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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)**

### **VOLUNTARY ANNOUNCEMENT**

### **JOINT OPERATING ALLIANCE OF THE KWAI TSING CONTAINER TERMINALS**

This announcement is made by COSCO SHIPPING Ports Limited (the “**Company**”) on a voluntary basis.

The board of directors (the “**Board**”) of the Company is pleased to announce that on 8 January 2019, COSCO-HIT Terminals (Hong Kong) Limited (“**CHT**”), Asia Container Terminals Limited (“**ACT**”), Hongkong International Terminals Limited (“**HIT**”) and Modern Terminals Limited (“**MTL**”) entered into a Hong Kong Seaport Joint Operating Alliance Agreement (the “**Agreement**”) regarding the terms on which they will collaborate with each other for the efficient management and operation of the 23 berths across Terminals 1, 2, 4, 5, 6, 7, 8 and 9 (together the “**Combined Terminal Facilities**”) of Kwai Tsing, New Territories, Hong Kong (the “**Hong Kong Seaport Alliance**”).

CHT, which owns 2 berths in Terminal 8 East, is effectively held as to 50% by each of the Company and Hutchison Port Holdings Trust (“**HPHT**”, a container port business trust listed in Singapore) through intermediary companies. ACT, which owns 2 berths in Terminal 8 West, is effectively held as to 60% and 40%, respectively by the Company and HPHT through intermediary companies. HIT, a wholly-owned subsidiary of HPHT, owns 12 berths in Terminals 4, 6, 7 and 9 North. MTL, a subsidiary of The Wharf (Holdings) Limited (“**The Wharf**”), owns 7 berths in Terminals 1, 2, 5 and 9 South.

The objective of the Hong Kong Seaport Alliance is to (i) improve the value proposition of the Combined Terminal Facilities in the context of growing regional competition; (ii) maximise efficiencies to the benefit of customers and the industry at large; (iii) optimise utilisation of the Combined Terminal Facilities and cost synergies; and (iv) reduce the environmental impact of such operations in Hong Kong.

Pursuant to the Agreement, the parties will establish an Executive Committee, a Joint Management Committee, a Commercial Committee, a Finance Committee and an Operations Coordination Team in order to govern and manage the Combined Terminal Facilities. The revenue and costs from the management and operation of the Combined Terminal Facilities

will be shared among the parties at a pre-agreed ratio. The Agreement may be terminated in certain circumstances upon the giving of not less than six months' written notice.

### **Rationale for the Hong Kong Seaport Alliance**

The Company believes that the Hong Kong Seaport Alliance will enable the parties to deploy their facilities and resources in a more cost effective and efficient manner. Taking into account the changing dynamics of the shipping industry, in particular with the formation of strategic alliances between shipping lines and the growing use by lines of larger vessels, the Company is of the view that the Hong Kong Seaport Alliance will enable better utilization of the existing capacity by increasing the flexibility in the overall berth and yard planning among the 23 berths to better accommodate the need of such shipping alliances. This will result in an enhanced service for customers, thereby increasing the overall competitiveness of the Combined Terminal Facilities.

### **Information on the Group, HPHT Group and The Wharf Group**

The Company and its subsidiaries are principally engaged in the businesses of managing and operating terminals, and related businesses.

HPHT and its subsidiaries are principally engaged in the investment, development, operation and management of deep-water container ports in the Guangdong Province, Hong Kong and Macau.

The Wharf and its subsidiaries are principally engaged in investment and development properties in Hong Kong and the Mainland, hotels and management, and logistics.

By Order of the Board  
**COSCO SHIPPING Ports Limited**  
**ZHANG Wei (張為)**  
*Vice Chairman & Managing Director*

Hong Kong, 8 January 2019

As at the date of this announcement, the Board comprises Mr. HUANG Xiaowen<sup>2</sup> (Chairman), Mr. ZHANG Wei (張為)<sup>1</sup> (Vice Chairman & Managing Director), Mr. FANG Meng<sup>1</sup>, 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