

CHAPTER 4

MANAGING DIRECTOR'S MESSAGE



ZHU Tao
Managing Director

In 2023, under the leadership of the Board, COSCO SHIPPING Ports forged ahead steadily with concerted efforts and fortitude to resolutely implement the concept of sustainable development amidst the complex and ever-changing external environment. We remained deeply dedicated to safe production, the construction of smart and green ports, data protection and cybersecurity, as well as customer service and satisfaction, fortifying the foundation for the Company's high-quality development with an unwavering spirit of hard work and pragmatism.



Safety is the foundation and prerequisite for development. Adhering to the bottom-line mentality of risk prevention, the Company attaches great importance to safe production, and the prevention and control of significant risks to firmly establish the concept of safety development. The Company focuses on the big picture by earnestly fulfilling the primary responsibility for safe production and continuing to improve the safety management-related system. At the same time, the Company emphasises the responsibility for safe production of the subsidiaries by providing guidance to strengthen the overall response capability, organising self-inspection of potential safety hazards, supervising rectification and strengthening training and education for staff and personnel of the third-party outsourcing units specifically based on the main features and potential hazards of natural disasters, such as extreme weather and climate events, and production safety accidents. During the year, the Company did not have any reported accidents relating to production safety responsibilities or ecological and environmental pollution, creating a solid defensive line for corporate sustainable development.

Digitalisation and intelligent transformation provide key impetus for promoting high-quality development. During the year, the Company made solid and effective progress in the construction of 5G smart ports by stepping up its scientific research efforts, and adhering to innovation-driven development. The smart port demonstration area in Xiamen Ocean Gate Terminal, a Subsidiary of the Company, has successfully realised seamless integration of automated shore-side loading and unloading, intelligent tallying, driverless horizontal transportation, automated control yard and smart gate, thereby taking operational efficiency to new heights. Building upon this achievement, the Company has further advanced the construction of smart ports, replicated and promoted the adoption of driverless container vehicles across other Subsidiaries, and reinforced the integration of cutting-edge technologies such as artificial intelligence with traditional terminal operations to provide support for enhancing terminal capacity and assist terminals in optimising their energy mix, accelerating the promotion of a green and low-carbon transformation.

As a leading port logistics service provider in the world, the Company is committed to working towards the “dual carbon” targets and actively promoting the application of new energy and clean energy facilities. In 2023, the coverage of distributed photovoltaic projects continued to expand with the Company’s newly installed photovoltaic systems at CSP Wuhan Terminal, Nantong Tonghai Terminal, Guangzhou Terminals and Xiamen Ocean Gate Terminal, providing reliable and clean energy for port production. As digitalisation and smart port construction steadily advance, the Company is speeding up the use of new energy and clean energy mobile machinery by replacing the traditional ones. The proportion of electric container vehicles in the Subsidiaries in China continues to increase. Leveraging technologies such as hybrid positioning and navigation and 5G, the Company achieves environmental sensitivity and precise positioning, which improves operational efficiency and reduces energy consumption. Additionally, the Company fully supports the low-carbon transformation of the shipping industry and actively promotes the coverage and use of shore power systems. During the year, the Subsidiaries in China enhanced the provision of shore power services to eligible vessels, resulting in an increased utilisation rate of shore power and contributing to the development of a green shipping industry chain.

The Company actively consolidates the achievements of green and low-carbon construction with pragmatism and raises awareness of its green and low-carbon brand through assessments and third-party certifications. During the year, Xiamen Ocean Gate Terminal and Lianyungang New Oriental Terminal, among others, passed on-site assessments by green port expert panels where Xiamen Ocean Gate Terminal was rated as a Four-star Green Port by China Ports & Harbours Association, and Lianyungang New Oriental Terminal was rated as a Four-star Green Port in Jiangsu Province, signifying the widespread recognition of the Company’s efforts in promoting green port development.

As digitalisation and information technology continue to advance in ports, the Company places equal emphasis on cybersecurity and information technology development, making dedicated efforts to prevent cybersecurity risks. During the year, the Company actively strengthened the unified management and control of office network security equipment, conducted effective cybersecurity monitoring, established regulations for cybersecurity boundaries and standards across its subsidiaries, and continuously enhanced daily cybersecurity maintenance. Meanwhile, the Company carried out training and education to improve cybersecurity risk prevention capabilities. During the year, the Company did not experience significant cybersecurity incidents, building a strong information technology and cybersecurity barrier.

The Company has taken proactive and pragmatic measures to enhance the quality and efficiency of its terminals. With a strong emphasis on meeting the needs of the shipping industry, the Company has bolstered terminal service capabilities on all fronts and provided safe, efficient, and intelligent solutions, as well as value-added services, to enhance customer service experience. Through continuous efforts in terminal operation management, digital transformation, and green and low-carbon development, the Company has further improved the operational capability and competitiveness of its terminals. The total throughput for the year sustained a positive and stable trend.

COSCO SHIPPING Ports' efforts to achieve sustainable development have been recognised by the market. During the year, the Company was selected to be included as a constituent of the FTSE4Good Index Series, the Hang Seng SCHK China Central SOEs ESG Leaders Index, the Hang Seng Corporate Sustainability Benchmark Index and the Hang Seng Climate Change 1.5°C Target Index. At the same time, the Company also received a number of industry awards, including the "Best Corporate Governance and ESG Awards 2023 – Special Mention" award presented by the Hong Kong Institute of Certified Public Accountants, which fully reflects the recognition of the Company by the community.

The port industry is facing the challenges of a complex and ever-changing external environment as well as industrial upgrading and restructuring. The Company will continue to forge ahead with steadfast determination, upholding the principles of sustainable development. With unwavering confidence, conscious actions, and pragmatic work, the Company strives to promote high-quality development and share its achievements with stakeholders.



ZHU Tao
Managing Director