Independent Auditor’s Report

To the Shareholders of COSCO SHIPPING Ports Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of COSCO SHIPPING Ports Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 114 to 200, which comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Major acquisition and major disposal with China Shipping (Group) Company (“China Shipping Group”);
- Recoverability of carrying amounts of terminal assets, investments in joint ventures and associates; and
- Recoverability of trade receivables.

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<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
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Major acquisition and major disposal with China Shipping Group

Refer to note 1, 2, 3.1(a), 38 and 42 to the consolidated financial statements.

On 1 February 2016, the shareholders of the Company approved in the special general meeting the proposed major and connected transactions with China Shipping Group (the "Transactions").

The Transactions comprised:

(1) the acquisition of China Shipping Ports Developments Co., Limited ("CSPD") from COSCO SHIPPING Financial Holdings Co., Limited (formerly known as China Shipping (Hong Kong) Holdings Co., Limited, "COSCO SHIPPING Financial Holdings") and COSCO SHIPPING Development Company Limited (formerly known as China Shipping Container Lines Company Limited, "COSCO SHIPPING Development") (the "Major Acquisition"); and

(2) the disposal of Florens Container Holdings Limited (now known as Florens International Limited, "FCHL") to COSCO SHIPPING Development (Hong Kong) Co., Limited (formerly known as China Shipping Container Lines (Hong Kong) Co., Limited, "CSDHK") (the "Major Disposal")

We have identified the Major Acquisition and Major Disposal with China Shipping Group as a key audit matter because of its financial significance to the consolidated financial statements and because the Transactions significantly affected the composition of the Group's businesses and activities. Significant audit effort is required.

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Our procedures in relation to the Major Acquisition and Major Disposal with China Shipping Group included the following:

- participated in various meetings and discussions with external parties and Group management to understand the details of the Transactions;
- obtained and read the related share purchase agreements and related announcements made by the Group in order to assess the accounting implications of the Transactions on the consolidated financial statements of the Group; and
- checked the consideration received for the Major Disposal and paid for the Major Acquisition by the Group to bank statements.

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Major Acquisition

The Major Acquisition has been accounted for in the consolidated financial statements as business combination under common control using merger accounting as the Group, COSCO SHIPPING Financial Holdings, COSCO SHIPPING Development and CSPD are under the common control of the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC").

Details of the merger accounting method for common control combinations are disclosed in Note 3.1 (a) to the consolidated financial statements.

Statement of adjustments for the Major Acquisition are disclosed in Note 42 to the consolidated financial statements.

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Major Acquisition

- assessed if the Major Acquisition fulfilled the requirements of business combination under common control for applying merger accounting;
- compared the accounting policies of CSPD against those of the Group and assessed the adjustments made for alignment;
- checked the intercompany balances and transactions between CSPD and the Group to assess the accuracy and completeness of the elimination adjustments;
- assessed the appropriateness of the accounting treatment on those investments mutually owned by the Group and CSPD on a consolidated basis;
- reconciled the relevant historical carrying values of the assets and liabilities of CSPD to corresponding historical audited financial statements of CSPD; and
- tested balances of the assets and liabilities as at 1 January 2015 and 31 December 2015 included in the financial statements under merger accounting for the business combination.

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Key Audit Matter	How our audit addressed the Key Audit Matter
Major Disposal The Group recorded a gain of US$59.0 million from the disposal of FCHL (representing the container leasing, management and sale, and related businesses of the Group), details of the calculation of the disposal gain is disclosed in note 38.	**Major Disposal** We tested the accuracy of the assets and liabilities of FCHL by reconciling these amounts to the completion account of FCHL and assessed the corresponding tax effect, which were included in the calculation of the gain on disposal and related results disclosed within discontinued operations. Based on the audit procedures performed, we found the accounting for the Major Acquisition and Major Disposal to be supportable.
Recoverability of carrying amounts of terminal assets, investments in joint ventures and associates Refer to note 3.8, 5(a), 7, 11 and 12 to the consolidated financial statements. The Group involves in terminals operation through subsidiaries, investments in joint ventures and associates in Hong Kong, Mainland China, Singapore, Belgium, Netherlands, Italy, Egypt, Greece, Taiwan and Turkey. As at 31 December 2016, there were terminal assets with a total carrying value of property, plant and equipment of US$2,368 million (note 7), investment in joint ventures with a total carrying amount of US$1,409 million (note 11), and investment in associates with a total carrying amount of US$1,406 million (note 12). Management performed assessment at the end of each reporting period whether there is any indication that the terminal assets, investments in joint ventures and associates may be impaired. Should there be any indicator exists, an impairment assessment will be performed accordingly. The recoverable amounts of the terminal assets, investments in joint ventures and associates are assessed by value-in-use calculations which are based on future discounted cash flows on a cash generating unit basis. Management has concluded that there was no impairment in respect of the terminal assets, investments in joint ventures and associates as at 31 December 2016. This area is significant to our audit because of the significance of the carrying amounts of the assets and the significant management judgement involved in determining the value in use prepared based on future discounted cash flows. For terminals assets, investments in joint ventures and associates, the judgement focuses on future contractual revenue, future profitability, cost inflation rates and discount rates. All these factors are with estimation uncertainties and may impact the results of the impairment assessment.	We obtained an understanding on the Group's policies and procedures to identify impairment indicators of terminal assets, investments in joint ventures and associates, and performed the following procedures in relation to management's impairment assessment: • evaluated the internal sources and external sources of information to identify impairment indications; if any; • evaluated the appropriateness of the value in use model adopted for the impairment assessment; • compared the current year's actual results with prior year's budgets to consider whether any past forecast included any assumptions, with hindsight, had been aggressive; • assessed the reasonableness of key assumptions such as revenue growth, future profitability and cost inflation rate by comparing to commercial contracts, available market reports and historical trend analyses; • assessed the discount rates used with the assistance of our expert team by checking to comparable companies within the same industry; • reconciled input data to supporting evidence, such as approved budgets, inflation rates, strategic plans and market data; and • evaluated management's sensitivity analysis in relation to key assumptions performed by management, to ascertain the extent of change in those assumptions that either individually or collectively would be required for the terminal assets, joint ventures and associates to be impaired, in relation to the value in use calculation. Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessment to be to be supported by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of trade receivables Refer to note 3.12, 5(b) and 18 to the consolidated financial statements. As at 31 December 2016, the Group had trade receivables of US$65.5 million and the provision for impairment of trade receivables amounted to US$0.4 million. Trade receivables of the Group comprise mainly receivables for terminal and related services rendered to the shipping line customers. The challenging operating environment in the shipping industry during the year has increased the risks of default on trade receivables from the Group's customers. In particular, in the event of insolvency of customers, the Group is exposed to a heightened risk of significant financial loss when the customers fail to meet their contractual obligations in accordance with the requirements of the agreements. Management assessed the recoverability of trade receivables by reviewing customers' aging profile, credit history and status of subsequent settlement, and determine whether an impairment provision is required. For the purpose of impairment assessment, significant judgement and assumptions, including the credit risks of customers, the timing and amount of realisation of these receivables, are required for the identification of impairment events and the determination of the impairment charge.	Our audit procedures in relation to the recoverability of trade receivables include: • understood and tested the Group's credit control procedures and tested key controls over granting of credits to customers; • verified the balances of trade receivables by requesting and receiving confirmations on a sample basis; • tested aging of trade receivable balances at year end on a sample basis; • obtained a list of long outstanding receivables and identified any debtors with financial difficulty through discussion with management as well as conducting market research on the industry; • assessed the recoverability of these outstanding receivables through our discussion with management and with reference to credit profile of the customers, publicly available information and latest correspondence with customers; and • assessed the recoverability of the balances by comparing the outstanding amounts as at year end against subsequent settlements. Based on the audit procedures performed, we found the Group's judgement and assumptions used in the impairment assessment to be supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pong Fei Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2017