

CHAIRMAN'S STATEMENT



HUANG Xiaowen
Chairman

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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 2016 and to outline our development strategy for the future.

In 2016, the Group’s profit attributable to equity holders decreased by 42.5% to US\$247,031,000 (2015: US\$429,313,000). Earnings per share were US8.30 cents (2015: US14.58 cents), a 43.1% decrease when compared with last year. Excluding discontinued business, the profit attributable to equity holders of the Company dropped 32.3% to US\$180,937,000 (2015: US\$267,312,000).

The Board is recommending a final dividend of HK7.8 cents per share (2015: HK22.9 cents). This is a cash distribution with a scrip dividend alternative. Excluding the conditional special cash dividend of HK80.0 cents per share that was distributed in 2016, the full-year interim and final dividend will be HK25.8 cents (2015: HK40.2 cents), with the payout ratio at 40.0% (2015: not applicable ^{Note}). 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 our capital, to ensure sustainable development of our

business, creating and enhancing value for shareholders on a continuous basis.

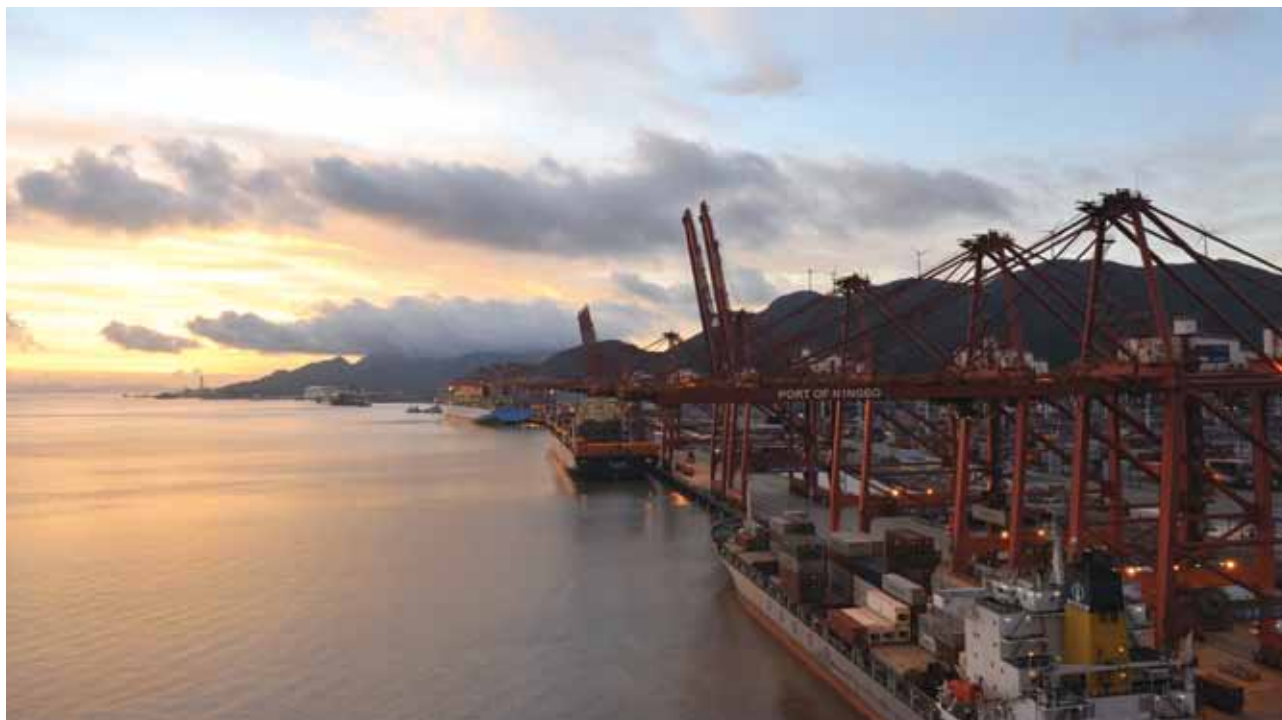
Note: According to 2015 annual report, the 2015 payout ratio was 40.0% (before restatement).

Moving Forward, Embracing Change

The year 2016 was an important milestone for the Group. I wish to thank our shareholders for their trust and support, as a result of which the Group’s reorganisation proposal was approved on 1 February by a large majority of independent shareholders. The reorganisation was completed in March and the Company was successfully transformed into a pure terminals operator, with an enlarged global network. On 22 July, the Company changed its name to COSCO SHIPPING Ports Limited (“COSCO SHIPPING Ports”). The new name not only reflects the Company’s strategic goals and more focused business, but also highlights the Group’s synergies with its parent company. On the back of this reorganisation, the Group studied the external environment and its own strengths in order to devise a new strategic development plan for its long-term growth. This has brought a new growth momentum to COSCO SHIPPING Ports, enabling us to aim higher and further.



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“The Ports For ALL”

In the past few years, the global shipping market has witnessed sluggish growth and intense competition. Some large shipping companies have even collapsed, while the operating environment has become highly complex. Against this backdrop, there has emerged a new trend of shipping companies forming strategic alliances and these have a growing voice in the global shipping industry. Given these circumstances, port and terminal operators must respond to changes in the business environment much more actively than before, and the importance of maintaining long-term, trusting and synergistic relationships with the shipping alliances cannot be neglected. COSCO SHIPPING Ports enjoys unique advantages from its parent, which has the world's fourth largest container fleet and is a member of the OCEAN Alliance. The relationship means we enjoy a steady source of business and have a strong competitive edge in uncovering and bidding for investment opportunities. This represents a powerful backing for the Group's future development.

The shipping alliances are large in scale and have huge market share, with operations on a global basis. In light of this, COSCO SHIPPING Ports has adopted as its new motto “The Ports For ALL”. Our vision is to build a global port network, working towards a synergistic platform that offers mutual benefits for the entire shipping industry, connecting global routes to become truly “the ports for all people”.

The Ports For ALL is not merely an idea. It defines COSCO SHIPPING Ports as a responsible participant in this transitional era, working for its long-term development and promoting win-win outcomes for all in the port and shipping industry.

Guided by the philosophy embodied in “The Ports For ALL”, COSCO SHIPPING Ports is committed to making itself responsible to all stakeholders. Since 2015, we have been publishing sustainability reports annually, disclosing the Company’s efforts with regards to sustainability as well as other related information. This year, we have expanded the survey of our stakeholders to gain a better appreciation of their concerns. Through continuous monitoring, measurement and disclosure, we are enhancing our transparency as a company.

Three Strategies for Even Greater Success

The new strategic development plan devised by COSCO SHIPPING Ports will enhance the Company’s competitiveness in three ways:

1. Developing a global terminals portfolio: actively seeking terminal assets on a global basis that offer good intrinsic value and long-term returns, so as to develop a comprehensive, well-balanced global terminals network.
2. Fully exploit the synergies with the container fleet of parent company COSCO SHIPPING and the OCEAN Alliance: fully exploiting the dominance arising from COSCO SHIPPING’s container fleet and seizing significant market share within the OCEAN Alliance.
3. 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 a unified management and information system to integrate terminal operations.

Pursuing New Goals

In the coming five years, COSCO SHIPPING Ports will adhere to its development philosophy of “The Ports For ALL” and implement the three strategies in stages. We believe that successful implementation of these strategies will enhance the quality of the Group’s terminal assets and their management efficiency, providing global shipping companies and the shipping alliances with value-added services of higher quality and broader scope. On this basis, COSCO SHIPPING Ports will maximise its unique competitive advantages. Seizing the development opportunities offered by China’s “One Belt, One Road” policy, we will strive to increase our market share, with the aim of becoming the world’s leading terminals operator, achieve sustainability in our business and enhance our overall profitability and shareholder returns.

I have been honoured to serve as COSCO SHIPPING Ports’ Chairman during 2016 and to witness the Group’s transformation and development. Over the past year, the Group has completed its reorganisation as well as several mergers and acquisitions, and has successfully laid out and begun implementing its new strategic plan. These achievements have been made possible by the trust of our shareholders and the dedicated efforts of our staff at every level of the organisation. On behalf of the Board, I would like to express my heartfelt gratitude to every one of you for your support for COSCO SHIPPING Ports. We shall continue to work together and deliver results, enabling COSCO SHIPPING Ports to reach higher and further.



HUANG Xiaowen

Chairman

28 March 2017