

OPERATIONAL REVIEW

Market Review

In 2020, the COVID-19 Epidemic spread over the world brought great negative impact on the economy of all countries around the world. The World Economic Outlook released by the International Monetary Fund (IMF) in January 2021 estimated that the global economy would contract by 3.5% in 2020.

In spite of major uncertainties over the global economy and trade, China's imports and exports steadily increased in 2020. According to General Administration of Customs of the PRC, China's imports and exports reached RMB32 trillion in 2020, increased by 1.9% year-on-year. In particular, exports increased by 4.0% year-on-year to RMB18.6 trillion and imports decreased by 0.7% year-on-year to RMB13.4 trillion.

Overall Performance

Despite challenges casted over global trade, COSCO SHIPPING Ports continuously implemented lean operations strategy in 2020. Throughput was up 3.5% to 32,732,299 TEU in the fourth quarter of 2020 (4thQ2019: 31,615,221 TEU) mainly driven by throughput growth of the Pearl River Delta, Southwest Coast and Overseas regions. The total throughput of the Group remained stable at 123,824,575 TEU in 2020 (2019: 123,784,335 TEU).

The total throughput from terminal companies in which the Group has controlling stake decreased by 11.1% to 22,328,730 TEU (2019: 25,104,282 TEU), accounting for 18.0% of the Group's total. Excluding throughput of the disposed Yangzhou Yuanyang Terminal and Zhangjiagang Terminal, total throughput from terminal companies in which the Group has controlling stake decreased by 7.1% to 22,248,882 TEU (2019: 23,945,834 TEU). The total throughput from non-controlling terminals increased by 2.9% to 101,495,845 TEU (2019: 98,680,053 TEU), accounting for 82.0% of the Group's total. The Group's total equity throughput decreased by 3.1% to 38,456,239 TEU in 2020 (2019: 39,670,783 TEU).

	2020 (TEU)	2019 (TEU)	Change (%)
Total Throughput	123,824,575	123,784,335	+0.0
Throughput from terminals in which the Group has controlling stake	22,328,730	25,104,282	-11.1
Throughput from the Group's non-controlling terminals	101,495,845	98,680,053	+2.9
Equity Throughput	38,456,239	39,670,783	-3.1
Equity throughput from terminals in which the Group has controlling stake	14,261,352	16,056,895	-11.2
Equity throughput from the Group's non-controlling terminals	24,194,887	23,613,888	+2.5

Greater China

Total throughput of the Greater China region decreased by 0.4% to 95,380,835 TEU in 2020 (2019: 95,789,852 TEU) and accounted for 77.0% of the Group's total.

BOHAI RIM

Total throughput of the Bohai Rim region increased by 3.0% to 41,884,560 TEU in 2020 (2019: 40,659,612 TEU) and accounted for 33.8% of the Group's total. In particular, throughput of QPI grew by 4.8% to 22,010,000 TEU (2019: 21,010,000 TEU).

YANGTZE RIVER DELTA

Total throughput of the Yangtze River Delta region decreased by 27.0% to 14,768,442 TEU in 2020 (2019: 20,238,468 TEU) and accounted for 11.9% of the Group's total. The drop in throughput was mainly due to completion of the disposal of Nanjing Port Longtan

Container Co., Ltd. ("Nanjing Longtan Terminal"), Yangzhou Yuanyang Terminal and Zhangjiagang Terminal by the Group. Excluding throughput of these three terminals, throughput of Yangtze River Delta region dropped by 8.7% to 14,688,593 TEU in 2020 (2019: 16,079,514 TEU). Benefitting from the strong recovery of domestic and foreign trade demand for the second half of the year, Nantong Tonghai Terminal made greater marketing efforts in increasing shipping service and introduced several new shipping services successfully with its throughput increased by 23.8% to 1,405,658 TEU (2019: 1,135,840 TEU). Thanks to the integrated operation of Chuanshan Port Area, the throughput of Ningbo Yuan Dong Terminal increased by 3.1% to 3,103,386 TEU (2019: 3,010,164 TEU). Shanghai Mingdong Terminal actively tapped domestic market in the second half of the year to drive container volume growth, seeing the throughput increased by 1.4% to 6,246,932 TEU (2019: 6,160,365 TEU).



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SOUTHEAST COAST

Total throughput of the Southeast Coast region decreased by 5.8% to 5,445,662 TEU in 2020 (2019: 5,783,821 TEU) and accounted for 4.4% of the Group's total. Trade demand decreased significantly in the first half of the year regarding the impact of the epidemic. However, as container shipping market gradually recovered in the second half of the year, the throughput of Xiamen Ocean Gate Terminal increased steadily by 0.4% to 2,070,159 TEU (2019: 2,061,341 TEU).

PEARL RIVER DELTA

Total throughput of the Pearl River Delta region increased by 1.6% to 27,898,470 TEU in 2020 (2019: 27,469,330 TEU) and accounted for 22.5% of the Group's total. Benefitting from new foreign trade shipping services, the throughput of Guangzhou South China Ocean Gate Terminal increased by 2.3% to 5,753,628 TEU (2019: 5,624,830 TEU).

SOUTHWEST COAST

Total throughput of the Southwest Coast region increased by 228.6% to 5,383,701 TEU in 2020 (2019: 1,638,621 TEU) and accounted for 4.3% of the Group's total, which was mainly because the throughput of Beibu Gulf Port was included since January 2020 and the throughput of Beibu Gulf Port amounted to 3,362,302 TEU in 2020.

Overseas Region

Total throughput of the overseas region increased by 1.6% to 28,443,740 TEU in 2020 (2019: 27,994,483 TEU) and accounted for 23.0% of the Group's total. Due to the decrease in global economic demand impacted by the epidemic, the throughput of Piraeus Terminal decreased by 5.1% to 4,896,886 TEU (2019: 5,158,626 TEU). The throughput of CSP Spain Related Companies decreased by 5.5% to 3,387,820 TEU (2019: 3,585,276 TEU). Benefitting from new shipping services, the throughput of CSP Abu Dhabi Terminal increased by 72.3% to 665,500 TEU (2019: 386,258 TEU).

Prospects

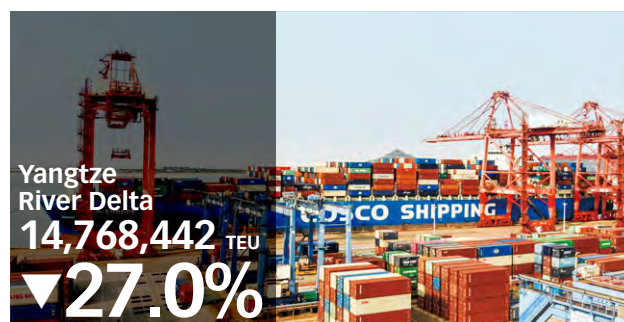
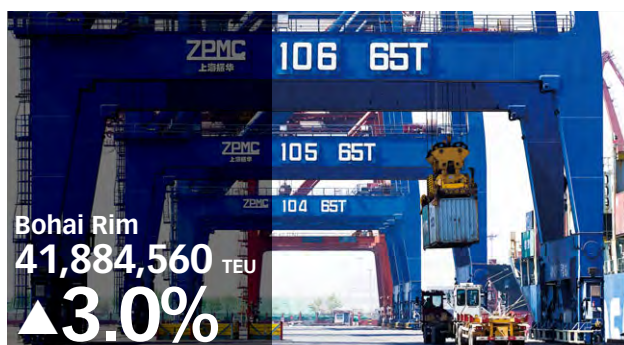
Although the global macroeconomic condition is facing major challenges and countries around the world are still facing uncertainty brought by the COVID-19 Epidemic, COSCO SHIPPING Ports achieved continuous improvement in both throughput and earnings in the fourth quarter. Looking ahead to 2021, COSCO SHIPPING Ports will continue to improve its global terminal portfolio and realise the Company's scale expansion strategy by focusing on project development and overseas investment. The Company will also strengthen its operation and control system based on lean operations and management control capacities to enhance the quality and efficiency of the terminal portfolio, as well as dedicate its efforts to achieve the strategic goal of "becoming a customer centric and leading integrated ports operator in the world".

COSCO SHIPPING Ports will continue to capture opportunities such as asset merger and restructuring and sale of global terminals to expand the global terminal network. Acquisitions and disposals as well as accelerating expansion of supply chain extension projects help optimise the terminal portfolio. While promoting the growth in scale through its global network, the Group will continuously consolidate lean operations and strengthen management control capacity of the terminals. Moreover, the Group will actively improve the informatization and digitization, enhance asset quality and efficiency, maintain cost control effectively and strengthen marketing capabilities. The Group will also strengthen its communication and actively introduce routes with shipping companies to seek a development strategy that emphasises both full-scale development and profit growth, as well as strive to create greater value and bring better returns to its shareholders.

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**Greater China
Total Throughput**
95,380,835 TEU
▼0.4%

**Overseas
Total Throughput**
28,443,740 TEU
▲1.6%



Shanghai Pudong Terminal	2,443,406	-4.2%
Shanghai Mingdong Terminal	6,246,932	+1.4%
Ningbo Yuan Dong Terminal	3,103,386	+3.1%
Lianyungang New Oriental Terminal	1,089,116	-61.4%
Zhangjiagang Terminal ³	48,008	-92.7%
Yangzhou Yuanyang Terminal ³	31,841	-93.6%
Taicang Terminal	400,095	-0.8%
Nantong Tonghai Terminal	1,405,658	+23.8%



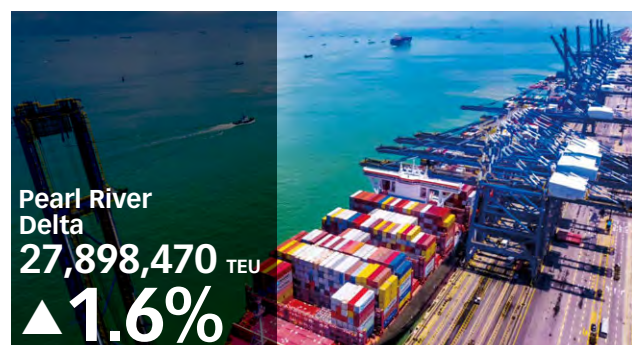
Xiamen Ocean Gate Terminal	2,070,159	+0.4%
Quan Zhou Pacific Terminal	1,332,207	-16.1%
Jinjiang Pacific Terminal	443,748	-11.0%
Kao Ming Terminal	1,599,548	-2.2%

QPI	22,010,000	+4.8%
Dalian Container Terminal	4,981,782	-41.6%
Dalian Dagang Terminal	21,003	-4.6%
Tianjin Euroasia Terminal	3,060,267	+7.0%
Tianjin Container Terminal ¹	7,866,145	+206.3%
Yingkou Terminals ²	2,600,520	+9.2%
Jinzhou New Age Terminal	722,981	-6.1%
Qinhuangdao New Harbour Terminal	621,862	+0.7%

Notes:

1. According to the merger agreement entered into on 30 June 2019, Tianjin Container Terminal as the surviving entity absorbed and merged with Tianjin Five Continents International Container Terminal Co., Ltd. ("FICT") and Tianjin Orient Container Terminal Co., Ltd. ("TOCT"). The throughput of FICT and TOCT was included in the throughput of Tianjin Container Terminal since September 2019. As such, the percentage change represents a comparison between the full year of 2020 and the period from September to December 2019.
2. Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.
3. On 10 February 2020, the Company completed the sale of Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and therefore their throughput were not included in the throughput of the Company since February 2020. As such, the percentage change represents a comparison between January 2020 and the full year of 2019.

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Yantian Terminals	13,348,546	+2.1%
Guangzhou Terminals ⁴	11,463,110	+1.1%
Hong Kong Terminals ⁵	3,086,814	+0.6%



Qinzhou International Terminal ⁶	1,599,524	-2.4%
Beibu Gulf Terminal ⁶	421,875	N/A
Beibu Gulf Port ⁷	3,362,302	N/A



Piraeus Terminal	4,896,886	-5.1%
CSP Zeebrugge Terminal	609,277	+26.0%
CSP Spain Related Companies	3,387,820	-5.5%
CSP Abu Dhabi Terminal ⁸	665,500	+72.3%
COSCO-PSA Terminal	5,090,751	+1.6%
Vado Reefer Terminal	60,256	+10.7%
Euromax Terminal	2,454,617	-12.1%
Kumport Terminal	1,217,240	-5.0%
Suez Canal Terminal	3,783,388	+19.7%
Antwerp Terminal	2,270,425	+7.6%
Seattle Terminal	248,370	+21.7%
Busan Terminal	3,759,210	-0.2%

Notes:

- Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Guangzhou Nansha Stevedoring Terminal.
- Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.
- On 30 November 2020, the Group completed the acquisition of equity interest in Beibu Gulf Terminal through injection of its equity interest in Qinzhou International Terminal into Beibu Gulf Terminal and cash consideration. As such, the percentage change represents a comparison between the period from January to November 2020 and the full year of 2019.
- Throughput of Beibu Gulf Port was included since January 2020. Such throughput did not include throughput of Qinzhou International Terminal and Beibu Gulf Terminal, which had been separately listed out.
- Throughput of CSP Abu Dhabi Terminal was included since April 2019. As such, the percentage change represents a comparison between the full year of 2020 and the period from April to December 2019.
- Total throughput of bulk cargo, excluding the throughput of Beibu Gulf Port, for the year ended 31 December 2020 was 77,413,837 tons (2019: 78,092,660 tons), representing a decrease of 0.9%. Total throughput of automobile for the year ended 31 December 2020 was 750,112 vehicles (2019: 885,899 vehicles), representing a decrease of 15.3%. Throughput of reefer of Vado Reefer Terminal for the year ended 31 December 2020 was 386,091 pallets (2019: 398,566 pallets), representing a decrease of 3.1%.

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TERMINAL PORTFOLIO* (As of 31 December 2020)

Terminal company	Share holdings	Target number of berths	Target designed annual handling capacity (TEU)	Depth (m)
		67	31,450,000	
Bohai Rim		3	780,000 vehicles	
		65	236,020,000 tons	
QPI	19.79%	24	10,000,000	N/A
		62	207,020,000 tons	N/A
Dalian Container Terminal	19%	18	9,500,000	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
Yangtze River Delta		24	15,520,000	
		7	13,570,000 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
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

Note:

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

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TERMINAL PORTFOLIO* (As of 31 December 2020)

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	11.6-15.1
		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		24	14,400,000	
Beibu Gulf Port ^{Note 1}	10.65%	18	10,800,000	N/A
		100	268,400,000 tons	N/A
Beibu Gulf Terminal ^{Note 2}	26%	6	3,600,000	15.1

Notes:

1. The target number of berths and the target designed annual handling capacity do not include Beibu Gulf Terminal.
2. If the indirect interest of 4.69% held through Beibu Gulf Port is counted, the Company directly and indirectly holds 30.69% in Beibu Gulf Terminal.

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TERMINAL PORTFOLIO* (As of 31 December 2020)

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	14.5-19.5
Suez Canal Terminal	20%	8	5,000,000	17
Kumport Terminal	26%	6	2,100,000	15-16.5
CSP Zeebrugge Terminal	85.45%	3	1,300,000	17.5
Antwerp Terminal	20%	4	3,700,000	16
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	15.2
Euromax Terminal	35%	5	3,200,000	17.65
CSP Abu Dhabi Terminal	40%	3	2,500,000	18
Vado Reefer Terminal	40%	2	250,000	14.5
		2	600,000 pallets	14.1
CSP Valencia Terminal	51%	6	4,100,000	16
CSP Bilbao Terminal	39.51%	3	1,000,000	21
CSP Chancay Terminal	60%	2	1,000,000	16-18
		2	6,200,000 tons	14
Total		413		
Total number of container berths/ Target designed annual handling capacity		229	135,570,000	
Total number of bulk berths/ Target designed annual handling capacity		179	533,390,000 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	

An aerial photograph of a busy port terminal during sunset. The sky is a mix of orange, yellow, and blue. In the foreground, a large container ship is docked at a pier, its deck covered with colorful shipping containers. A massive gantry crane stands on the pier, its structure extending over the ship. The background shows a cityscape and other port facilities. A large blue circle is overlaid on the image, framing the text on the right.

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 unified management and operating system to integrate terminal operations