

Chairman's Statement



A stylized Chinese calligraphy logo consisting of three characters: '中', '远', and '文'. The characters are written in a bold, expressive cursive style.

HUANG Xiaowen
Chairman

With the global economy forecast to continue its growth in 2018 and seizing the development opportunities presented by China's "Belt and Road Initiative", I believe COSCO SHIPPING Ports is well-positioned to continue to deliver another year of good growth, though challenges remain. While we will continue to maximise our unique competitive advantages, and grow the Company by diversifying our business and exploring investment opportunities at home and abroad, we are committed to an effective and prudent financial management in deploying our resources.

Dear Shareholders,

The year 2017 was the first full year of operation after our corporate reorganisation held in 2016. As I report the final results for 2017, it gives me a great pleasure to report that we have delivered encouraging results for the year.

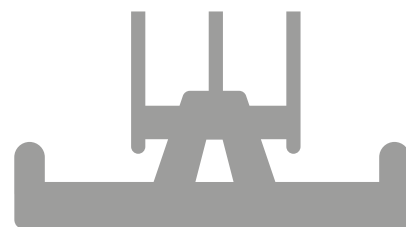
Revenue of the Group increased by 14.1% from US\$556,377,000 in 2016 to US\$634,710,000, including a contribution of two-month revenue from the newly-acquired NPH Group and an increased stake in Zeebrugge Terminal which was completed in November 2017. Gross profit was US\$209,275,000, an increase of 5.1% from last year's US\$199,083,000. Terminals profits were US\$299,866,000, a strong increase of 23.4% from last year's US\$242,898,000. Upon the completion of subscription of non-circulating domestic shares in QPI and the disposal of equity interests in Qingdao Qianwan Terminal, a one-off gain of US\$285,392,000 was recorded. Excluded the one-off gain and the discontinued operations in 2016, our adjusted net profit attributable to equity holders of the Company amounted to US\$227,062,000, an increase of 25.5%, compared with last year's US\$180,937,000. Adjusted earnings per share increased by 23.4% to US7.50 cents, compared with last year's US6.08 cents.

The Board of Directors is recommending a final dividend of US1.684 cents per share, subject to shareholders' approval at the Company's forthcoming AGM. Together with the interim dividend of US1.316 cents per share, it brings the total dividend for 2017 to US3.000 cents per share, represents a 40% payout ratio excluding one-off exceptional items. This is a cash distribution with a scrip dividend alternative.

The Board intends to follow COSCO SHIPPING Ports' prudent and sustainable dividend policy to enable the financial flexibility of the Group so as to capture future growth opportunities.

We Maintained Our Focus

The Group's vision is to build a global port network, a platform that offers mutual benefits and creates shared value for all stakeholders, and a platform that connects global routes and the entire shipping industry to become truly "the ports for all people". The year 2017 has been a year filled with challenges and opportunities for COSCO SHIPPING Ports, as the industry trend towards the greater deployment of mega-vessels has continued and the pattern of three big alliances were established. We remain committed to building a world-class and well-balanced terminal network to meet the needs of the shipping alliances and global shipping companies by continuously providing higher quality value-added services on a broader scope. During the year, we have extended our international footprint and enhanced our operational efficiencies at the same time. As at 31 December 2017, COSCO SHIPPING Ports operated and managed 269 berths at 35 ports worldwide, and our terminals portfolio covers the five main port regions domestically in Mainland China, and extends overseas to Southeast Asia, Europe, the Middle East and the Mediterranean Sea.



100,202,185

TEU

TOTAL THROUGHPUT

Chairman's Statement

Remained Financially Prudent amidst Rapid Expansion

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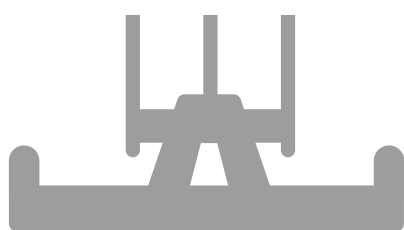
Sustainable Growth

We bear in mind the importance of sustainable development to an enterprise striving for growth and enhanced competitiveness. At COSCO SHIPPING Ports, promoting sustainability across our operations is our commitment to

both growing a successful business, creating long-term value for various stakeholders, and to giving back to society. To this end, we take our social responsibilities very seriously as we work together to forge mutually beneficial relationships with our stakeholders. In the area of sustainable development, our priorities are in three areas: environment, talent and community. We have actively fulfilled our firm commitment to caring for our people, putting customers first, promoting green development, achieving win-win cooperation and investing in communities. The Group also believes that outstanding businesses adhere to the values of honesty, integrity and compliance, which form the foundation of our efforts to foster trust and build mutually beneficial relationships with our stakeholders and society.

Good Corporate Governance

In assuming its economic responsibility to stakeholders and society, the Group has constantly pursued a higher level of integrity, transparency, professionalism, and corporate governance in its practices and policies. Good corporate



87,932,185

TEU

TOTAL THROUGHPUT*

↑ 13.4%

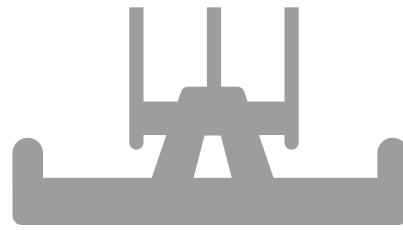
Note: excluding throughput of QPI from May to December 2017 and QQCT in 2016



governance forms an important building block in the foundation of a well-managed enterprise. Therefore it is an important priority of the Board to ensure that COSCO SHIPPING Ports continues to meet the highest international standards of corporate governance and balances the interests of all our stakeholders as well as the community.

On behalf of the Board, I would like to express my heartfelt gratitude to all staff members of COSCO SHIPPING Ports for their dedication and contribution over the past year, and for their commitment to the long-term success of COSCO SHIPPING Ports. We shall continue to work together as we advance our business to new heights.

HUANG Xiaowen
Chairman
26 March 2018



69,091,521
TEU

**TOTAL THROUGHPUT
IN GREATER CHINA***

Note: including Hong Kong & Taiwan, excluding throughput of QPI from May to December 2017 and QQCT in 2016

↑ 8.0%

