

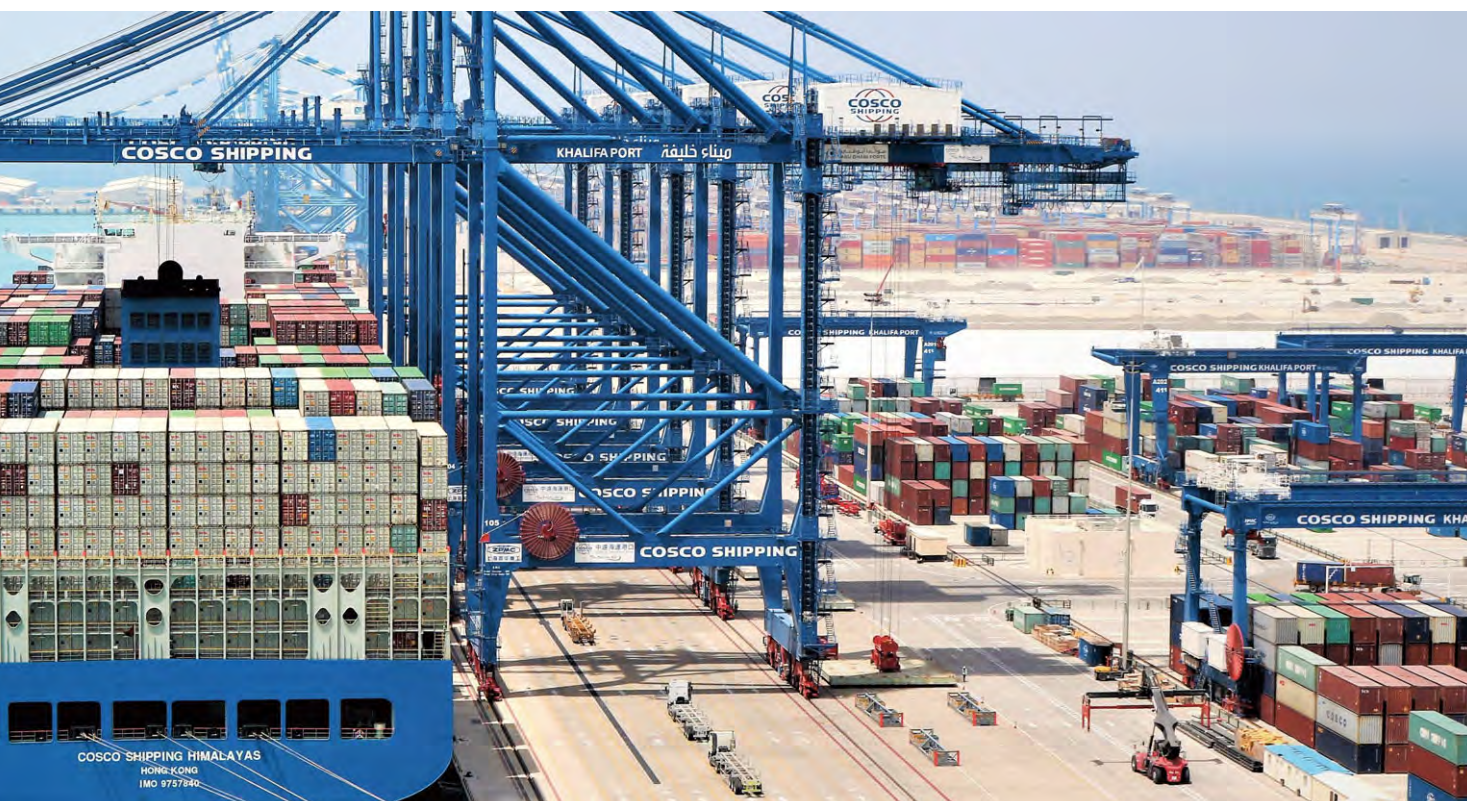
CHAIRMAN'S STATEMENT



FENG Boming
Chairman



In 2020, COSCO SHIPPING Ports actively implemented its development strategy, which is driven by “Global Layout” and “Lean Operations” and supported by three major changes in the headquarters, namely “Information Technology and Digital Platform”, “Support Center for Extension of Industrial Chain” and “Organisational Control and Talent System”, in an effort to achieve the strategic goal of “Becoming a World-class Comprehensive Ports Operator”. By optimising its global terminal portfolio, COSCO SHIPPING Ports aimed to realise its expansion strategy focused on project expansion and overseas investment. While improving its operation and control system based on lean operations and management control capacity, COSCO SHIPPING Ports kept promoting the quality and efficiency of its terminal asset portfolio. As at the end of 2020, the Group’s terminal portfolio covered the five main port regions in Mainland China, as well as the key hub ports in Southeast Asia, the Middle East, Europe, South America and the Mediterranean, with a target handling capacity of 136 million TEU, helping us remain the largest container terminal operator in the world.



CAPITALISE ON GLOBAL GROWTH AND OPTIMISE TERMINAL ASSET PORTFOLIO

By capitalising on the global growth opportunities, the Group identified potential projects and tapped into strategic terminals in which it has controlling stake and highly profitable terminals in which it has a shareholding to build a balanced global terminal network. In particular, the Company consolidated its domestic port resources, thereby restructuring its terminals and improving the quality of assets. Meanwhile, it continued to optimise its existing terminal asset portfolio by strategically disposing of its shares in terminals of low strategic importance and weak financial attractiveness to increase its total asset value. The Group will continue to grasp the opportunities to expand its global terminal network and focus on emerging markets such as Southeast Asia, the Middle East and Africa to enhance the regional diversification of its terminal asset portfolio.

CONTINUE TO DEEPEN LEAN OPERATIONS TO IMPROVE THE QUALITY AND EFFICIENCY OF ASSETS

To achieve better quality and efficiency of its terminal asset portfolio, the Group continued to deepen the "Lean Operations" strategy which was carried out on three main fronts. Firstly, cost reduction. Starting with controlling cost per TEU, the Group established an integrated management system for finance and operation and cut cost in certain sessions and processes, to remarkably enhancing cost competitiveness. Secondly, revenue boost. The Company built a lean marketing system with account manager as its core to strengthen market insight and customer value analysis capabilities, hence continuously enhancing the overall management of commercial marketing. In addition, the Company continued to bring forward new ideas of operations. In vertical context, the Group gave full play to the

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global terminal network by extending single terminal services to network marketing, in an attempt to provide shipping companies with a low-cost and highly-efficient package of terminal services and promote the growth of container volume and revenue. In horizontal context, the Group actively collaborated with other players to reduce costs and increase efficiency, and to have a greater bargaining power in the industry. In 2020, the Group made progress by having an increase of 45 new service routes to the terminals in which it has controlling stake. Thirdly, empowerment by headquarters. The Group set up its first COE (Center of Excellence) team for port operation and management, comprising the head office operation and management team, terminal operation and management team and external experts, which help diagnose problems, optimise processes, follow up the implementation of measures and evaluate operational procedures to improve the level of operational management.

ACCELERATE THE EXTENSION OF SUPPLY CHAIN TO INCREASE NEW EARNINGS GROWTH POINT

The Group continued to invent new business models, develop the supply chain business and accelerate the construction of ports extended supply chain platform. Based on its terminals, the Group developed supply chain warehousing services, gradually built up its logistics network with the supply chain platform as a link and expanded its service categories. These helped the Group better attract and retain customers, bring in new revenue growth points and form a leading service system for integrated logistics supply chain in the world.



ACTIVELY PROMOTING INFORMATION TECHNOLOGY TO ENHANCE OPERATING EFFICIENCY

The Group kept promoting technological innovation and accelerating information technology application. It unified its terminal operating systems and continued to apply Navis system at each terminal in which it has controlling stake for terminal automation construction. The Group actively advocated 5G smart ports. In 2020, it took the lead in applying for and obtaining the approval of the "Research and Development Center of Transport Industry of Automated Terminal Technology", becoming an industrial research and development center recognised by the Ministry of Transport. As the Group's demonstration port for 5G smart application, Xiamen Ocean Gate Terminal is actively carrying out research and development of driverless container truck system. The Group will continue to promote the system at the terminals in which it has controlling stake when applicable in the future.

CREATING VALUE FOR SUSTAINABLE DEVELOPMENT

COSCO SHIPPING Ports continues to adhere to the principle of sustainability in its business development, and strives to create long-term value for various stakeholders and give back to society while proactively facilitating the expansion of business. The Group has actively fulfilled its firm commitment to care for its people, put customers first, promote green development, achieve win-win cooperation, build up a harmonious business environment and invest in communities. The Group also upholds the values of honesty, integrity and compliance in operation and business cooperation in order to foster trust and build mutually beneficial relationships with its stakeholders and society.

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**DIVIDEND**

The Board of Directors declared a second interim cash dividend of US2.256 cents per share. Together with the first interim dividend of US2.068 cents per share, it brings the total dividend for 2020 to US4.324 cents per share, representing a 40% payout ratio.

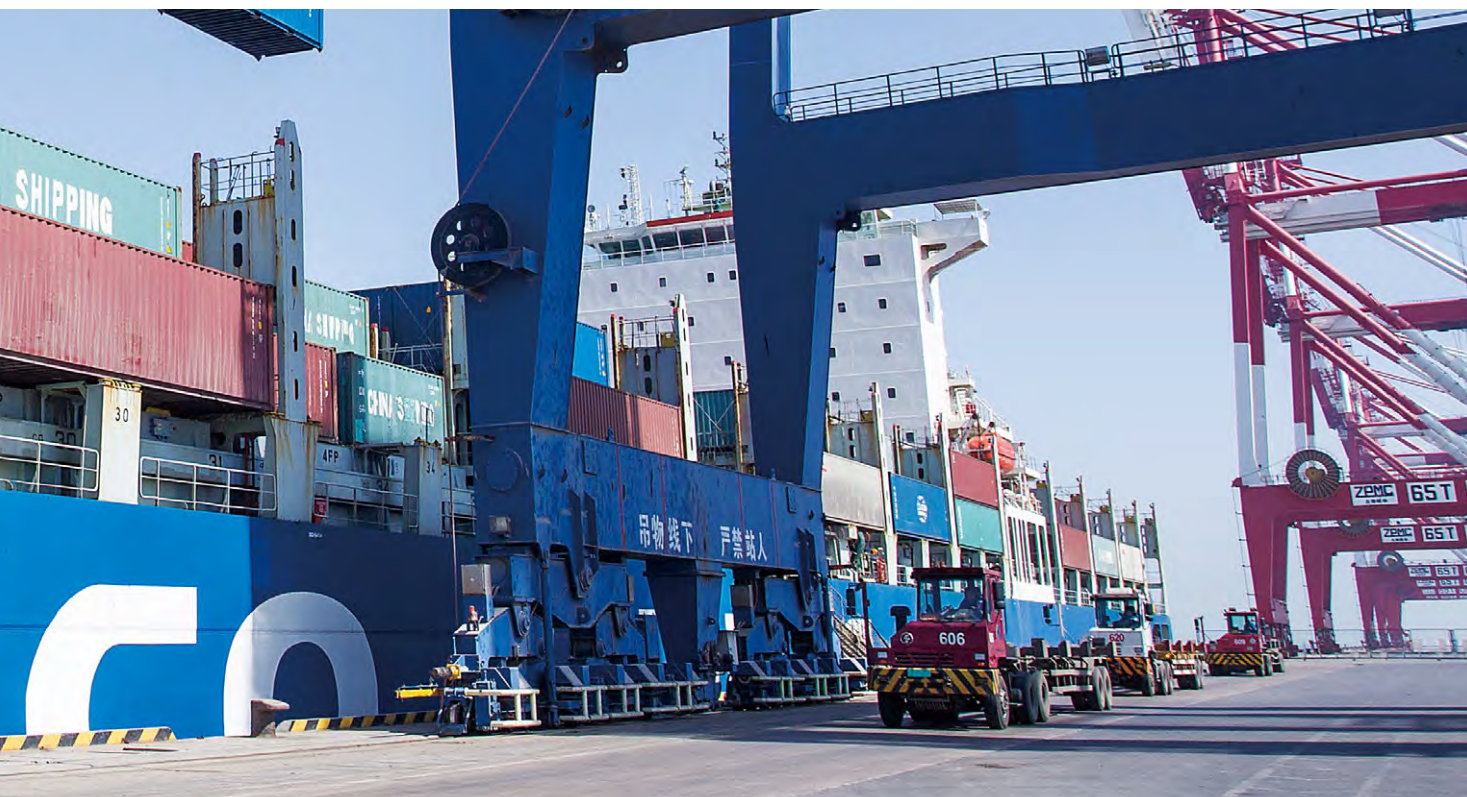
COSCO SHIPPING Ports has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future development. The Board regards a stable payout ratio and steady implementation of long-term business development plans as key commitments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

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 corporate website (<https://ports.coscoshipping.com>).

PROSPECTS

In 2021, as the COVID-19 Epidemic is expected to be brought under control globally, we expect the global trade and economy to gradually recover, which will present new opportunities for the ports and shipping industry. We have been well prepared to seize opportunities arising from such a rebound in global demand.

Despite the uncertainties in global economic recovery, the Group is able to leverage on its ample cash on hand and cash flow to stabilise its financial position and facilitate sustainable development, thus laying a solid foundation for its global terminal network layout. The Group will carry on to seek such opportunities as mergers and acquisitions as well as disposals of global terminal assets for a wider global terminal network and an optimal terminal assets portfolio. While promoting the scale growth brought about by its global layout, the Group persists in deepening its lean operations. Among others, it will intensify



control over terminals, improve quality and efficiency of its assets and reduce costs. It will strengthen its marketing capabilities, enhance communication with shipping lines and proactively introduce more routes. We will pursue a development strategy that places equal emphasis on scale development and profit growth, and strive to create higher value and better returns for shareholders.

BOARD AND CORPORATE GOVERNANCE

COSCO SHIPPING Ports holds fast to the highest standard of corporate governance. The Board and its committees play an active role in uniting the Company in implementing its development strategy, and against a background of uncertain macroeconomy, tapping markets and improving the Company's operating efficiency. We will spare no effort to maintain a sound corporate governance structure that underpins global terminal business network and long-term growth.

On behalf of the Board, I would like to thank the Management and the staff for their continued dedication and contribution towards the Company 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

30 March 2021