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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 2017

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 2017.

Results Highlights

- On 20 January 2017, Shanghai China Shipping Terminal Development Co., Ltd (“SCSTD”, a wholly-owned subsidiary of the Company) and Qingdao Port International Co., Ltd. (“QPI”) entered into an agreement, pursuant to which SCSTD has conditionally agreed to subscribe for 1,015,520,000 non-circulating domestic shares in QPI at a total consideration of RMB5,798,619,200 (equivalent to approximately US\$835,897,000, being RMB5.71 per share), of which RMB3,198,650,840 (equivalent to approximately US\$461,100,000) will be settled by the transfer of a 20% equity interest in Qingdao Qianwan Container Terminal Co., Ltd. (“Qingdao Qianwan Terminal”) to QPI and the remaining RMB2,599,968,360 (equivalent to approximately US\$374,797,000) will be settled in cash (the “Transactions”). According to the Transactions, Qingdao Qianwan Terminal was reclassified as an asset held for sale in the first quarter of 2017. The Group has not shared the profit from Qingdao Qianwan Terminal since January 2017. For the three months ended 31 March 2016, the Group’s share of profit from Qingdao Qianwan Terminal amounted to US\$10,664,000.
- For the three months ended 31 March 2017, profit attributable to equity holders of the Company dropped by 65.6% to US\$37,558,000 (corresponding period of 2016: US\$109,060,000). Excluding discontinued operation, profit attributable to equity holders of the Company dropped by 12.6% to US\$37,558,000 (corresponding period of 2016: US\$42,966,000)^{Note}.
- The Group’s total container throughput rose by 7.5% to 23,914,186 TEU (corresponding period of 2016: 22,249,144 TEU) and equity throughput rose by 6.1% to 7,319,967 TEU (corresponding period of 2016: 6,898,987 TEU).

Note: On 24 March 2016, the Company completed the disposal of Florens Container Holdings Limited (now known as Florens International Limited) (“FCHL”), and recorded gain on disposal of US\$59,021,000. For the three months ended 31 March 2016, profit of FCHL attributable to equity holders of the Company was US\$7,073,000.

Unaudited Condensed Consolidated Balance Sheet
As at 31 March 2017

	Note	As at 31 March 2017 US\$'000	As at 31 December 2016 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,376,944	2,367,602
Investment properties		8,159	8,135
Land use rights		201,697	201,804
Intangible assets		5,202	5,435
Joint ventures		1,204,597	1,409,044
Loans to joint ventures		60,149	60,239
Associates		1,442,923	1,405,835
Loans to associates		143,044	114,944
Available-for-sale financial assets		237,839	156,939
Deferred income tax assets		11	11
Other non-current assets		61,442	60,960
		<u>5,742,007</u>	<u>5,790,948</u>
Current assets			
Inventories		10,701	9,951
Trade and other receivables		193,525	148,015
Current income tax recoverable		451	442
Restricted bank deposits		171	2,868
Cash and cash equivalents		717,138	834,232
		<u>921,986</u>	<u>995,508</u>
Asset held for sale	1	<u>190,708</u>	-
		<u>1,112,694</u>	<u>995,508</u>
Total assets		<u><u>6,854,701</u></u>	<u><u>6,786,456</u></u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		38,728	38,728
Reserves		4,456,451	4,316,133
		<u>4,495,179</u>	<u>4,354,861</u>
Non-controlling interests		<u>423,190</u>	<u>410,943</u>
Total equity		<u><u>4,918,369</u></u>	<u><u>4,765,804</u></u>

LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	55,252	52,914
Long term borrowings	1,175,518	1,071,406
Loans from a fellow subsidiary	26,545	28,805
Other long term liabilities	31,628	31,584
	<u>1,288,943</u>	<u>1,184,709</u>
Current liabilities		
Trade and other payables	379,770	395,955
Current income tax liabilities	11,117	8,403
Current portion of long term borrowings	87,092	256,609
Short term borrowings	169,410	174,976
	<u>647,389</u>	<u>835,943</u>
Total liabilities	<u>1,936,332</u>	<u>2,020,652</u>
Total equity and liabilities	<u>6,854,701</u>	<u>6,786,456</u>

Unaudited Condensed Consolidated Income Statement
For the three months ended 31 March 2017

	Note	Three months ended	
		31 March	
		2017	2016
		<i>US\$'000</i>	<i>US\$'000</i>
Continuing operations:			
Revenues		127,833	128,667
Cost of sales		<u>(85,021)</u>	<u>(82,478)</u>
Gross profit		42,812	46,189
Administrative expenses		(18,936)	(20,741)
Other operating income/(expense), net		<u>1,690</u>	<u>(209)</u>
Operating profit		25,566	25,239
Finance income		3,009	4,121
Finance costs		<u>(11,446)</u>	<u>(13,284)</u>

Operating profit (after finance income and costs)		17,129	16,076
Share of profits less losses of			
- joint ventures		16,941	24,608
- associates		19,626	19,737
		<hr/>	<hr/>
Profit before income tax from continuing operations		53,696	60,421
Income tax expenses		(8,413)	(12,031)
		<hr/>	<hr/>
Profit for the period from continuing operations		45,283	48,390
		<hr/>	<hr/>
Discontinued operation:			
Gain on disposal of a subsidiary		-	59,021
Profit for the period from discontinued operation		-	7,526
		<hr/>	<hr/>
		<hr/>	<hr/>
Profit for the period		45,283	114,937
		<hr/>	<hr/>
Profit attributable to:			
Equity holders of the Company		37,558	109,060
Non-controlling interests		7,725	5,877
		<hr/>	<hr/>
		<hr/>	<hr/>
Earnings per share for profit attributable to the equity holders of the Company			
Basic	2		
- from continuing operations		US1.25 cents	US1.45 cents
- from discontinued operation		-	US2.23 cents
		<hr/>	<hr/>
		US1.25 cents	US3.68 cents
		<hr/>	<hr/>
Diluted	2		
- from continuing operations		US1.25 cents	US1.45 cents
- from discontinued operation		-	US2.23 cents
		<hr/>	<hr/>
		US1.25 cents	US3.68 cents
		<hr/>	<hr/>

Notes:

- On 20 January 2017, SCSTD and QPI entered into an agreement relating to the Transactions, according to which Qingdao Qianwan Terminal was reclassified as an asset held for sale. As at the date of this announcement, the subscription and disposal were not completed.
- 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 2017 of 3,016,018,628 (corresponding period of 2016: 2,966,559,439).

For the three months ended 31 March 2017 and for the three months ended 31 March 2016, as the Company's outstanding share options did not have a dilutive effect on the earnings per share, the diluted earnings per share is equal to the basic earnings per share.

3. The accounting policies adopted in preparing the financial information for the three months ended 31 March 2017 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2016.

The financial information for the three months ended 31 March 2017 is based on the internal records and financial data of the Group and are unaudited.

Operational Highlights

For the three months ended 31 March 2017, the Group's throughput of the Greater China region rose by 2.4% to 19,605,419 TEU (corresponding period of 2016: 19,139,395 TEU). The throughput in Mainland China (excluding Hong Kong and Taiwan) rose by 1.2% to 18,385,892 TEU (corresponding period of 2016: 18,167,083 TEU). The overseas throughput rose by 38.6% to 4,308,767 TEU (corresponding period of 2016: 3,109,749 TEU).

The throughput handled by the terminal companies in which the Group has controlling stakes increased by 1.3% to 3,778,898 TEU (corresponding period of 2016: 3,729,184 TEU), while the throughput handled by non-controlling terminals was 20,135,288 TEU (corresponding period of 2016: 18,519,960 TEU), an increase of 8.7%.

The Group's equity throughput of the Greater China region rose by 3.1% to 5,666,488 TEU (corresponding period of 2016: 5,498,513 TEU). The equity throughput in Mainland China (excluding Hong Kong and Taiwan) rose by 0.7% to 5,142,852 TEU (corresponding period of 2016: 5,108,601 TEU). The overseas equity throughput rose by 18.1% to 1,653,479 TEU (corresponding period of 2016: 1,400,474 TEU).

The equity throughput handled by the terminal companies in which the Group has controlling stakes increased by 1.9% to 2,400,079 TEU (corresponding period of 2016: 2,356,276 TEU), while the equity throughput handled by non-controlling terminals was 4,919,888 TEU (corresponding period of 2016: 4,542,711 TEU), an increase of 8.3%.

Euromax Terminal Rotterdam B.V. ("Euromax Terminal") in Rotterdam, the Netherlands, began to contribute to the Group's throughput from 1 October 2016. Excluding the contribution from Euromax Terminal, the Group's total container throughput increased by 4.5% and equity throughput increased by 2.7%.

For the three months ended 31 March 2017, throughput of the Group's operating terminals was set out below:

Terminal Companies	Three months ended 31 March		Change (%)
	2017 (TEU)	2016 (TEU)	
Bohai Rim	7,704,633	7,719,245	-0.2
Qingdao Qianwan Container Terminal Co., Ltd. ^{Note 1}	4,153,551	4,303,133	-3.5
Dalian Port Container Terminal Co., Ltd.	671,211	541,323	+24.0
Dalian International Container Terminal Co., Ltd.	768,005	742,407	+3.4
Dalian Dagang China Shipping Container Terminal Co., Ltd.	5,726	3,407	+68.1
Tianjin Port Euroasia International Container Terminal Co., Ltd.	537,782	536,508	+0.2
Tianjin Five Continents International Container Terminal Co., Ltd.	534,817	528,509	+1.2
Yingkou Container Terminals Company Limited	365,016	420,036	-13.1
Yingkou New Century Container Terminal Co., Ltd.	399,017	461,014	-13.4
Jinzhou New Age Container Terminal Co., Ltd.	123,969	71,887	+72.4
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	145,539	111,021	+31.1
Yangtze River Delta	4,692,381	4,578,956	+2.5
Shanghai Pudong International Container Terminals Limited	631,480	573,228	+10.2
Shanghai Mingdong Container Terminals Limited	1,526,620	1,404,038	+8.7
Ningbo Yuan Dong Terminals Limited	739,289	629,578	+17.4
Lianyungang New Oriental International Terminals Co., Ltd.	726,770	939,802	-22.7
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	160,901	157,749	+2.0
Yangzhou Yuanyang International Ports Co., Ltd.	108,308	111,936	-3.2
Nanjing Port Longtan Container Co., Ltd.	695,481	651,390	+6.8
Taicang International Container Terminal Co., Ltd.	103,532	111,235	-6.9
Southeast Coast and others	1,066,565	970,147	+9.9
Xiamen Ocean Gate Container Terminal Co., Ltd.	274,820	239,877	+14.6
Quan Zhou Pacific Container Terminal Co., Ltd.	292,778	265,577	+10.2
Jinjiang Pacific Ports Development Co., Ltd.	90,370	57,861	+56.2
Kao Ming Container Terminal Corp.	408,597	406,832	+0.4
Pearl River Delta	5,866,606	5,608,477	+4.6
Yantian International Container Terminals Co., Ltd.	2,632,545	2,669,734	-1.4
Nansha Stevedoring Corporation Limited of Port of Guangzhou	1,256,096	1,295,632	-3.1
Guangzhou South China Oceangate Container Terminal Company Limited	1,167,035	1,077,631	+8.3
COSCO-HIT Terminals (Hong Kong) Limited	446,408	307,421	+45.2
Asia Container Terminals Limited	364,522	258,059	+41.3
Southwest Coast	275,234	262,570	+4.8
Qinzhou International Container Terminal Co., Ltd.	275,234	262,570	+4.8

Overseas	4,308,767	3,109,749	+38.6
Piraeus Container Terminal S.A.	833,947	806,864	+3.4
Suez Canal Container Terminal S.A.E.	738,395	642,733	+14.9
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş.	173,114	199,270	-13.1
Antwerp Gateway NV	469,534	484,163	-3.0
APM Terminals Zeebrugge NV	67,691	84,668	-20.1
COSCO-PSA Terminal Private Limited	472,573	411,657	+14.8
Busan Port Terminal Co., Ltd. ^{Note 2}	846,542	455,052	+86.0
SSA Terminals (Seattle), LLC	40,938	25,342	+61.5
Euromax Terminal Rotterdam B.V. ^{Note 3}	666,033	N/A	N/A
Total	<u>23,914,186</u>	<u>22,249,144</u>	+7.5

Note 1: Throughput of Qingdao Qianwan Terminal included the throughput of Qingdao Qianwan United Container Terminal Co., Ltd. and Qingdao Qianwan United Advance Container Terminal Co., Ltd., and these two terminals are joint ventures of Qingdao Qianwan Terminal. The throughput of the two terminals for the three months ended 31 March 2017 decreased 6.4% to 1,236,710 TEU (corresponding period of 2016: 1,321,073 TEU) and decreased 26.1% to 262,566 TEU (corresponding period of 2016: 355,440 TEU) respectively.

Note 2: Busan Port Terminal Co., Ltd. ("Busan Terminal") is a new joint venture established as a result of the merger of CJ Korea Express Busan Container Terminal Corp. and Busan International Terminal Co., Ltd. in November 2016. The Group holds 5.5% equity interest in Busan Terminal.

Note 3: The throughput of Euromax Terminal was included from 1 October 2016.

Note 4: The total throughput of bulk cargo for the three months ended 31 March 2017 was 20,605,573 tons (corresponding period of 2016: 20,678,964 tons), a decrease of 0.4%. The throughput of Dalian Automobile Terminal Co., Ltd. was 145,689 vehicles (corresponding period of 2016: 109,097 vehicles), an increase of 33.5%.

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 2017.

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, 25 April 2017

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