Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors ("Board") of the Company, I am pleased to report to you the Company's final results for 2015.

Excellence through Specialisation

Since listing on the Stock Exchange of Hong Kong in 1994 as a company solely engaged in container leasing, COSCO Pacific has diversified into the operation of terminals, and the profit from this business has grown continuously ever since. To unlock fully the Company's intrinsic value and deliver long-term shareholder returns, COSCO Pacific has now seized the opportunity presented by the reorganisation of its parent, COSCO, to transform itself into a pure terminal operator, through the disposal of Florens and the acquisition of CSPD. The enlarged global terminal portfolio and hub strategy, supported by the expanded shipping fleet of its parent company, have enhanced COSCO Pacific's competitive edge, laying the foundation for a bright future.

Specialising in the Terminals Business and Strengthening our Leading Position in the Industry

Early in December 2015, China's State Council officially approved the reorganisation of COSCO and China Shipping Group. COSCO Pacific, as the parent's listed terminal company, seized this golden opportunity to announce a restructuring plan on 11 December 2015, under which it would focus the Group's resources on the development of its terminals business, in order to unlock the Group's intrinsic value and enhance shareholder returns over the long term. The reorganisation proposal was passed overwhelmingly in a vote of the independent shareholders, reflecting its wide support among all shareholders.

On behalf of the Board and the management, I would therefore like to extend our sincere gratitude to shareholders for their trust and support.

The acquisition of CSPD provides the Group with an opportunity to invest in a portfolio of terminal assets, enlarging its business network and global market share, and thereby strengthening COSCO Pacific's leading position in the global container terminal industry. Benefiting from an enlarged terminals portfolio and the management expertise of CSPD, the Group is now well positioned to expand and optimise its terminals network by "going global" and looking for new investments that will strengthen its competitiveness worldwide. In addition, the Group's terminal coverage in China has been extended to Southwestern coastal areas, so that its presence fully covers China's five port regions.

The reorganisation also creates immense synergies for COSCO Pacific. Over the years, COSCO Pacific has always been supported by the massive fleet of its parent, COSCO. Following the reorganisation of COSCO and China Shipping Group, COSCO's container shipping fleet has grown, with capacity reaching 1.6 million TEU and ranking fourth in the world. This brings clear benefits for COSCO Pacific. In addition, the reorganisation facilitates the integration of the Group's expertise in foreign trade terminals and overseas investment with CSPD's experience in domestic trade terminals. This will allow us to maximise both the operational efficiency of our terminal investments and our overall cost management.

The reorganisation proposal was completed in March 2016 with the support of a large majority of shareholders. As such, the conditions for the conditional HK80 cents per share special cash dividend declared earlier were fulfilled, and accordingly the conditional special cash dividend will be payable to shareholders whose names appear on the register of members of the Company on 15 April 2016, and the payment date will be 4 May 2016. Given the interest rate increase announced by the US Federal Reserve, and in view of the Group's current cash reserves and low gearing, distributing the conditional special cash dividend will effectively increase returns to shareholders.

Seizing the Opportunities from the "One Belt, One Road" Initiative to Increase Corporate Value and Competitiveness

In 2015, China's "One Belt, One Road" policy officially entered the implementation stage, centring on foreign trade. The establishment of the Asia Infrastructure Investment Bank ("AIIB") has laid a solid foundation for the implementation of "One Belt, One Road" by providing a source of funds. According to a forecast by the International Monetary Fund ("IMF"), the total trade of the countries (excluding China) lying on the routes of "One Belt, One Road" is expected to grow by 5.3% and 5.8% respectively year-on-year in 2016 and 2017, higher than the growth rate of total global trade. The opportunities for trading and terminal businesses in China and in countries along "One Belt, One Road" are therefore expected to increase markedly.

To seize the opportunities arising from "One Belt, One Road", COSCO Pacific is proactively seeking investment opportunities in countries lying along the routes. In 2015, the Group successfully completed an investment in Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş. ("Kumport Terminal") in Istanbul, Turkey, expanding the global presence of its terminal network. Furthermore, Kumport Terminal, whose location complements the Group's Piraeus Terminal in Greece, strengthens the Group's competitive advantage in the Mediterranean region.

The Group is committed to exploiting the opportunities arising from "One Belt, One Road" and the Yangtze River Economic Belt through investing in ports along the Maritime Silk Road, in ASEAN and Eurasia. It will also continue to invest in hub ports in response to the global trend toward mega-vessels, which requires the creation of a global hub network, and leverage its parent's hub strategy and the expanded terminal network to create new prospects. The Group will continue to enhance its leading position in the industry and its corporate value in pursuit of higher levels of competitiveness.

Profit Growth through Effective Management amidst Downward Macro-economic Pressure

According to the latest estimate made on 19 January 2016 by the IMF in its World Economic Outlook, the world economy grew by 3.1% in 2015. Economic growth in emerging markets and developing economies declined for the fifth consecutive year, while China's economic growth moderated. Against the backdrop of a healthy recovery, the United States has gradually tightened monetary policy. The foreign exchange, commodities and equity markets have become more volatile as a consequence of the strong US dollar, subdued demand and the uncertain political and economic outlook around the world. This has affected shipping and port-related businesses.

Global trade growth slowed down in 2015, while China's foreign trade recorded a year-on-year decline, decelerating at a faster pace than market forecasts. According to China Customs statistics, China's foreign trade fell by 7.0% year-on-year to RMB24.58 trillion, reflecting the complex and difficult environment for foreign trade, which experienced considerable downward pressure during the year. In addition, according to a forecast by Drewry Shipping Consultants Limited ("Drewry") made in January 2016, global container throughput rose only 1.3% year-on-year in 2015. These macro-economic figures illustrate the severe market conditions in the shipping and port related industries. Affected by these macro-economic factors, the Group's terminals business recorded only moderate growth, while the Group's container leasing business was additionally impacted by a decline in container prices and falling lease rates that were a consequence of oversupply and plunging raw materials prices.

To counter the difficult market conditions, the Group has progressively imposed more stringent controls on operating costs, and is committed to enhancing operational efficiency and shareholder returns. In 2015, the profit attributable to equity holders of the Company rose 30.4% to US$381,644,000 (2014: US$292,759,000) and earnings per share rose 29.5% to US 12.96 cents (2014: US 10.01 cents). Excluding the US$79,152,000 write back of provision from the disposal of the 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. ("CIMC") in 2013, the profit attributable to equity holders of the Company rose 3.3% to US$302,492,000 and the earnings per share rose 2.6% to US 10.27 cents.

Stable Dividend Policy and Positioning for Future Development

The Board is recommending a final dividend of HK 22.9 cents per share (2014: HK 15.4 cents). This is a cash distribution with a scrip dividend alternative. The full-year dividend will be HK 40.2 cents (2014: HK 31.0 cents), with the payout ratio at 40.0% (2014: 40.0%).

The Board regards the stable payout ratio as one of the key commitments it undertakes to shareholders of the Company. Adherence to the dividend policy provides stable and predictable returns for shareholders and enhances investors' confidence over the long term. The Group will maintain its stable dividend policy and properly allocate the Company's cash, so that it remains well positioned for future investments and sustainable development, with a view to creating and enhancing value for shareholders on a continuous basis.

Acknowledging Past Achievements and Preparing for a Bright Future

As a result of the faltering recovery in global trade, the IMF has adjusted down its 2016 forecast for global economic growth by 0.2 percentage points to 3.4%, and for global trade growth by 0.7 percentage points to 3.4%. China's foreign trade therefore continues to face downward pressure and, overall, the macroeconomic conditions for port-related industries in 2016 are not encouraging.

Given slow economic growth and more intense competition in the ports industry, COSCO Pacific will seize opportunities for development, expand its capacity and strengthen its competitiveness during 2016. COSCO Pacific will devote its efforts to completing the reorganisation of the business, in order to leverage the economies of scale from its expanded terminals business and the synergies with its parent company. The Group will also conduct prudent risk management, while exploiting investment opportunities through the continuous implementation of its four areas of strategic focus, emphasising the development of its global port network, and striving to build global container hubs. These sustainable development strategies are expected to enhance continuously COSCO Pacific's profitability, strengthen its competitive edge and create sustainable growth in shareholder value.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the former and current management of Florens, as well as all the staff, for their exceptional contribution and dedication. Since listing on the Stock Exchange of Hong Kong in 1994 with a container fleet of 261,570 TEU, the fleet size has grown continually to reach 1,944,654 TEU at the end of 2015, ranking fourth in the world with a 10.5% market share. Such splendid accomplishments are due to the steadfast endeavour and devotion of all staff members. I wish Florens exceptional growth ahead.

I am honoured to have witnessed the strong operational capacity COSCO Pacific has demonstrated amidst the adverse market conditions, and the dedicated effort of management and staff at every level to the Group's reorganisation, which scaled new peaks for COSCO Pacific. I wholeheartedly thank all of you! Once more, we also give our appreciation to the shareholders for their trust and support. I shall resign on 29 March 2016 and Mr. HUANG Xiaowen has been appointed to take over as Chairman of the Board of COSCO Pacific. Under Mr. HUANG's leadership, COSCO Pacific is expected to integrate quickly the respective strengths of COSCO Pacific and CSPD in terminal operations, and fully capitalise on the synergies between the Group and our parent company. We shall continue to strive to make progress and achieve excellence through specialisation, as we develop COSCO Pacific into a leading global terminal operator, paving the way for a bright future for the Company and greater value for its shareholders and other stakeholders.

万敏

WAN Min
Chairman

29 March 2016