

## MAJOR PORT INVESTMENT IN CHINA

20th February 2000

P&O Ports announces that it has signed an agreement with the Qingdao Port Authority (QPA) to form a joint venture company to develop and operate a new container terminal at Qingdao on the northern part of the Chinese coast. The total joint investment in the new company, which will hold the operating concession for 30 years, will be US\$177m. When fully equipped the container terminal will have a capacity of well over 1 million TEU per annum. The joint venture will be called Qingdao Qianwan Container Terminal Co. Ltd. (QQCT) with QPA holding 51% of the stock and P&O Ports holding 49%.

The Port of Qingdao is strategically located as the principal port in one of the fastest growing regions in China, the Shandong Province. Qingdao itself is a major city with a population of seven million which serves an extended hinterland in Shandong Province and beyond to Central and Western China with excellent transport infrastructure. Qingdao Port is already rated China's second largest container port and over the past seven years has experienced strong growth rates with throughput rising from 300,000 TEU in 1993 to 1.5 million TEU in 1999.

Richard Hein, Director of P&O and Chairman of P&O Ports, who was present at the signing said: "The Qingdao Qianwan Container Terminal is a significant investment for P&O Ports and is an excellent example of our strategy of seeking investment opportunities in major shipping and logistics centres in areas of fast growing international trade."

Managing Director of P&O Ports, Douglas Anderson, said he was delighted with the joint venture: "The new terminal will be ideally positioned to provide the extra capacity needed by the Port to capture the increasing container traffic. We are looking forward to working with the QPA and to bringing the levels of service and international terminal operating expertise, for which P&O Ports is renowned, to the Port of Qingdao.

Together with our existing investments in Shenzhen and Tianjin, the QQCT joint venture will extend our commitment to servicing the rapidly growing Chinese economy."

QPA Director, Chang De Chuan, added: "We welcome the participation of P&O Ports in this exciting new development in the Port of Qingdao and look forward to developing the new terminal together."

### Further information:

Peter Smith                      Director, Communications and Strategy, P&O  
020 7321 4343

### Note to Editors

#### 1. Qingdao Port Authority

Qingdao Port is located in the northern part of the Chinese coast, roughly halfway between Shanghai and Beijing and has been selected as a "model port" for the past two years, by the Chinese Ministry of Communications. The Port handles a variety of general, dry bulk and bulk liquid cargoes as well as containers. The new container terminal at Qianwan was constructed by the QPA as the natural port to capture the region's increasing container traffic.

#### 2. Qingdao Qianwan Container Terminal

The Qingdao Qianwan Container Terminal is situated some 8 km by water across the entrance of Jiaozhou Bay to the south west of the existing old port area of Qingdao. The development consists of 766 m quay line (3 berths) with depths alongside ranging from 14.5 to 11.6 meters. There is a 35-hectare container-stacking yard. The terminal is located adjacent to the highly industrialised Qingdao Economic & Technology Development Zone and connected to Qingdao City by a modern four-lane highway. A new high level bridge is to be constructed across the entrance of the Jiaozhou Bay during the next three years, enhancing transport connections between the old port and city areas and the new Qianwan port.

### 3. **P&O Ports**

P&O Ports is a wholly owned subsidiary of the P&O Group. It operates over 21 container terminals in 15 countries with other cargo handling interests in a further 30 ports. Total throughput increased last year by 50% of which 40% was through expansion and 10% organic growth.

Earlier this month P&O Ports signed an agreement to purchase the container and stevedoring business of Seaport n.v in Antwerp, Belgium. This links to the joint venture agreement, announced by P&O Ports and its sister company P&O Trans European, for the development of a major inland terminal and logistics hub at Duisburg, Germany.

In 1999 P&O Ports was successful in securing a long term concession for the Surabaya container terminal in Indonesia and expanded operations into the North American market with the acquisition of International Terminal Operators based on the Eastern and Gulf coasts of the United States.

4. TEU = twenty foot equivalent unit. This is the standard size of container and is a common measure of capacity in the container business.

(ends)