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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 2019

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 2019.

#### Announcement of Results for the Three Months Ended 31 March 2019

- Total throughput increased by 5.6% to 28,731,733 TEU; equity throughput increased by 7.7% to 9,282,056 TEU
- Throughput from the Group’s subsidiaries increased by 13.5% to 5,943,433 TEU; equity throughput from the Group’s subsidiaries increased by 13.3% to 3,753,652 TEU
- Throughput from the Group’s non-controlling terminals rose by 3.7% to 22,788,300 TEU; equity throughput from the Group’s non-controlling terminals rose by 4.2% to 5,528,404 TEU
- Adjusted net profit attributable to equity holders of the Company increased by 8.9% to US\$75,394,000 <sup>Note 2</sup>

#### Financial Highlights

##### 1Q 2019 Financial Highlights

US\$ (million)

	1Q2019	1Q2018	Change (%)
Revenue	247.7	237.9	+4.1
Cost of sales	177.6	164.0	+8.3
Gross profit	70.1	73.9	-5.2
Share of profits from joint ventures and associates	61.9	63.3	-2.2
Profit attributable to equity holders of the Company	49.9	69.2	-27.9
Earnings per share – Basic (US cents)	1.60	2.26	-29.2
Adjusted net profit attributable to equity holders of the Company <sup>Note 1</sup>	72.5	69.2	+4.7
Adjusted net profit attributable to equity holders of the Company <sup>Note 2</sup>	75.4	69.2	+8.9
Adjusted earnings per share – Basic (US cents) <sup>Note 2</sup>	2.42	2.26	+7.1

Note 1: Excluding one-off dilution effect on equity interests in Qingdao Port International Co., Ltd. (“QPI”). On 21 January 2019, QPI completed its A share offering and listed on the Shanghai Stock Exchange. As a result, the Group’s 18.41% equity interests in QPI was diluted to 17.12%. As the share of contribution from the A share offer is less than the cost of deemed disposal, the Group recognised a loss of US\$22,553,000 on deemed disposal of partial interest in QPI.

Note 2: Excluding one-off dilution effect on equity interests in QPI of US\$22,553,000 and financial impact of US\$2,917,000 from Hong Kong Financial Reporting Standards (“HKFRS”) 16 “Leases” which is effective from 1 January 2019.

**Unaudited Condensed Consolidated Balance Sheet**  
**As at 31 March 2019**

	As at 31 March 2019 US\$'000	As at 31 December 2018 US\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,100,403	3,057,069
Right of use assets	584,695	-
Investment properties	18,070	17,871
Land use rights	265,937	262,507
Intangible assets	411,937	423,811
Joint ventures	1,281,372	1,269,250
Loans to joint ventures	23,749	23,812
Associates	2,557,380	2,578,830
Loans to associates	147,570	150,269
Financial asset at fair value through profit or loss	93,137	72,771
Financial assets at fair value through other comprehensive income	226,787	183,263
Deferred income tax assets	94,267	94,648
Other non-current assets	54,105	54,991
	8,859,409	8,189,092
<b>Current assets</b>		
Inventories	14,624	13,837
Trade and other receivables	264,618	235,421
Current income tax recoverable	864	413
Restricted bank deposits	72,563	63,674
Cash and cash equivalents	562,855	543,015
	915,524	856,360
<b>Total assets</b>	<b>9,774,933</b>	<b>9,045,452</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the equity holders of the Company</b>		
Share capital	39,971	39,971
Reserves	5,167,213	5,125,241
	5,207,184	5,165,212
<b>Non-controlling interests</b>	<b>657,805</b>	<b>654,438</b>
<b>Total equity</b>	<b>5,864,989</b>	<b>5,819,650</b>

<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax liabilities	128,348	107,672
Lease liabilities	619,394	-
Long term borrowings	2,340,243	2,283,529
Loans from non-controlling shareholders of subsidiaries	673	685
Loans from a fellow subsidiary	-	8,870
Derivative financial instruments	9,440	7,358
Other long term liabilities	37,370	36,880
	<u>3,135,468</u>	<u>2,444,994</u>
<b>Current liabilities</b>		
Trade and other payables and contract liabilities	545,324	565,209
Current income tax liabilities	20,394	16,079
Current portion of lease liabilities	20,211	-
Current portion of long term borrowings	70,362	87,824
Short term borrowings	115,096	108,550
Derivative financial instruments	3,089	3,146
	<u>774,476</u>	<u>780,808</u>
<b>Total liabilities</b>	<u>3,909,944</u>	<u>3,225,802</u>
<b>Total equity and liabilities</b>	<u>9,774,933</u>	<u>9,045,452</u>

**Unaudited Condensed Consolidated Income Statement  
For the three months ended 31 March 2019**

	Note	Three months ended 31 March	
		2019 US\$'000	2018 US\$'000
Revenues		247,708	237,938
Cost of sales		<u>(177,621)</u>	<u>(164,029)</u>
<b>Gross profit</b>		<b>70,087</b>	73,909
Administrative expenses		(31,990)	(29,875)
Other operating income, net	1	<u>1,188</u>	<u>8,621</u>
<b>Operating profit</b>		<b>39,285</b>	52,655
Finance income		2,507	2,595
Finance costs		<u>(24,043)</u>	<u>(19,417)</u>

Operating profit (after finance income and costs)		<b>17,749</b>	35,833
Share of profits less losses of			
- joint ventures		<b>20,852</b>	19,809
- associates		<b>41,068</b>	43,523
		<hr/>	<hr/>
<b>Profit before income tax</b>		<b>79,669</b>	99,165
Income tax expenses		<b>(19,079)</b>	(17,178)
		<hr/>	<hr/>
<b>Profit for the period</b>		<b>60,590</b>	81,987
		<hr/>	<hr/>
<b>Profit attributable to:</b>			
Equity holders of the Company	2	<b>49,924</b>	69,227
Non-controlling interests		<b>10,666</b>	12,760
		<hr/>	<hr/>
		<b>60,590</b>	81,987
		<hr/>	<hr/>
<b>Earnings per share for profit attributable to the equity holders of the Company</b>			
- basic	3	<b>US1.60 cents</b>	US2.26 cents
- diluted	3	<b>US1.60 cents</b>	US2.26 cents
		<hr/>	<hr/>

Notes:

- On 21 January 2019, QPI completed its A share offering and listed on the Shanghai Stock Exchange. As a result, the Group's 18.41% equity interests in QPI was diluted to 17.12%. As the share of contribution from the A share offer is less than the cost of deemed disposal, the Group recognised a loss of US\$22,553,000 on deemed disposal of partial interests in QPI.
- For the three months ended 31 March 2019, profit attributable to equity holders of the Company included the financial impact of US\$2,917,000 from HKFRS 16 "Leases" which is effective from 1 January 2019.
- Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the three months ended 31 March 2019 of 3,113,125,479 shares (1Q2018: 3,057,112,720 shares).

Diluted earnings per share is calculated based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the three months ended 31 March 2019 of 3,113,125,479 shares, after adjusting for the number of dilutive potential ordinary shares deemed to be issued as if all outstanding dilutive share options granted by the Company had been exercised. 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 2019. The diluted earnings per share is the same as the basic earnings per share for the three months ended 31 March 2019 and 31 March 2018.

- The accounting policies adopted in preparation of the financial data for the three months ended 31 March 2019 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2018, except for the adoption of certain new standards, interpretation, amendments and improvements to existing standards issued by the Hong Kong Institute of Certified Public Accountants which are mandatory for the financial year beginning 1 January 2019.

The financial data for the three months ended 31 March 2019 are based on the internal records and financial data of the Group and are unaudited.

## Operational Highlights

For the three months ended 31 March 2019, driven by the support from parent company and the OCEAN Alliance, as well as contribution from the terminals newly acquired, the Group's total throughput achieved encouraging results and rose by 5.6% to 28,731,733 TEU (1Q2018: 27,202,380 TEU). Equity throughput for the period increased by 7.7% to 9,282,056 TEU (1Q2018: 8,621,476 TEU). Throughput of the Group's subsidiaries increased by 13.5% to 5,943,433 TEU (1Q2018: 5,234,258 TEU), and made up 20.7% of the Group's total throughput. Throughput of the non-controlling terminals rose by 3.7% to 22,788,300 TEU (1Q2018: 21,968,122 TEU).

	<b>1Q2019</b> <b>(TEU)</b>	<b>1Q2018</b> <b>(TEU)</b>	<b>Change</b> <b>(%)</b>
<b>Total Throughput</b>	<b>28,731,733</b>	<b>27,202,380</b>	<b>+5.6</b>
<b>Total Throughput (Organic Growth*)</b>	<b>28,526,912</b>	<b>27,202,380</b>	<b>+4.9</b>
Throughput from the Group's subsidiaries	5,943,433	5,234,258	+13.5
Throughput from the Group's non-controlling terminals	22,788,300	21,968,122	+3.7
<b>Equity Throughput</b>	<b>9,282,056</b>	<b>8,621,476</b>	<b>+7.7</b>
<b>Equity Throughput (Organic Growth*)</b>	<b>9,177,597</b>	<b>8,621,476</b>	<b>+6.5</b>
Equity throughput from the Group's subsidiaries	3,753,652	3,314,156	+13.3
Equity throughput from the Group's non-controlling terminals	5,528,404	5,307,320	+4.2

\*Excluding Nantong Tonghai Port Co., Ltd. ("Nantong Tonghai Terminal").

## Greater China

For the three months ended 31 March 2019, total throughput of the Greater China region increased by 3.6% to 22,107,759 TEU (1Q2018: 21,340,721 TEU), accounting for 76.9% of the Group's total throughput. Equity throughput of the Greater China region increased by 3.1% to 6,302,916 TEU (1Q2018: 6,111,124 TEU), accounting for 67.9% of the Group's equity throughput.

## Bohai Rim

For the three months ended 31 March 2019, total throughput of the Bohai Rim region increased by 3.8% to 9,196,254 TEU (1Q2018: 8,861,911 TEU), accounting for 32.0% of the Group's total throughput. Equity throughput of the Bohai Rim region increased by 1.7% to 2,046,101 TEU (1Q2018: 2,011,916 TEU), accounting for 22.0% of the Group's equity throughput. Total throughput of Yingkou Container Terminals Company Limited ("Yingkou Container Terminal") and Yingkou New Century Container Terminal Co., Ltd. ("Yingkou New Century Terminal") increased by 4.4% to 658,590 TEU (1Q2018: 631,013 TEU), mainly driven by increase in domestic trade.

### ***Yangtze River Delta***

For the three months ended 31 March 2019, total throughput of the Yangtze River Delta region increased by 4.6% to 4,849,042 TEU (1Q2018: 4,636,858 TEU) and made up 16.9% of the Group's total. Equity throughput of the Yangtze River Delta region increased by 8.1% to 1,437,913 TEU (1Q2018: 1,330,646 TEU) and made up 15.5% of the Group's equity throughput. Total throughput of Shanghai Pudong International Container Terminals Limited and Shanghai Mingdong Container Terminals Limited decreased by 3.0% and 2.5% respectively, mainly impacted by adjustment of shipping routes within the port area and the unstable weather in March. In addition, benefiting from increase in shipping lines, total throughput of Ningbo Yuan Dong Terminals Limited increased by 4.2% to 775,381 TEU (1Q2018: 744,324 TEU).

### ***Southeast Coast and Others***

For the three months ended 31 March 2019, total throughput of the Southeast Coast and other regions decreased by 0.8% to 1,343,975 TEU (1Q2018: 1,354,840 TEU) and accounted for 4.7% of the Group's total. Equity throughput of the Southeast Coast and other regions increased by 0.5% to 798,407 TEU (1Q2018: 794,040 TEU) and accounted for 8.6% of the Group's equity throughput. Total throughput of Xiamen Ocean Gate Container Terminal Co., Ltd. decreased by 4.1% to 505,297 TEU (1Q2018: 526,660 TEU). Total throughput of Quan Zhou Pacific Container Terminal Co., Ltd. increased by 4.2% to 337,421 TEU (1Q2018: 323,921 TEU).

### ***Pearl River Delta***

For the three months ended 31 March 2019, total throughput of the Pearl River Delta region increased by 3.0% to 6,397,906 TEU (1Q2018: 6,211,464 TEU) and accounted for 22.3 % of the Group's total. Equity throughput of the Pearl River Delta region increased by 1.5% to 1,892,262 TEU (1Q2018: 1,864,261 TEU) and accounted for 20.4% of the Group's equity throughput. Total throughput of Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") increased by 15.1% to 1,380,501 TEU (1Q2018: 1,199,785 TEU).

### ***Southwest Coast***

For the three months ended 31 March 2019, total throughput of the Southwest Coast region increased by 16.3% to 320,582 TEU (1Q2018: 275,648 TEU) and accounted for 1.1% of the Group's total. Equity throughput of the Southwest Coast region increased by 16.3% to 128,233 TEU (1Q2018: 110,259 TEU) and accounted for 1.4% of the Group's equity throughput.

### **Overseas Regions**

For the three months ended 31 March 2019, total throughput of overseas region increased by 13.0% to 6,623,974 TEU (1Q2018: 5,861,659 TEU) and accounted for 23.1% of the Group's total. Equity throughput of overseas region increased by 18.7% to 2,979,140 TEU (1Q2018: 2,510,352 TEU) and accounted for 32.1% of the Group's equity throughput. Total throughput of COSCO-PSA Terminal Private Limited surged 54.2% to 1,215,844 TEU (1Q2018: 788,240 TEU), mainly due to two new berths added in January 2019 and driven by the synergy from acquisition of Orient Overseas (International) Limited by the parent company and increased throughput from the parent company.

In addition, fueled by increased calls by the OCEAN Alliance and other shipping alliances, total throughput of Piraeus Container Terminal S.A. in Greece increased by 24.4% to 1,246,007 TEU (1Q2018: 1,001,438 TEU). Total throughput of COSCO SHIPPING Ports (Spain) Holdings, S.L. and its subsidiaries (“CSP Spain Group”) increased by 10.6% to 917,937 TEU (1Q2018: 829,769 TEU).

## **Outlook**

Although there are still uncertainties in the global economy in 2019, the market expects that Sino-US trade war may reach agreement, low interest rates environment continues and China and Europe will continue to strengthen cooperation to promote “Belt and Road Initiative”, which may gather momentum of growth for global economy. COSCO SHIPPING Ports is committed to building global terminal network continuously and strategically exploring investment opportunities of overseas terminals, in order to strive for better returns. Meanwhile, the Group will continue to optimise asset returns to further enhance its profitability, with the aim of maintaining return on equity (ROE) on upward trend. In 2019, the Group will endeavor to improve efficiency.

As a leading global terminal operator, COSCO SHIPPING Ports will continue to provide higher quality services to customers. It is expected that three terminals of the Company, namely CSP Zeebrugge Terminal NV, Noatum Container Terminal Valencia, S.A.U. under the CSP Spain Group and Lianyungang New Oriental International Terminals Co., Ltd., will launch the Navis N4 system to improve the efficiency of the terminal operations in the second half of 2019.

COSCO SHIPPING Ports will continue to step up the development of terminal extended logistic business to enhance its profitability. On 3 April 2019, the Group signed an investment agreement of COSCO SHIPPING Ports Supply Chain Project with Guangzhou Nansha Economic and Technology Development Zone Commercial Bureau, in order to develop port supply chain platform and high-end warehousing business, and extend the upstream and downstream industries.

Throughput of the Group for the three months ended 31 March 2019 was set out below:

	<b>Three months ended</b>		
	<b>31 March</b>		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>(TEU)</b>	<b>(TEU)</b>	<b>(%)</b>
<b>Bohai Rim</b>	<b>9,196,254</b>	<b>8,861,911</b>	<b>+3.8</b>
Qingdao Port International Co., Ltd. <sup>Note 1</sup>	4,940,000	4,545,600	+8.7
Dalian Container Terminal Co., Ltd.	2,047,850	2,158,861	-5.1
Dalian Dagang China Shipping Container Terminal Co., Ltd.	3,862	4,877	-20.8
Tianjin Port Euroasia International Container Terminal Co., Ltd.	633,416	612,092	+3.5
Tianjin Five Continents International Container Terminal Co., Ltd.	579,887	616,000	-5.9
Yingkou Terminal <sup>Note 2</sup>	658,590	631,013	+4.4
Jinzhou New Age Container Terminal Co., Ltd.	178,807	165,957	+7.7
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	153,842	127,511	+20.6
<b>Yangtze River Delta</b>	<b>4,849,042</b>	<b>4,636,858</b>	<b>+4.6</b>
Shanghai Pudong International Container Terminals Limited	588,941	606,922	-3.0
Shanghai Mingdong Container Terminals Limited	1,412,857	1,449,416	-2.5
Ningbo Yuan Dong Terminals Limited	775,381	744,324	+4.2
Lianyungang New Oriental International Terminals Co., Ltd.	736,455	721,093	+2.1
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	174,294	179,792	-3.1
Yangzhou Yuanyang International Ports Co., Ltd.	107,204	115,158	-6.9
Nanjing Port Longtan Container Co., Ltd.	724,429	710,381	+2.0
Taicang International Container Terminal Co., Ltd.	124,660	109,772	+13.6
Nantong Tonghai Port Co., Ltd. <sup>Note 3</sup>	204,821	N/A	N/A
<b>Southeast Coast and others</b>	<b>1,343,975</b>	<b>1,354,840</b>	<b>-0.8</b>
Xiamen Ocean Gate Container Terminal Co., Ltd.	505,297	526,660	-4.1
Quan Zhou Pacific Container Terminal Co., Ltd.	337,421	323,921	+4.2
Jinjiang Pacific Ports Development Co., Ltd.	110,970	96,296	+15.2
Kao Ming Container Terminal Corp.	390,287	407,963	-4.3
<b>Pearl River Delta</b>	<b>6,397,906</b>	<b>6,211,464</b>	<b>+3.0</b>
Yantian International Container Terminals Co., Ltd.	2,992,406	2,861,024	+4.6
Guangzhou Terminal <sup>Note 4</sup>	2,665,426	2,531,823	+5.3
Hong Kong Terminal <sup>Note 5</sup>	740,074	818,617	-9.6
<b>Southwest Coast</b>	<b>320,582</b>	<b>275,648</b>	<b>+16.3</b>
Qinzhou International Container Terminal Co., Ltd.	320,582	275,648	+16.3
<b>Overseas</b>	<b>6,623,974</b>	<b>5,861,659</b>	<b>+13.0</b>
Piraeus Container Terminal S.A.	1,246,007	1,001,438	+24.4
CSP Zeebrugge Terminal NV	89,020	108,412	-17.9
CSP Spain Group	917,937	829,769	+10.6
COSCO-PSA Terminal Private Limited	1,215,844	788,240	+54.2
Reefer Terminal S.p.A. <sup>Note 6</sup>	13,094	16,941	-22.7
Euromax Terminal Rotterdam B.V.	754,435	671,728	+12.3
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş.	292,570	311,092	-6.0
Suez Canal Container Terminal S.A.E.	639,894	638,583	+0.2
Antwerp Gateway NV	519,012	570,124	-9.0
SSA Terminals (Seattle), LLC	37,744	40,820	-7.5
Busan Port Terminal Co., Ltd.	898,417	884,512	+1.6
<b>Total</b>	<b>28,731,733</b>	<b>27,202,380</b>	<b>+5.6</b>



- Note 1: Throughput of QPI in the three months ended 31 March 2018 was restated from 4,550,000 TEU to 4,545,600 TEU.
- Note 2: Throughput of Yingkou Terminal was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.
- Note 3: Throughput of Nantong Tonghai Terminal was included since 1 August 2018.
- Note 4: Throughput of Guangzhou Terminal was the total throughput of Nansha Stevedoring Corporation Limited of Port of Guangzhou and Guangzhou South China Oceangate Terminal.
- Note 5: Throughput of Hong Kong Terminal was the total throughput of COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited.
- Note 6: Throughput of Reefer Terminal S.p.A. (“Vado Reefer Terminal”) in the three months ended 31 March 2018 was restated from 16,661 TEU to 16,941 TEU.
- Note 7: Total throughput of bulk cargo for the three months ended 31 March 2019 was 96,971,922 tons (1Q2018: 93,883,840 tons), representing an increase of 3.3%. Total throughput of automobile for the three months was 201,101 vehicles (1Q2018: 193,518 vehicles), representing an increase of 3.9%. Throughput of reefer of Vado Reefer Terminal was 96,820 pallets (1Q2018: 113,286 pallets), representing a decrease of 14.5%.

## 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 2019.**

**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 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)**  
*Chairman & Managing Director*

Hong Kong, 25 April 2019

As at the date of this announcement and following the change of directors and positions today, the board of directors of the Company comprises Mr. ZHANG Wei (張為)<sup>1</sup> (Chairman & Managing Director), Mr. DENG Huangjun<sup>1</sup>, Mr. FENG Boming<sup>2</sup>, Mr. ZHANG Wei (張煒)<sup>2</sup>, Mr. CHEN Dong<sup>2</sup>, Mr. WANG Haimin<sup>2</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</sup>, Dr. FAN HSU Lai Tai, Rita<sup>3</sup>, Mr. Adrian David LI Man Kiu<sup>3</sup>, Mr. FAN Ergang<sup>3</sup>, Mr. LAM Yiu Kin<sup>3</sup> and Prof. CHAN Ka Lok<sup>3</sup>.

<sup>1</sup> Executive Director

<sup>2</sup> Non-executive Director

<sup>3</sup> Independent Non-executive Director