

Press Release



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

COSCO SHIPPING Ports Announces 3Q2017 Results

Hong Kong, 26 October 2017 – COSCO SHIPPING Ports Limited (the “Company” or “COSCO SHIPPING Ports”, SEHK:1199), the world’s leading ports operator, today announced third quarter results of the Company and its subsidiaries (the “Group”) for the three months and the nine months ended 30 September 2017.

3Q2017 FINANCIAL HIGHLIGHTS

- Revenue increased by 8.0% to US\$155,555,000 (3Q2016: US\$144,092,000).
- With the benefit of operating leverage, gross profit increased by 15.2% to US\$56,723,000 (3Q2016: US\$49,234,000). Gross profit margin increased by 2.3 percentage points to 36.5% (3Q2016: 34.2%).
- Operating profit increased by 55.7% to US\$35,989,000 (3Q2016: US\$23,112,000) as compared with the same period last year, as a provision for impairment of US\$10,000,000 on an available-for-sale financial asset was made in 3Q2016.
- Profits from associates surged 92.0% to US\$44,176,000 (3Q2016: US\$23,005,000), which was mainly attributed to profit contribution by Qingdao Port International Co., Ltd. (“QPI”).
- Profit before income tax from continuing operations was up 52.1% to US\$95,369,000 (3Q2016: US\$62,718,000).
- Profit attributable to equity holders of the Company increased by 53.0% to US\$67,184,000 (3Q2016: US\$43,899,000).

Results of the Group for the nine months ended 30 September 2017 are highlighted as follows:

- Revenue increased by 2.9% to US\$431,331,000 (corresponding period of 2016: US\$419,075,000).
- Gross profit dropped by 0.9% to US\$155,251,000 (corresponding period of 2016: US\$156,591,000). Gross profit margin dropped by 1.4 percentage points to 36.0% (corresponding period of 2016: 37.4%).
- During the period, the Group completed the subscription of non-circulating domestic shares

in 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\$285,392,000. Profit attributable to equity holders of the Company amounted to US\$451,896,000 (corresponding period of 2016: US\$215,847,000), an increase of 109.4% compared with the corresponding period last year.

- Excluding profit after tax from one-off exceptional items in 2017 and profit in relation to discontinued container leasing, management and sale businesses in 2016, profit attributable to equity holders amounted to US\$166,504,000 (corresponding period of 2016: US\$149,753,000), an 11.2% increase compared with the corresponding period last year.
- The Group’s total container throughput rose 13.5% to 64,885,641 TEU (corresponding period of 2016: 57,165,661 TEU)^{Note 2}.
- Basic earnings per share for profit attributable to equity holders amounted to US14.96 cents (corresponding period of 2016: US7.27 cents). Excluding discontinued operation, basic earnings per share for profit attributable to equity holders was US14.96 cents (corresponding period of 2016: US5.04 cents).

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\$244,596,000 from the disposal of Qingdao Qianwan Terminal; (2) reversal of dividend withholding income tax provision in the amount of US\$11,970,000 made in prior years in respect of the profit retained by Qingdao Qianwan Terminal; and (3) a gain after tax of US\$28,826,000 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 to September 2017 and Qingdao Qianwan Terminal’s throughput of January to September 2016.

OPERATIONAL HIGHLIGHTS

Driven by the growth of international trade and the supports from shipping alliances and shipping fleets of parent company, the Group’s total throughput recorded satisfactory growth. Total throughput of the Group’s container terminals increased by 16.6% to 23,104,774 TEU for the three months ended 30 September 2017 (3Q2016: 19,807,453 TEU). For the nine months ended 30 September 2017, the Group’s total container throughput rose 13.5% to 64,885,641 TEU (corresponding period of 2016: 57,165,661 TEU).

For the three months ended 30 September 2017, the Group’s subsidiaries handled 18.9% (3Q2016: 19.6%) of the Group’s total throughput with a total of 4,355,405 TEU (3Q2016: 3,878,102 TEU), up 12.3%, while the Group’s non-controlling terminals handled the remaining 81.1% (3Q2016: 80.4%) or 18,749,369 TEU (3Q2016: 15,929,351 TEU), up 17.7%. For the nine months ended 30 September 2017, the Group’s subsidiaries handled 19.1% (corresponding period of 2016: 20.6%) of the Group’s total throughput with a total of 12,401,873 TEU (corresponding period of 2016: 11,758,464 TEU), increased by 5.5%, while the Group’s non-controlling terminals handled the remaining 80.9% (corresponding period of 2016: 79.4%) with a total of 52,483,768 TEU (corresponding period of 2016: 45,407,197 TEU), up 15.6%.

Greater China

For the three months ended 30 September 2017, the throughput of the Greater China region increased by 11.3% to 18,417,579 TEU (3Q2016: 16,541,150 TEU), accounting for 79.7% (3Q2016: 83.5%) of the Group’s total throughput. The throughput in Mainland China (excluding

Hong Kong and Taiwan) increased by 10.2% to 17,058,220 TEU (3Q2016: 15,483,436 TEU). For the nine months ended 30 September 2017, throughput of the Greater China region rose 7.9% to 51,317,504 TEU (corresponding period of 2016: 47,547,756 TEU), and accounted for 79.1% (corresponding period of 2016: 83.2%) of the Group's total throughput. The throughput in Mainland China (excluding Hong Kong and Taiwan) increased by 6.7% to 47,437,819 TEU (corresponding period of 2016: 44,469,556 TEU).

Bohai Rim

The throughput of the Bohai Rim region, excluding QPI and Qingdao Qianwan Terminal, accounted for 18.4% (3Q2016: 20.4%) of the Group's total, increased by 5.2% to 4,260,587 TEU for the three months ended 30 September 2017 (3Q2016: 4,048,622 TEU). The throughput of QPI was 4,640,000 TEU, while the throughput of Qingdao Qianwan Terminal was 4,402,788 in the corresponding period last year. Throughput of Dalian Port Container Terminal Co., Ltd. increased by 12.3%, which was mainly driven by the adding of shipping routes by the alliances. Increase in exports resulted from economic recovery in Northeast region also contributed to the rise. Throughput of Tianjin Port Euroasia International Container Terminal Co., Ltd. increased by 31.1%, which was mainly attributed to the increased calls from shipping companies after their reshuffle of shipping routes this year.

Yangtze River Delta

The throughput of the Yangtze River Delta region accounted for 21.5% (3Q2016: 22.9%) of the Group's total and amounted to 4,962,336 TEU for the three months ended 30 September 2017 (3Q2016: 4,544,753 TEU), an increase of 9.2% from last year. Throughput of Ningbo Yuan Dong Terminals Limited increased by 14.3% during the period, which was mainly due to the reshuffle of shipping routes by the shipping alliances and its efforts in actively pursuing overtime calls. Throughput of Shanghai Mingdong Container Terminals Limited increased by 5.9% to 1,631,857 TEU.

Southeast Coast

The throughput of the Southeast Coast region accounted for 5.8% (3Q2016: 6.0%) of the Group's total, increased by 12.8% to 1,350,244 TEU for the three months ended 30 September 2017 (3Q2016: 1,196,860 TEU). With the increased calls from the OCEAN Alliance, throughput of Xiamen Ocean Gate Container Terminal Co., Ltd. grew by 42.0%.

Pearl River Delta

The throughput of the Pearl River Delta region was 7,478,424 TEU (3Q2016: 6,490,533 TEU) and made up 32.4% (3Q2016: 32.8%) of the Group's total for the three months ended 30 September 2017, an increase of 15.2%. Recovery in international trade continued and increased calls by the OCEAN Alliance boosted the throughput of Guangzhou South China Oceangate Container Terminal Company Limited to grow by 10.1%. The co-management of COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited effective from 1 January 2017 gave rise to the increase in throughput by 54.3% to 922,304 TEU (3Q2016: 597,613 TEU).

Southwest Coast

The throughput of the Southwest Coast region accounted for 1.6% (3Q2016: 1.3%) of the Group's total for the three months ended 30 September 2017, increased by 40.6% to 365,988 TEU (3Q2016: 260,382 TEU).

Overseas

The overseas terminals total throughput increased by 43.5% to 4,687,195 TEU for the three months ended 30 September 2017 (3Q2016: 3,266,303 TEU) and accounted for 20.3% (3Q2016: 16.5%) of the Group's total. The throughput of Piraeus Container Terminal S.A. in Greece dropped marginally at 0.6% to 951,359 TEU. Throughput of Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş. (Kumport Terminal) in Turkey increased by 124.5%, mainly resulted from the increased calls from the shipping alliances.

Euromax Terminal Rotterdam B.V. ("Euromax Terminal") in Rotterdam began to contribute to the Group's throughput from 1 October 2016. Excluding the throughput from Euromax Terminal and Reefer Terminal S.p.A. ("Vado Reefer Terminal") which the Group started to include since 1 April 2017, total throughput from the Group's overseas terminals for the three months and nine months ended 30 September 2017 grew by 21.6% and 19.5% respectively.

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About COSCO SHIPPING Ports Limited

COSCO SHIPPING Ports' controlling shareholder is COSCO SHIPPING Holdings Co., Ltd. (Stock Code: 1919.HK), whose parent company, COSCO SHIPPING Group, is one of the largest integrated shipping enterprises in the world. Based in China, COSCO SHIPPING Ports' network of terminals extends to more than 30 ports globally, covering the main five port clusters along the Chinese coast, Southeast Asia, Europe, the Mediterranean and the Black Sea.

3Q2017 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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