Press Release

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

COSCO SHIPPING Ports Announces 2017 Interim Results

Revenue increased 0.3% to US$275.8 million
Net profit increased 123.7% to US$384.7 million

Results Highlights

- Revenue increased 0.3% to US$275.8 million (1H2016: US$275.0 million).
- During the period, the Group completed the subscription of non-circulating domestic shares in Qingdao Port International Co., Ltd. ("QPI") and the disposal of equity interests in Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal"), recording a total profit after tax from one-off exceptional items[Note 1] of US$285.4 million. **Profit attributable to equity holders of the Company amounted to US$384.7 million (1H2016: US$171.9 million), an increase of 123.7% compared with the corresponding period last year.**
- **On a comparable basis, adjusted profit attributable to equity holders, amounted to US$86.0 million (1H2016: US$80.4 million), an increase of 6.9% from 1H2016; of which following items were stripped off**,
  - *1H2017 profit after tax from one-off exceptional items*[Note 1]*;*
  - *May and June profit from QPI in 1H2017;*
  - *1H2016 profit in relation to discontinued container leasing, management and sale businesses; and*
  - *1H2016 profit from QQCT in 1H2016.*
- Total throughput increased by 11.8% to 41.8 million TEU (1H2016: 37.4 million TEU)[Note 2]; total equity throughput increased by 8.5% to 14.1 million TEU (1H2016: 13.0 million TEU)[Note 2].
- Basic earnings per share for profit attributable to equity holders amounted to US12.76 cents (1H2016: US5.80 cents). Excluding discontinued operation, basic earnings per share for profit attributable to equity holders was US12.76 cents (1H2016: US3.57 cents).
- **An interim dividend of HK10.3 cents per share** (1H2016: HK18.0 cents) has been declared. The dividend will be payable in cash and with a scrip dividend alternative. **Excluding one-off exceptional items, payout ratio remained at 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, which recorded (1) a gain after tax of US$244.6 million from the disposal of Qingdao Qianwan Terminal; (2) reversal of dividend withholding income tax provision in the amount of US$12.0 million made in prior years in respect of the profit retained by Qingdao Qianwan Terminal; and (3) a gain after tax of US$28.8 million on remeasurement of previously held interests of QPI at fair value upon further acquisition of equity interests to become an associate.

Note 2: The total throughput and total equity throughput excluded QPI's throughput of May and June 2017 and Qingdao Qianwan Terminal's throughput in 1H2016.

Hong Kong, 29 August 2017 – COSCO SHIPPING Ports Limited (the "Company" or "COSCO SHIPPING Ports", SEHK:1199), the world's leading ports operator, today announced interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017.

Operations Review

The global economy remained stable in the first half of 2017 with a noticeable recovery in the shipping and port industry. According to the International Monetary Fund, global trade volume in 2017 is estimated to grow at 4.0%, an increase of 1.7 percentage points compared with 2016. Buoyed by increasing international trade, China's foreign trade also continued to improve in the first half of the year. According to China Customs, the country's total imports and exports (in RMB) in the first half of 2017 recorded a growth of 19.6% compared with last year, with imports and exports increasing 25.7% and 15.0% respectively when compared with the same period last year. According to the statistics released by China Container Industry Association, as of June 2017, the throughput of container terminals in China increased 8.8% to approximately 115,000,000 TEU, which was 6.3 percentage points higher than the 2.5% recorded in the same period in 2016.

The rise in international trade, the official operation of the OCEAN Alliance and THE Alliance in April 2017, as well as the launch of mega-vessels, all increased calls at hub ports, and enabled the Group to achieve encouraging results in container terminals business.

Total throughput of the Group's container terminals increased by 11.8% to 41,780,867 TEU for the six months ended 30 June 2017 (1H2016: 37,358,210 TEU); of which about 19.3% (1H2016: 21.1%) or 8,046,468 TEU (1H2016: 7,880,362 TEU) were handled by the Group's subsidiaries; and the remaining 80.7% (1H2016: 78.9%) or 33,734,399 TEU (1H2016: 29,477,848) were handled by the Group's non-controlling terminals.

Total equity throughput rose by 8.5% to 14,133,596 TEU (1H2016: 13,022,747 TEU) in the first half of 2017; of which 36.2% (1H2016: 38.3%) or 5,122,437 TEU (1H2016: 4,986,632 TEU) were handled by the Group's subsidiaries, and the remaining 63.8% (1H2016: 61.7%) or 9,011,159 TEU (1H2016: 8,036,115 TEU) were handled by the Group's non-controlling terminals.

Greater China

The throughput of the Greater China region accounted for 78.7% (1H2016: 83.0%) of the Group's total throughput in the first half of 2017, an increase of 6.1% to 32,899,925 TEU compared 31,006,607 TEU in the same period of last year. The throughput in Mainland China (excluding Hong Kong and Taiwan) increased by 4.8% to 30,379,599 TEU (1H2016: 28,986,121 TEU) and accounted for 72.7% of the Group's total throughput.

To further optimise the value of its terminal portfolio in the Greater China region and enhance its management and operational efficiencies, in May 2017, the Group completed the subscription of 1,015,520,000 non-circulating domestic shares in QPI and transferred 20% equity interests in Qingdao Qianwan Terminal; as such the Group's total throughput included that of QPI since then. Upon completion of the transaction, the Group holds 18.41% equity interests in QPI, and enjoys the development potential of the whole port.

Investing in the entire port area is a major strategic deployment of the Group in the Greater China region; it not only enables the Group to enhance operating efficiency by concentrating its resources in domestic ports but also conforms to the government's reform and restructure trend to promote healthy competitions among ports and enhance synergies, so as to unlock hidden values.

The throughput of the Bohai Rim region, excluding QPI and Qingdao Qianwan Terminal, reached 7,629,840 TEU for the six months ended 30 June 2017 (1H2016: 7,431,916 TEU), an increase of 2.7% and accounted for 18.3% (1H2016: 19.9%) of the Group's total. The throughput of QPI in May and June 2017 totaled at 3,050,000 TEU. The throughput of the Yangtze River Delta region accounted for 23.4% (1H2016: 24.9%) of the Group's total and amounted to 9,759,389 TEU (1H2016: 9,306,485 TEU) for the first half of 2017, an increase of 4.9% from last year. The throughput of the Southeast Coast region increased by 10.1% to 2,328,929 TEU for the six months (1H2016: 2,114,601 TEU) and accounted for 5.6% (1H2016: 5.7%) of the Group's total. The throughput of the Pearl River Delta region was 12,570,422 TEU (1H2016: 11,622,980 TEU) and made up 30.1% (1H2016: 31.1%) of the Group's total, an increase of 8.2%. The throughput of the Southwest Coast region increased by 15.2% to 611,345 TEU (1H2016: 530,625 TEU) and made up 1.5% (1H2016: 1.4%) of the Group's total for the six months.

Overseas

The overseas terminals increased total throughput by 39.8% to 8,880,942 TEU for the six months ended 30 June 2017 (1H2016: 6,351,603 TEU) and accounted for 21.3% (1H2016: 17.0%) of the Group's total. The growth was mainly attributed to the inclusion of the throughput of Euromax Terminal Rotterdam B.V. ("Euromax Terminal") in Rotterdam to the Group since 1 October 2016, which totalled at 1,349,893 TEU for the six months. Excluding the throughput of Reefer Terminal S.p.A. ("Vado Reefer Terminal") which the Group started to include since 1 April 2017 and Euromax Terminal, total throughput from the Group's overseas terminals grew by 18.4% to 7,517,289 TEU for the period.

The Group is progressing towards its five-year plan by following the three strategies adopted. The acquisition of 51% stake in Noatum Port Holdings, S.L.U. in Spain, which is expected to complete in the second half of the year, adheres to the Group's three core strategies of "Globalisation", "Synergies" and "Control". The acquisition will help further extend the Group's overseas reach, broaden the Group's terminal network in the Mediterranean and Europe, enable the Group to establish a global strategic focal point and to build a better and well-rounded terminal network to serve shipping alliances with better and extended services, and hub ports with sufficient servicing capability for mega-vessels. Most importantly, it is a project in which the Group has a controlling stake after its investment in the Port Khalifa in Abu Dhabi in September 2016; the Group will bring the successful controlling experience at Piraeus Terminal in Greece to Noatum, and unleash the development potentials of the two projects. It is expected that the two projects are poised to have full supports from the container fleet of COSCO SHIPPING and the OCEAN Alliance, which conforms to the Group's strategies adopted.

Investor Relations

The Company has always regarded investor relations as an important aspect of corporate governance and has been seeking to heighten the level of corporate information disclosure continuously to make available to the market the development strategies and the latest business conditions of the Company. During the period, the Group participated in investor conferences organised by investment banks and conducted roadshows. The Group met with a total of 96 investors, analysts and media representatives through press conferences, analyst seminars and one-on-one and group meetings.

In the first half of 2017, with its high level of corporate governance, the Group has won the "Outstanding China Enterprise Award" from Capital magazine for the sixth consecutive year and the "Best Investor Relations Company" from Corporate Governance Asia Magazine for the sixth consecutive year. In the beginning of 2017, the Hong Kong Institute of Directors published in its report on the HKIoD Corporate Governance Score-card 2016, COSCO SHIPPING Ports, as a constituent of the Hang Seng China-Affiliated Corporations Index and with its outstanding level of corporate governance, was honored as one of the ten companies with the highest CGI scores, of which the Company was the only listed company in shipping and port sector.

Prospects

The global financial market performed well in the first half of 2017, coupled with the momentum of recovery in the manufacturing and trading industries, the International Monetary Fund expected that the global economy would record a year-on-year growth of 3.5% in 2017, up 0.4 percentage points from 2016's 3.1%.

The OCEAN Alliance, of which the container fleet of COSCO SHIPPING is a member, officially commenced its operation this April and has been gradually introducing more shipping routes to the container terminals of the Group ever since. The OCEAN Alliance jointly operates 41 shipping routes spanning across the eastward and westward routes, the Middle East and the Red Sea, with the deployment of approximately 350 container vessels in total and an overall shipping capacity of 3,500,000 TEU. It is believed that as the OCEAN Alliance enters into its full operation, it will continue to drive the Group's business growth. COSCO SHIPPING Ports will fully leverage the advantages arising from its synergies with the container fleet of COSCO SHIPPING and the OCEAN Alliance, further complete the Group's global network of container hub ports, and enhance its capability to serve shipping alliances.

The Group is working towards building a platform with mutual complementarity to maximise values for various parties, and providing shipping alliances and clients with high quality and comprehensive services.

COSCO SHIPPING Ports will continue to implement the three strategies adopted to strengthen its leading position in the Greater China region, extend its global footprint and market share, optimise its terminal portfolio and operational efficiency, and enhance its overall profitability, progressing towards its five-year plan and creating long-term values for its shareholders.

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2017 interim results announcement is available on the Company's website (http://ports.coscoshipping.com) and the designated website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk).

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