

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023

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” or “COSCO SHIPPING Ports”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2023.

Results Highlights

- Total throughput remained flat YoY at 30,305,420 TEU. Among them, total throughput from terminals in which the Group has controlling stakes decreased by 11.1% YoY to 6,654,729 TEU; total throughput from the Group’s non-controlling terminals increased by 3.7% to 23,650,691 TEU
- Equity throughput decreased by 2.5% YoY to 9,609,708 TEU. Among them, equity throughput from terminals in which the Group has controlling stakes decreased by 9.5% to 4,069,787 TEU; equity throughput from the Group’s non-controlling terminals increased by 3.3% to 5,539,921 TEU
- Revenue of the Company slightly decreased by 0.5% YoY to US\$328,027,000. The Company continued to promote lean operation strategy for effective cost control given the YoY decline in total throughput from terminals in which the Group has controlling stakes, its gross profit posted an increase of 11.2% YoY to US\$89,929,000
- Mainly affected by a decrease of 16.4% YoY to US\$69,001,000 in share of profits from joint ventures and associates, profit attributable to equity holders of the Company decreased by 17.9% YoY to US\$62,515,000

Financial Highlights

US\$ (million)

	1Q2023	1Q2022	Change (%)
Revenue	328.0	329.7	-0.5
Cost of sales	238.1	248.8	-4.3
Gross profit	89.9	80.9	+11.2
Share of profits from joint ventures and associates	69.0	82.5	-16.4
Profit attributable to equity holders of the Company	62.5	76.1 ^{Note}	-17.9
Basic earnings per share (US cents)	1.82	2.30 ^{Note}	-20.9

Note: The Group made necessary adjustments on the cumulative effect of adopting HKAS 12 Amendment “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”; therefore, the profit attributable to equity holders of the Company in 1Q2022 was adjusted from US\$74,948,000 to US\$76,109,000.

Unaudited Condensed Consolidated Balance Sheet
As at 31 March 2023

	As at 31 March 2023 US\$'000	As at 31 December 2022 US\$'000 (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	3,898,695	3,837,374
Right-of-use assets	1,031,783	1,016,981
Investment properties	199,956	9,535
Intangible assets	387,032	384,739
Joint ventures	1,053,798	1,036,280
Associates	3,305,997	3,262,155
Loans to associates	102,587	100,251
Financial asset at fair value through profit or loss	56,137	53,338
Financial assets at fair value through other comprehensive income	139,568	139,557
Deferred tax assets	102,287	97,589
Derivative financial instruments	1,583	2,344
Other non-current assets	19,812	19,329
	<u>10,299,235</u>	<u>9,959,472</u>
Current assets		
Inventories	21,063	19,354
Trade and other receivables and contract assets	298,865	222,723
Current income tax recoverable	3,735	5,908
Derivative financial instruments	3,817	3,730
Restricted bank deposits	44,369	45,849
Cash and cash equivalents	893,675	1,069,317
	<u>1,265,524</u>	<u>1,366,881</u>
Total assets	<u>11,564,759</u>	<u>11,326,353</u>
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	44,172	44,172
Reserves	5,549,778	5,487,831
	<u>5,593,950</u>	<u>5,532,003</u>
Non-controlling interests	<u>1,100,978</u>	<u>1,107,170</u>
Total equity	<u>6,694,928</u>	<u>6,639,173</u>

LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	130,135	128,525
Lease liabilities	759,661	738,703
Long term borrowings	2,290,588	2,121,488
Loans from non-controlling shareholders of subsidiaries	67,807	66,263
Put option liability	240,764	239,039
Pension and retirement liabilities	11,407	11,255
Other long term liabilities	48,451	37,642
	<u>3,548,813</u>	<u>3,342,915</u>
Current liabilities		
Trade and other payables and contract liabilities	539,573	464,421
Current tax liabilities	48,285	45,530
Current portion of lease liabilities	47,812	47,179
Current portion of long term borrowings	336,840	465,247
Short term borrowings	348,508	321,888
	<u>1,321,018</u>	<u>1,344,265</u>
Total liabilities	<u>4,869,831</u>	<u>4,687,180</u>
Total equity and liabilities	<u>11,564,759</u>	<u>11,326,353</u>

Unaudited Condensed Consolidated Income Statement For the three months ended 31 March 2023

	Note	Three months ended 31 March	
		2023 US\$ '000	2022 US\$ '000 (Restated)
Revenues		328,027	329,654
Cost of sales		<u>(238,098)</u>	<u>(248,811)</u>
Gross profit		89,929	80,843
Administrative expenses		(41,319)	(37,454)
Other operating income/(expenses), net		<u>8,396</u>	<u>(135)</u>
Operating profit		57,006	43,254

Finance income		4,791	2,079
Finance costs		(39,265)	(28,535)
Operating profit (after finance income and costs)		22,532	16,798
Share of profits less losses of			
- joint ventures		12,477	19,504
- associates		56,524	63,015
Profit before taxation		91,533	99,317
Taxation		(13,993)	(8,325)
Profit for the period		77,540	90,992
Profit attributable to:			
Equity holders of the Company		62,515	76,109
Non-controlling interests		15,025	14,883
		77,540	90,992
Earnings per share for profit attributable to the equity holders of the Company			
- basic	1	US1.82 cents	US2.30 cents
- diluted	1	US1.82 cents	US2.30 cents

Notes:

1. 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 2023 of 3,440,657,627 shares (three months ended 31 March 2022: 3,315,296,374 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 period, after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no consideration as if all outstanding dilutive share options granted by the Company had been exercised, which, during the three months ended 31 March 2023 was 3,440,657,627 shares (three months ended 31 March 2022: 3,315,296,374 shares). 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 2023, and the diluted earnings per share is equal to the basic earnings per share.

2. The accounting policies adopted in preparation of the financial data for the three months ended 31 March 2023 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2022, except for the adoption of certain new standards and amendments to existing standards issued by the Hong Kong Institute of Certified Public Accountants which are mandatory for the financial year beginning 1 January 2023. The Group made necessary adjustments on the cumulative effect of adopting HKAS 12 Amendment “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”.

The financial data are based on the internal records and financial data of the Group and are unaudited.

Operational Review

For the three months ended 31 March 2023, total throughput remained flat YoY at 30,305,420 TEU (1Q2022: 30,291,588 TEU). Total throughput from terminals in which the Group has controlling stakes decreased by 11.1% YoY to 6,654,729 TEU (1Q2022: 7,487,432 TEU), accounting for 22.0% of the Group's total; total throughput from the Group's non-controlling terminals increased by 3.7% to 23,650,691 TEU (1Q2022: 22,804,156 TEU).

During the period, equity throughput decreased by 2.5% YoY to 9,609,708 TEU (1Q2022: 9,859,095 TEU). Equity throughput from terminals in which the Group has controlling stakes decreased by 9.5% to 4,069,787 TEU (1Q2022: 4,495,974 TEU), accounting for 42.4% of the Group's equity throughput; equity throughput from the Group's non-controlling terminals increased by 3.3% to 5,539,921 TEU (1Q2022: 5,363,121 TEU).

	1Q2023 (TEU)	1Q2022 (TEU)	Change (%)
Total Throughput	30,305,420	30,291,588	+0.0
Throughput from terminals in which the Group has controlling stake	6,654,729	7,487,432	-11.1
Throughput from the Group's non-controlling terminals	23,650,691	22,804,156	+3.7
Equity Throughput	9,609,708	9,859,095	-2.5
Equity throughput from terminals in which the Group has controlling stake	4,069,787	4,495,974	-9.5
Equity throughput from the Group's non-controlling terminals	5,539,921	5,363,121	+3.3

China

For the three months ended 31 March 2023, total throughput of the terminals in China increased by 0.6% YoY to 22,650,786 TEU (1Q2022: 22,520,167 TEU) and accounted for 74.7% of the Group's total. Equity throughput of terminals in China decreased by 1.6% YoY to 6,629,855 TEU (1Q2022: 6,740,196 TEU), accounting for 69.0% of the Group's equity throughput.

Bohai Rim

During the period, total throughput of the Bohai Rim region increased by 10.6% YoY to 10,554,580 TEU (1Q2022: 9,539,494 TEU) and accounted for 34.8% of the Group's total, which had the largest share of total throughput within the Group's portfolio. Equity throughput of the Bohai Rim region increased by 5.4% YoY to 2,817,567 TEU (1Q2022: 2,673,881 TEU) and accounted for 29.3% of the Group's equity throughput. Among them, Qingdao Port International Co., Ltd. actively expanded its route layout and acquired a new project in 2022, driving a 16.6% YoY increase in total throughput to 6,880,000 TEU (1Q2022: 5,900,000 TEU). The growth of domestic and transshipment trade business at Dalian container Terminal Co., Ltd. led to a 20.0% YoY increase in its total throughput to 1,096,033 TEU (1Q2022: 913,246 TEU).

Yangtze River Delta

During the period, total throughput of the Yangtze River Delta region decreased by 6.3% YoY to 3,333,179 TEU (1Q2022: 3,557,167 TEU) and accounted for 11.0% of the Group's total. Equity throughput of the Yangtze River Delta region decreased by 4.0% YoY to 916,590 TEU (1Q2022: 954,307 TEU) and accounted for 9.6% of the Group's equity throughput. At present, the faltering growth of major global economies causing weakening demand has brought difficulties and challenges to some of the regions in China with significant foreign trade. Throughput at Shanghai Pudong International Container Terminals Limited decreased by 8.5% to 605,683 TEU (1Q2022: 662,020 TEU), and throughput at Shanghai Mingdong Container Terminals Limited decreased by 8.8% to 1,444,697 TEU (1Q2022: 1,583,911 TEU).

Southeast Coast and Others

During the period, total throughput of Southeast Coast and others decreased by 20.6% YoY to 1,260,014 TEU (1Q2022: 1,586,044 TEU) and accounted for 4.2% of the Group's total. Equity throughput of Southeast Coast and others decreased by 9.5% YoY to 799,270 TEU (1Q2022: 883,243 TEU) and accounted for 8.3% of the Group's equity throughput. The main reason is the slowdown in global trade growth, which led to a 21.1% YoY decline to 554,752 TEU in throughput at Xiamen Ocean Gate Container Terminal Co., Ltd. (1Q2022: 703,269 TEU).

Pearl River Delta

During the period, total throughput of the Pearl River Delta region decreased by 8.4% YoY to 5,891,113 TEU (1Q2022: 6,431,662 TEU) and accounted for 19.4% of the Group's total. Equity throughput of the Pearl River Delta region decreased by 7.7% YoY to 1,719,191 TEU (1Q2022: 1,862,380 TEU) and accounted for 17.9% of the Group's equity throughput. The impact of destocking in major global economies results in a 11.4% YoY decline in throughput at Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") to 1,213,077 TEU (1Q2022: 1,369,507 TEU).

Southwest Coast

During the period, total throughput of the Southwest Coast region increased by 14.7% YoY to 1,611,900 TEU (1Q2022: 1,405,800 TEU), accounting for 5.3% of the Group's total, which was the region with the fastest throughput growth in the Group's portfolio, with its share of total throughput continuing to rise. Equity throughput of the Southwest Coast region increased by 3.0% YoY to 377,236 TEU (1Q2022: 366,385 TEU) and accounted for 3.9% of the Group's equity throughput. The increase in its throughput mainly benefited from the growth of trade between China and Southeast Asia, Beibu Gulf Port Co., Ltd. ("Beibu Gulf Port") plays a core role in the rapid growth of ports business in the Southwest Coast region.

Overseas

During the period, total throughput of the overseas region slightly decreased by 1.5% YoY to 7,654,634 TEU (1Q2022: 7,771,421 TEU) and maintained a steady state in general, accounting for 25.3% of the Group's total with its second largest share of total throughput within the Group's portfolio. Equity throughput of the overseas region decreased by 4.5% YoY to 2,979,853 TEU (1Q2022: 3,118,899 TEU) and accounted for 31.0% of the Group's equity throughput. Driven by the synergy with the liners of our parent company and other members of the OCEAN Alliance, total throughput at CSP Abu Dhabi Terminal L.L.C. ("CSP Abu Dhabi Terminal") increased by 40.1% YoY to 282,597 TEU (1Q2022: 201,691 TEU).

Prospects

For the three months ended 31 March 2023, China's foreign trade import and export had a stable and positive start. According to data from the General Administration of Customs of China, the total value of China's merchandise trade imports and exports in the first quarter was RMB9.89 trillion, an increase of 4.8% YoY. Among them, exports were RMB5.65 trillion, an increase of 8.4% YoY; imports were RMB4.24 trillion, an increase of 0.2% YoY. In the first quarter, China's imports and exports to its largest trading partner, ASEAN, amounted to RMB1.56 trillion, an increase of 16.1% YoY, which was 11.3 percentage points higher than the overall growth rate, accounting for 15.8% of the total value of imports and exports. Imports and exports to other Regional Comprehensive Economic Partnership (RCEP) member countries were RMB3.08 trillion, an increase of 7.3% YoY.

Looking forward to this year, there are still many uncertainties in the global macro economy. However, there are opportunities in the market in the face of difficulties and challenges as well. In the first quarter, the first two largest regions in share of total throughput in the Group's portfolio: total throughput in the Bohai Rim region was generally stable and increasing; meanwhile, total throughput in the overseas region remained at a stable level. The Southwest Coast region continued to benefit from the growth of economic and trade activities in emerging markets such as Southeast Asia, hence the share of its total throughput is expected to continue to expand. At present, the regions of the Yangtze River Delta, the Southeast Coast and others, and the Pearl River Delta are affected by weakened demand from major global economies causing the decline in their throughput, but it is believed that with the stabilization and rebound of China's economic growth, as well as new development opportunities brought by the "Dual Circulation" strategy, the domestic and international trade markets will show a positive recovery trend gradually.

2023 is the successive year for the Group to implement the "14th Five-Year Plan". With COSCO SHIPPING Ports's leading position in the global ports operator industry, we will continue to seize strategic opportunities and promote the global market layout, actively explore investment and development opportunities in emerging markets and regional markets, focus on exploring projects with development potential around the world, strengthen the global terminal network, and promote scale expansion of the Company. Meanwhile, the Group will further develop lean operation strategy on a continuous basis, strengthen the management and control capabilities of the terminals, enhance market development and quality upgrades, focus on cost reduction and efficiency improvement in terminal operation management, further enhance profitability and promote high-quality development, and strive to achieve more sustainable development with core competitiveness as well as accelerate towards the goal of "building a customer-centered leading global integrated port operator".

Throughput of the Group for the three months ended 31 March 2023 was set out below:

	Three months ended		Change
	31 March		
	2023	2022	
	(TEU)	(TEU)	(%)
Bohai Rim	10,554,580	9,539,494	+10.6
Qingdao Port International Co., Ltd.	6,880,000	5,900,000	+16.6
Dalian Container Terminal Co., Ltd.	1,096,033	913,246	+20.0
Dalian Dagang Container Terminal Co., Ltd.	4,797	3,683	+30.2
Tianjin Port Container Terminal Co., Ltd.	1,725,880	1,935,578	-10.8
Yingkou Terminals ^{Note 1}	530,764	435,574	+21.9
Jinzhou New Age Container Terminal Co., Ltd.	148,104	198,072	-25.2
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	169,002	153,341	+10.2
Yangtze River Delta	3,333,179	3,557,167	-6.3
Shanghai Pudong International Container Terminals Limited	605,683	662,020	-8.5
Shanghai Mingdong Container Terminals Limited	1,444,697	1,583,911	-8.8
Ningbo Yuan Dong Terminals Limited	722,489	748,387	-3.5
Lianyungang New Oriental International Terminals Co., Ltd.	211,838	213,052	-0.6
Taicang International Container Terminal Co., Ltd.	50,338	52,955	-4.9
Nantong Tonghai Port Co., Ltd.	259,132	296,842	-12.7
Wuhan CSP Terminal Co., Ltd. ^{Note 2}	39,002	-	N/A
Southeast Coast and others	1,260,014	1,586,044	-20.6
Xiamen Ocean Gate Container Terminal Co., Ltd.	554,752	703,269	-21.1
Quan Zhou Pacific Container Terminal Co., Ltd.	270,640	291,556	-7.2
Jinjiang Pacific Ports Development Co., Ltd.	53,634	54,358	-1.3
Kao Ming Container Terminal Corp.	380,988	536,861	-29.0
Pearl River Delta	5,891,113	6,431,662	-8.4
Yantian International Container Terminals Co., Ltd.	2,801,693	3,132,404	-10.6
Guangzhou Terminals ^{Note 3}	2,515,547	2,660,022	-5.4
Hong Kong Terminals ^{Note 4}	573,873	639,236	-10.2
Southwest Coast	1,611,900	1,405,800	+14.7
Beibu Gulf Port Co., Ltd.	1,611,900	1,405,800	+14.7
Overseas	7,654,634	7,771,421	-1.5
Piraeus Container Terminal Single Member S.A.	1,050,970	1,098,120	-4.3
CSP Zeebrugge Terminal NV	149,921	272,344	-45.0
COSCO SHIPPING Port (Spain) Holding, S.L. and its subsidiaries	733,496	892,005	-17.8
CSP Abu Dhabi Terminal L.L.C.	282,597	201,691	+40.1
COSCO-PSA Terminal Private Limited	1,270,873	1,175,780	+8.1
Reefer Terminal S.p.A.	14,371	17,064	-15.8
Euromax Terminal Rotterdam B.V.	593,003	662,212	-10.5
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş.	327,493	321,503	+1.9
Suez Canal Container Terminal S.A.E.	970,846	940,990	+3.2
Red Sea Gateway Terminal Company Limited ^{Note 4}	766,461	644,123	+19.0
Antwerp Gateway NV	475,390	540,368	-12.0
SSA Terminals (Seattle), LLC	44,479	58,433	-23.9
Busan Port Terminal Co., Ltd.	905,340	901,898	+0.4
Vado Gateway S.p.A.	69,394	44,890	+54.6
Total	30,305,420	30,291,588	+0.0

- Note 1: Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminals Company Limited and Yingkou New Century Container Terminal Co., Ltd.
- Note 2: Throughput of the terminal was included since April 2022. Therefore, no comparable figure is available for the throughput from January to March 2022.
- Note 3: Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Nansha Stevedoring Corporation Limited of Port of Guangzhou.
- Note 4: Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited.
- Note 5: Total throughput of bulk cargo, excluding the throughput of Beibu Gulf Port, for the three months ended 31 March 2023 was 111,954,353 tons (1Q2022: 108,977,830 tons), representing an increase of 2.7%. Total throughput of automobile for the three months ended 31 March 2023 was 173,430 vehicles (1Q2022: 188,080 vehicles), representing a decrease of 7.8%. Throughput of reefer of Reefer Terminal S.p.A. (Vado Reefer Terminal) for the three months ended 31 March 2023 was 90,150 pallets (1Q2022: 92,054 pallets), representing a decrease of 2.1%.

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 2023.

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
YANG Zhijian
Chairman

Hong Kong, 26 April 2023

As at the date of this announcement, the board of directors of the Company comprises Mr. YANG Zhijian¹ (Chairman), Mr. ZHU Tao¹ (Managing Director), Mr. ZHANG Wei², Mr. CHEN Dong², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. LAM Yiu Kin³, Prof. CHAN Ka Lok³ and Mr. YANG Liang Yee Philip³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director