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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 2022

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 2022.

Results Highlights

- Total throughput increased by 0.3% to 30,291,588 TEU; equity throughput increased by 6.1% to 9,859,095 TEU
- Throughput from terminals in which the Group has controlling stakes increased by 39.5% to 7,487,432 TEU; throughput from the Group’s non-controlling terminals decreased by 8.1% to 22,804,156 TEU
- Profit attributable to equity holders of the Company increased by 2.6% to US\$74,948,000

Financial Highlights

US\$ (million)

	1Q2022	1Q2021	Change (%)
Revenue	329.7	265.3	+24.2
Cost of sales	248.8	203.4	+22.3
Gross profit	80.9	61.9	+30.5
Share of profits from joint ventures and associates	82.5	81.0	+1.9
Profit attributable to equity holders of the Company	74.9	73.0	+2.6
Basic earnings per share (US cents)	2.26	2.20	+2.7

Unaudited Condensed Consolidated Balance Sheet
As at 31 March 2022

	As at 31 March 2022 US\$'000	As at 31 December 2021 US\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,998,659	3,953,801
Right-of-use assets	1,097,811	1,086,887
Investment properties	10,066	10,054
Intangible assets	409,271	426,121
Joint ventures	1,174,951	1,154,633
Loans to a joint venture	-	23,083
Associates	3,462,191	3,422,897
Loans to associates	106,087	107,643
Financial asset at fair value through profit or loss	56,468	61,922
Financial assets at fair value through other comprehensive income	158,194	161,902
Deferred tax assets	93,239	95,071
Other non-current assets	8,430	7,649
	<u>10,575,367</u>	<u>10,511,663</u>
Current assets		
Inventories	20,790	20,111
Trade and other receivables	279,297	237,637
Current income tax recoverable	3,135	3,844
Restricted bank deposits	34,755	33,214
Cash and cash equivalents	1,237,788	1,226,841
	<u>1,575,765</u>	<u>1,521,647</u>
Total assets	<u>12,151,132</u>	<u>12,033,310</u>
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	42,574	42,574
Reserves	5,764,166	5,775,445
	<u>5,806,740</u>	<u>5,818,019</u>
Non-controlling interests	<u>1,137,694</u>	<u>1,122,620</u>
Total equity	<u>6,944,434</u>	<u>6,940,639</u>

LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	134,460	140,788
Lease liabilities	773,280	748,459
Long term borrowings	2,199,347	2,306,423
Loans from non-controlling shareholders of a subsidiary	69,571	70,591
Derivative financial instruments	2,043	2,991
Put option liability	233,939	232,263
Pension and retirement liabilities	11,891	11,828
Other long term liabilities	44,573	46,942
	<u>3,469,104</u>	<u>3,560,285</u>
Current liabilities		
Trade and other payables and contract liabilities	589,550	521,630
Current tax liabilities	55,715	51,696
Current portion of lease liabilities	43,202	42,450
Current portion of long term borrowings	790,412	653,680
Short term borrowings	258,199	259,507
Derivative financial instruments	516	3,423
	<u>1,737,594</u>	<u>1,532,386</u>
Total liabilities	<u>5,206,698</u>	<u>5,092,671</u>
Total equity and liabilities	<u>12,151,132</u>	<u>12,033,310</u>

Unaudited Condensed Consolidated Income Statement For the three months ended 31 March 2022

	Note	Three months ended 31 March	
		2022 US\$'000	2021 US\$'000
Revenues		329,654	265,330
Cost of sales		<u>(248,811)</u>	<u>(203,365)</u>
Gross profit		80,843	61,965
Administrative expenses		(37,454)	(29,561)
Other operating (expenses)/income, net		<u>(135)</u>	<u>2,432</u>
Operating profit		43,254	34,836

Finance income		2,079	2,499
Finance costs		<u>(28,535)</u>	<u>(28,275)</u>
Operating profit (after finance income and costs)		16,798	9,060
Share of profits less losses of			
- joint ventures		19,504	19,414
- associates		<u>63,015</u>	<u>61,544</u>
Profit before taxation		99,317	90,018
Taxation		<u>(9,597)</u>	<u>(11,245)</u>
Profit for the period		<u>89,720</u>	<u>78,773</u>
Profit attributable to:			
Equity holders of the Company		74,948	73,027
Non-controlling interests		<u>14,772</u>	<u>5,746</u>
		<u>89,720</u>	<u>78,773</u>
Earnings per share for profit attributable to the equity holders of the Company			
- basic	1	US2.26 cents	US2.20 cents
- diluted	1	<u>US2.26 cents</u>	<u>US2.20 cents</u>

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 2022 of 3,315,296,374 shares (three months ended 31 March 2021: 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. During the three months ended 31 March 2022 was 3,315,296,374 shares (three months ended 31 March 2021: 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 2022, 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 2022 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2021. 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 2022, total throughput increased by 0.3% to 30,291,588 TEU (1Q2021: 30,187,744 TEU). Equity throughput for the period increased by 6.1% YoY to 9,859,095 TEU (1Q2021: 9,293,125 TEU). Throughput from terminals in which the Group has controlling stake increased by 39.5% YoY to 7,487,432 TEU (1Q2021: 5,365,528 TEU), making up 24.7% of the Group's total. Throughput from non-controlling terminals decreased by 8.1% YoY to 22,804,156 TEU (1Q2021: 24,822,216 TEU).

	1Q2022 (TEU)	1Q2021 (TEU)	Change (%)
Total Throughput	30,291,588	30,187,744	+0.3
Throughput from terminals in which the Group has controlling stake ^{Note}	7,487,432	5,365,528	+39.5
Throughput from the Group's non-controlling terminals ^{Note}	22,804,156	24,822,216	-8.1
Equity Throughput	9,859,095	9,293,125	+6.1
Equity throughput from terminals in which the Group has controlling stake	4,495,974	3,402,993	+32.1
Equity throughput from the Group's non-controlling terminals	5,363,121	5,890,132	-8.9

Note: In 2021, the Company completed the acquisition of additional equity interest in Tianjin Port Container Terminal Co., Ltd. ("Tianjin Container Terminal") to make it a subsidiary and completed the disposal of Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Tianjin Euroasia Terminal"). Tianjin Container Terminal has become a terminal in which the Group has controlling stakes since December. Therefore, the throughput of the terminal in 1Q2022 is counted as the throughput from the terminals in which the Group has controlling stakes, while in 1Q2021 the throughput is categorized into the Group's non-controlling terminals. After the disposal of Tianjin Euroasia Terminal in December 2021, the throughput of this terminal is no longer counted as the Group's non-controlling terminals.

Greater China

For the three months ended 31 March 2022, total throughput of the Greater China region decreased by 3.6% YoY to 22,520,167 TEU (1Q2021: 23,228,766 TEU), accounting for 74.3% of the Group's total.

Bohai Rim

For the three months ended 31 March 2022, total throughput of the Bohai Rim region decreased by 4.0% YoY to 9,539,494 TEU (1Q2021: 9,933,430 TEU), accounting for 31.5% of the Group's total. Throughput of Tianjin Container Terminal remained stable and increased slightly by 0.4% YoY to 1,935,578 TEU (1Q2021: 1,927,584 TEU). Impacted by the COVID-19 pandemic, the throughput of Yingkou Container Terminals Company Limited and Yingkou New Century Container Terminal Co., Ltd. decreased by 28.7% YoY to 435,574 TEU (1Q2021: 610,596 TEU).

Yangtze River Delta

For the three months ended 31 March 2022, total throughput of the Yangtze River Delta region decreased by 3.3% YoY to 3,557,167 TEU (1Q2021: 3,679,444 TEU) and made up 11.8% of the Group's total. Shanghai Pudong International Container Terminals Limited actively introduced new shipping routes and its throughput increased by 11.2% YoY to 662,020 TEU (1Q2021: 595,566 TEU). Impacted by the COVID-19 pandemic, throughput of Nantong Tonghai Port Co., Ltd. decreased by 15.4% YoY to 296,842 TEU (1Q2021: 350,707 TEU).

Southeast Coast and Others

For the three months ended 31 March 2022, total throughput of the Southeast Coast region increased by 16.4% YoY to 1,586,044 TEU (1Q2021: 1,362,382 TEU) and accounted for 5.2% of the Group's total. Xiamen Ocean Gate Container Terminal Co., Ltd. enhanced sales and marketing and proactively introduced new shipping routes, so the throughput increased by 18.4% YoY to 703,269 TEU (1Q2021: 593,975 TEU).

Pearl River Delta

For the three months ended 31 March 2022, total throughput of the Pearl River Delta region decreased by 8.0% YoY to 6,431,662 TEU (1Q2021: 6,989,609 TEU) and accounted for 21.2% of the Group's total. During the period, total throughput of Guangzhou South China Oceangate Container Terminal Company Limited increased by 3.0% YoY to 1,369,507 TEU (1Q2021: 1,329,708 TEU). Throughput of Yantian International Container Terminals Co., Ltd. decreased by 14.6% YoY to 3,132,404 TEU (1Q2021: 3,667,267 TEU), which is mainly due to ports congestion.

Southwest Coast

For the three months ended 31 March 2022, total throughput of the Southwest Coast region increased by 11.2% YoY to 1,405,800 TEU (1Q2021: 1,263,901 TEU) and accounted for 4.6% of the Group's total, which was mainly benefited from the increased trade activities between China and Southeast Asia.

Overseas

For the three months ended 31 March 2022, total throughput of overseas region increased by 11.7% YoY to 7,771,421 TEU (1Q2021: 6,958,978 TEU) and accounted for 25.7% of the Group's total. Due to the continuous congestion of major ports in northwest Europe, CSP Zeebrugge Terminal NV became an important buffer port for the region and, together with the addition of new routes, its throughput increased by 24.4% YoY to 272,344 TEU (1Q2021: 218,936 TEU). As CSP Abu Dhabi Terminal L.L.C. continued to strengthen sales and marketing and enhanced synergy effect with the shipping fleets of parent company, its throughput increased by 27.3% YoY to 201,691 TEU (1Q2021: 158,389 TEU).

Prospects

The situation of COVID-19 pandemic is still severe at the beginning of 2022, which brings uncertainties to the recovery of global economy. Confronted with quite a lot of challenges, COSCO SHIPPING Ports continues to strengthen Lean Operations strategy, focus on improving quality and efficiency, control costs and maintain a stable financial situation. The Group will be able to leverage on its ample cash and cash equivalents to maintain a stable financial position and facilitate sustainable development, which will also support its dividend policy in 2022.

The Group remains steadfastly committed to building well-balanced terminal network to meet the needs of shipping alliances. At the same time, it prudently seized development opportunity with an eye on identifying projects with growth potential around the globe to strengthen its global network of terminals. Terminals in which the Group has controlling stake will continue to actively develop terminal extended business and aim to develop a ports supply chain platform that extends to both upstream and downstream industries and provide more value-added services to customers, thereby further enhancing profitability.

The Group will continue to promote the high-quality development of COSCO SHIPPING Ports under the guidance of the “14th Five-Year Plan”, actively grasp the strategic development opportunities, enhance the expansion of the Company’s scale and optimise the global terminal network. The Group will accelerate the construction of information technology, seize the opportunity of digital development, continuously improve the management capabilities of the Company’s information technology, in order to enhance Lean Operations of the terminals through information technology construction.

The Group will continue to deepen the Lean Operations strategy, strengthen the management and control over terminals, and build the core competitiveness of the Company. In terms of revenue boost, the Group will continue to actively enhance its business marketing capabilities, strengthen market insight and customer value analysis capabilities, focus on customer needs, and upgrade the quality of market development. In terms of cost reduction, terminals in which the Group has controlling stake actively control the cost per TEU, identify the segments and processes for cost optimisation, and strive to enhance the cost competitiveness.

Throughput of the Group for the three months ended 31 March 2022 was set out below:

	Three months ended		Change
	31 March		
	2022	2021	
	(TEU)	(TEU)	(%)
Bohai Rim	9,539,494	9,933,430	-4.0
Qingdao Port International Co., Ltd.	5,900,000	5,550,000	+6.5
Dalian Container Terminal Co., Ltd.	913,246	767,815	+18.9
Dalian Dagang China Shipping Container Terminal Co., Ltd.	3,683	3,702	-0.5
Tianjin Port Euroasia International Container Terminal Co., Ltd.	N/A	755,939	N/A
Tianjin Port Container Terminal Co., Ltd.	1,935,578	1,927,584	+0.4
Yingkou Terminals ^{Note 1}	435,574	610,596	-28.7
Jinzhou New Age Container Terminal Co., Ltd.	198,072	163,413	+21.2
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	153,341	154,381	-0.7
Yangtze River Delta	3,557,167	3,679,444	-3.3
Shanghai Pudong International Container Terminals Limited	662,020	595,566	+11.2
Shanghai Mingdong Container Terminals Limited	1,583,911	1,675,239	-5.5
Ningbo Yuan Dong Terminals Limited	748,387	748,554	+0.0
Lianyungang New Oriental International Terminals Co., Ltd.	213,052	246,276	-13.5
Taicang International Container Terminal Co., Ltd.	52,955	63,102	-16.1
Nantong Tonghai Port Co., Ltd.	296,842	350,707	-15.4
Southeast Coast and others	1,586,044	1,362,382	+16.4
Xiamen Ocean Gate Container Terminal Co., Ltd.	703,269	593,975	+18.4
Quan Zhou Pacific Container Terminal Co., Ltd.	291,556	264,263	+10.3
Jinjiang Pacific Ports Development Co., Ltd.	54,358	63,849	-14.9
Kao Ming Container Terminal Corp.	536,861	440,295	+21.9
Pearl River Delta	6,431,662	6,989,609	-8.0
Yantian International Container Terminals Co., Ltd.	3,132,404	3,667,267	-14.6
Guangzhou Terminals ^{Note 2}	2,660,022	2,568,671	+3.6
Hong Kong Terminals ^{Note 3}	639,236	753,671	-15.2
Southwest Coast	1,405,800	1,263,901	+11.2
Beibu Gulf Port Co., Ltd.	1,405,800	1,263,901	+11.2
Overseas	7,771,421	6,958,978	+11.7
Piraeus Container Terminal Single Member S.A.	1,098,120	1,145,005	-4.1
CSP Zeebrugge Terminal NV	272,344	218,936	+24.4
COSCO SHIPPING Port (Spain) Holding, S.L. and its subsidiaries	892,005	860,922	+3.6
CSP Abu Dhabi Terminal L.L.C.	201,691	158,389	+27.3
COSCO-PSA Terminal Private Limited	1,175,780	1,202,531	-2.2
Reefer Terminal S.p.A.	17,064	17,614	-3.1
Euromax Terminal Rotterdam B.V.	662,212	640,733	+3.4
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş.	321,503	305,363	+5.3
Suez Canal Container Terminal S.A.E.	940,990	865,652	+8.7
Red Sea Gateway Terminal Company Limited ^{Note 4}	644,123	N/A	N/A
Antwerp Gateway NV	540,368	541,475	-0.2
SSA Terminals (Seattle), LLC	58,433	59,139	-1.2
Busan Port Terminal Co., Ltd.	901,898	943,219	-4.4
Vado Gateway S.p.A. ^{Note 5}	44,890	N/A	N/A
Total	30,291,588	30,187,744	+0.3

- 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 Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Container Terminal Company Limited and Nansha Stevedoring Corporation Limited of Port of Guangzhou.
- Note 3: Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited.
- Note 4: On 14 July 2021, the Group completed the acquisition of 20% equity interest in the Red Sea Gateway terminal. Therefore, no comparable figure is available for the throughput from January to March 2022.
- Note 5: The Group holds 40% equity of APM Terminals Vado Holdings B.V. and completed the acquisition of Vado Gateway S.p.A. on 24 September 2021. The Company indirectly holds 40% equity of the terminal since then. Therefore, no comparable figure is available for the throughput from January to March 2022.
- Note 6: Total throughput of bulk cargo, excluding the throughput of Beibu Gulf Port Co., Ltd., for the three months ended 31 March 2022 was 22,427,830 tons (1Q2021: 19,230,471 tons), representing an increase of 16.6%. Total throughput of automobile for the three months ended 31 March 2022 was 188,080 vehicles (1Q2021: 202,788 vehicles), representing a decrease of 7.3%. Throughput of reefer of Reefer Terminal S.p.A. (Vado Reefer Terminal) for the three months ended 31 March 2022 was 92,054 pallets (1Q2021: 84,903 pallets), representing an increase of 8.4%.

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 2022.

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 Dayu
Managing Director

Hong Kong, 29 April 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. ZHANG Dayu¹ (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