

INTERVIEW WITH TERMINAL MANAGEMENT

PIRAEUS TERMINAL

A Transshipment Hub in the Mediterranean Region



FU Chengqiu
Managing Director

Since being taken over by the Group, Piraeus Terminal has focused on customers' needs, under the leadership of Fu Chengqiu, Managing Director of Piraeus Terminal. The facility has made full use of its geographical advantages to implement three major strategies, namely to be a logistics distribution centre, the most important container transshipment centre and the gateway

port for Southern Europe, thus transforming Piraeus Terminal into a major hub for the Mediterranean region.

Mr. Fu says: "Benefiting from its superior geographical position, Piraeus Terminal has attracted many companies from home and abroad as a logistics base. In order to handle their distribution needs, we have launched a logistics

distribution centre service and have built logistics distribution centres for a number of leading Chinese and foreign companies including HP, Huawei, ZTE and Gree. This value-added service has consolidated the customer relationship and brought additional income source to the terminal."

The success of Piraeus Terminal has not only enhanced the overall business growth of the Group, but paved a solid foundation for the future development of the terminals business. Moreover, Piraeus Terminal is supporting the establishment of COSCO Pacific's global footprint.

Chinese Premier Li Keqiang proposed last year the ideal of "The China-European Sea-rail Express", clearly outlining the prospect for the development of Piraeus Terminal in relation to sea-rail transportation. Mr. Fu adds: "In the past, if Chinese cargo was transported by sea and landed at a port in northwestern Europe, it was then transported by train to



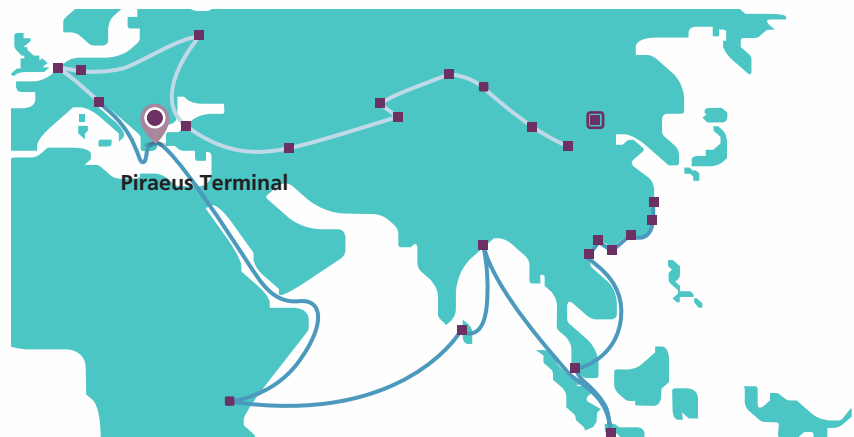
destinations in central or eastern Europe; or else it had to be transported by train for the entire journey." Piraeus Terminal, as the sea-rail intersection of 'The China-European Sea-rail Express', has a unique competitive advantage as it can now offer greatly shortened transportation times by linking with the rail network across Europe. As long as we follow our established development strategy, Piraeus Terminal will become an important link in the trade between Europe and China, strengthening its position as a hub port for the Mediterranean and adding to the value of the terminal."

"Utilisation for Piraeus Terminal has reached 77%. So we need to expand Pier 3, adding two berths handling mega vessels, to ensure that the terminal has sufficient capacity to grasp the opportunities arising from The China-European Sea-rail Express initiative. We already have an overwhelming advantage in market share of maritime trade between Europe and China, since three of the four major shipping alliances operating Europe-China routes are our customers. Our customers also include some important independent carriers operating between Asia and the Mediterranean, as well as regional shipping lines. We will adhere to our three strategies, providing a comprehensive and high-quality service for more clients and continuing to create more value at the terminal."



The "One Belt, One Road" strategy put forward by the Chinese government will further integrate the economies of Europe and Asia. The "21st Century Maritime Silk Road" strategy that forms part of it places Greece along that route. Hence, Piraeus Terminal

will benefit from China's national economic strategy and play an active role as an international transshipment port in Europe and the Mediterranean for the promotion of Eurasian trade and economic integration.



— Silk Road Economic Belt
— 21st Century Maritime Silk Road



ZHANG Junsheng
Managing Director

XIAMEN OCEAN GATE TERMINAL China's First Fully Automated Container Terminal



Xiamen Ocean Gate Terminal is located between China's two most dynamic economic belts along the Yangtze River Delta and the Pearl River Delta. It connects three economic zones with

high transportation needs, the Yangtze River Delta Economic Zone, Pearl River Delta Economic Zone and West Coast Economic Zone.

Strongly supported by the Xiamen municipal government, COSCO and China Communications Construction Group Company Limited have jointly built China's first fully automated container terminal. The first phase of the automated system at Xiamen Ocean Gate Terminal has undergone operational trials. The future second phase of the automated terminal will involve an automatic loading and unloading system for rail cargoes, on a line running from the dedicated Haicang Railway to

the wharf apron. It is expected to become the first automated container terminal to combine shipping and rail transportation, representing a major transformation of traditional container terminal operations.

Zhang Junsheng, Managing Director of Xiamen Ocean Gate Terminal, says: "The fully automated terminal, with its internationally advanced levels of service, has been independently developed by China, breaking the monopoly of overseas producers in automated terminal intelligent management systems. It is China's first fully automated container terminal with full intelligence, fully electrically powered, safe and eco-friendly. As well as enhancing operational capabilities and efficiency, the terminal will achieve pollution-free and zero-emissions operations at the site, marking a new era in the history of China's container terminal development.

"The terminal is equipped with a variety of automated machinery that includes those with the highest current degree of automation in China and the most intelligent quayside container crane. Automated equipment significantly improves operational efficiency. Fully enclosed, unmanned remote control systems prevent injury to personnel and save significant labour costs. The electric power-driven automation system is expected to save 25% in energy cost and reduce overall carbon emissions by at least 20%, directly enhancing the value of Xiamen Ocean Gate Terminal and embodying the Group's belief in Corporate Social Responsibility."

GUANGZHOU SOUTH CHINA OCEANGATE TERMINAL

Promoting Energy Efficiency and Environmental Protection



YUAN Qing
Deputy General Manager

COSCO Pacific has always taken a long-term view and pursued balanced development. To reduce the impact on the environment arising from our daily operations, we have introduced low-carbon equipment based on a balanced consideration of long-term cost efficiency.

Guangzhou South China Oceangate Terminal conducted a three-phase process to replace oil with electricity during 2011 to 2014, replacing the existing RTGs with electrically

powered RTGs (ERTG). A 46.0% carbon reduction was achieved by ERTG, representing an annual reduction in carbon dioxide of 9.9 million kg at the terminal based on 2014 container volumes, thus significantly reducing air pollution.

The investment in the oil replacement process is expected to be fully recovered by the first half of 2018. Yuan Qing, Deputy General Manager of Guangzhou South China Oceangate Terminal, says: "From the long-



term perspective, this project helps save the cost of operations in the future and enhances the terminal's competitiveness."

Optimising the operational capabilities of Guangzhou South China Oceangate Terminal is one of the Group's significant business goals in southern China. Mr Yuan adds: "With the establishment of the free trade zone in Guangdong, Nansha port district is planning to upgrade the port environment and simplify investment and trade procedures. Meanwhile, the Nansha Port Railway that connects Guangzhou and Zhuhai, Nanning and Guangzhou, Liuzhou and Zhaoqing, is expected to open in 2019, creating a rail and water-borne transportation network for mid southern and southwestern China. The well-equipped Guangzhou South China Oceangate Terminal will seize the momentum to develop itself as an 'international shipping and logistics centre' in Guangzhou".



COSCO-HIT TERMINAL and ASIA CONTAINER TERMINAL Acquisition Creates more Competitive Platform



DENG Xiaoli
Asia Container Terminal
Managing Director

Hong Kong is a hub for logistics in Asia, with shipping routes connecting to the entire world. The city has a privileged location at the heart of Asia and is a deepwater port. With its free port policy, Hong Kong has become an international transshipment hub for ships from across the globe. As a world city, Hong Kong attracts the world's top talent in leasing, ship management, maritime services, shipping operations, law and arbitration and has an abundant supply of skilled labour. Its transportation infrastructure and operational standards are internationally recognised.

COSCO Pacific took Hong Kong as the starting point for its global expansion. After years developing the COSCO-

HIT Terminal, the Group acquired a 40% equity interest in Asia Container Terminal, a terminal adjacent to COSCO-HIT Terminal, in March 2014. Mr. Deng Xiaoli, the Managing Director of Asia Container Terminal notes: "The two terminals front the port and together span a quay length of 1,380 metres. Together they are able to handle mega-vessels, giving them a competitive advantage within Kwai Tsing Port.

"In the past, COSCO HIT-Terminal had a quay length of only 640 meters. As mega-vessels become more popular, COSCO HIT-Terminal needed to rent a section of quay length from Asia Container Terminal when two large vessels or one large and one small vessel

berthed on the same day. When all berths at Asia Container Terminal were fully occupied, COSCO-HIT Terminal had to delay the berthing of one of the ships. This affected cost efficiency and could potentially have led to a loss of customers. Following the acquisition, the two terminals have become jointly managed, enabling them to reduce costs and enhance efficiency, greatly increasing their competitiveness."

Looking at the joint development of the two terminals, Mr. Deng says: "From the customer's point of view, as our scheduling and yard planning become more flexible, this will enhance our service efficiency. Internally, we will integrate the management, merge the corporate cultures, organisation structures and employee benefit systems, and strengthen cost control, to maximise synergies."

