

# CHAIRMAN'S STATEMENT



*In 2023, under multiple risks and challenges such as the accelerated evolution of the global economic and trade pattern, geopolitical conflicts, high inflation and high interest rates, to achieve COSCO SHIPPING Group's vision of high-quality development of its port business segment during the "14th Five-Year Plan" period, we focused on our main responsibilities and main business, actively seized the opportunities, and strove ahead against difficulties. We resolved new problems with new ideas, stimulated new momentum with new development, linked new ecologies with new technologies, and created new models with new mechanisms. Owing to all these efforts, breakthroughs were made in "network chain, business chain, digital chain and green industry chain", and our global competitiveness and brand influence continued to improve.*

**YANG Zhijian**  
Chairman

## Chairman's Statement



As an important component of the new global digital supply chain service ecology of COSCO SHIPPING Group which integrates “shipping + ports + logistics”, COSCO SHIPPING Ports accelerated its high-quality transformation and upgrading while strengthening and optimising its port business and prioritised on global expansion and lean operations to keep creating a global terminal network with efficient linking capabilities.

During the past year, we steadily advanced our terminal portfolio with material progress being achieved in major acquisitions. We continued to focus on improving quality and efficiency and our production and operation recorded an improvement while ensuring stability. Steady enhancement was

seen in the efficiency of vessel operations, our image among customers and the number of shipping services. Significant results were achieved in revenue increase and cost reduction. We further promoted the integrated development of “ports-vessels-cargoes” to provide customers with customised and personalised full-chain solutions, thus creating new drivers for development. Focusing on the new development patterns of port and shipping industries, we accelerated the digital, green and low-carbon transformation and upgrading, driving the efficient development of the Company with technology.

## Chairman's Statement

### **STICKING TO THE GOAL OF GLOBAL DEVELOPMENT AND ACCELERATING SYNERGISTIC VALUE ENHANCEMENT**

Based on its existing network, the Group continued to explore investment opportunities in terminals in which it has controlling stakes and of strategic significance and highly profitable non-controlling terminals across the global network. Guided by the new development pattern and customer strategy, and aiming at a balance between strategy and efficiency, the Group has vigorously pushed forward the expansion of its ports and logistic resources at key locations around the world with the direction of "multi-site development + platform construction", so as to continue to optimise the layout of its terminal assets around the world.

The Company was also committed to building an integrated terminal network that offers a linkage effect on costs, services and synergies. The Company took full use of its synergistic advantages with COSCO SHIPPING Lines and the OCEAN Alliance to strengthen the synergies between ports and shipping companies. Efforts were put on enhancing the service capabilities, operational capabilities and profitability of key hub ports including Piraeus Terminal and CSP Abu Dhabi Terminal, so as to consolidate and enhance their position as regional hub ports and strengthen their capabilities to serve shipping alliances.

### **FURTHER IMPLEMENTING LEAN OPERATIONS AND INNOVATIVE MARKETING TO EXPLORE POTENTIAL INCREMENT**

Under a complex and ever-changing operating environment, the Group strengthened its foundation for development through lean operations. Under the new market normal, the Company continued to optimise its operating strategies, deepen its low-cost strategy and implement lean management. Against the backdrop of inflation and rising labour and interest costs, the Company has taken various measures to improve terminal efficiency, control cost increases and invest in energy conservation and consumption reduction which have achieved some results.

The Company made innovations in the linkage mechanism among ports, shipping companies and cargo owners to further explore the potential of regional market increment. Grasping the opportunities brought by the optimisation of capacity distribution by shipping companies, the Company vigorously expanded cooperation between ports and shipping companies to enrich the network of domestic and foreign trade shipping services. The Company continued to develop high-quality transportation solutions for customers to capture the increment of cargo flow. The operational resilience of the Company was constantly improved through enhancing the agglomeration of regional cargo sources, the driving force of technological innovation, and the value creation of extended services.

## Chairman's Statement

**FURTHER DEVELOPING SUPPLY CHAIN BUSINESS TO CREATE A NEW SERVICE BENCHMARK FOR THE INDUSTRY**

The Group made full use of its advantages of global presence to accelerate the expansion of its supply chain business at home and abroad. Based on the key hubs in overseas regions such as Piraeus Terminal and relying on logistics resources such as the China-Europe Sea-rail Express and container freight station, the Company captured the new trend of trade development, and targeted at the growth potentials of regional markets and emerging markets, thus accelerating the construction of logistics and resources linkage.

The Company also joined hands with COSCO SHIPPING Lines dual brands to promote the integration of modern service industry and advanced manufacturing industry. Relying on the further development of digital supply chain, the Company has created a benchmark digital supply chain product based on the whole vehicle business, providing customers with intelligent and visualised solutions and value-added services. Taking the establishment of overseas presence by China's manufacturing industry as an important opportunity, the Company created and innovated supply chain extension services.

**PROMOTING SUSTAINABLE DEVELOPMENT WITH DUAL ENGINES OF "GREEN AND LOW-CARBON" + "DIGITAL INTELLIGENCE"**

The Group actively promoted green and low-carbon development, and accelerated the application and innovation of low-carbon and emission reduction technologies, with a view to creating a green and efficient transportation model. The green and low-carbon transformation of ports has become an important part of the green transformation of shipowners. The promotion of the use of shore power, the application of new energy container vehicles and the development of advanced technologies such as renewable energy storage are all proof of the future competitiveness of the Company.

The Company explored the potentials of port development with innovations in digital intelligence, and its digital transformation was continuously upgraded. With digital means, the Company fully launched the Enterprise Asset Management (EAM) system which promotes the operation and maintenance management of equipment and deepened the application of the Management Information System (MIS) which realises decision-making and analysis of revenue and cost data based on the middle platform of data, so as to deeply explore data value and enhance the overall production and operation capability of the Company. The Company has developed a systematic capability to enable lean operation internally and efficient customer service externally with the digitalisation of customer service, automation of port production and intelligence of information management.



## Chairman's Statement

### DIVIDEND

The Board of Directors declared a second interim dividend of US1.988 cents per share, together with the first interim dividend of US1.744 cents per share, it brings the total dividend for 2023 to US3.732 cents per share, representing a 40% payout ratio.

COSCO SHIPPING Ports has had a consistent dividend policy that values reasonable investment returns for investors while taking into account the Company's actual operating conditions, long-term interests, the overall interests of all shareholders and the sustainable development of the Company.

The Group will continue to make good use of its capital, ensure sustainable development of the Company's business to support its future growth, create and enhance value for shareholders on a continuous basis. For the dividend policy, please visit the section headed "Policies & Guidelines" under "Corporate Governance" under "About CSP" at the corporate website of the Group (<https://ports.coscoshipping.com>).

### PROSPECTS

Looking forward to this year, there are still uncertainties in global economic growth due to factors such as tightening monetary policies, restricted credit conditions, and weak global trade and investment. Facing the complex and severe domestic and international situations, we need to adhere to the philosophy of "pragmatism and efficiency, honesty and self-discipline, unity and collaboration" to firmly promote higher-quality development of the Company.

With the mission of "Connecting Different Worlds", we will continue to build a global terminal network with efficient linking capability. Taking ourselves as a "connector", we will promote the cooperation between ports and shipping companies, port-to-port cooperation and customer cooperation, so as to become an international trade hub and a hub for vessels and cargo resources, thus promoting the integrated development of China and the world and contributing to global connectivity. With value creation as the starting point and goal, we build an open, collaborative, shared and win-win port supply chain platform to create value for customers, partners, shareholders, employees, local communities, social organisations, international institutions and other stakeholders, and to contribute to the prosperity and development of regional and national economies and trade.

## Chairman's Statement

In 2024, we will focus on the development vision of COSCO SHIPPING Ports during the "14th Five-Year Plan" period, and actively integrate our development vision into the vision and goal of COSCO SHIPPING Group of "building a world-class shipping technology enterprise". We will continue to focus on global expansion and lean operations and strive to build a customer-centric global leading port logistics service provider.

### BOARD AND CORPORATE GOVERNANCE

The Board of Directors of the Group is committed to adhering to high standards of corporate governance, laying a solid foundation for the long-term development of the Company by establishing clear and highly transparent corporate governance procedures and systems, while safeguarding the interests of shareholders. On the one hand, the Company continuously improves its modern corporate system, operational management system and risk prevention and control system, strengthens insights and exploration, creates a world-class governance system and port supply chain operation capability, promotes the Company's sustainable development, and builds a stable growth capacity. On the other hand, the Company actively establishes a leading environmental, social and governance (ESG) mindset, implements our commitment to environmental and social responsibilities in business decision-making and behaviour, and is committed to creating long-term value for shareholders, customers, employees, supply chain partners and the public, becoming a promoter for sustainable development in the industry.

2023 was a successful year for COSCO SHIPPING Ports, during which we forged ahead with united efforts and remarkable performance was achieved. Behind all the achievements, spirit and strength lies the wisdom and effort of all the employees of COSCO SHIPPING Ports, who are united and brave, recording our efforts, perseverance and dedication, and engraving our persistent beliefs and practical responsibilities. On behalf of the Board of Directors and the management of the Company, I would like to take this opportunity to express my heartfelt gratitude for the support of our shareholders, customers, and the public, and for the dedication and contribution of our employees.

**YANG Zhijian**

Chairman

28 March 2024