Press Release

COSCO SHIPPING Ports Limited
中遠海運港口有限公司

COSCO SHIPPING Ports Announces FY2017 Results

- Achieved total throughput of 100.2 million TEU
- Revenue increased 14.1% to US$634.7 million
- Net profit increased 183.2% to US$512.5 million

Hong Kong, 26 March 2018 – COSCO SHIPPING Ports Limited (the "Company" or "COSCO SHIPPING Ports", SEHK:1199), the world's leading ports operator, today announced annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017.

Results Highlights

	2017	2016	**Change**
	US$'000	*US$'000*	
Revenue	**634,710**	556,377	+14.1%
Gross profit	**209,275**	199,083	+5.1%
Share of profits less losses from joint ventures and associates	**236,568**	200,242	+18.1%
Operating profit (after finance income and costs)	**409,290**	57,365	+613.5%
Profit after tax from one-off exceptional items[Note 1]	**285,392**	-	N/A
Profit attributable to equity holders of the Company			
- Continuing operations	**512,454**	180,937	+183.2%
- Discontinued operation	**-**	66,094	N/A
Earnings per share – Basic (US cents)	**16.93**	8.30	+104.0%
Adjusted net profit attributable to equity holders of the company[Note 2]	**227,062**	180,937	+25.5%
Adjusted earnings per share – Basic[Note 2] (HK cents)	**58.44**	47.17	+23.9%
Dividend per share (HK cents)			
- Interim	**10.3**	18.0	-42.8%
- Final	**13.1**	7.8	+67.9%
Payout ratio [Note 3]	**40%**	40%	-

Note 1: Exceptional items represent completions of the subscription of non-circulating domestic shares in QPI and the disposal of equity interests in Qingdao Qianwan Terminal.

Note 2: Excluding profit after tax from one-off exceptional items in 2017 and profit in relation to discontinued container leasing, management and sale businesses in 2016.

Note 3: Excluding exceptional items.

Operational Reviews

Backed by the increase of international trade and the steady recovery of the global economy, there was a turnaround in the global shipping market as the increase in the demand over supply during the year helped alleviate the overcapacity in the industry.

In 2017, the OCEAN Alliance was officially established, it together with the 2M and THE Alliances, accounted for 79% of the global container shipping capacity. Ever since it started operation in April 2017, the OCEAN Alliance has been increasing its calls to the terminals of COSCO SHIPPING Ports and has accounted for 44% of the total throughput of the Group's subsidiaries for the year. The Group believes the calls of the OCEAN Alliance's fleet will continue to drive the growth of the Group's throughput going forward.

Benefitting from the economic recovery and with growth fueled by its acquisitions, the Group has achieved total throughput of 100.2 million TEU. Excluding the throughput of QPI, the throughput increased by 13.4% to 87.9 million TEU (2016: 77.6 million TEU). Throughput generated from the Greater China region increased by 8.0% to 69.1 million TEU (2016: 64.0 million TEU) accounting for 78.6% of the Group's total. The performance of the overseas portfolio was also encouraging for the year mainly due to the full year contributions by Vado Reefer Terminal and the two-month contributions by the NPH Group. The Group's overseas business recorded an outstanding performance, with its throughput reaching 18.8 million TEU, an increase of 38.7%.

The number of controlled terminals of the Group increased to 15, with a total design throughput of 28.5 million TEU after the completion of acquired 51% of the NPH Group in Spain, the remaining 76% stake in Zeebrugge Terminal, and 51% of Nantong Terminal and 70% of Wuhan Yangluo Terminal. Total equity throughput of the Group's subsidiaries amounted to 11.1 million TEU for the year, an increase of 10.2% from last year's 10.0 million TEU.

The number of overseas terminals under the Group increased to 13 with a total design capacity of 37.7 million TEU, representing an increase of 5.8 percentage points from 26.5% in 2016 to 32.3%, with a significant proportion of that increase from overseas businesses. Overseas terminals completed a total container equity throughput of 7.4 million TEU in 2017, an increase of 22.3% over the previous year, representing an increase of 2.3 percentage points from 22.7% in the previous year to 25.0%. In January 2018, a new berth was added to COSCO-PSA Terminal Private Limited in Singapore, together with two large berths replaced in January 2017. Currently, the terminal operates three large container berths in Pasir Panjang Port, the total quay length is 1,200 metres. Its operating capacity has increased from 1 million TEU in 2016 to 3 million TEU at present and its operational capability has been greatly enhanced. On 5 November 2017, the construction of the 90%-owned Abu Dhabi Khalifa Terminal Phase II was officially started. The terminal has quay length of 1,200 metres and three container berths with a design annual handling capacity of 2.4 million TEU. This facility will be put into operation in the first quarter of 2019, further enhancing the Group's overseas business.

During the year, COSCO SHIPPING Ports continued to extend its international footprint with an aim to build a balanced portfolio of terminals across an extensive network. Moving forward, the investment focus of the Group will then be in Southeast Asia, Latin America and Africa, so as to continue to extend its network of terminals.

COSCO SHIPPING Ports has formulated long-term development strategies that concentrate on the deployment of collaboration value amongst its ports, after the completion of reorganization in 2016. The collaboration values stem from the integrated or coordinated operations between existing terminal operators and their partners. On 20 January 2017, the Group announced its strategic investment in QPI. The transaction was completed on 19 May 2017. At present, the Group holds an 18.41% interest in QPI. After the completion of the project, the operating model of the Group in the Port of Qingdao extended from the operation of one single terminal to the management of the whole port, which not only strengthened its control over the whole port, but also enabled it to fully enjoy the room for development and future continuous growth of the whole port. Furthermore, we will work closely with QPI to form strategic partnership in developing overseas businesses. This new model of strategic investment in the port authority acts as a significant reference for the Group's future deployment of its businesses in Mainland China.

In addition, through the integration of its existing terminals resources, the Group has enhanced its competitiveness and the profitability of its terminals. During the year, Yingkou Container Terminal and Yingkou New Century Terminal were brought under same management since May 2017; the merger of DCT, DPCT and DICT was completed in August 2017, with DCT as the surviving entity, in which the Group holds a 19% stake; Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal commenced their integrated operational mode in August 2017; and COSCO-HIT Terminal, Asia Container Terminal and Hongkong International Terminal implemented coordinated operations starting 1 January 2017. The integration of terminals can ease unnecessary and irrational regional competition, promoting healthy development in the industry.

One of the Group's key strategies involves diversifying its business into terminal-related logistics businesses, further penetrating the business chain and building economies of scale in order to enhance the Group's operational efficiency, competitiveness and profitability. In order to realise this element of strategy, the Group has stepped up its pace in developing the logistics business during the year as it aims to optimise the full development potential of the entire port districts in the future. Domestically, in addition to the cooperation agreement signed with Nantong Municipal Government in March, 2017 to jointly operate the Nantong Tonghai Terminal, the Group has obtained the rights to use a 5,412 Mu of land outside the terminal to develop a logistics park. In addition, the Group partnered with Wuhan Iron and Steel (Group) Corporation to develop a 700 Mu transportation centre with full logistics services in Wuhan Yangluo. As for the overseas, in November 2017, at the official ground breaking ceremony for the CSP Abu Dhabi Terminal, the Group also signed a leasing agreement with Abu Dhabi Ports Company PJSC for the development of a 270,000m^2 container freight station outside the Terminal.

In an effort to broaden the global business landscape and market share, the Group is committed to optimising terminal assets and enhancing the terminal operational efficiency. In 2017, the Group signed contracts with Navis and Total Soft Bank Ltd. in relation to the application of the latest terminal operation systems to the Group's terminals. In addition, it has adopted a unified management and information system to promote the unification of the information systems for terminals in which the Group has controlling stakes, so that the headquarters of the Company can examine the operation status of each of its terminals in real time and regularly quantify the business performance with unified performance indicators so as to enhance the enthusiasm of the terminal companies. The Group also introduced and applied innovative information technologies to optimise the workflow and business operations of various departments through information and electronic means. It also provided high-quality services for customers while enhancing safety and overall operational efficiency.

Prospects

According to the IMF, the global economic growth that took place in 2017 will continue into 2018 with a projected increase of 3.9% in 2018, slightly higher than the 3.7% growth in 2017; while the world trade volume is expected to rise even more strongly to 4.6% in 2018, essentially the same growth rate as in 2017.

The advantages of COSCO SHIPPING Ports lie in the facts that the fleet of COSCO SHIPPING, its parent company, was ranked fourth globally and that it has strong backing from the OCEAN Alliance, a powerful organisation whose members constitutes 28% of the global container handling capacity**.** In 2018, the Group will fully leverage the synergies with COSCO SHIPPING and the OCEAN Alliance, strengthen its service capability to serve shipping alliances and continue to improve its global container transshipment hub network, so as to seize the business opportunities offered by the huge market of the OCEAN Alliance. At the same time, the Group will continue to establish close partnerships and good relationships with port groups, terminal operators and international liner companies. An example of such relationship-building can be seen in the Group taking the lead during January 2017 to sign a memorandum of understanding with CMA CGM Group to strengthen the cooperation between both parties in the field of global port investment and operations. The Group will strive to create the most valuable platform for sharing with and benefitting all stakeholders. COSCO SHIPPING Ports believes that through the cooperation of both parties, it can not only provide more quality services but also capture more business opportunities.

COSCO SHIPPING Ports will adhere firmly to its five-year targets by getting hold of every development opportunities and aligning its development philosophy of "The Ports For All", working towards building a synergistic platform that offer mutual benefits for the entire shipping industry.

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About COSCO SHIPPING Ports

COSCO SHIPPING Ports Limited (Stock Code: 1199.HK), is a leading ports operator in the world; its terminals portfolio covers the five main port regions in Mainland China, Southeast Asia, Middle East, Europe and the Mediterranean. As of 31 December 2017, COSCO SHIPPING Ports operated and managed 269 berths at 35 ports worldwide, of which 179 were for containers, with a combined annual handling capacity of 102.72 million TEU.

COSCO SHIPPING Ports has adopted "The Ports for ALL" as its mission and is working towards creating a synergistic platform that offers mutual benefits to all in the shipping industry, connecting global routes and becoming truly "the ports for all people". COSCO SHIPPING Ports' controlling shareholder is COSCO SHIPPING Holdings Co., Ltd. (Stock Code: 1919.HK), whose parent company, China COSCO Shipping Corporation Limited ("COSCO SHIPPING", or, together with its subsidiaries, the "COSCO SHIPPING Group"), is one of the largest integrated shipping enterprises in the world.

Please visit the Company's website http://ports.coscoshipping.com and the designated website of Hong Kong Exchanges and Clearing Limited http://www.hkexnews.hk for 2017 Annual Results Announcement.

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