COSCO SHIPPING
The Ports for ALL
COSCO SHIPPING Ports Limited
中遠海運港口有限公司

1H2021
Results Presentation

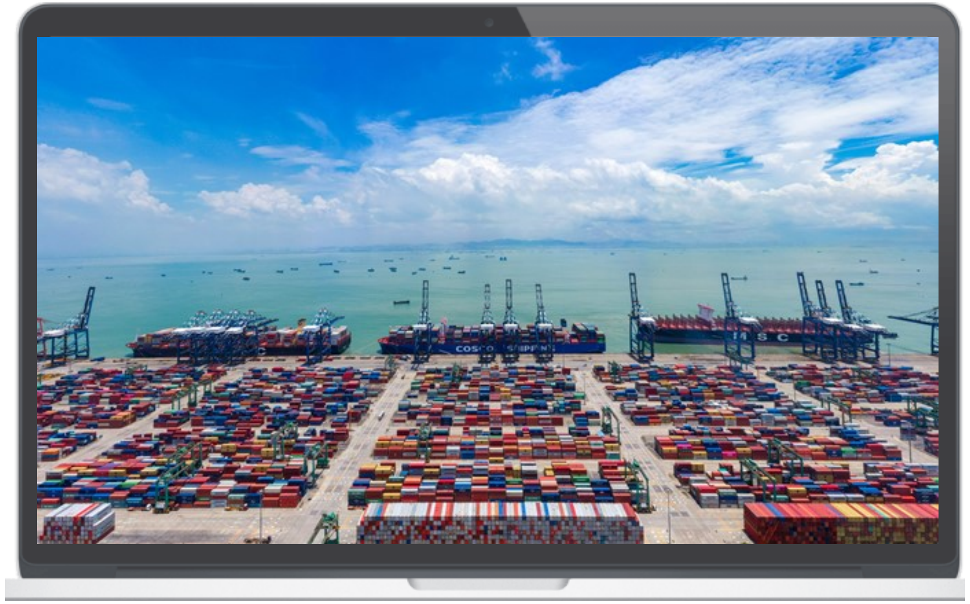
Capturing Strategic Development Opportunities

Continuing to Enhance Lean Operations

August 26, 2021

Agenda

1. 2Q2021 Highlights
2. Financial Performance
3. Operational Review
4. Strategy & Outlook
5. Appendix



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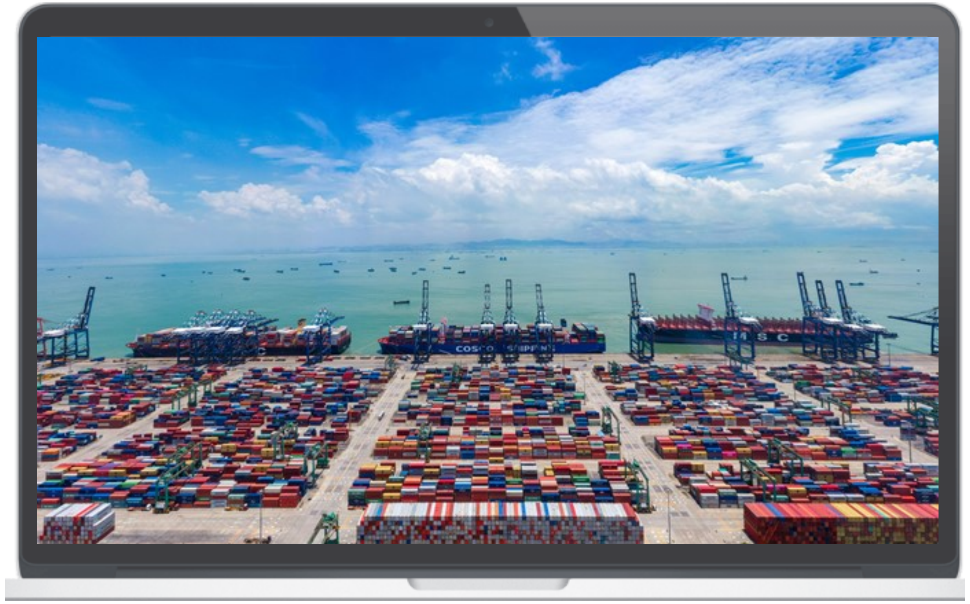
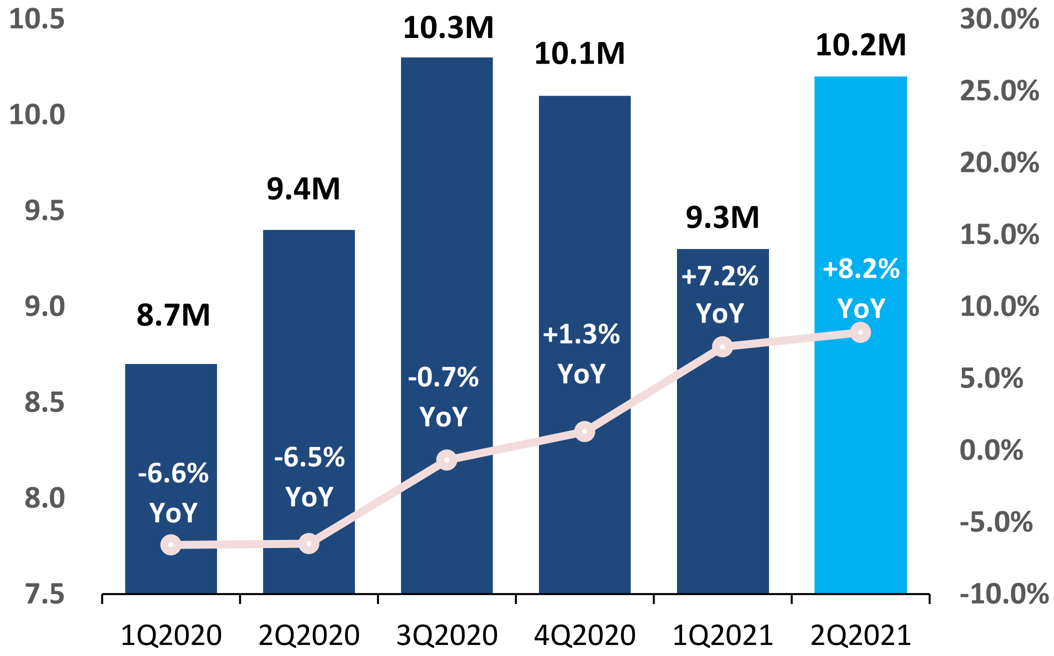


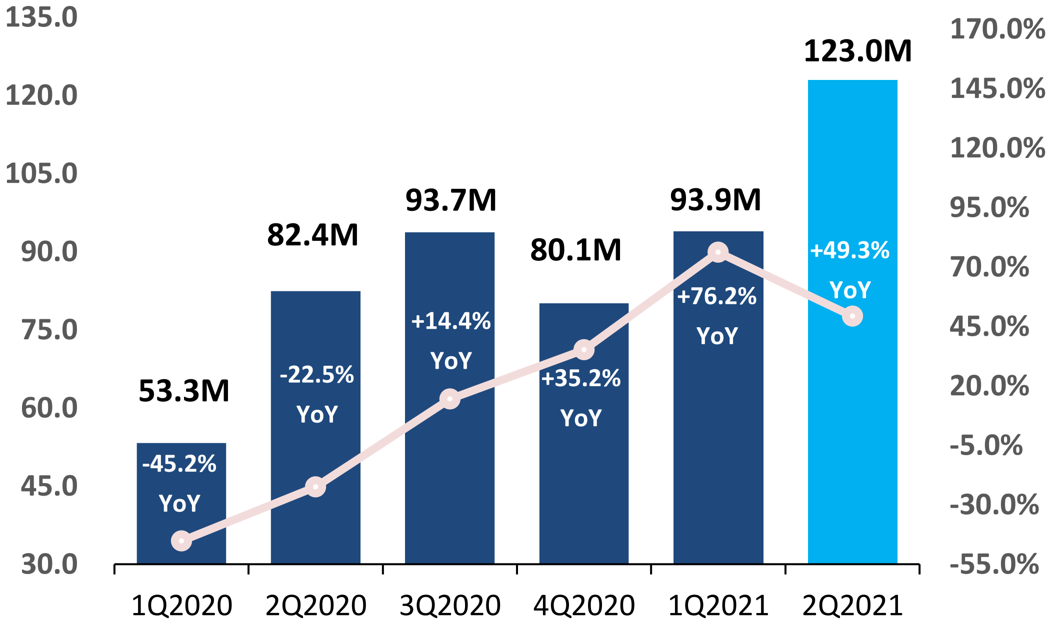
Continued Strong YoY Growth Momentum in 2Q2021

- 2Q21 equity throughput posted an 8.2% YoY growth to 10.2 million TEU, maintaining recovery momentum
- 2Q21 terminal profit recorded a strong YoY growth of 49.3% to USD 123.0 million, the highest quarterly profit since last year
- Effective lean operations strategy to increase volume, leading to better and more sustainable profitability

Equity Throughput（in TEU）



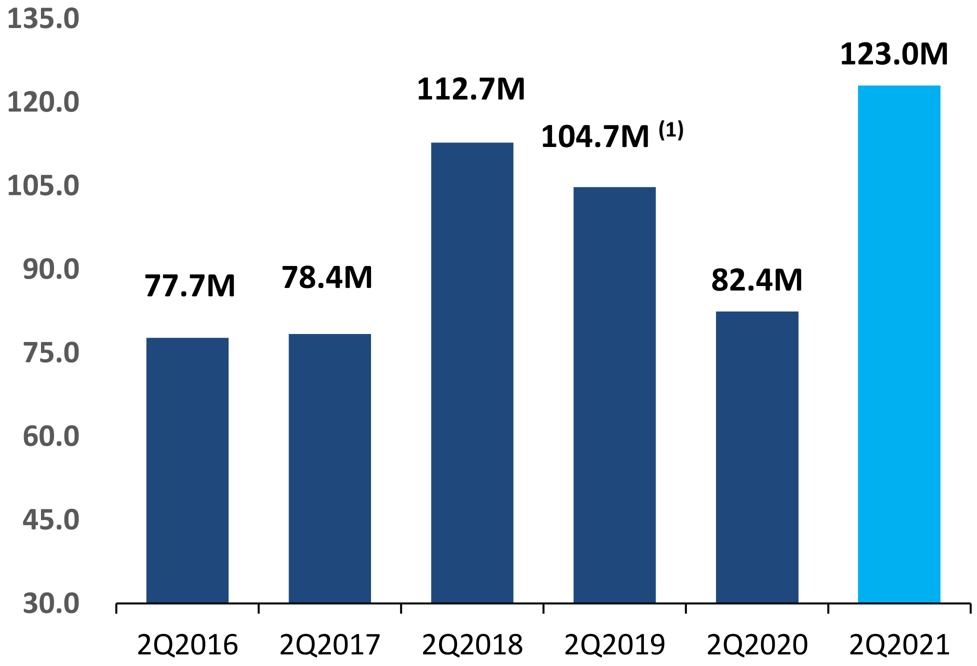
Terminal Profit（USD）



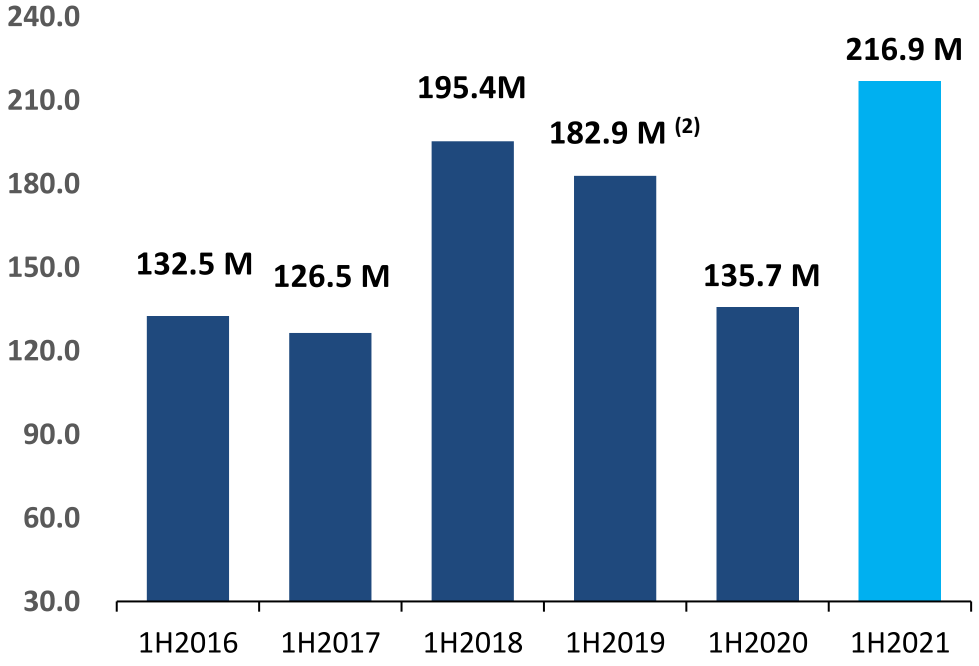
Highest 2Q & 1H Terminal Profit since 2016

➢ **We achieved the highest 2Q and 1H terminal profit on the back of our lean operations strategy as well as macro environment improvement**

2Q Terminal Profit (USD)



1H Terminal Profit (USD)



Note:

(1) Excluding fair value gain of USD 1.6 million from Beibu Gulf Port in 2Q2019.

(2) Excluding fair value gain of USD 20.5 million form Beibu Gulf Port in 1H2019.

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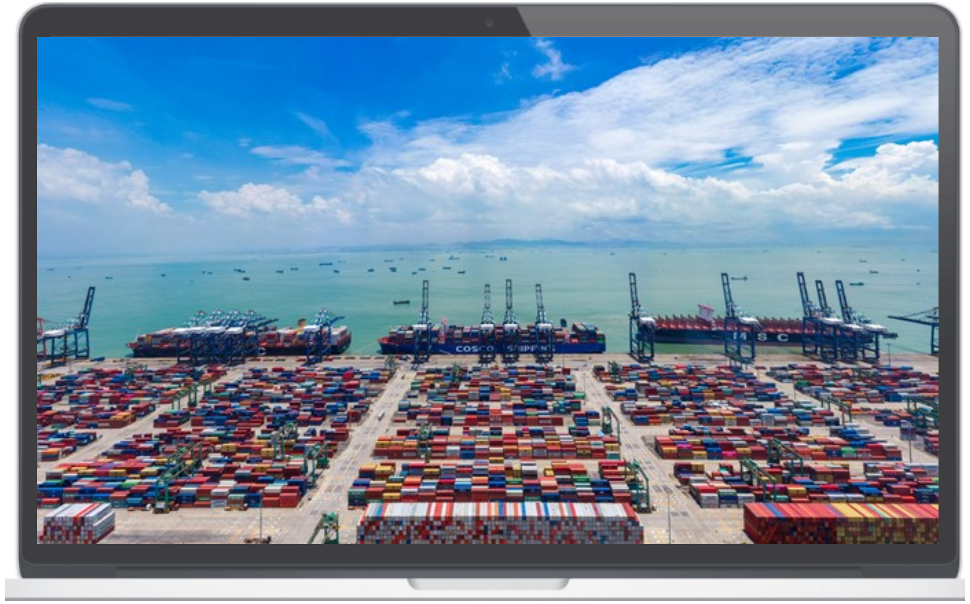


Continued Strong Growth Momentum with Further Margin Enhancement in 2Q2021

(US$ million, unless stated otherwise)	2Q2020	**2Q2021**	YoY Change (%)
Consolidated throughput from Subsidiaries (in ’000 TEU)	5,404.1	**5,997.3**	+11.0
Revenue	232.1	**299.5**	+29.0
Cost of sales	178.6	**213.2**	+19.4
Gross profit	53.6	**86.3**	+61.2
Gross profit margin	23.1%	**28.8%**	+5.7 pps
Share of profits from Joint Ventures & Associates	76.4	**94.2**	+23.3
Net profit attributable to shareholders	71.5	**102.6**	+43.5
EPS (US cents)	2.26	**3.09**	+36.9
Net profit attributable to shareholders (Excluding one-off items) (1)	64.4	**102.6**	+59.3
EPS (US cents) (Excluding one-off items) (1)	2.04	**3.09**	+51.9

Notes:
(1) Excluding 2Q2020 after-tax gain of USD$7.1M on disposal of interest in Jiangsu Yangtze Petrochemical Terminal.

Strong Net Profit YoY Growth in 1H2021

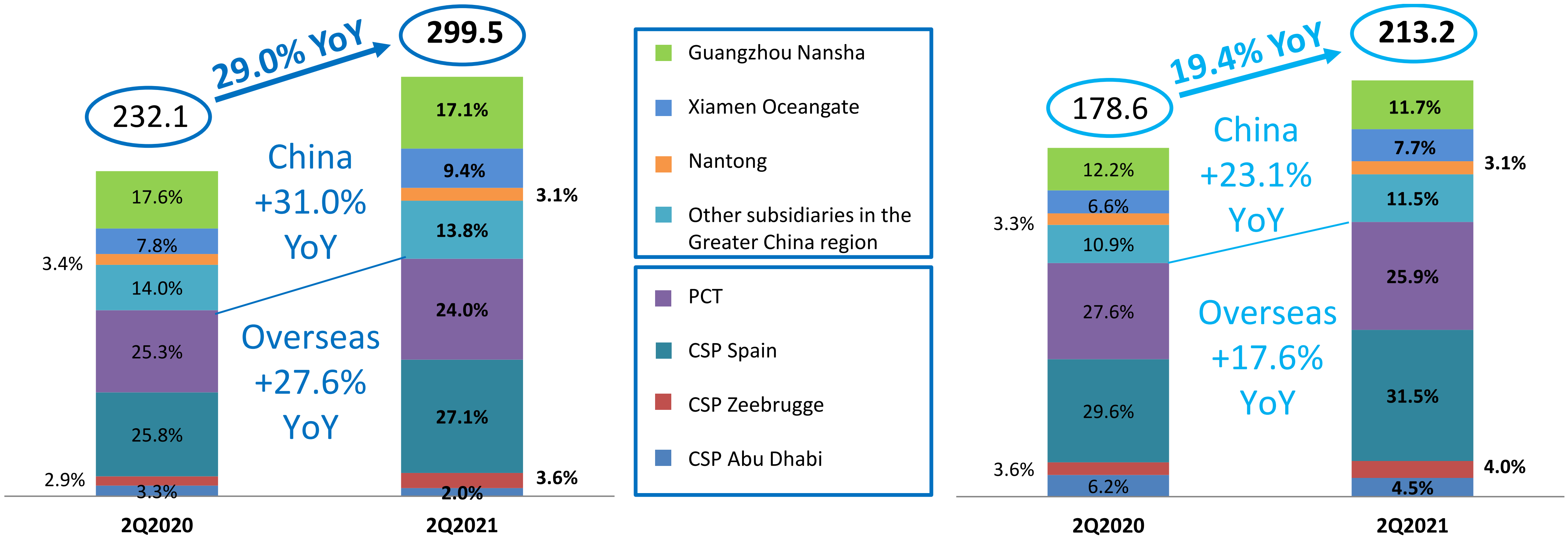
(US$ million, unless stated otherwise)	1H2020	1H2021	YoY Change (%)
Consolidated throughput from Subsidiaries (in ’000 TEU)	10,501.5	**11,362.8**	+8.2
Revenue	452.7	**564.9**	+24.8
Cost of sales	353.5	**416.6**	+17.8
Gross profit	99.2	**148.3**	+49.6
Gross profit margin	21.9%	**26.3%**	+4.4 pps
Share of profits from Joint Ventures & Associates	128.7	**175.2**	+36.1
Net profit attributable to shareholders	163.4	**175.6**	+7.5
EPS (US cents)	5.17	**5.30**	+2.5
Interim dividend per share (US cents)	2.068	**2.120**	+2.5
Payout ratio	40%	**40%**	-
Net profit attributable to shareholders (Excluding one-off items) [(1)]	94.8	**175.6**	+85.2
EPS (US cents) (Excluding one-off items) [(1)]	3.00	**5.30**	+76.7

Notes:

(1) Excluding 1Q2020 after-tax gain of USD$61.5M on disposal of interest in Yangzhou Terminal and Zhangjiagang Terminal as well as 2Q2020 after-tax gain of USD$7.1M on disposal of interest in Jiangsu Yangtze Petrochemical Terminal.

Solid Revenue Growth & Effective Cost Control in 2Q2021

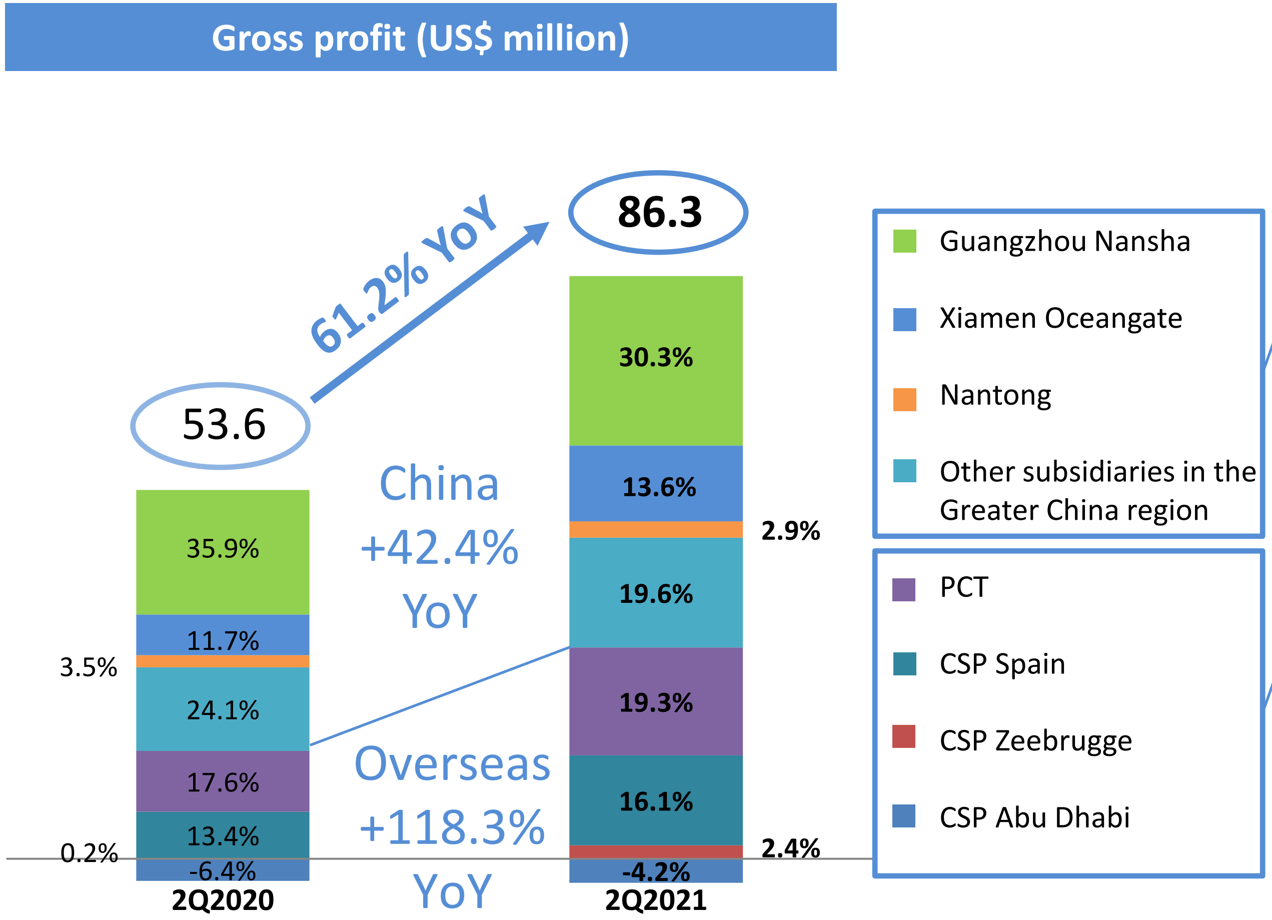
Revenue (US$ million) | **Cost of sales (US$ million)**



Revenue (US$ million)	2Q20	%	2Q21	%	YoY
Greater China	99.2	43%	**130.0**	**43%**	*+31.0%*
Overseas	132.9	57%	**169.5**	**57%**	*+27.6%*
Total	232.1	100%	**299.5**	**100%**	*+29.0%*

Cost of sales (US$ million)	2Q20	%	2Q21	%	YoY
Greater China	59.0	33%	**72.6**	**34%**	*+23.1%*
Overseas	119.6	67%	**140.6**	**66%**	*+17.6%*
Total	178.6	100%	**213.2**	**100%**	*+19.4%*

Further GP Enhancement in Greater China & Robust GP Growth in Overseas During 2Q2021



Greater China	2Q20	%	2Q21	%	YoY
Gross profit (US$ million)	40.3	75%	**57.4**	**66%**	*+42.4%*
Gross profit margin	40.6%		**44.1%**		*+3.5 pps*

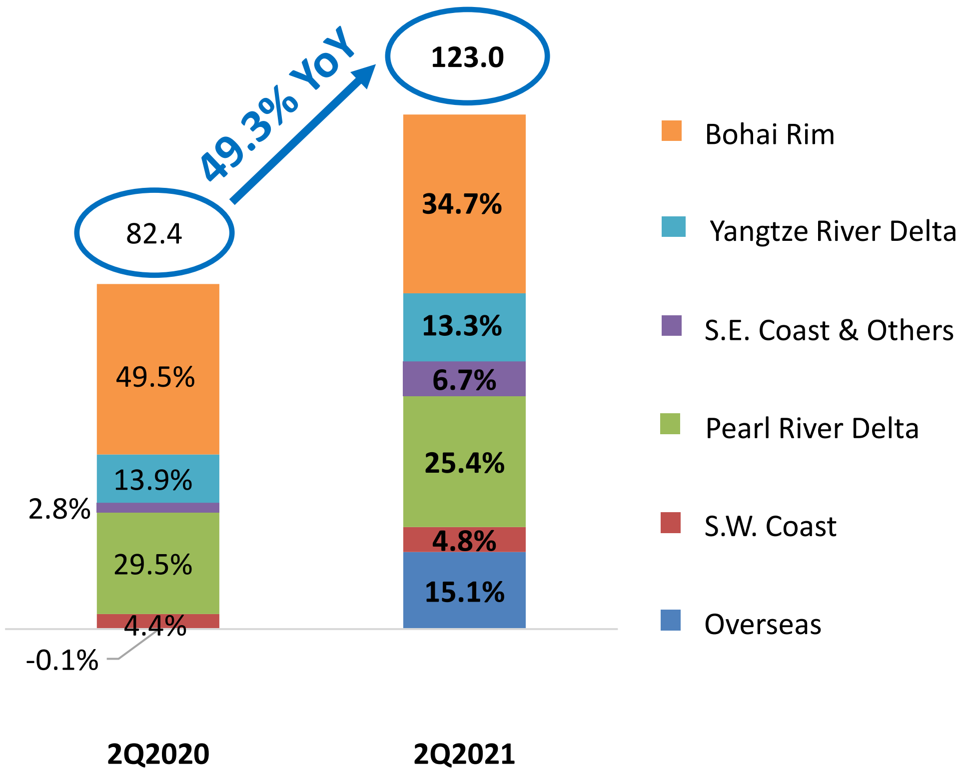
Overseas region	2Q20	%	2Q21	%	YoY
Gross profit (US$ million)	13.3	25%	**28.9**	**34%**	*+118.3%*
Gross profit margin	10.0%		**17.1%**		*+7.1 pps*

Total	2Q20	%	2Q21	%	YoY
Gross profit (US$ million)	53.6	100%	**86.3**	**100%**	*+61.2%*
Gross profit margin	23.1%		**28.8%**		*+5.8 pps*

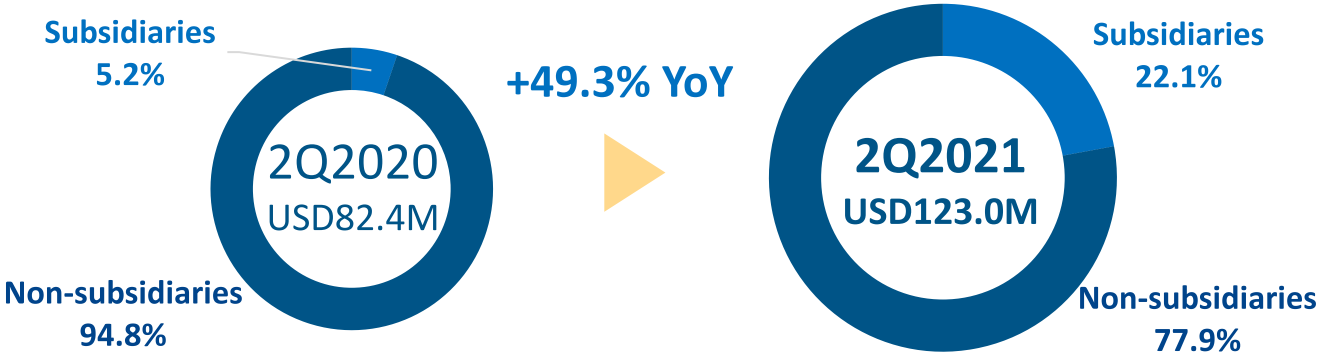
Continued Strong Terminal Profitability

➢ ***Benefiting from continued throughput recovery as well as effective lean operations strategy, terminal profit in 2Q2021 surged by 49.3% YoY and the portfolio has become more diversified and sustainable***

Terminals Profit by Regions (US$ million)



Terminals Profit from Subsidiaries & Non-subsidiaries (US$ million)



Top 10 Terminal Contributors

	2Q2020		2Q2021
QPI	38.5%	QPI	28.1%
Yantian	14.5%	Yantian	13.2%
Guangzhou Nansha	**5.5%**	**PCT**	**7.1%**
Shanghai Pudong	5.2%	**Guangzhou Nansha**	**5.3%**
Shanghai Mingdong	4.1%	**Xiamen Ocean gate**	**4.2%**
Beibu Gulf Port	4.0%	Shanghai Pudong	4.0%
Kumport	3.9%	Beibu Gulf Port	3.1%
COSCO-PSA	3.6%	COSCO-PSA	2.9%
COSCO-HIT	3.2%	Shanghai Mingdong	2.7%
PCT	**3.0%**	Kumport	2.6%
Total:	**85.5%**	**Total:**	**73.2%**

Solid Financial Position to Support Further M&A Projects

- **As at 30 June 2021, our cash position maintained strong with cash and cash equivalents of USD 1.19 billion**
- **Net gearing ratio remained at a healthy level of 27.3%**

(US$ million, unless stated otherwise)	As at 31 Dec 2020	**As at 30 Jun 2021**
Total assets	11,224	**11,226**
Total liabilities	4,847	**4,731**
Total equity	6,377	**6,495**
Total debt	3,048	**2,993**
Cash and cash equivalents	1,310	**1,189**
Net debt to equity (%)	26.8%	**27.3%**
Book value per share (HK$) [(1)]	13.0	**13.3**

Notes:
(1) Book value per share is calculated by capital and reserves attributable to the equity holders divided by total number of shares issued as at the end of Dec 2020 and Jun 2021.

Capital Expenditure

FY2018 → FY2019 → FY2020 → 1H2021 → FY2021 Expected

FY2018 CAPEX:

Investments – US$128m
PP&E – US$366m
Total – US$494m

Including:
- COSCO-PSA (one new berth)
- CSP Abu Dhabi

FY2019 CAPEX:

Investments – US$224m
PP&E – US$400m
Total – US$624m

Including:
- QPI (Added equity interest)
- Beibu Gulf Port (Added equity interest)
- CSP Zeebrugge CFS

FY2020 CAPEX:

Investments – US$131m
PP&E – US$214m
Total – US$345m

Including:
- QPI (Added equity interest)
- Beibu Gulf Terminal

1H2021 CAPEX:

Investments – US$8.8m
PP&E – US$91.6m
Total – US$100.4m

Including:
- Vado (Capital increase)

FY2021 Expected CAPEX:

Investments ~ US$527m
PP&E ~ US$558m
Total ~ US$1,085m

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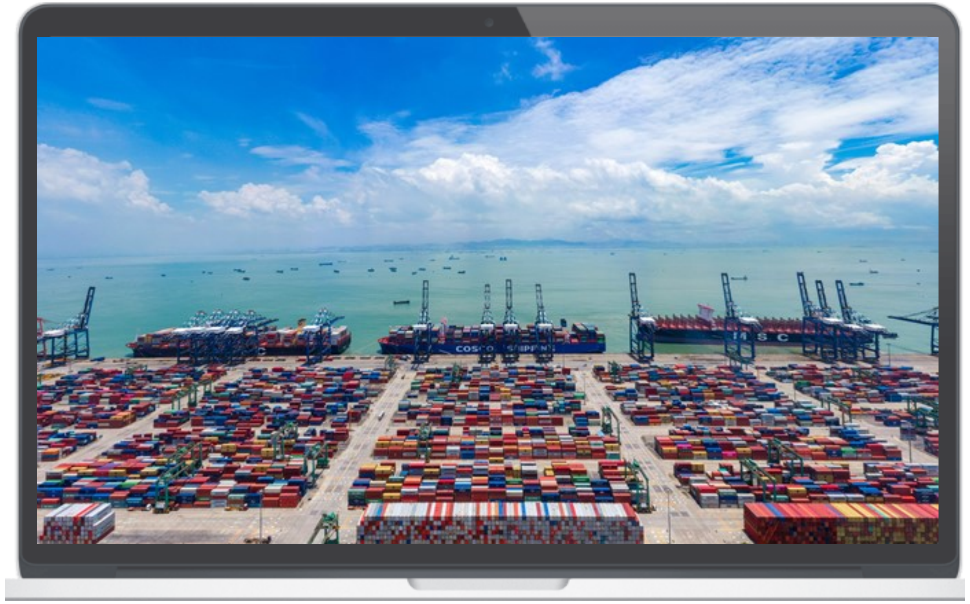
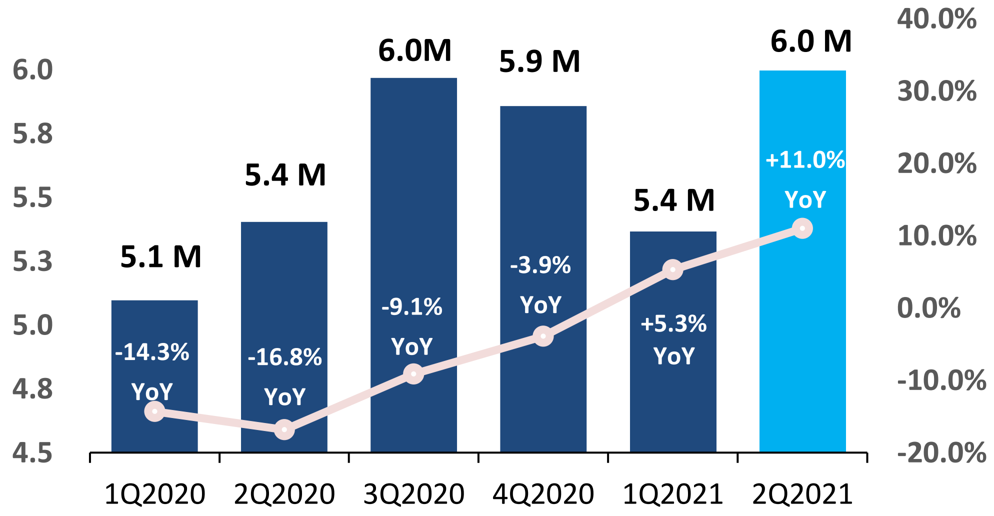


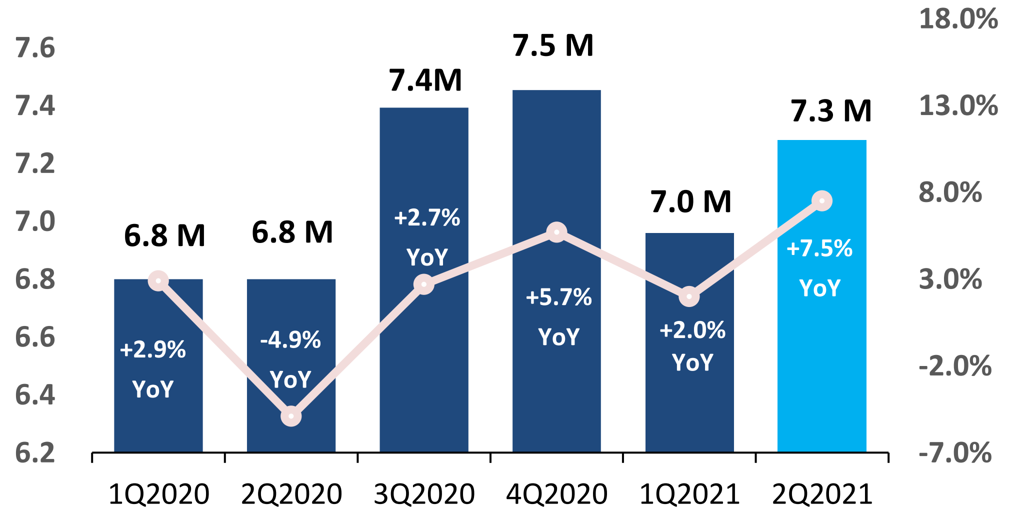
Strong Total Throughput Growth in Subsidiaries and Overseas Regions During 2Q2021

Total throughput	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021
➢ Subsidiaries (million TEU)	5.1	5.4	6.0	5.9	5.4	6.0
YOY Growth	-14.3%	-16.8%	-9.1%	-3.9%	5.3%	11.0%
➢ Non-subsidiaries (million TEU)	22.4	24.8	27.5	26.8	24.8	26.5
YOY Growth	-1.7%	0.9%	6.4%	5.3%	10.9%	7.2%
➢ Overseas (million TEU)	6.8	6.8	7.4	7.5	7.0	7.3
YOY Growth	2.9%	-4.9%	2.7%	5.7%	2.0%	7.5%
➢ Greater China (million TEU)	20.7	23.4	26.1	25.2	23.2	25.2
YOY Growth	-6.5%	-2.2%	3.4%	2.9%	12..5%	8.0%
Total throughput (million TEU)	**27.5**	**30.2**	**33.5**	**32.7**	**30.2**	**32.5**
Total throughput (YoY %)	**-4.3%**	**-2.8%**	**+3.3%**	**+3.5%**	**+9.9%**	**+7.9%**

Total throughput from subsidiaries（TEU）



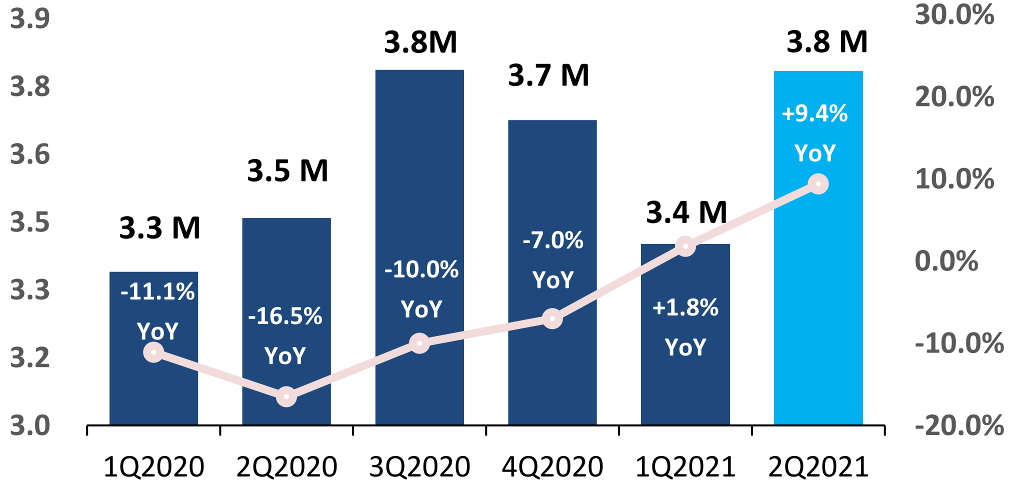
Total throughput from overseas regions（TEU）



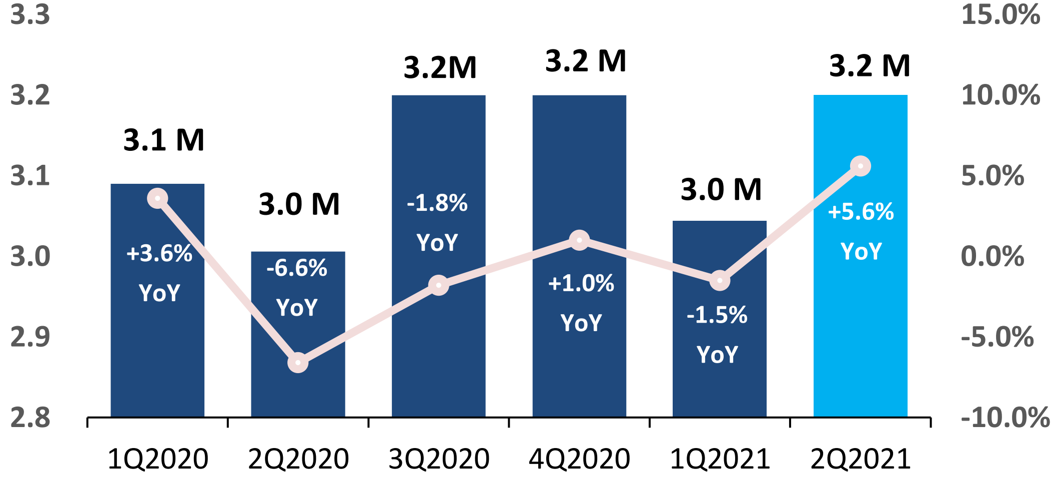
Continued Equity Throughput Growth in Subsidiaries and Overseas Regions During 2Q21

Equity throughput	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021
➢ Subsidiaries (million TEU)	3.4	3.5	3.8	3.7	3.4	3.8
YOY Growth	-11.1%	-16.5%	-10.0%	-7.0%	1.8%	9.4%
➢ Non-subsidiaries (million TEU)	5.3	5.9	6.5	6.4	5.9	6.4
YOY Growth	-3.5%	0.4%	5.7%	6.7%	10.4%	7.5%
➢ Overseas (million TEU)	3.1	3.0	3.2	3.2	3.0	3.2
YOY Growth	3.6%	-6.6%	-1.8%	1.0%	-1.5%	5.6%
➢ Greater China (million TEU)	5.6	6.4	7.0	6.9	6.3	7.0
YOY Growth	-11.4%	-6.5%	-0.2%	1.4%	11.9%	9.4%
Total equity throughput (million TEU)	**8.7**	**9.4**	**10.3**	**10.1**	**9.3**	**10.2**
Total equity throughput (YoY %)	**-6.6%**	**-6.5%**	**-0.7%**	**+1.3%**	**+7.2%**	**+8.2%**

Equity throughput from subsidiaries（TEU）

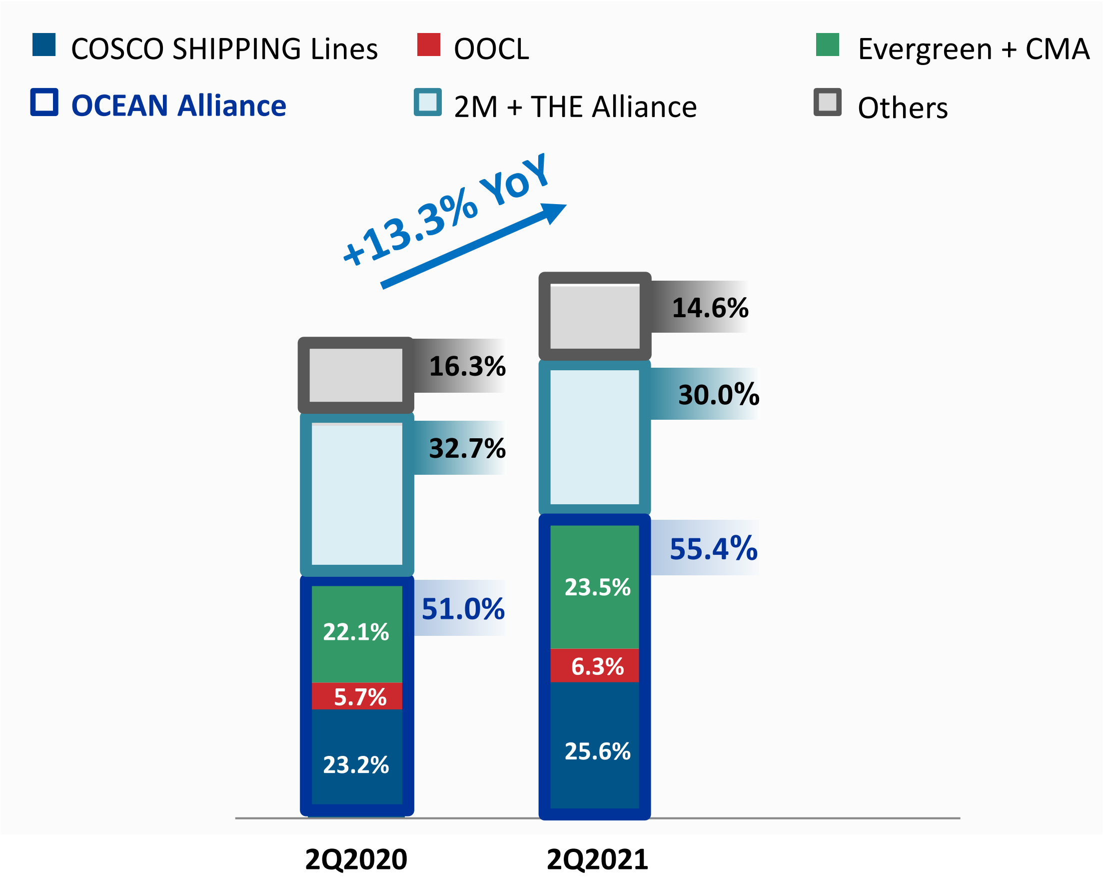


Equity throughput from overseas regions（TEU）



Further Enhancing Synergy to Secure Demand with SHIPPING Alliances

Customers percentage of total throughput in 2Q2021 (1)



2Q2021 YoY growth in total throughput (1)

+24.9% COSCO SHIPPING Lines

+25.8% OOCL

+20.7% OCEAN Alliance

+4.1% 2M + THE Alliance

- Throughput from COSCO SHIPPING Lines and OOCL increased by 24.9% YoY and 25.8% YoY in 2Q2021 respectively, driven by strong growth at Xiamen and Guangzhou Nansha terminals
- Throughput from OCEAN Alliance continued to perform well, increasing by 20.7% YoY in 2Q2021, especially from CSP Zeebrugge Terminal
- Throughput from 2M+THE Alliance rose 4.1% YoY in 2Q2021, mainly driven by a significant increase at CSP Spain Terminal

Note:

(1) Total throughput from 7 major subsidiary terminals at which all shipping companies call, including terminals at Guangzhou Nansha, Xiamen, Lianyungang, PCT, CSP Spain, CSP Zeebrugge and CSP Abu Dhabi.

Global Footprint and Future M&A Opportunities

Key Overseas Terminals	Annual Designed Capacity (TEU)
PCT [(1)]	**6,200,000**
CSP Spain Group [(1)]	**5,100,000**
CSP Abu Dhabi [(1)]	**2,500,000**
CSP Zeebrugge [(1)]	**1,300,000**
Chancay [(1)]	**1,000,000**
RSGT	5,200,000
Suez Canal	5,000,000
COSCO-PSA	4,850,000
Antwerp	3,700,000
Euromax	3,200,000
Kumport	2,100,000

- Strategically pursue investment opportunities to create value to our shareholders
- Future M&A opportunities in the regions of Southeast Asia, the Middle East, Africa and South America
- To target Hurdle rate at least ***low double-digit equity IRR***

Note:
(1) Overseas subsidiaries

Optimizing Terminal Assets Portfolio

ACQUISITIONS

- ***Beibu Gulf Terminal***
  is expected to share the benefits of economic growth in Southwest China and Southeast Asia
  (The transaction was completed in November 2020)

- ***RSGT***
  has a wide coverage of container market in the Middle East and East Africa, bringing growth momentum
  (The transaction was completed in July 2021)

- ***Tianjin Container Terminal***
  further enhances synergy with the OCEAN Alliance and strengthens investment and expanding the space for development for both parties

DISPOSALS

- ***Yangzhou Yuanyang Terminal & Zhangjiagang Terminal***
  disposal gain after tax of around USD$61M

- ***Jiangsu Petrochemical***
  disposal gain after tax of around USD$7M

- ***These 3 terminals were selling at a PB ratio of about 1.5-1.7 times.*** *CSPL's share price is now traded at around 0.5 times, deeply undervalued. The disposals created value for shareholders*

- ***Taicang Terminal***
  is expected to be disposed in 2021

Technology Development to Facilitate Lean Operations

navis N4

1H2021 | Coming 3-4 years

Quanzhou Terminal and Jinjiang Terminal implemented Navis N4 system in 1H2021

Application of Navis N4 system to most of our subsidiaries in the coming 3-4 years

GSBN

Further enhance terminals' IT infrastructure through the participation of GSBN and application of blockchain technology

- Actively advocate 5G smart ports
- Demonstration port for 5G smart application, Xiamen Ocean Gate Terminal is actively carrying out research and development of driverless container truck system
- Rapidly enhance the construction of EAM system, in order to effectively manage equipment procurement and maintenance cost
- Develop MIS system, provide auxiliary decision-making for the transparency of production and operation management through unified data standards and process

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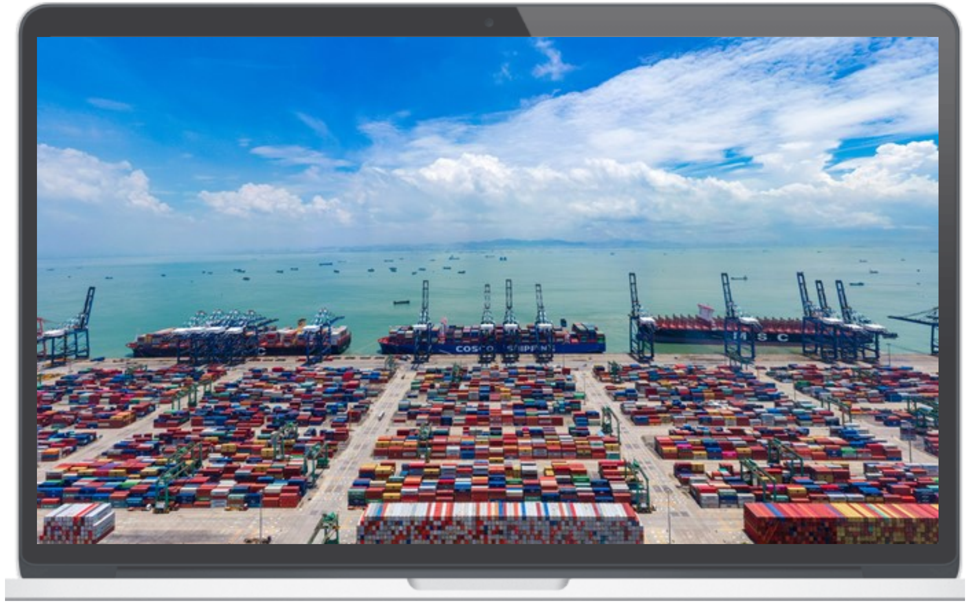


Corporate Strategies — Global Terminal Network, Lean Operations and Value-Added Projects

Capitalize on global economic growth optimize terminal portfolio

Further implement lean operations to boost quality and efficiency

Accelerate value-added projects to create new sources of profit growth

Global Terminal Network and Lean Operations

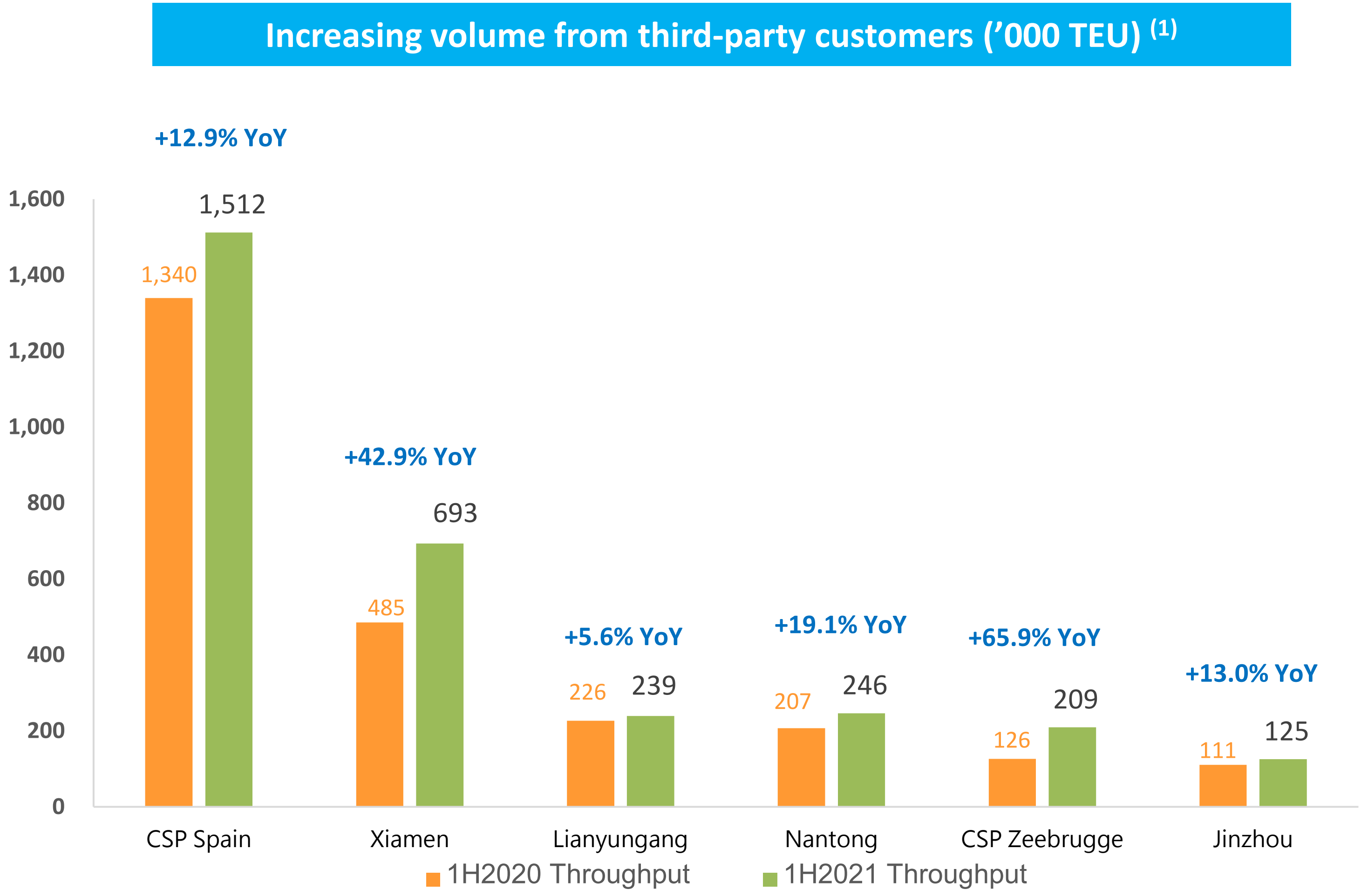
Capitalize on global economic growth optimize terminal portfolio

- Identifying potential projects and tapping into the markets such as Southeast Asia, the Middle East and Africa, particularly in strategic subsidiaries and highly-profitable non-subsidiaries amid global economic growth to enhance balanced global network
- Restructuring terminals through port resources consolidation to increase efficiency
- Disposing terminals without strategic value to enhance global portfolio and increase total assets

Further implement lean operations to boost quality and efficiency

- Continuing “lean operations“ in 3 ways to enhance portfolio and raise efficiency:
  - Revenue boost – capitalizing on global network and switching from single terminal service to network marketing to provide shipping companies with budget and efficient service in order to increase our bargaining power. Actively collaborating with other ports operators to raise throughput and improve overall efficiency
  - Cost reduction – focusing on financial control and featuring “cost per TEU” to enhance terminal operations and management
  - Headquarters’ empowerment – setting up COE (Center of Excellence) team to enhance port operations and management

Lean Operations — Enhance Revenue



Note:
(1) Third party refers to throughput contributed by other shipping companies, excluding those from parent company and OOCL.

- **Strengthen overall marketing activities and negotiation strategies to further tap customer value. Terminals maintain good relationship with shipping companies and have made good positive progress in introducing new shipping services. Our Subsidiaries have added <u>20 new shipping services during 1H2021</u>**

- **Apart from maximizing synergy with parent company and OOCL, we also cooperate with different shipping companies to optimize our client portfolio**

- **Given improving macro environment and effective lean operations strategy, we have stronger bargaining power to adjust up ASP, <u>average contract ASP from our subsidiaries during 1H2021 rose about 5% YoY. PCT's overall ASP, for example, increased by about 18% YoY during 1H2021</u>**

Lean Operations — Cost Control

Four measures to improve lean operations and cost control capabilities

- Innovatively set up ports operations management COE Team
- Establish cost control incentive system
- Formulate four-stage cost control and supervision system, including 1）terminals；2）Operations Center and COE Team； 3）Audit & Supervision Department supervise the work；4）In terms of long-term problem which can not be effectively solved regarding cost control, introduce personnel change and disciplinary inspection when necessary
- Set up centralized procurement system based on the principle of making as many necessary purchases as possible from the same supplier

A series of cost control measures

- Actively promote and enhance automation in the terminal to improve efficiency and lower outsourcing cost
- Evaluate the allocation of human resources and maximize human resources by one job post with multi-functions or change of job to lower labor cost
- Improve the working efficiency of cranes to reduce equipment electricity and fuel cost
- Increase durability of equipment by in-house maintenance to lower maintenance expense

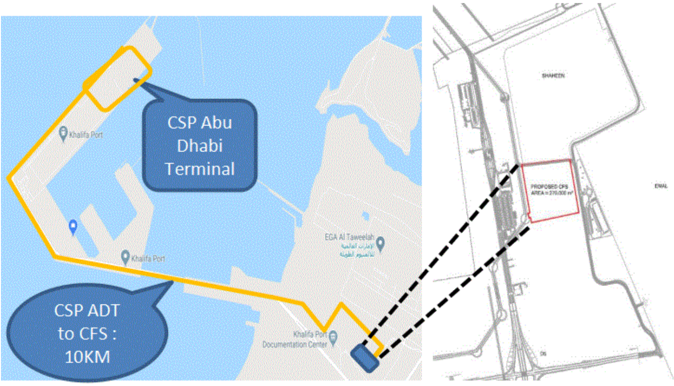
➢ **Our Terminals highly value the cost control system, focusing on cost per TEU. Hence, we incorporated the “cost per TEU” concept into KPI and established operating cost control goals for subsidiaries in order to effectively implement cost control measures within the operational system**

Accelerating Development of Value-Added Projects to Create New Sources of Growth

Accelerate supply chain business to create new sources of profit growth

- Develop the supply chain business and accelerate the construction of the extended supply chain platform
- Build up logistics network with the supply chain platform as a link and expand service categories, better attract and retain customers, bringing new sources of profit growth

CSP Abu Dhabi CFS Phase 1



CSP Zeebrugge CFS

	Total Area (sqm)	Warehouse Area (sqm)	Capex (Million)	Commencement date
CSP Abu Dhabi CFS Phase 1 [(1)]	273,970	50,666	60mUSD	Now operating
CSP Zeebrugge CFS	77,869	41,580	13mEUR	Now operating
Xiamen CFS	23,800	N/A	130mRMB	2022 Expected

Note:
(1) The total warehouse area and estimated capex of phase 1 and 2 is about 105,225 sqm and approximately USD$ 138 million.

First Water-rail Intermodal Container Transport Project in Yangtze River Commenced Operation

- On 1 August 2021, Wuhan Yangluo International Port water-rail intermodal container transport project commenced operation. The terminal designed capacity is 1m TEU/year and water-rail intermodal transport capacity is 500,000 TEU/year.

- Wuhan is the economic center of central region of China with GDP (around RMB 1.56 trillion) ranked 9th among all cities in China in 2020 and is expected to achieve GDP growth of 10% in 2021.

- CSP Wuhan Terminal will act as the gateway hub for Hubei as well as Central and Western regions of China to the world. We expect it will contribute additional throughput and create synergy with our terminals in Yangtze Delta Region.

- The project realized the applications of technologies such as Driverless Container Vehicle (DCV) through the 5G network which covers the whole port area, building the first automatic water-rail intermodal terminal on the Yangtze River.

Outlook

Challenges

- Negative impact to global economy due to COVID-19
- Global economy growth looks stagnant
- Geopolitical risk

Opportunities

- Long term opportunities for overseas terminals development
- Opportunities amid domestic terminals consolidation
- Good prospect on the back of our effective lean operations strategy

- We will actively enhance the gateway ports network and further strengthen supply chain to build terminal network in Middle East, Africa, Southeast Asia and South America
- Throughput from existing terminals of the Greater China region continues their strong volume growth while throughput from overseas region in the recent quarters has shown signs of quick recovery
- Stronger bargaining power to raise ASP on the back of the strong demand in the value chain
- Effective lean operations strategy to increase revenue and control cost, leading to higher profit margin in our portfolio

Expect our volume growth of 2021 will outperform the average of industry

Strong revenue growth and effective cost control could drive better and sustainable profitability

5-Year Target Plan Starting from Year 2021

To achieve targets by the end of 2025 (1)

➢ **Equity throughput**

57 million TEU

5-year growth rate 48%

(5-year CAGR of about 8.2%)

➢ **Operational cost per TEU**

Decrease by 15~20% in 5 years

(Average annual decline by 3~4% in 5 years)

Notes:

(1) Year 2021 - year 2025

COSCO SHIPPING

中遠海運港口有限公司
COSCO SHIPPING Ports Limited

The Ports for ALL

Q & A Session

Thank you!

Agenda

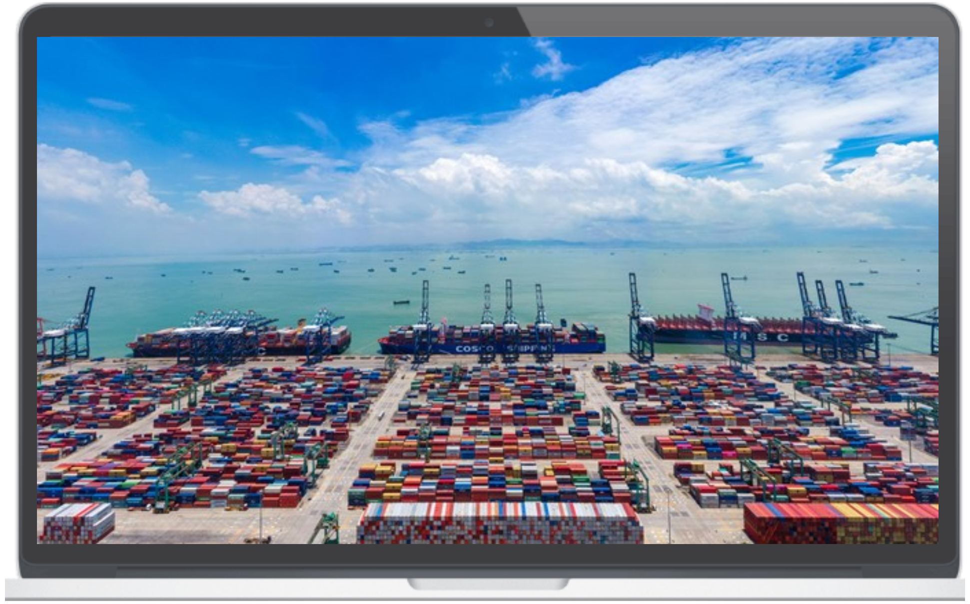
1 2Q2021 Highlights

2 Financial Performance

3 Operational Review

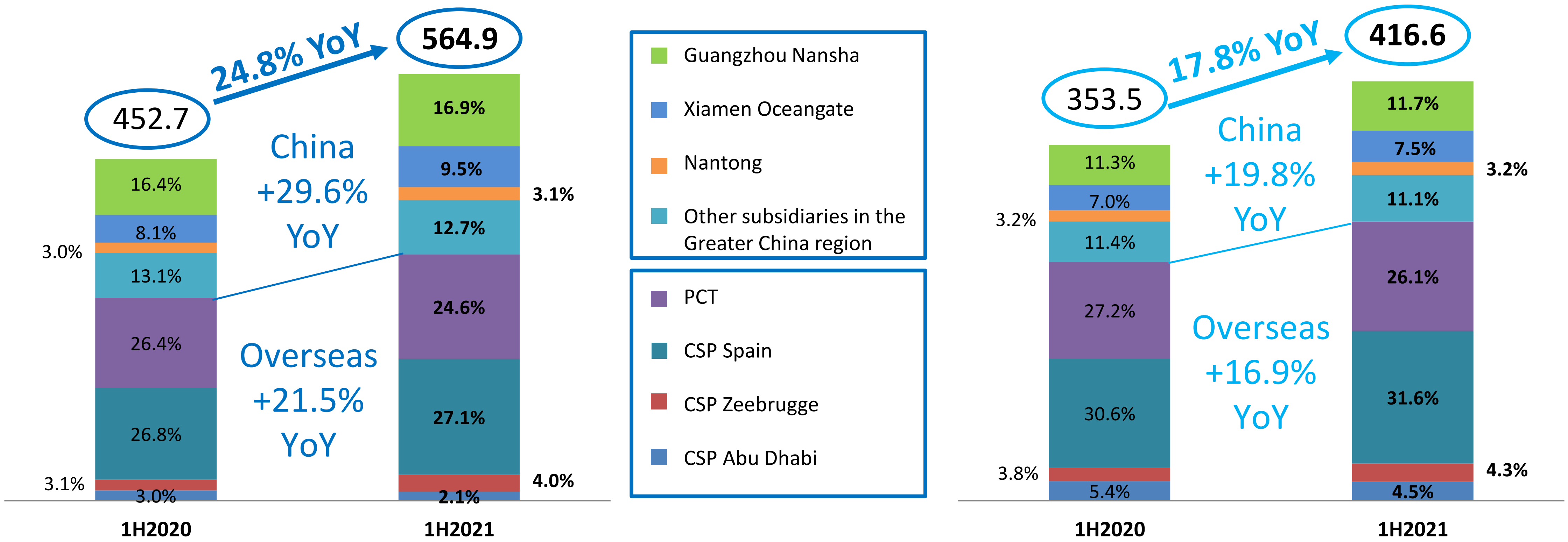
4 Strategy & Outlook

5 Appendix



Solid Revenue Growth & Effective Cost Control in 1H2021

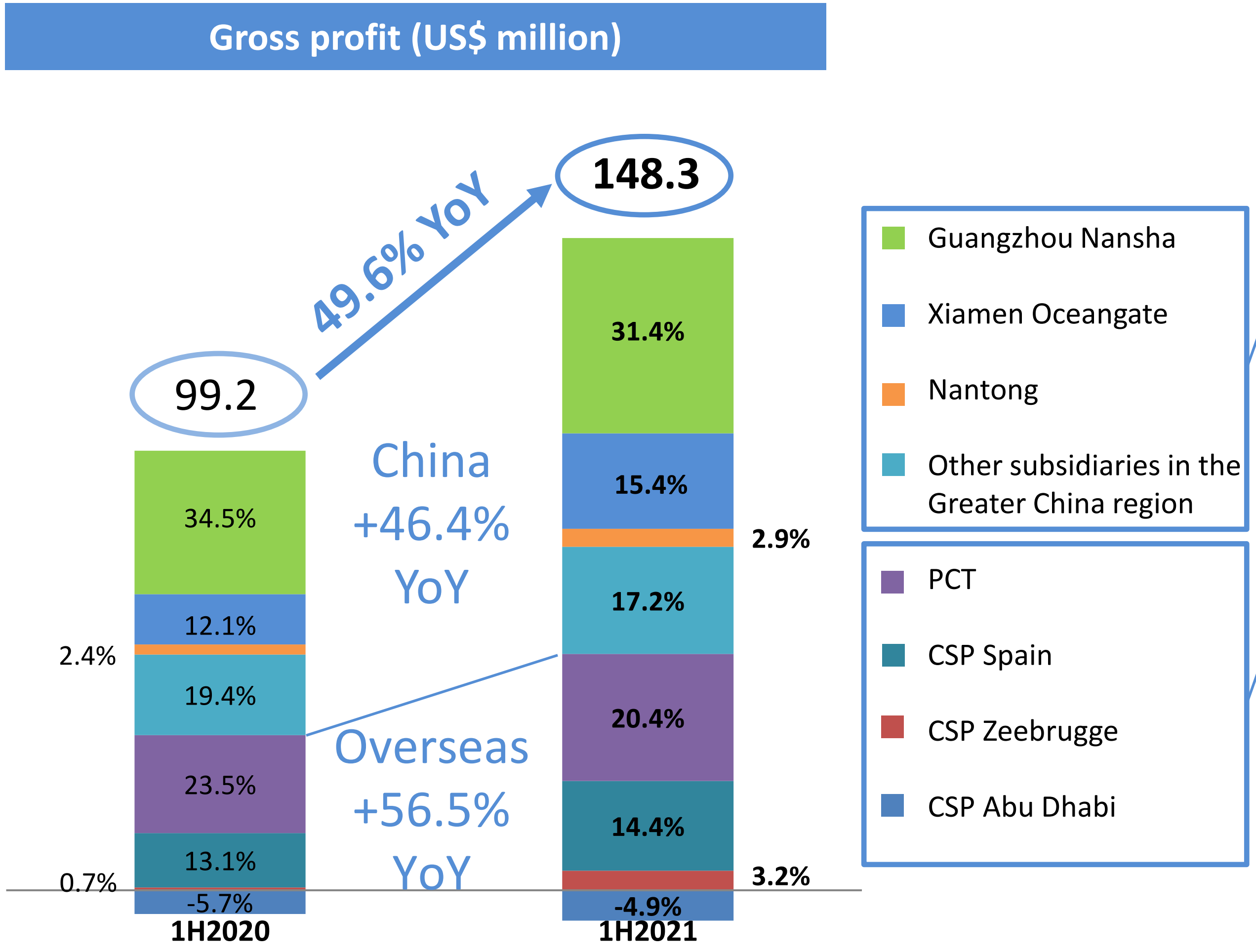
Revenue (US$ million) | **Cost of sales (US$ million)**



Revenue (US$ million)	1H20	%	1H21	%	YoY
Greater China	184.1	41%	**238.6**	**42%**	*+29.6%*
Overseas	268.6	59%	**326.3**	**58%**	*+21.5%*
Total	452.7	100%	**564.9**	**100%**	*+24.8%*

Cost of sales (US$ million)	1H20	%	1H21	%	YoY
Greater China	116.3	33%	**139.4**	**33%**	*+19.8%*
Overseas	237.2	67%	**277.2**	**67%**	*+16.9%*
Total	353.5	100%	**416.6**	**100%**	*+17.8%*

Remarkable GP Enhancement During 1H2021



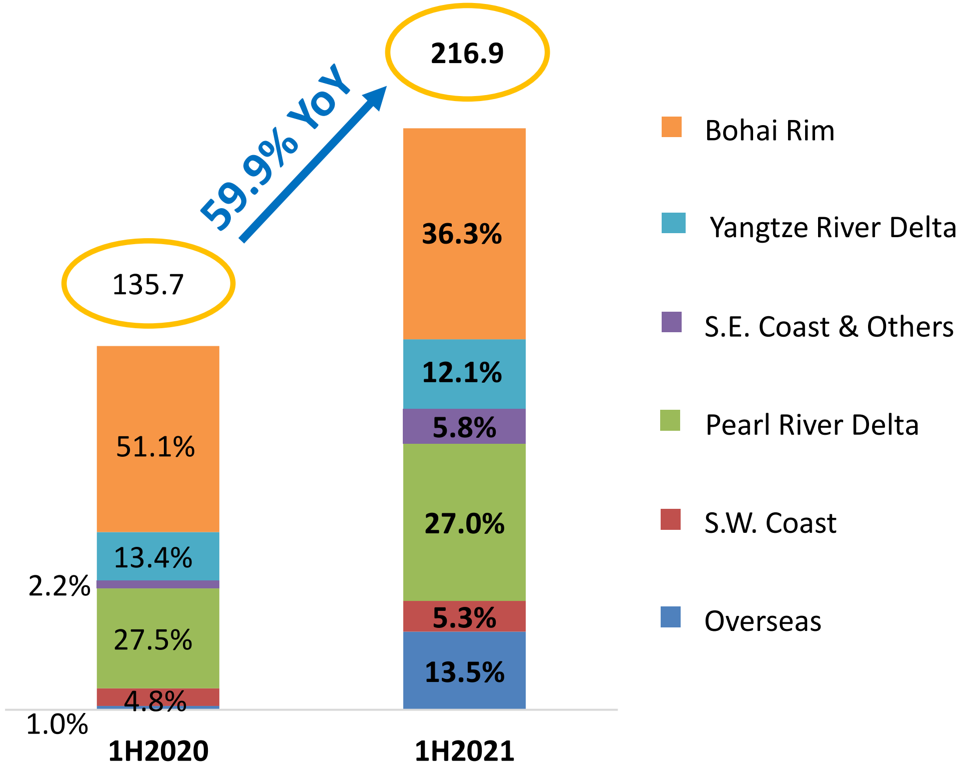
Greater China	1H20	%	1H21	%	YoY
Gross profit (US$ million)	67.8	68%	**99.2**	**67%**	*+46.4%*
Gross profit margin	36.8%		**41.6%**		*+4.8 pps*

Overseas region	1H20	%	1H21	%	YoY
Gross profit (US$ million)	31.4	32%	**49.1**	**33%**	*+56.5%*
Gross profit margin	11.7%		**15.1%**		*+3.4 pps*

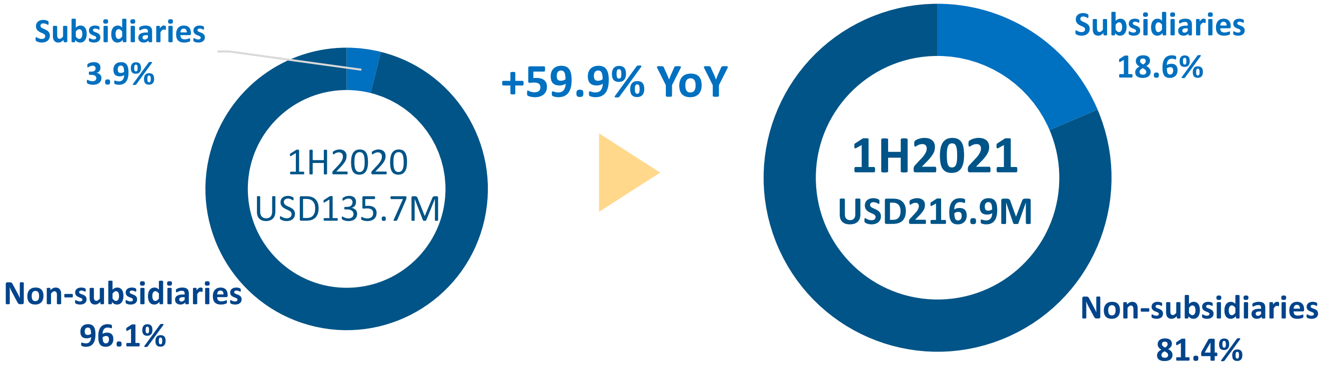
Total	1H20	%	1H21	%	YoY
Gross profit (US$ million)	99.2	100%	**148.3**	**100%**	*+49.6%*
Gross profit margin	21.9%		**26.3%**		*+4.4 pps*

Strong Terminal Profitability in 1H2021

Terminals Profit by Regions (US$ million)



Terminals Profit from Subsidiaries & Non-subsidiaries (US$ million)

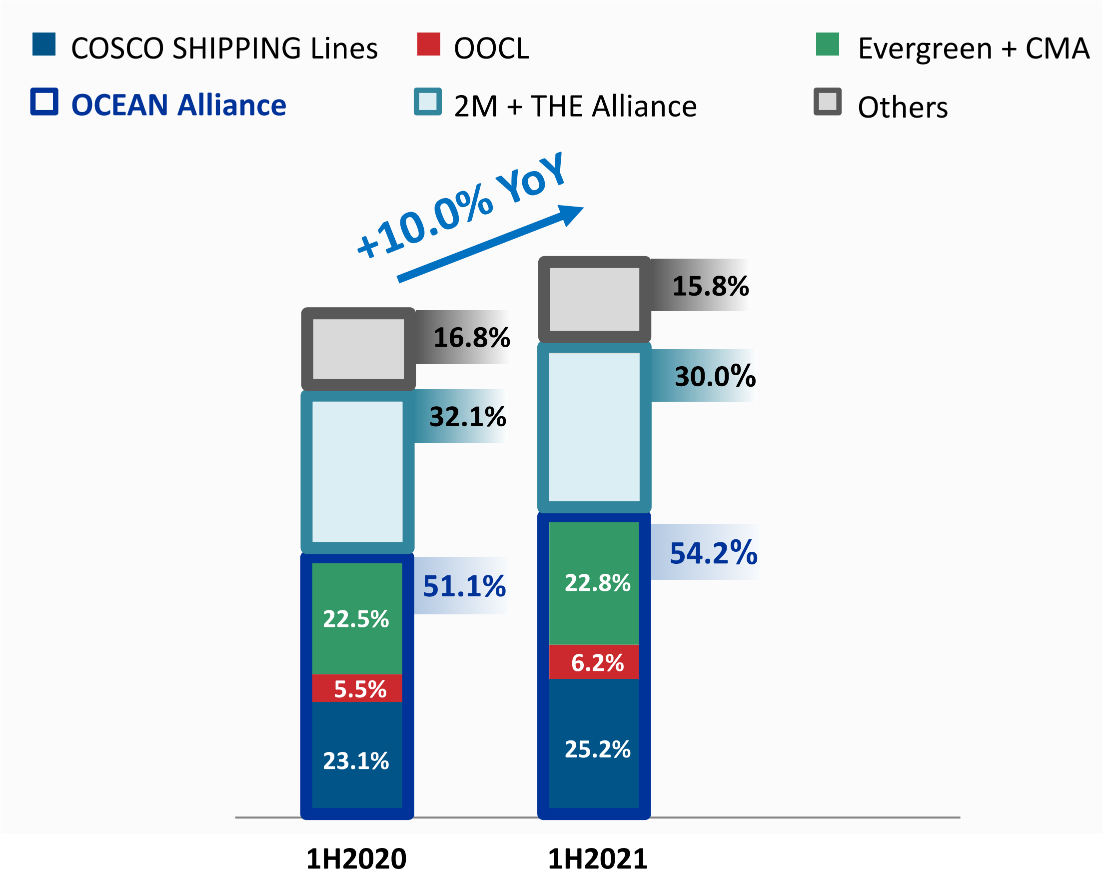


Top 10 Terminal Contributors

	1H2020		1H2021
QPI	40.6%	QPI	30.2%
Yantian	14.5%	Yantian	15.6%
PCT	**6.0%**	**PCT**	**7.0%**
Shanghai Pudong	5.9%	**Guangzhou Nansha**	**5.2%**
Guangzhou Nansha	**5.6%**	**Xiamen Ocean gate**	**4.4%**
Shanghai Mingdong	4.5%	Shanghai Pudong	4.2%
Beibu Gulf	4.5%	Beibu Gulf Port	3.5%
Kumport	4.2%	Kumport	3.2%
COSCO-PSA	3.7%	COSCO-PSA	3.0%
COSCO-HIT	2.9%	Shanghai Mingdong	2.7%
Total:	**92.3%**	**Total:**	**79.1%**

Further Maximizing Synergy with SHIPPING Alliances

Customers percentage of total throughput in 1H2021 (1)



1H2021 YoY growth in total throughput (1)

+20.0% COSCO SHIPPING Lines

+23.1% OOCL

+16.7% OCEAN Alliance

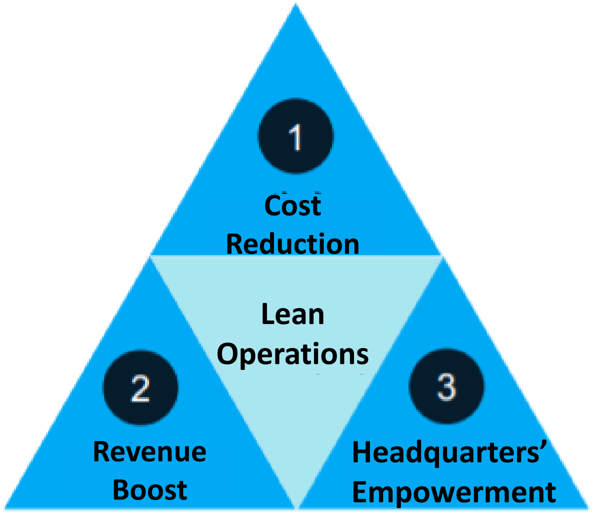
+2.6% 2M + THE Alliance

- Throughput from COSCO SHIPPING Lines and OOCL increased by 20.0% YoY and 23.1% YoY in 1H2021 respectively, mainly driven by an increase at CSP Spain and Lianyungang terminals
- Throughput from OCEAN Alliance continued to perform well, increasing by 16.7% YoY in 1H2021, pushed by strong growth at Guangzhou Nansha and Xiamen terminals
- Throughput from 2M+THE Alliance rose 2.6% YoY in 1H2021, especially from CSP Zeebrugge Terminal

Note:

(1) *Total throughput from 7 major subsidiary terminals at which all shipping companies call, including terminals at Guangzhou Nansha, Xiamen, Lianyungang, PCT, CSP Spain, CSP Zeebrugge and CSP Abu Dhabi.*

Lean Operations – Cost Control



Cost Reduction

- **Develop cost management system focusing on financial control and featuring "cost per TEU"** to enhance terminal operations and management; **incorporate "cost per TEU"** in KPI to set operating cost control targets for subsidiaries

- **Facilitate informatization and digitalization, relatively unify operating system and continue to adopt Navis N4 in subsidiaries**; develop MIS system, enhance the construction of EAM system, unify key operational and business indicators, and drive terminal automation

- **Enhance cost breakdown analysis, set targets and formulate cost control plan**; develop a cost-oriented marketing and operating mindset; introduce practical, clear and effective measures; enhance cost optimization and stay cost competitive

Lean Operations – Revenue Growth and Headquarters’ Empowerment

Revenue Boost

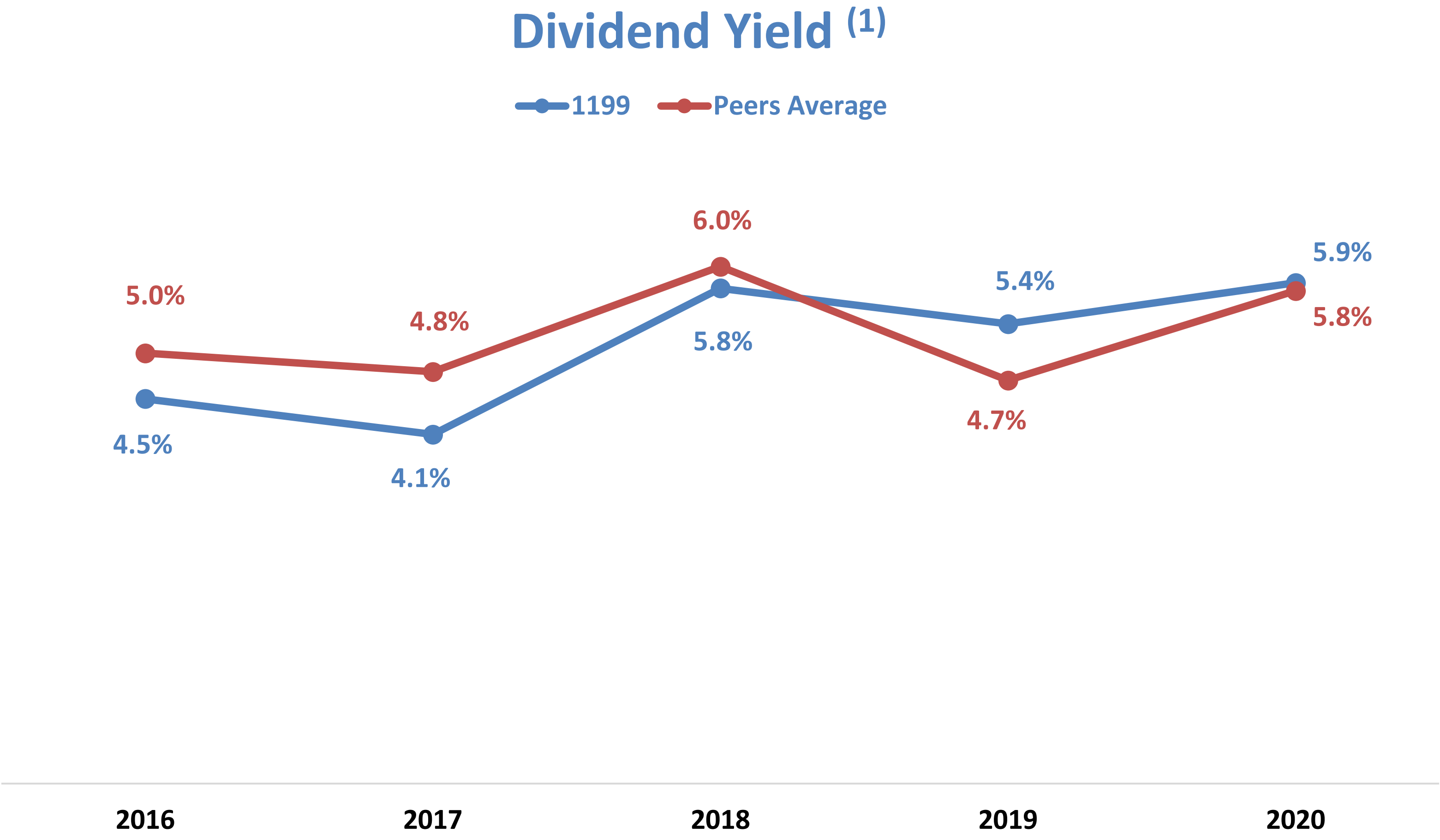
- **Develop customer analysis model** to identify profit contribution from shipping companies and container types, allowing headquarters and terminals to engage customers and leverage on their competitive edges to **enhance effective marketing and negotiation to tap customer value and increase throughput and revenue**
- **Enhance organizational structure to increase marketing efforts and synergy**; continue to optimize and enhance operations with sharper market insights and customer analysis by marketing team, and support terminals to maintain relationships with shipping liners in a systematic manner
- **Develop supply chain business by innovative marketing**; build terminal extended supply chain platform to develop terminal-oriented supply chain warehousing service and establish logistics network leveraging on supply chain platform. CFS business brings in shipping services, which in turn boost demand for CFS and supply chain extended services

Headquarters’ Empowerment

- **Headquarters is empowered to solve problems impeding cost-cut and make business decisions with terminals**, transforming from being a “passive auditor” to “business partner” through measures such as visualization of information and COE, with an aim to reducing cost and increasing terminal revenue
- **Execute action plan proactively and strengthen terminal operations and management**

Sustainable High Dividend Yield and Long-term Investment Value

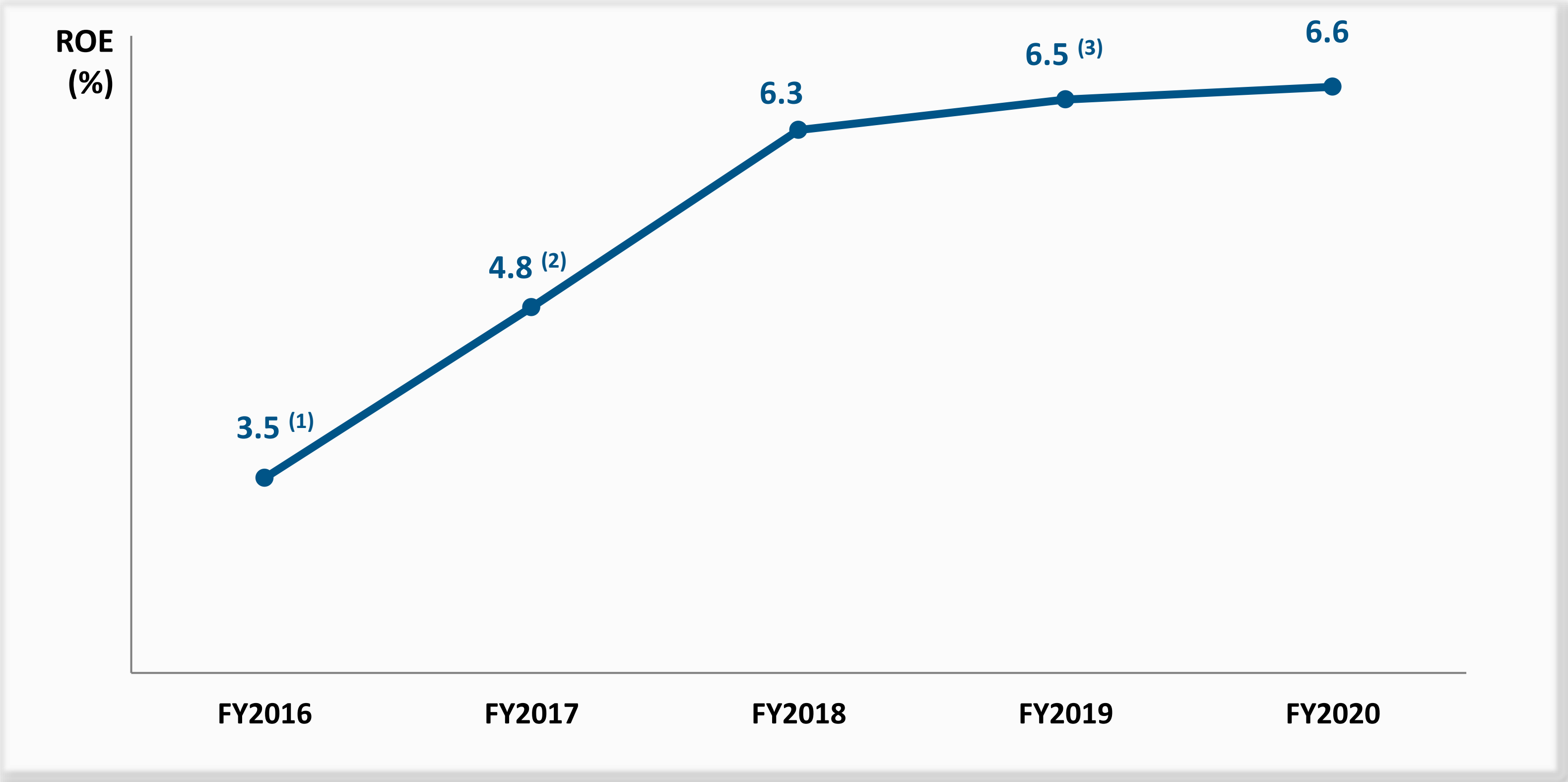
➢ **We have confidence in being the best yield play within this industry**



Notes:

(1) COSCO SHIPPING Ports' dividend yield is calculated by its dividend divided by its closing price as at 2/8/2021. And peers (China Merchants Ports, Qingdao Port, Tianjin Port, Xiamen Port and Dalian Port) average is calculated by their dividend of each company divided by their closing price as at 2/8/2021 and then taken by the average of 5 companies.

Continued Return On Equity (ROE) Improvement



Note:

(1) Excluding one-off gain of FCHL transaction of US$59.0 m and three months of share profits of FCHL of US$7.1 m.
(2) Excluding one-off gain of QPI transaction of US$285.4 m.
(3) Excluding one-off loss of QPI dilution effect of US$22.6 m.

On Track to Achieve Our Previous 5-Year Target

2016
Restructuring

- As a pure port operator
- 3 core strategies

2020
Where we were

- No. of subsidiaries increased to 14 (FY2016: 10)
- Industry leader in terms of total container throughput

2021
Vision

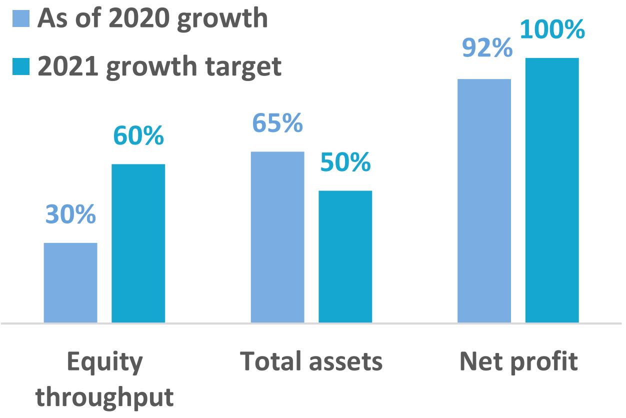
Operations:
- Global terminal network
- Linkage effects in costs, services and synergies
- Increasing subsidiaries

Financials:
- Higher return from existing portfolio
- Further improved asset quality after M&A and divestment
- Strong free cash flow and healthy balance sheet

	2016 Base Year	Change	2021 Target
Equity throughput	29.5 mn TEU	+60%	**47.2 mn TEU**
Total assets	US$6,786.5 mn	+50%	**US$10,179.8 mn**
Net profit	US$180.9 mn[1]	+100%	**US$361.8 mn**

Notes:

(1) Excluding one-off gain from disposal of Florens.



Incentive Scheme – Aligning Shareholders' Interests

- A total of about 53 million share options were granted to around 238 eligible employees under the share option scheme on 19 June 2018
- Exercising criteria are in line with shareholders' interests

Batch No. of Share Options Vested	Percentage of Options Vested	Exercise Period	Return on Net Assets [3]	Growth Rate of Revenue [3]	EVA Indicator
1st batch	33.3%	Commencing on the first trading day after the expiration of the Restriction Period [1] and ending on the last trading day of 60 months from the Grant Date [2]	≥ 6.0% [4]	≥ 15.0% [5]	Must reach assessment target [6]
2nd batch	33.3%	Commencing on the first trading day after the expiration of the 36 months from the Grant Date and ending on the last trading day of 60 months from the Grant Date [2]	≥ 6.5% [4]	≥ 25.0% [5]	Must reach assessment target [6] and EVA > 0
3rd batch	33.4%	Commencing on the first trading day after the expiration of the 48 months from the Grant Date and ending on the last trading day of 60 months from the Grant Date [2]	≥ 7.0% [4]	≥ 40.0% [5]	Must reach assessment target [6] and EVA > 0

Notes:

1. *Restriction Period refers to Share Options cannot be exercised during the two-year period commencing from the Grant Date.*
2. *Grant Date is 19 June 2018.*
3. *The figure shall not be lower than the average of the selected peer benchmark enterprises.*
4. *Return on net assets (after extraordinary gains and losses) in the financial year immediately preceding the vesting of the Share Options.*
5. *Growth rate of revenue in the financial year immediately preceding the vesting of the Share Options as compared to that in the financial year immediately preceding the Grant Date.*
6. *The EVA indicator accomplished for the financial year immediately preceding the vesting of the Share Options.*

Sustainability Framework

- Providing a healthy and safe working environment
- Building an inclusive, diversified and sustainable workforce

- Ensuring operational compliance
- Promoting inclusive development

- Transitioning to “Green Ports”
- Managing energy consumptions and emission to respond to climate change

- Enhancing supply chain management
- Fostering fair operating practices

- Harnessing the power of technology
- Strengthening our global terminal network

Sustaining High Standard of Corporate Governance

Balanced and Diverse Board Composition

- ✓ High level of independent representation on the Board
- ✓ Diversified skills, expertise and professional experience
- ✓ Gender diversity in the Boardroom
- ✓ Sufficient time commitment

Structure of ESG Committee

Fully Compliant with Applicable Regulations

- ✓ Early adoption of applicable Code Provisions and Recommended Best Practices of the Corporate Governance Code
- ✓ Continue to work on improving and fine-tuning our policies to make sure that they remain updated and relevant to our Company
- ✓ Make reference to the OECD principles regarding ethical standards and include them in our corporate governance guidelines

Established an ESG Committee

- ✓ The Board decided to expand the terms of reference of the Corporate Governance Committee in March 2021 by incorporating environmental, social and corporate sustainability issues
- ✓ Further enhances the Board's participation in ESG issues and emphasizes the leading in ESG aspects
- ✓ The ESG Committee is responsible to overseeing and making recommendation to the Board on the development and implementation of corporate social responsibility and sustainable development measures by the Company

Aligning Global Principles

We support the Sustainable Development Goals (SDGs) of the United Nations and identify how these global sustainability challenges relate to our business and integrate them into our daily operations:

SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

Global Recognition and Advocacy:

CDP
DISCLOSURE INSIGHT ACTION

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COSCO SHIPPING Ports Limited
The Ports for ALL

Thank you!