal	8,525,291	-10.4%
Dalian Dagang Terminal	22,006	-0.2%
Tianjin Euroasia Terminal	2,860,127	+5.3%
Tianjin Five Continents Terminal ¹	1,906,220	-29.6%
Tianjin Container Terminal ¹	2,568,105	N/A
Yingkou Terminals ²	2,380,569	-13.5%
Jinzhou New Age Terminal	770,037	+8.3%
Qinhuangdao New Harbour Terminal	617,257	+5.6%

Notes:

- On 30 June 2019, a merger agreement was entered into, under which Tianjin Container Terminal as the surviving entity will absorb and merge with Tianjin Five Continents Terminal and Tianjin Orient Container Terminal Co., Ltd ("TOCT"). The throughput of Tianjin Five Continents Terminal and TOCT was included in the throughput of Tianjin Container Terminal since 1 September 2019.
- Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.
- Throughput of Nantong Tonghai Terminal was included since 1 August 2018.
- Throughput of Guangzhou Terminals was the total throughput of Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal.
- Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.
- Throughput of CSP Abu Dhabi Terminal was included since 1 April 2019.
- Total throughput of bulk cargo for the year ended 31 December 2019 was 371,332,661 tons (2018: 357,314,338 tons), representing an increase of 3.9%. Total throughput of automobile for the year ended 31 December 2019 was 885,899 vehicles (2018: 912,472 vehicles), representing a decrease of 2.9%. Throughput of reefer of Vado Reefer Terminal for the year ended 31 December 2019 was 398,566 pallets (2018: 459,760 pallets), representing a decrease of 13.3%.



Yantian Terminals	13,069,120	-0.7%
Guangzhou Terminals ⁴	11,333,019	+3.3%
Hong Kong Terminals ⁵	3,067,191	-5.9%

Operational Review



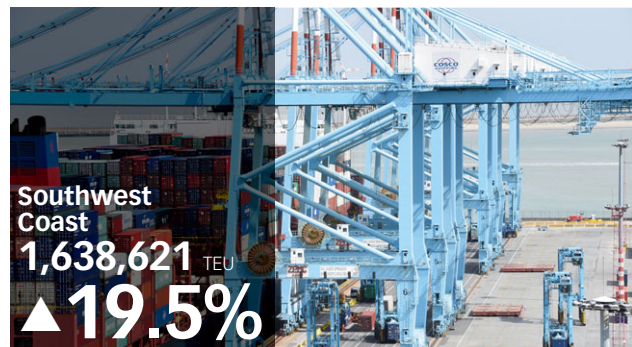
Shanghai Pudong Terminal	2,550,390	-2.0%
Shanghai Mingdong Terminal	6,160,365	-1.5%
Ningbo Yuan Dong Terminal	3,010,164	-1.6%
Lianyungang New Oriental Terminal	2,819,448	-2.0%
Zhangjiagang Terminal	657,849	-13.7%
Yangzhou Yuanyang Terminal	500,599	+0.1%
Nanjing Longtan Terminal	3,000,506	+2.4%
Taicang Terminal	403,307	-28.1%
Nantong Tonghai Terminal ³	1,135,840	+329.8%



Piraeus Terminal	5,158,626	+17.0%
CSP Zeebrugge Terminal	483,601	+23.2%
CSP Spain Group	3,585,276	-1.0%
CSP Abu Dhabi Terminal ⁶	386,258	N/A
COSCO-PSA Terminal	5,011,091	+56.7%
Vado Reefer Terminal	54,430	-18.2%
Euromax Terminal	2,792,987	-8.6%
Kumport Terminal	1,281,850	+1.9%
Suez Canal Terminal	3,161,084	+21.1%
Antwerp Terminal	2,109,308	-5.4%
Seattle Terminal	204,068	+21.6%
Busan Terminal	3,765,904	+0.2%



Xiamen Ocean Gate Terminal	2,061,341	+4.7%
Quan Zhou Pacific Terminal	1,588,589	+1.8%
Jinjiang Pacific Terminal	498,846	+17.2%
Kao Ming Terminal	1,635,045	-6.3%



Qinzhou International Terminal	1,638,621	+19.5%
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Operational Review

TERMINAL PORTFOLIO* (As of 31 December 2019)

Terminal company	Share holdings	Target number of berths	Target designed annual handling capacity (TEU)	Depth (m)
		66	31,450,000	
Bohai Rim		3	780,000 vehicles	
		64	236,020,000 tons	
QPI	18.46%	23	10,000,000	N/A
		61	207,020,000 tons	N/A
Dalian Container Terminal	19%	18	9,500,000	9.1-17.8
Dalian Dagang Terminal	35%	1	100,000	9.1
Dalian Automobile Terminal	24%	3	780,000 vehicles	11
Tianjin Euroasia Terminal	30%	3	1,700,000	16
Tianjin Container Terminal	16.01%	13	6,000,000	12-17
Yingkou Container Terminal	50%	2	1,200,000	14
Yingkou New Century Terminal	40%	2	1,200,000	15.5
Jinzhou New Age Terminal	51%	2	800,000	15.4
Qinghuangdao New Harbour Terminal	30%	2	950,000	15.8
Dongjiakou Ore Terminal	25%	3	29,000,000 tons	20-25
		29	17,220,000	
Yangtze River Delta		22	28,520,000 tons	
Shanghai Pudong Terminal	30%	3	2,300,000	12
Shanghai Mingdong Terminal	20%	7	5,600,000	12.8
Ningbo Yuan Dong Terminal	20%	3	3,000,000	17.1
Ningbo Meishan Terminal	20%	2	1,200,000	15.6
Lianyungang New Oriental Terminal	55%	4	1,400,000	11.5-15
Zhangjiagang Terminal	51%	3	1,000,000	10-11
Yangzhou Yuanyang Terminal	55.59%	2	700,000	12
		8	10,950,000 tons	8-12
Taicang Terminal	39.04%	2	550,000	12
		2	4,000,000 tons	12
Nantong Tonghai Terminal	51%	3	1,470,000	9-11
		1	5,370,000 tons	N/A
CSP Wuhan Terminal	70%	4	4,200,000 tons	9
Jiangsu Petrochemical	30.4%	7	4,000,000 tons	4.5-13

Note:

* Terminal Portfolio includes operating and non-operating terminal companies.

Operational Review

TERMINAL PORTFOLIO* (As of 31 December 2019)

Terminal company	Share holdings	Target number of berths	Target designed annual handling capacity (TEU)	Depth (m)
Southeast Coast and Others		15	9,000,000	
		5	9,200,000 tons	
Xiamen Ocean Gate Terminal	70%	4	2,600,000	15
		1	4,000,000 tons	6.6-13.6
Quan Zhou Pacific Terminal	82.35%	5	3,000,000	7.0-15.1
		2	1,000,000 tons	5.1-9.6
Jinjiang Pacific Terminal	80%	2	600,000	9.5-15.3
		2	4,200,000 tons	7.5-9.5
Kao Ming Terminal	20%	4	2,800,000	16.5
Pearl River Delta		34	25,600,000	
Yantian Terminal Phases I & II	14.59%	20	13,000,000	14-17.6
Yantian Terminal Phase III	13.36%			
Guangzhou Nansha Stevedoring Terminal	40%	4	5,000,000	14.5-15.5
Guangzhou South China Oceangate Terminal	39%	6	4,200,000	15.5
COSCO-HIT Terminal	50%	2	1,800,000	15.5
Asia Container Terminal	60%	2	1,600,000	15.5
Southwest Coast		2	1,200,000	
Qinzhou International Terminal	40%	2	1,200,000	15.1

Operational Review

TERMINAL PORTFOLIO* (As of 31 December 2019)

Terminal company	Share holdings	Target number of berths	Target designed annual handling capacity (TEU)	Depth (m)
		65	39,600,000	
Overseas		2	6,200,000 tons	
		2	600,000 pallets	
Piraeus Terminal	100%	8	6,200,000	14.5-18.5
Suez Canal Terminal	20%	8	5,000,000	16
Kumport Terminal	26%	6	2,100,000	15-16.5
CSP Zeebrugge Terminal	85%	3	1,300,000	17.5
Antwerp Terminal	20%	4	3,700,000	14.5-16.5
COSCO-PSA Terminal	49%	5	4,850,000	18
Busan Terminal	4.89%	8	4,000,000	15-16
Seattle Terminal	13.33%	2	400,000	15
Euromax Terminal	35%	5	3,200,000	16.65
CSP Abu Dhabi Terminal	90%	3	2,500,000	18
Vado Reefer Terminal	40%	2	250,000	14.1
		2	600,000 pallets	14.1
CSP Valencia Terminal	51%	6	4,100,000	16
CSP Bilbao Terminal	39.78%	3	1,000,000	21
CSP Chancay Terminal	60%	2	1,000,000	16-18
		2	6,200,000 tons	14
Total		309		
Total number of container berths/ Target designed annual handling capacity		211	124,070,000	
Total number of bulk berths/ Target designed annual handling capacity		93	26,267,000 tons	
Total number of automobile berths/ Target designed annual handling capacity		3	780,000 vehicles	
Total number of reefer berths/ Target designed annual handling capacity		2	600,000 pallets	



Control

Strengthening control and management of the ports and terminals business – further integrating our existing terminals portfolio and increasing the value of these investments through building controlling stakes; increasing our influence in entire ports through equity investments in port groups; and adopting a unified management and information system to integrate terminal operations