

STRATEGY & OUTLOOK

STRATEGY

Capitalising on global economic growth to optimise terminal portfolio

- Continuing to develop a global terminals portfolio by identifying potential projects in emerging market and port resources consolidation in China
- Diversifying a balanced network between the terminals in which the Company has controlling stakes with strategic value and the terminals in which the Company has a shareholding which are highly-profitable as well as greenfield and brownfield projects
- Disposing terminals without strategic value to enhance enterprise value

Further implementing lean operations management to boost quality and efficiency

- 3 keys to success in lean operations management:
 - Revenue expansion – capitalising on global network and switching from single terminal service to network marketing to provide shipping companies with budget and efficient service in order to increase our bargaining power. Actively collaborating with other ports operators to raise throughput and improve overall efficiency
 - Cost reduction – focusing on financial control and featuring “cost per TEU” to enhance terminal operations and management
 - Headquarters’ empowerment – setting up COE team to closely monitor, enhancing and evaluating port operations and management efficiency

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Challenges

- Weakening global economic growth with ongoing destocking
- Increasing risks of geopolitical conflict
- Further interest rate hike and continued USD appreciation

Opportunities

- RCEP and emerging markets opportunities
- Dual circulation with both growing exports and an emphasis on expanded domestic demand
- Long term opportunities for overseas terminals development as well as for domestic ports consolidation
- Further strengthening the performance of the terminals in which the Company has controlling stakes with strategic value and continuing to enhance the global ports network and to optimise our terminal portfolio, especially increasing the exposure of Southeast Asia, the Middle East, Africa and South America
- Strong relationships and bargaining power with shipping companies on the back of our successful sales and marketing management
- Good prospect on the back of our successful lean operations management to improve asset quality and profitability of the terminals in which the Company has controlling stakes
- Expecting our equity throughput volume growth will be in line with the industry average in 2023