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COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

This announcement is made by the Company on a voluntary basis to enhance the practice of good corporate governance and further promote the transparency and accountability of the Company. The Company currently intends to continue to publish quarterly financial and operational highlights in the future.

The board of directors of COSCO SHIPPING Ports Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2018.

Results Highlights

- Total throughput increased by 37.7% to 27,206,500 TEU (1Q2017: 19,760,635 TEU).
- Equity throughput increased by 32.5% to 8,622,174 TEU (1Q2017: 6,507,477 TEU).
- Total throughput of terminal companies in which the Group has controlling stakes increased by 38.5% to 5,234,257 TEU (1Q2017: 3,778,898 TEU).
- Revenue increased by 86.1% to US\$237,938,000 (1Q2017: US\$127,833,000).
- Operating profit increased by 106.0% to US\$52,655,000 (1Q2017: US\$25,566,000).
- Profit attributable to equity holders of the Company increased by 84.3% to US\$69,227,000 (1Q2017: US\$37,558,000).

Unaudited Condensed Consolidated Balance Sheet
As at 31 March 2018

	As at 31 March 2018 US\$'000	As at 31 December 2017 US\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,075,346	2,980,498
Investment properties	8,595	8,410
Land use rights	294,488	278,706
Intangible assets	455,057	451,859
Joint ventures	1,234,114	1,196,648
Loans to joint ventures	40,003	1,672
Associates	2,680,866	2,579,493
Loans to associates	163,381	158,539
Available-for-sale financial assets	259,599	276,553
Deferred income tax assets	112,068	108,277
Other non-current assets	63,052	61,283
	<u>8,386,569</u>	<u>8,101,938</u>
Current assets		
Inventories	11,058	10,942
Trade and other receivables	279,179	271,430
Current income tax recoverable	2,050	3,370
Restricted bank deposits	6,645	6,333
Cash and cash equivalents	552,980	560,067
	<u>851,912</u>	<u>852,142</u>
Total assets	<u><u>9,238,481</u></u>	<u><u>8,954,080</u></u>
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	39,254	39,254
Reserves	5,361,368	5,149,313
	<u>5,400,622</u>	<u>5,188,567</u>
Non-controlling interests	<u>700,239</u>	<u>656,807</u>
Total equity	<u><u>6,100,861</u></u>	<u><u>5,845,374</u></u>

LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	134,777	133,439
Long term borrowings	2,204,661	1,823,770
Loans from non-controlling shareholders of subsidiaries	61,072	53,012
Loans from a fellow subsidiary	18,336	20,293
Derivative financial instruments	5,783	6,527
Other long term liabilities	40,896	39,886
	<u>2,465,525</u>	<u>2,076,927</u>
Current liabilities		
Trade and other payables	493,917	502,440
Current income tax liabilities	20,726	15,925
Current portion of long term borrowings	34,084	33,858
Short term borrowings	120,446	476,721
Derivative financial instruments	2,922	2,835
	<u>672,095</u>	<u>1,031,779</u>
Total liabilities	<u>3,137,620</u>	<u>3,108,706</u>
Total equity and liabilities	<u>9,238,481</u>	<u>8,954,080</u>

Unaudited Condensed Consolidated Income Statement
For the three months ended 31 March 2018

	Note	Three months ended	
		2018	2017
		US\$'000	US\$'000
Revenues		237,938	127,833
Cost of sales		<u>(164,029)</u>	<u>(85,021)</u>
Gross profit		73,909	42,812
Administrative expenses		(29,875)	(18,936)
Other operating income, net		<u>8,621</u>	<u>1,690</u>
Operating profit		52,655	25,566
Finance income		2,595	3,009
Finance costs		<u>(19,417)</u>	<u>(11,446)</u>

Operating profit (after finance income and costs)		35,833	17,129
Share of profits less losses of			
- joint ventures		19,809	16,941
- associates		43,523	19,626
		<hr/>	<hr/>
Profit before income tax		99,165	53,696
Income tax expenses		(17,178)	(8,413)
		<hr/>	<hr/>
Profit for the period		81,987	45,283
		<hr/>	<hr/>
Profit attributable to:			
Equity holders of the Company		69,227	37,558
Non-controlling interests		12,760	7,725
		<hr/>	<hr/>
		81,987	45,283
		<hr/>	<hr/>
Earnings per share for profit attributable to the equity holders of the Company			
- basic	1	US2.26 cents	US1.25 cents
- diluted	1	US2.26 cents	US1.25 cents
		<hr/>	<hr/>

Notes:

1. Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the three months ended 31 March 2018 of 3,057,112,720 (1Q2017: 3,016,018,628).

The outstanding share options granted by the Company did not have any dilutive effect on the earnings per share during the three months ended 31 March 2017, and the diluted earnings per share is equal to the basic earnings per share for the three months ended 31 March 2017. All share options were lapsed during 2017. For the three months ended 31 March 2018, the diluted earnings per share is the same as the basic earnings per share.

2. The accounting policies adopted in preparation of the financial data for the three months ended 31 March 2018 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2017.

The financial data for the three months ended 31 March 2018 are based on the internal records and financial data of the Group and are unaudited.

Operational Highlights

Driven by the supports from shipping alliances and its parent company, China COSCO Shipping Corporation Limited, as well as contribution from acquisitions, the Group's total throughput achieved encouraging results for the three months ended 31 March 2018, with total throughput increased by 37.7% to 27,206,500 TEU (1Q2017: 19,760,635 TEU). Equity throughput of the Group for the period increased by 32.5% to 8,622,174 TEU, as compared with 1Q2017's 6,507,477 TEU.

For the three months ended 31 March 2018, throughput of the terminal companies that the Group has controlling stakes amounted to 5,234,257 TEU, up 38.5% from 1Q2017's 3,778,898 TEU, and accounted for 19.2% of the Group's total; the Group's non-controlling terminals achieved throughput of 21,972,243 TEU, representing an increase of 37.5% from 1Q2017's 15,981,737 TEU.

Greater China

For the three months ended 31 March 2018, throughput of the Greater China region increased by 38.1% to 21,345,121 TEU (1Q2017: 15,451,868 TEU), accounting for 78.5% (1Q2017: 78.2%) of the Group's total throughput.

Bohai Rim

Throughput of the Bohai Rim region accounted for 32.6% (1Q2017: 18.0%) of the Group's total, increased by 149.7% to 8,866,311 TEU for the three months ended 31 March 2018 (1Q2017: 3,551,082 TEU). Throughput of Qingdao Port International Co., Ltd. ("QPI") was 4,550,000 TEU. Throughput of Dalian Container Terminal Co., Ltd. ("Dalian Container Terminal") grew by 50.0% to 2,158,861 TEU (1Q2017: 1,439,216 TEU), which benefited from the increase in throughput after merged.

Yangtze River Delta

Throughput of the Yangtze River Delta region accounted for 17.1% (1Q2017: 23.7%) of the Group's total and amounted to 4,636,858 TEU for the three months ended 31 March 2018 (1Q2017: 4,692,381 TEU), a decrease of 1.2% from last year. Impacted by the Chinese New Year holidays and prolonged foggy days in the first quarter, throughput of Shanghai Mingdong Container Terminals Limited decreased by 5.1% to 1,449,416 TEU (1Q2017: 1,526,620 TEU).

Southeast Coast

Throughput of the Southeast Coast region accounted for 5.0% (1Q2017: 5.4%) of the Group's total, increased by 27.0% to 1,354,840 TEU for the three months ended 31 March 2018 (1Q2017: 1,066,565 TEU). With the increased calls from the OCEAN Alliance, throughput of Xiamen Ocean Gate Container Terminal Co., Ltd. surged by 91.6% to 526,660 TEU (1Q2017: 274,820 TEU).

Pearl River Delta

Throughput of the Pearl River Delta region was 6,211,464 TEU (1Q2017: 5,866,606 TEU) and made up 22.8% (1Q2017: 29.7%) of the Group's total for the three months ended 31 March 2018, an increase of 5.9%. Throughput of Yantian International Container Terminals Co. Ltd., benefited from the growth in US and European exports, increased by 8.7% to 2,861,024 TEU (1Q2017: 2,632,545 TEU). Throughput of Nansha Stevedoring Corporation Limited of Port of Guangzhou ("Guangzhou Nansha Stevedoring Terminal") increased by 6.0% to 1,332,038 TEU during the period (1Q2017: 1,256,096 TEU).

Southwest Coast

Throughput of the Southwest Coast region accounted for 1.0% (1Q2017: 1.4%) of the Group's total for the three months ended 31 March 2018, increased by 0.2% to 275,648 TEU (1Q2017: 275,234 TEU).

Overseas

The overseas terminals' total throughput increased by 36.0% to 5,861,379 TEU for the three months ended 31 March 2018 (1Q2017: 4,308,767 TEU) and accounted for 21.5% (1Q2017: 21.8%) of the Group's total. Throughput of Noatum Port Holdings, S.L. in Spain and its subsidiaries ("NPH Group") was 829,769 TEU. Fueled by increased calls by the OCEAN Alliance and THE Alliance, throughput of Piraeus Container Terminal S.A. in Greece increased by 20.1% to 1,001,438 TEU (1Q2017: 833,947 TEU). Driven by increased calls from the OCEAN Alliance, throughput of COSCO-PSA Terminal Private Limited surged 66.8% to 788,240 TEU (1Q2017: 472,573 TEU).

Throughput of the Group for the three months ended 31 March 2018 was set out below:

	Three months ended		
	31 March		
	2018	2017	Change
	(TEU)	(TEU)	(%)
Bohai Rim	8,866,311	3,551,082	+149.7
Qingdao Port International Co., Ltd. ^{Note 1}	4,550,000	N/A	N/A
Dalian Container Terminal Co., Ltd. ^{Note 2}	2,158,861	1,439,216	+50.0
Dalian Dagang China Shipping Container Terminal Co., Ltd.	4,877	5,726	-14.8
Tianjin Port Euroasia International Container Terminal Co., Ltd.	612,092	537,782	+13.8
Tianjin Five Continents International Container Terminal Co., Ltd.	616,000	534,817	+15.2
Yingkou Terminal ^{Note 3}	631,013	764,033	-17.4
Jinzhou New Age Container Terminal Co., Ltd.	165,957	123,969	+33.9
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	127,511	145,539	-12.4
Yangtze River Delta	4,636,858	4,692,381	-1.2
Shanghai Pudong International Container Terminals Limited	606,922	631,480	-3.9
Shanghai Mingdong Container Terminals Limited	1,449,416	1,526,620	-5.1
Ningbo Yuan Dong Terminals Limited	744,324	739,289	+0.7
Lianyungang New Oriental International Terminals Co., Ltd.	721,093	726,770	-0.8
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	179,792	160,901	+11.7
Yangzhou Yuanyang International Ports Co., Ltd.	115,158	108,308	+6.3
Nanjing Port Longtan Container Co., Ltd.	710,381	695,481	+2.1
Taicang International Container Terminal Co., Ltd.	109,772	103,532	+6.0
Southeast Coast and others	1,354,840	1,066,565	+27.0
Xiamen Ocean Gate Container Terminal Co., Ltd.	526,660	274,820	+91.6
Quan Zhou Pacific Container Terminal Co., Ltd.	323,921	292,778	+10.6
Jinjiang Pacific Ports Development Co., Ltd.	96,296	90,370	+6.6
Kao Ming Container Terminal Corp.	407,963	408,597	-0.2
Pearl River Delta	6,211,464	5,866,606	+5.9
Yantian International Container Terminals Co., Ltd.	2,861,024	2,632,545	+8.7
Guangzhou Terminal ^{Note 4}	2,531,823	2,423,131	+4.5
Hong Kong Terminal ^{Note 5}	818,617	810,930	+0.9
Southwest Coast	275,648	275,234	+0.2
Qinzhou International Container Terminal Co., Ltd.	275,648	275,234	+0.2
Overseas	5,861,379	4,308,767	+36.0
Piraeus Container Terminal S.A.	1,001,438	833,947	+20.1
CSP Zeebrugge Terminals NV	108,412	67,691	+60.2
Noatum Port Holdings S.L. ^{Note 6}	829,769	N/A	N/A
COSCO-PSA Terminal Private Limited	788,240	472,573	+66.8
Reefer Terminal S.p.A. ^{Note 7}	16,661	N/A	N/A
Euromax Terminal Rotterdam B.V.	671,728	666,033	+0.9
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş.	311,092	173,114	+79.7
Suez Canal Container Terminal S.A.E.	638,583	738,395	-13.5
Antwerp Gateway NV	570,124	469,534	+21.4
SSA Terminals (Seattle), LLC	40,820	40,938	-0.3
Busan Port Terminal Co., Ltd.	884,512	846,542	+4.5
Total	27,206,500	19,760,635	+37.7

- Note 1: Throughput of QPI was included since 1 May 2017.
- Note 2: The merger of Dalian Container Terminal, Dalian Port Container Terminal Co., Ltd. (“DPCT”) and Dalian International Container Terminal Co., Ltd. (“DICT”) was completed in October 2017. The figure of Dalian Container Terminal for the three months ended 31 March 2017 included throughput of DPCT and DICT; while the figure for the three months ended 31 March 2018 was throughput of Dalian Container Terminal after the merger.
- Note 3: Yingkou Container Terminals Company Limited and Yingkou New Century Container Terminal Co., Ltd. began their operations under same management since May 2017. Therefore, throughput of the two terminals was combined within throughput of Yingkou Terminal.
- Note 4: The integration of operation of Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Container Terminal Co., Ltd. was commenced in August 2017. Therefore, throughput of the two terminals was combined within throughput of Guangzhou Terminal.
- Note 5: The co-management and operation of COSCO-HIT Terminals (Hong Kong) Limited (“COSCO-HIT Terminal”), Asia Container Terminals Limited (“Asia Container Terminal”) and Hongkong International Terminals Limited was commenced on 1 January 2017. Therefore, throughput of COSCO-HIT Terminal and Asia Container Terminal was combined within throughput of Hong Kong Terminal.
- Note 6: Throughput of the NPH Group was included since 1 November 2017.
- Note 7: Throughput of Reefer Terminal S.p.A. (“Vado Reefer Terminal”) was included since 1 April 2017.
- Note 8: Total throughput of bulk cargo for the three months ended 31 March 2018 was 93,715,089 tons (1Q2017: 20,502,364 tons), an increase of 357.1%. Throughput of bulk cargo of QPI was 72,780,000 tons. Total throughput of automobile was 193,518 vehicles (1Q2017: 170,133 vehicles), representing an increase of 13.7%. Throughput of reefer of Vado Reefer Terminal was 113,012 pallets.

Caution Statement

The Company's shareholders and potential investors should note that all the figures contained herein are unaudited. Investors are cautioned not to rely on the financial and operational highlights for the three months ended 31 March 2018.

The Company's shareholders and potential investors are urged to exercise caution when dealing in the shares of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
COSCO SHIPPING Ports Limited
ZHANG Wei (張為)
Vice Chairman & Managing Director

Hong Kong, 26 April 2018

As at the date of this announcement, the board of directors of the Company comprises Mr. HUANG Xiaowen² (Chairman), Mr. ZHANG Wei (張為)¹ (Vice Chairman & Managing Director), Mr. FANG Meng¹, Mr. DENG Huangjun¹, Mr. FENG Boming², Mr. ZHANG Wei (張煒)², Mr. CHEN Dong², Mr. XU Zunwu², Mr. WANG Haimin², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. FAN Ergang³, Mr. LAM Yiu Kin³ and Prof. CHAN Ka Lok³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director