

OPERATIONAL REVIEW

MARKET REVIEW

In 2021, the global economy and trade began to recover, but the COVID-19 epidemic brought uncertainty to the economic recovery of countries around the world. In the latest World Economic Outlook released by the International Monetary Fund (IMF) on 25 January 2022, the expected global economic growth in 2022 was lowered by 0.5 percentage point to 4.4%, and the expected growth of all major economies were downgraded this year.

Despite the uncertainties, China's imports and exports of goods rapidly increased in 2021 compared with 2020. The total imports and exports of goods for the year reached RMB39.1 trillion, an increase of 21.4% over 2020. In particular, total exports of goods amounted to RMB21.7 trillion, up by 21.2% and total imports of goods amounted to RMB17.4 trillion, up by 21.5%.

OVERALL PERFORMANCE

Despite challenges casted over global trade, in 2021, COSCO SHIPPING Ports continuously implemented lean operations strategy and the total throughput of the Group increased by 4.4% YoY to 129,286,375 TEU (2020: 123,824,575 TEU).

The total throughput from terminals in which the Group has controlling stake increased by 4.7% YoY to 23,374,915 TEU (2020: 22,328,730 TEU), accounting for 18.1% of the Group's total, and the total throughput from non-controlling terminals increased by 4.4% YoY to 105,911,460 TEU (2020: 101,495,845 TEU), accounting for 81.9% of the Group's total. The Group's total equity throughput increased by 3.7% YoY to 39,874,105 TEU in 2021 (2020: 38,456,239 TEU).

	2021 (TEU)	2020 (TEU)	Change (%)
Total Throughput	129,286,375	123,824,575	+4.4
Throughput from terminals in which the Group has controlling stake	23,374,915	22,328,730	+4.7
Throughput from the Group's non-controlling terminals	105,911,460	101,495,845	+4.4
Equity Throughput	39,874,105	38,456,239	+3.7
Equity throughput from terminals in which the Group has controlling stake	14,687,376	14,261,352	+3.0
Equity throughput from the Group's non-controlling terminals	25,186,729	24,194,887	+4.1

GREATER CHINA

Total throughput of the Greater China region increased by 4.1% YoY to 99,275,231 TEU in 2021 (2020: 95,380,835 TEU) and accounted for 76.8% of the Group's total.

Bohai Rim

Total throughput of the Bohai Rim region increased by 2.3% YoY to 42,835,185 TEU in 2021 (2020: 41,884,560 TEU) and accounted for 33.1% of the Group's total. In particular, the overall increase in container volume of Tianjin Port drove the increase in container volume of domestic and foreign trade of Tianjin Container Terminal. The throughput of Tianjin Container Terminal increased by 9.9% to 8,642,445 TEU (2020: 7,866,145 TEU).

Yangtze River Delta

Total throughput of the Yangtze River Delta region increased by 4.5% YoY to 15,436,773 TEU in 2021 (2020: 14,768,442 TEU) and accounted for 11.9% of the Group's total. Shanghai Pudong Terminal and Shanghai Mingdong Terminal secured some ad-hoc shipping calls, and the throughput increased by 6.4% YoY and 9.6% YoY to 2,600,511 TEU and 6,845,534 TEU respectively (2020: 2,443,406 TEU and 6,246,932 TEU). Nantong Tonghai Terminal continued to strengthen internal synergy and external customer marketing, and further improved the domestic trade routes network, as a result of which the throughput increased by 3.3% YoY to 1,452,334 TEU (2020: 1,405,658 TEU).



Operational Review

Southeast Coast and Others

Total throughput of the Southeast Coast region increased by 12.9% YoY to 6,149,785 TEU in 2021 (2020: 5,445,662 TEU) and accounted for 4.8% of the Group's total. Throughput of Xiamen Ocean Gate Terminal surged by 22.7% YoY to 2,541,035 TEU (2020: 2,070,159 TEU), mainly due to the favorable trend of overall shipment as a result of the good momentum maintained in foreign trade and increased investment in transportation capacity by shipping companies.

Pearl River Delta

Total throughput of the Pearl River Delta region increased by 3.4% YoY to 28,841,688 TEU in 2021 (2020: 27,898,470 TEU) and accounted for 22.3% of the Group's total. Driven by the increase in the US, EU and empty cargoes, the throughput of Yantian Terminals increased by 6.1% YoY to 14,161,034 TEU (2020: 13,348,546 TEU).

Southwest Coast

Total throughput of the Southwest Coast region increased by 11.7% YoY to 6,011,800 TEU in 2021 (2020: 5,383,701 TEU) and accounted for 4.6% of the Group's total, which was mainly benefited from the increased trade activities between China and Southeast Asia.

OVERSEAS

Total throughput of the overseas region increased by 5.5% YoY to 30,011,144 TEU in 2021 (2020: 28,443,740 TEU) and accounted for 23.2% of the Group's total. Due to the continuous congestion of major ports in northwest Europe, CSP Zeebrugge Terminal became an important buffer port for the region and, together with the addition of new routes, its throughput increased by 52.9% YoY to 931,447 TEU (2020: 609,277 TEU). As result of new routes and the significant increase in local cargoes due to the increased ability to connect to the cargo hinterland, the throughput of CSP Spain Related Companies increased by 6.9% YoY to 3,621,188 TEU (2020: 3,387,820 TEU).

PROSPECTS

Year 2021 marked the start of the 14th Five-Year Plan for COSCO SHIPPING Ports. The Company will continue to promote the high-quality development of COSCO SHIPPING Ports under the guidance of the 14th Five-Year Plan, actively grasp strategic development opportunities, promote the Company's scale expansion, unswervingly deepen the lean operations, and enhance the quality and efficiency of the terminal.

Looking forward to 2022, despite the complex and uncertain global macro environment, the resilience of China's economic development, the strong domestic market, a sound supply system and the coming into force of the Regional Comprehensive Economic Partnership ("RCEP") will provide support to China's economy and the long-term economic fundamentals will remain unchanged. With the penetration of vaccines and the gradual recovery of production capacity in developed countries, the growth rate of China's foreign trade is expected to slow down in 2022, and the demand for container transport will gradually return to normal.

In 2022, the Company will hold the principle of value creation and build on the positive momentum to win the battle of lean operations, the key for the Company to improve quality and efficiency. The Company will earnestly progress to increase revenue per TEU of terminals in which the Group has controlling stake and increase its control over the cost per TEU, improve the investment return from terminals in which the Group has controlling stake, thus steadily improve the Company's efficiency.

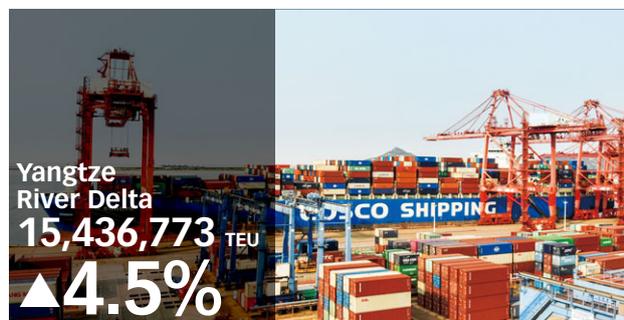
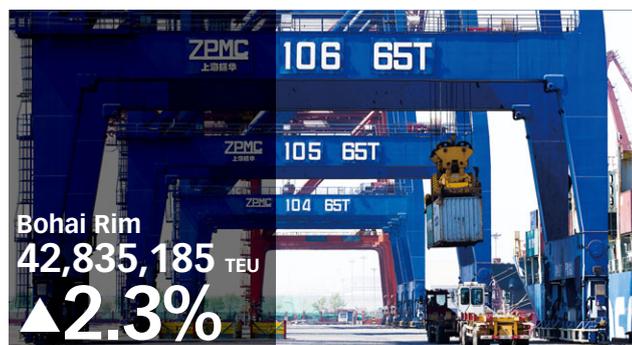
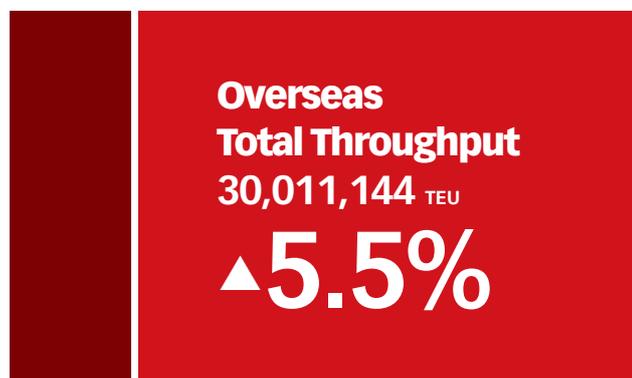
Operational Review

The Company will further promote the implementation of digital transformation planning and technology planning, continue to improve the system functions of the Management Information System (MIS) project at headquarters, and accelerate the launch of the Enterprise Asset Management (EAM) system for terminals in which the Group has controlling stake. The Company will firmly follow the trend of smart, green and low-carbon, consolidate and intensify technological innovation, and promote green shore power system for domestic terminals in which the Group has controlling stake. Concentrating on the construction of smart port demonstration projects, the Company will seize the opportunity presented by the 5G smart port 2.0 to promote the intelligent transformation of traditional terminals and build smart, green and low-carbon ports.

The Company will endeavor to promote its global terminal network, seek new breakthroughs in scale expansion, improve and optimize its global terminal network, strengthen the expansion of projects in emerging markets, capture fulcrums along the regions covered by the "Belt and Road Initiative", and grasp opportunities in premium projects in Southeast Asia, the Middle East and Africa under RCEP. While promoting scale expansion, the Company will proactively consolidate and manage the Company's terminal resources, and dispose its investment in terminals of less strategic importance, low investment returns and poor development prospects in a timely manner to enhance the overall value of the Company's assets.

Operational Review

Throughput for the year ended 31 December 2021 was set out below:



Shanghai Pudong Terminal	2,600,511	+6.4%
Shanghai Mingdong Terminal	6,845,534	+9.6%
Ningbo Yuan Dong Terminal	3,040,534	-2.0%
Lianyungang New Oriental Terminal	1,009,674	-7.3%
Taicang Terminal	488,186	+22.0%
Nantong Tonghai Terminal	1,452,334	+3.3%



Xiamen Ocean Gate Terminal	2,541,035	+22.7%
Quan Zhou Pacific Terminal	1,255,347	-5.8%
Jinjiang Pacific Terminal	323,043	-27.2%
Kao Ming Terminal	2,030,360	+26.9%

QPI	23,710,000	+7.7%
Dalian Container Terminal	3,584,187	-28.1%
Dalian Dagang Terminal	20,300	-3.3%
Tianjin Euroasia Terminal	3,197,096	+4.5%
Tianjin Container Terminal	8,642,445	+9.9%
Yingkou Terminals ^{Note 1}	2,304,613	-11.4%
Jinzhou New Age Terminal	735,208	+1.7%
Qinhuangdao New Harbour Terminal	641,336	+3.1%

Notes:

- Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.

Operational Review



Yantian Terminals	14,161,034	+6.1%
Guangzhou Terminals ^{Note 2}	11,607,532	+1.3%
Hong Kong Terminals ^{Note 3}	3,073,122	-0.4%



Piraeus Terminal	4,696,265	-4.1%
CSP Zeebrugge Terminal	931,447	+52.9%
CSP Spain Related Companies	3,621,188	+6.9%
CSP Abu Dhabi Terminal	697,236	+4.8%
COSCO-PSA Terminal	4,727,146	-7.1%
Vado Reefer Terminal	67,252	+11.6%
Euromax Terminal	2,658,175	+8.3%
Kumport Terminal	1,248,131	+2.5%
Suez Canal Terminal	3,648,393	-3.6%
Red Sea Gateway Terminal ^{Note 5}	1,354,374	N/A
Antwerp Terminal	2,202,433	-3.0%
Seattle Terminal	292,473	+17.8%
Busan Terminal	3,809,888	+1.3%
Vado Container Terminal ^{Note 6}	56,743	N/A



Beibu Gulf Port ^{Note 4}	6,011,800	+11.7%
-----------------------------------	------------------	---------------

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 26% equity interest in Beibu Gulf Terminal through injection of its equity interest in Qinzhou International Terminal into Beibu Gulf Terminal and cash consideration. Therefore, throughput of Qinzhou International Terminal for January to November 2020 was included in the throughput of Beibu Gulf Terminal, and only throughput of Beibu Gulf Terminal was included in throughput of Beibu Gulf Port starting from December 2020.
- On 14 July 2021, the Group completed the acquisition of 20% equity interest in the terminal. Therefore, the figure of the terminal for the year ended 31 December 2021 was the throughput of the terminal from July to December 2021.
- The Group holds 40% equity of APM Terminals Vado Holdings B.V. and completed the acquisition of Vado Container Terminal on 24 September 2021. The company indirectly holds 40% equity of the terminal since then. The figure of the terminal for the year ended 31 December 2021 was the throughput of the terminal from October to December 2021.
- Total throughput of bulk cargo, excluding the throughput of Beibu Gulf Port, for the year ended 31 December 2021 was 77,981,837 tons (2020: 77,413,837 tons), representing an increase of 0.7%. Total throughput of automobile for the year ended 31 December 2021 was 826,977 vehicles (2020: 750,112 vehicles), representing an increase of 10.2%. Throughput of reefer of Vado Reefer Terminal for the year ended 31 December 2021 was 375,917 pallets (2020: 386,091 pallets), representing a decrease of 2.6%.

Operational Review

Terminal Portfolio (As of 31 December 2021)

Terminal company	Share holdings	Target number of berths	Target designed annual handling capacity (TEU)	Depth (m)
		64	29,750,000	
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 Container Terminal	51%	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
		28	16,292,000	
Yangtze River Delta		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	6
CSP Wuhan Terminal	70%	4	772,000	6.4
		4	4,200,000 tons	6.4

Operational Review

Terminal Portfolio (As of 31 December 2021)

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	
		100	268,400,000 tons	
Beibu Gulf Port ^{Note 1}	10.65%	18	10,800,000	N/A
		100	268,400,000 tons	N/A
Beibu Gulf Terminal	30.69%	6	3,600,000	15.1

Note:

1. The target number of berths and the target designed annual handling capacity do not include Beibu Gulf Terminal.

Operational Review

Terminal Portfolio (As of 31 December 2021)

Terminal company	Share holdings	Target number of berths	Target designed annual handling capacity (TEU)	Depth (m)
		78	45,660,000	
Overseas		2	6,200,000 tons	
		2	600,000 pallets	
Piraeus Terminal	100%	8	6,200,000	14.5-19.5
CSP Zeebrugge Terminal	85.45%	3	1,300,000	17.5
CSP Abu Dhabi Terminal	40%	3	2,500,000	18
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
Suez Canal Terminal	20%	8	5,000,000	17
Kumport Terminal	26%	6	2,100,000	15-16.5
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	17.85%	5	3,200,000	17.65
Red Sea Gateway Terminal	20%	11	5,200,000	18
Vado Reefer Terminal	40%	2	250,000	14.5
		2	600,000 pallets	14.1
Vado Container Terminal	40%	2	860,000	17.25
Total		427		
Target total number of container berths/ Target designed annual handling capacity		243	140,702,000	
Target total number of bulk berths/ Target designed annual handling capacity		179	533,390,000 tons	
Target total number of automobile berths/ Target designed annual handling capacity		3	780,000 vehicles	
Target total number of reefer berths/ Target designed annual handling capacity		2	600,000 pallets	

The Ports for ALL



China

Terminal Coverage	22 Ports
Designed Container Berths	165
Designed Annual Handling Capacity	95,042,000 TEU

Overseas

Terminal Coverage	15 Ports
Designed Container Berths	78
Designed Annual Handling Capacity	45,660,000 TEU

Bohai Rim



21.1%	Percentage of total designed annual handling capacity
64	Designed container berths
29,750,000 TEU	Designed annual handling capacity

Yangtze River Delta



11.6%	Percentage of total designed annual handling capacity
28	Designed container berths
16,292,000 TEU	Designed annual handling capacity

Southeast Coast and Others



6.4%	Percentage of total designed annual handling capacity
15	Designed container berths
9,000,000 TEU	Designed annual handling capacity

Pearl River Delta



18.2%	Percentage of total designed annual handling capacity
34	Designed container berths
25,600,000 TEU	Designed annual handling capacity

Southwest Coast



10.2%	Percentage of total designed annual handling capacity
24	Designed container berths
14,400,000 TEU	Designed annual handling capacity

Overseas



32.5%	Percentage of total designed annual handling capacity
78	Designed container berths
45,660,000 TEU	Designed annual handling capacity