

CORPORATE GOVERNANCE REPORT

The corporate governance framework of the Company aims to ensure that the highest standards of corporate conduct are in place within the Company and attaches great importance to corporate governance processes and systems, so as to achieve its corporate objectives, ensure greater transparency and better protect shareholders' interests. The board of directors of the Company (the "Board") sustains and enhances the Company's corporate governance through timely, transparent, effective and accountable approaches and policies. The Board strongly believes that good corporate governance is the core of a well-managed organisation.

In its constant pursuit of excellence, the Company endeavors to improve corporate governance and strengthen investor relations, gaining extensive market recognition from stakeholders for its high level of transparency and good corporate governance. In 2020, the Company was awarded with the following external recognitions:

- "Transportation and Logistics In-House Team of the Year" by Asian Legal Business Magazine, a well-recognised professional magazine
- "Winner – Compliance Team" and ranked as one of the "Highly recommended – Aviation, Shipping & Logistics Teams" by Chinese Business Law Journal
- "Best Shipping Port Operator (Ports sector) Hong Kong", "Best Investor Relations Company (Ports sector) Hong Kong" and "Most Sustainable Company (Ports sector) Hong Kong" and "Best CSR Company (Ports sector) Hong Kong" from International Business Magazine
- "Best Investor Relations Company Hong Kong" and "Best Port Operator Hong Kong" from Finance Derivative Magazine
- "Most Innovative Port Operator" by International Finance Magazine
- "Best Container Operator of the Year" and "Most Socially Responsible Port Operator" from Global Business Outlook Magazine
- "Best Port Operator" by Business Tabloid Magazine
- "Citation for Environment, Social and Governance Disclosure" and "Excellence Award for H Share & Red Chip Entries – Annual Reports Awards" from The Hong Kong Management Association
- "Best Investor Relations Company", "Asia's Best CEO (Investor Relations)" and "Best Investor Relations Professional" from Corporate Governance Asia Magazine
- "Inno ESG Prize" by Inno ESG
- "Corporate Website Bronze Prize" by 2020 Galaxy Awards
- "Best Mid-Cap ESG Report Commendation", "Best GRI Report Commendation", "Excellence in ESG Governance Commendation" and "Excellence in Environmental Positive Impact" by Alaya Consulting
- "Sustainability and Social Responsibility Reporting Awards (Special Mention)" from The Hong Kong Institute of Certified Public Accountants
- "Titanium Award in Environmental, Social and Governance" from The Asset Magazine

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CORPORATE GOVERNANCE PRACTICES

The Company adopted the code provisions set out in the then Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices in January 2005. From 2002, long before the implementation of the said code, the Company had already taken the initiative to disclose its corporate governance practices in its annual reports.

The Company's corporate governance practices are in compliance with the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules. The Company also refers to the Organisation for Economic Co-operation and Development (OECD) principles to set out a series of ethical standards to maintain a high level of corporate accountability and transparency.

The Company believes that good corporate governance is essential to the sustainability of the Company's business and performance. The Company is pleased to confirm that for the year ended 31 December 2020, it has fully complied with the code provisions of the Corporate Governance Code.

To enhance our commitment to the highest level of corporate governance practices and conduct, the Company had adopted the following code provisions in the Corporate Governance Code prior to their coming into effect on 1 April 2012:

CODE PROVISION A.1.8

Code provision A.1.8 of the Corporate Governance Code provides that a listed company should arrange appropriate insurance coverage for its directors. The Company has maintained appropriate arrangements for liability insurance in order to protect its directors against potential liabilities arising out of corporate activities. The insurance coverage has been reviewed by the Company on an annual basis.

CODE PROVISIONS A.5.1 TO A.5.4

Code provisions A.5.1 to A.5.4 of the Corporate Governance Code provide that a listed company should establish a nomination committee with its terms of reference. The Company established its Nomination Committee in 2005, long before the implementation of the relevant code provisions. Details of the composition and terms of reference of the Nomination Committee are set out under the section headed "Nomination Committee" below.

In order to promote transparency, the Company will review, from time to time, the recommended best practices in the Corporate Governance Code that the Company may comply with. Set forth below are major recommended best practices in the Corporate Governance Code with which the Company continued to comply during the year ended 31 December 2020:

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RECOMMENDED BEST PRACTICE C.1.6

Recommended best practice C.1.6 of the Corporate Governance Code states that a listed company should announce and publish quarterly financial results. The Company published the announcements of its first and third quarterly results on 27 April 2020 and 27 October 2020, respectively, on a voluntary basis. The Company considers the publication of quarterly results a regular compliance practice.

RECOMMENDED BEST PRACTICE C.2.6

Recommended best practice C.2.6 of the Corporate Governance Code states that the board of directors of a listed company may disclose in the Corporate Governance Report that it has received a confirmation from the management on the effectiveness of the Company's risk management and internal control systems.

The Board of the Company has received confirmation from its management with respect to the effectiveness of the Company's risk management and internal control systems for 2020. Details of the effectiveness of the risk management and internal control systems of the Company are set out in the section headed "Risk Management and Internal Control" below.

Below are the policies, processes and practices adopted by the Company in compliance with the principles and spirit of the Corporate Governance Code.

BOARD OF DIRECTORS

BOARD FUNCTIONS AND RESPONSIBILITIES OF DIRECTORS

The Board is responsible for the leadership and control of the Company and its subsidiaries (together, the "Group") and is collectively responsible for promoting the success of the Group by directing and supervising the Group's business. Every Board member is required to keep abreast of his/her duties and responsibilities in the Company in its operation, business and development and should perform his/her duties in good faith, exercise due diligence and act in the best interest of the Group and its shareholders. The Board should ensure that the Company complies with all applicable laws and regulations.

The Board delegates day-to-day operations of the Group to the management. Both the Board and the management have clearly defined their respective authorities and responsibilities under various risk management, internal control and check-and-balance mechanisms. Matters to be decided by the Board include:

- establishing the strategic direction of the Group
- setting objectives and business development plans
- monitoring the performance of the senior management
- implementing corporate governance measures, including but not limited to (i) establishing risk management and internal control systems and reviewing their effectiveness; and (ii) establishing a shareholder communication policy and reviewing it on a regular basis to ensure its effectiveness

The Board reviews and approves the Company's annual budget and business plans, which serve as important benchmarks in assessing and monitoring the performance of the management. The directors have access to the management and are welcome to request explanations, briefings or discussions on the Company's operations or business issues.

The Company has a clear corporate governance process in place to ensure that all directors fully understand their duties and responsibilities.

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All newly appointed directors will take part in a comprehensive programme which includes management presentations on the Group's businesses, strategic plans and objectives. They will also receive a comprehensive orientation package upon their appointment, which includes policies on disclosure of interest in securities, prohibitions against dealing in the Company's securities, restrictions on disclosure of inside information, and disclosure obligations of a listed company under the Listing Rules. The programme and package are updated from time to time and according to the changes in relevant laws and regulations.

BOARD COMPOSITION

As at 30 March 2021 (the date on which the Board approved this report), the Board consisted of eleven members. Among them, four are executive directors, two are non-executive directors and five are independent non-executive directors, including Mr. FENG Boming¹ (Chairman), Mr. ZHANG Dayu¹ (Managing Director), Mr. DENG Huangjun¹, Mr. ZHANG Wei², Mr. CHEN Dong², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. LAM Yiu Kin³, Prof. CHAN Ka Lok³ and Mr. YANG Liang Yee Philip³.

- 1 Executive director
- 2 Non-executive director
- 3 Independent non-executive director

There are no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the Managing Director. Biographical details of the directors are set out in the section headed "Directors and Senior Management Profiles" in this annual report and on the Company's website at <https://ports.coscoshipping.com>. A list containing the names of the directors and their respective roles and functions is also published on the said website.

PROCEDURES FOR DIRECTORS TO SEEK INDEPENDENT PROFESSIONAL ADVICE

To assist the directors in fulfilling their duties to the Company, the Board has established written procedures for them, upon reasonable request, to seek independent professional advice at the Company's expense in appropriate circumstances. No request was made by any director for such independent professional advice in 2020.

SEPARATION OF CHAIRMAN AND MANAGING DIRECTOR

To ensure independence, accountability and responsibility in Board functions, the posts of Chairman and Managing Director are separated and each plays a distinctive role. Mr. FENG Boming, Chairman of the Company, is responsible for setting the Group's strategy and business directions, managing the Board and ensuring that the Board functions efficiently with good corporate governance practices and procedures, as well as handles key issues timely. Mr. ZHANG Dayu, Managing Director of the Company, supported by other Board members and the senior management, is responsible for implementing major strategies set by the Board and managing the Group's day-to-day business. The division of responsibility between the Chairman and the Managing Director is clearly established and set out in writing.

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NON-EXECUTIVE DIRECTORS

(INCLUDING INDEPENDENT NON-EXECUTIVE DIRECTORS)

The Company has two non-executive directors and five independent non-executive directors who are not involved in the day-to-day operation and management of the Group's businesses. The two non-executive directors have contributed innovative views to the Board's decision-making process based on their rich experience in terminal operations management, accounting and financing, and corporate management. Their expertise helps to facilitate the process of formulating the Group's strategy. The five independent non-executive directors, representing more than one third of the Board, have well-recognised experience in areas such as accounting, law, banking and/or commercial fields. Their insightful advice, diverse skills and extensive business experience are major contributors to the development of the Company, and offer check and balance to the Board. They ensure that matters are fully debated and that no individual or group of individuals dominates the Board's decision-making process. In addition, they procure the Board to maintain a high standard of financial, regulatory and other mandatory reporting and provide an adequate check and balance to safeguard the interest of shareholders and the Company as a whole.

Each of the non-executive directors and independent non-executive directors has signed an appointment letter with the Company for a term of around three years. Their terms of appointment are subject to the rotational retirement provision of the Bye-laws of the Company and shall terminate on the earlier of (i) the date of expiry of the said term of service, or (ii) the date on which the director ceases to be a director for any reasons pursuant to the Bye-laws of the Company or any applicable laws.

The Board has received from each independent non-executive director a written annual confirmation of his/her independence and is satisfied with their independence up to the date of this report in accordance with the Listing Rules.

The Nomination Committee of the Company has conducted an annual review of the independence of all independent non-executive directors of the Company and confirmed that all the independent non-executive directors satisfied the criteria of independence as set out in the Listing Rules.

BOARD MEETINGS

Board meetings are scheduled one year in advance to facilitate maximum attendance by directors. The Board held four regular Board meetings during the financial year ended 31 December 2020 at quarterly intervals to approve the 2019 final results, 2020 interim results and 2020 first and third quarterly results of the Company. The average attendance rate was 86.14%. As the members of the Board are either in Hong Kong or in Mainland China, all of the Board meetings were conducted, if required, by video and/or telephone conference as permitted under the Bye-laws of the Company. The senior management in charge of the Finance Department and the General Counsel & Company Secretary also attended the Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting and financial aspects.

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Before each regular Board meeting, the Board is provided with adequate information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performances of the Group, in addition to the minutes of preceding meetings of the Board and Board committees. At least 14 days' notice of a regular Board meeting is given to all directors to provide them with an opportunity to attend and all directors are given an opportunity to include matters in the agenda for a regular meeting. Board papers are usually dispatched to the directors at least three days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. Directors unable to attend a meeting are advised of the matters to be discussed and are given an opportunity to make their views known to the Chairman prior to the meeting. Senior management members who are responsible for the preparation of the Board papers are invited to present their papers and to take any questions or address queries that Board members may have on the papers. This enables the Board to have pertinent data and insight for comprehensive and informed evaluation as part of its decision-making process.

The Chairman of the Company conducts the proceedings of the Board at all Board meetings. He ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and equal opportunities are given to the directors to express their views and share their concerns. Minutes of the Board meetings record in sufficient detail the matters considered by the Board and the decisions reached, including any concerns raised by the directors. Draft minutes of each Board meeting are sent to all directors for comments within a reasonable time after the Board meeting is held. All directors have access to the General Counsel & Company Secretary, who is responsible for ensuring that the Board procedures and all applicable laws and regulations are complied with and providing advice to the Board on compliance matters.

Set out below are the details of all directors' attendance at the Board meetings and general meetings during the financial year ended 31 December 2020 which illustrate the attention given by the directors in overseeing the Company's affairs and understanding shareholders' views:

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Attendance Record of Board Members at Board Meetings and General Meetings held in 2020

	No. of Board meetings attended/held	Attendance rate of Board meetings (%)	No. of general meeting(s) attended/held	Attendance rate of general meeting(s) (%)
Directors				
Mr. FENG Boming ¹ (Chairman)	4/4	100	1/1	100
Mr. ZHANG Dayu ¹ (Managing Director)	4/4	100	1/1	100
Mr. DENG Huangjun ¹	4/4	100	1/1	100
Mr. ZHANG Wei ²	2/4	50	1/1	100
Mr. CHEN Dong ²	1/4	25	1/1	100
Dr. WONG Tin Yau, Kelvin ¹	4/4	100	1/1	100
Dr. FAN HSU Lai Tai, Rita ³	4/4	100	1/1	100
Mr. Adrian David LI Man Kiu ³	4/4	100	1/1	100
Mr. LAM Yiu Kin ³	4/4	100	1/1	100
Prof. CHAN Ka Lok ³	4/4	100	1/1	100
Mr. YANG Liang Yee Philip ³ (appointed on 29 April 2020)	1/2	50	1/1	100
Ex-directors				
Mr. WANG Haimin ² (resigned on 13 March 2020)	N/A	N/A	N/A	N/A
Mr. FAN Ergang ³ (resigned on 20 March 2020)	N/A	N/A	N/A	N/A

1 Executive director

2 Non-executive director

3 Independent non-executive director

During the year ended 31 December 2020, the Chairman held a meeting with the independent non-executive directors without the other directors present pursuant to code provision A.2.7 of the Corporate Governance Code.

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APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company follows a set of formal, well-considered and transparent procedures for the appointment of new directors. The Nomination Committee, chaired by an independent non-executive director, and comprising a majority of independent non-executive directors, has formulated a set of nomination policies and is responsible for identifying and nominating suitable candidates for the Board's consideration as additional directors or to fill in casual vacancies on the Board and for making recommendations to the shareholders regarding any directors proposed for re-election at general meetings.

Details of the selection process of new directors and a summary of work performed by the Nomination Committee in 2020 are set out in the "Nomination Committee" section below.

At each annual general meeting, one third of the serving directors (or, if their number is not a multiple of three, the number nearest to but not more than one third) shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years.

DIRECTORS' COMMITMENT AND PARTICIPATION IN CONTINUOUS PROFESSIONAL DEVELOPMENT PROGRAMMES

The Company has received confirmation from all directors that they have given sufficient time and attention to the affairs of the Company during the year ended 31 December 2020. Directors have also disclosed to the Company the number and nature of their offices held in public companies or organisations and other significant commitments, as well as the identity of the said public companies and an indication of time involved in such offices.

Directors are required to participate in continuous professional development to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under the Listing Rules and other applicable laws and regulations. The following table sets out the details of all directors' participation in continuous professional development programmes during the year ended 31 December 2020:

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Directors' Participation in Continuous Professional Development Programmes in 2020

	Reading regulatory updates	Making visits to management of the Company and/or its subsidiaries	Attending directors' training organised by the Company or other listed companies/professional organisations
Directors			
Mr. FENG Boming ¹ (Chairman)	✓	✓	✓
Mr. ZHANG Dayu ¹ (Managing Director)	✓	✓	✓
Mr. DENG Huangjun ¹	✓	✓	✓
Mr. ZHANG Wei ²	✓	✓	✓
Mr. CHEN Dong ²	✓	✓	✓
Dr. WONG Tin Yau, Kelvin ¹	✓	✓	✓
Dr. FAN HSU Lai Tai, Rita ³	✓	✓	✓
Mr. Adrian David LI Man Kiu ³	✓	✓	✓
Mr. LAM Yiu Kin ³	✓	✓	✓
Prof. CHAN Ka Lok ³	✓	✓	✓
Mr. YANG Liang Yee Philip ³ (appointed on 29 April 2020)	✓	✓	✓
Ex-directors			
Mr. WANG Haimin ² (resigned on 13 March 2020)	✓	✓	
Mr. FAN Ergang ³ (resigned on 20 March 2020)	✓		

1 Executive director

2 Non-executive director

3 Independent non-executive director

Note: The Company provided the newly appointed director with training in directors' duties towards listed companies and reports on business and financial information of the Company.

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DIRECTORS'/SENIOR MANAGEMENT'S SECURITIES TRANSACTIONS

All directors are obliged to observe the requirements stipulated in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), as the Company has adopted the Model Code as the Company's code of conduct and rules governing dealings by its directors in the securities of the Company. In addition, the Board has established written guidelines for the senior management and relevant employees of the Company in respect of their dealings in the securities of the Company on no less exacting terms than the Model Code. A committee comprising the Chairman, the Managing Director and a Deputy Managing Director was set up to deal with such transactions.

Specific confirmation has been obtained from the directors and senior management of the Company regarding their compliance with the Model Code and the aforementioned guidelines in 2020. No incidents of non-compliance were identified by the Company in 2020.

GENERAL COUNSEL & COMPANY SECRETARY

The General Counsel & Company Secretary, who is directly responsible to the Board, ensures that directors are updated on all relevant regulatory changes of which she is aware, including organising appropriate continuing development programmes for directors.

All directors have access to the General Counsel & Company Secretary who is responsible for ensuring good information flow within the Board and accurate execution of the Board policies and procedures. The General Counsel & Company Secretary is also responsible for providing advice to the Board in relation to directors' obligations regarding disclosure of interest in securities and regarding disclosure requirements on notifiable transactions, connected transactions and inside information. In respect of information disclosure, the General Counsel & Company Secretary shall advise the Board on making true, accurate, complete and timely disclosures to the public strictly pursuant to the requirements of the Listing Rules, applicable laws, regulations and the Bye-laws of the Company.

The General Counsel & Company Secretary is an alternate to one of the authorised representatives of the Company and the primary channel of communication between the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). She also assists the Board in implementing and strengthening corporate governance practices with a view to enhancing long-term shareholder value. In addition, the General Counsel & Company Secretary will, when appropriate, provide directors with the latest information regarding their continuing legal, regulatory and compliance obligations. In relation to connected transactions and disclosure requirements, regular seminars are held by the General Counsel & Company Secretary for management and senior executives within the Group to ensure that such transactions are handled in compliance with the Listing Rules. Detailed analyses are performed on all potential connected transactions to ensure full compliance, as well as for directors' consideration.

The General Counsel & Company Secretary has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

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DELEGATION BY THE BOARD

MANAGEMENT FUNCTIONS

The Board delegates day-to-day responsibilities to the management. The respective functions of the Board and the management have been clearly established and set out in writing. The management is responsible for the following duties delegated by the Board:

- implementing the strategies and plans established by the Board
- submitting reports on the Company's operations to the Board on a regular basis to ensure effective discharge of responsibilities by the Board, including but not limited to the monthly updates as required by the Listing Rules

BOARD COMMITTEES

To assist the Board in the execution of its duties and to facilitate effective management, certain functions of the Board have been delegated to various Board committees, which shall review and make recommendations to the Board within a specific scope. The Board has established a total of seven Board committees, the details of which are set out below. Each committee consists of directors, members of senior management and management members, and has a defined scope of duties and terms of reference; and committee members have the right to make decisions on matters within the terms of reference of each committee. These committees have the authority to examine particular issues and report to the Board with their recommendations where appropriate, subject to the ultimate authority for final decision-making by the Board on all matters.

The terms of reference of the above Board committees setting out their roles and the authority delegated by the Board have been posted on the Company's website at <https://ports.coscoshipping.com>. The terms of reference will be revised when appropriate. It is the Company's policy to ensure that the committees are provided with sufficient resources to discharge their duties. They have regular, scheduled meetings every year and report to the Board on a regular basis. All business transacted at committee meetings is meticulously recorded and well maintained, and minutes of meetings are circulated to the Board for reference.

1. Executive Committee

The Executive Committee consists of all the executive directors of the Company who are frequently in Hong Kong. The committee is established to facilitate the daily operations of the Company. As most of the directors of the Company are fully engaged in their major responsibilities and/or stationed in Mainland China and Hong Kong, it is practically difficult and inconvenient to convene full Board meetings or arrange for all directors to sign written resolutions on a frequent basis. Hence, the Board delegates powers to the Executive Committee to conduct and supervise the business of the Company and its staff.

During the year ended 31 December 2020, the Executive Committee held a total of 25 meetings. All the matters considered and decided by the Executive Committee at the committee meetings have been recorded in detailed minutes. A committee member presents a summary report on the business transacted at the Executive Committee meetings to the Board at Board meetings. All directors of the Company can inspect the minutes of the committee meetings at any time and upon request, and the General Counsel & Company Secretary will provide a copy of the minutes of the committee meetings to the directors.

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2. Audit Committee

The Audit Committee, chaired by an independent non-executive director with appropriate professional qualifications, consists of three members, all of whom are independent non-executive directors of the Company. All committee members are professionals in their own sectors, including accounting, legal, banking and/or other commercial areas.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It has unrestricted access to information relating to the Group, internal and external auditors, the management and the staff. Its terms of reference are aligned with the recommendations set out in “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the code provisions set out in the Corporate Governance Code.

In addition to providing advice and recommendations to the Board, the Audit Committee oversees all matters relating to the external auditors. It therefore plays an important role in monitoring and maintaining the independence of the external auditors. The internal auditor is directly accountable to the Chairman of the Audit Committee.

Regular meetings of the Audit Committee are held four times a year on a quarterly basis, with additional meetings arranged as and when required. During the year ended 31 December 2020, a total of five meetings were held and attended by all members of the Audit Committee.

The key matters deliberated on by the Audit Committee in 2020 include but are not limited to:

- reviewed the accounting principles and practices adopted by the Group and other financial reporting matters
- reviewed the drafts of annual, interim and quarterly results announcements as well as those of annual and interim reports of the Company, and assured the completeness, accuracy and fairness of the financial statements of the Company
- reviewed the results of the external audit, and discussed relevant audit issues with the external auditors
- reviewed the internal audit plans and reports
- reviewed the risk management and internal control policy of the Company; discussed the effectiveness of the risk management and internal control systems throughout the Group, including financial, operational and compliance controls, and reviewed the report on risk management and internal control
- reviewed the report on legal work done
- reviewed the summary of continuing connected transactions of the Company on a quarterly basis

Attendance Record of Audit Committee Members in 2020

Names of members	No. of meetings attended/held	Attendance rate (%)
Mr. Adrian David LI Man Kiu ¹ (Chairman)	5/5	100
Dr. FAN HSU Lai Tai, Rita ¹	5/5	100
Mr. LAM Yiu Kin ¹	5/5	100

¹ Independent non-executive director

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3. Remuneration Committee

The Remuneration Committee, led by its Chairman who is an independent non-executive director, comprises five members, the majority of whom are independent non-executive directors of the Company.

The Company has adopted model (ii) as set out in the code provision B.1.2(c) of the Corporate Governance Code, under which the Remuneration Committee makes recommendations to the Board on the remuneration packages of executive directors and senior management. The Remuneration Committee also makes recommendations to the Board on the policy and structure for all directors' and senior management remuneration. If necessary, the Remuneration Committee can engage professional advisers to assist and/or provide professional advice on relevant issues.

When formulating remuneration packages (which comprise salaries, bonus, benefits in kind, etc.), the Remuneration Committee considers several factors such as salaries paid by comparable companies, time commitment, job responsibilities, the performance of the individual and the performance of the Company. The Remuneration Committee will also review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives resolved by the Board from time to time.

The following is a summary of the work of the Remuneration Committee in 2020:

- conducted annual review and made recommendations to the Board on the remuneration packages of all directors and members of senior management
- reviewed and made recommendation to the Board on the remuneration of a newly appointed director
- reviewed whether exercise conditions for share options granted in 2018 were fulfilled and the adjustment on the list of selected peer benchmark enterprises for annual appraisal
- reviewed and approved the arrangements for certain share options granted and unvested

Attendance Record of Remuneration Committee Members in 2020

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Dr. FAN HSU Lai Tai, Rita ¹ (Chairman)	2/2	100
Mr. Adrian David LI Man Kiu ¹	2/2	100
Prof. CHAN Ka Lok ¹	2/2	100
Mr. FENG Boming ²	2/2	100
Mr. SHI Guoqiang (appointed on 18 December 2020)	N/A	N/A
Ex-member		
Mr. LI Yingwei (resigned on 18 December 2020)	0/2	0

1 Independent non-executive director

2 Executive Director, Chairman of the Board

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Remuneration policy

The remuneration policy of the Company ensures the competitiveness and effectiveness of the Company's pay levels for attracting, retaining and motivating directors, senior management and employees. No director, or any of his/her associates, is involved in determining his/her own remuneration. The remuneration policy for non-executive directors ensures that they are sufficiently yet not excessively compensated for their efforts and time dedicated to the Company. The policy for executive directors, senior management and employees assures that remuneration offered is appropriate for the duties involved and in line with market practice. The aggregate amount of directors' fees is subject to approval by shareholders at the annual general meeting.

The key components of the Company's remuneration package include basic salary plus other allowances, discretionary cash bonus and mandatory provident fund. The cash bonus is tied to the performance of the individual.

4. Nomination Committee

The Nomination Committee, led by its Chairman who is an independent non-executive director, comprises three members, the majority of whom are independent non-executive directors of the Company.

The Nomination Committee is responsible for nominating potential candidates for directorship, reviewing the nomination of directors, assessing the independence of independent non-executive directors and making recommendations to the Board on appointments and re-elections. In addition, the Nomination Committee is responsible for reviewing the Board Diversity Policy (set out below in summary) to ensure its effectiveness and make recommendations to the Board on requisite amendments.

During 2020, the work performed by the Nomination Committee included the following:

- reviewed the Board Diversity Policy (hereinafter defined)
- made recommendations to the Board on matters relating to the appointment and re-election of directors
- made recommendations to the Board on matters relating to the change of Board Committees members
- conducted an annual review of the independence of the independent non-executive directors
- reviewed structure, size and composition of the Board

According to the terms of reference of the Nomination Committee, all new appointments of directors and nominations of retiring directors proposed for re-election at the annual general meeting should first be considered by the Nomination Committee and then recommended by the Nomination Committee to the Board for decision. New directors appointed by the Board are subject to re-election by shareholders at the next following general meeting (in the case of filling a casual vacancy) or annual general meeting (in the case of an addition to the Board) pursuant to the Bye-laws of the Company.

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In April 2020, Mr. YANG Liang Yee Philip was appointed as a director of the Company. In considering the appointment of directors, the Nomination Committee followed the procedures and process set out in the Nomination Policy (hereinafter defined) for nomination of directorship and assessed the relevant directors and candidates on criteria such as integrity, independent judgement, experience, skill and ability to commit time and effort to carry out their duties and responsibilities effectively, etc., and made recommendation to the Board for approval.

In early 2021, the Nomination Committee nominated and the Board recommended that Mr. ZHANG Wei, Mr. CHEN Dong and Mr. LAM Yiu Kin, being directors longest in office since their last re-election, retire by rotation at the forthcoming annual general meeting. All the retiring directors, being eligible, will offer themselves for re-election by shareholders of the Company.

Attendance Record of Nomination Committee Members in 2020

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. Adrian David LI Man Kiu ¹ (Chairman)	2/2	100
Dr. FAN HSU Lai Tai, Rita ¹	2/2	100
Mr. FENG Boming ²	2/2	100

1 Independent non-executive director

2 Executive Director, Chairman of the Board

Nomination Policy

The Board adopted a policy on the nomination of directors (the "Nomination Policy") on 29 October 2018, which was prepared with reference to the Board Diversity Policy (hereinafter defined) and the existing procedures for nomination of directors of the Nomination Committee, aimed at setting out the nomination procedures and the process and criteria to select and recommend candidates for directorship.

According to the Nomination Policy, for filling a casual vacancy or appointing addition to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. The secretary of the Nomination Committee shall call a meeting of the Nomination Committee and invite nominations of candidates from Board members for consideration by the Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members. Furthermore, shareholder(s) may nominate a person as a director, without the Board's recommendation or the Nomination Committee's nomination, according to the provisions and procedures set out under the section titled "Procedures for Shareholders to Propose a Person for Election as a Director" below.

The Nomination Committee will make reference to factors including reputation for integrity, accomplishment and experience, in particular, in the industry of the Company's business, diversity in all aspects, independent mindedness, etc. For the appointment of independent non-executive directors, independence factors as required under the applicable laws, rules or regulations will be considered. Apart from the personal data to be disclosed on the relevant websites, Nomination Committee may request candidates to provide additional information and documents, if considered necessary, for the reference of the Nomination Committee and the Board.

Corporate Governance Report

Board Diversity Policy

The Board adopted a board diversity policy (the “Board Diversity Policy”) on 27 August 2013, which aimed at setting out principles and approaches adopted to achieve the diversity of the Board.

The Company regards the diversity of the Board as one of the crucial elements of the Company’s sustainable development and in maintaining its competitive advantages. Candidates for Board appointments will be considered based on each objective criterion and with due regard for the benefits of diversity of the Board. Selection of candidates will be based on a number of perspectives, including but not limited to gender, age, skills, cultural background, knowledge and professional experience. The final decision will be based on the merit of the candidate and the contribution the candidate will bring to the Board.

The Board’s composition under diversified perspectives was summarised as follows:

Board Diversity

1. Designation	Executive Director (4)	Non-executive Director (2)	Independent Non-executive Director (5)
2. Gender	Male (10)	Female (1)	
3. Ethnicity	Chinese (11)		
4. Age group	40–50 (3)	51–60 (5)	Over 60 (3)
5. Length of service (years)	Over 10 (2)	3–10 (7)	Less than 3 (2)
6. Skills, knowledge and professional experience ^{Note 1}	Terminal operation and management (6) Law (2)	Accounting and financing (5) Management and commercial (1)	Banking (1) Capital management and investor relations (1)
7. Academic background	University (11)		

Note 1: Directors may possess multiple skills, knowledge and professional experience.

Note 2: The number in brackets refers to the number of directors under the relevant category.

The Nomination Committee has reviewed the Board’s composition from diversity perspectives and monitored the implementation of the Board Diversity Policy and considers that the Board Diversity Policy is effective. It is currently not required to set any measurable objectives for implementing the said policy.

Corporate Governance Report

5. Corporate Governance Committee

The Corporate Governance Committee, led by an executive director, comprises six members (including an executive director and members of senior management and management). It reviews the corporate governance practices and disclosure systems of the Company and introduces relevant principles in this regard so as to enhance the standard of corporate governance of the Company.

In 2020 and early 2021, the Corporate Governance Committee of the Company performed the following work in relation to reviewing the implementation of corporate governance by the Company:

- reviewed the Company's policies and practices on corporate governance and made recommendations to the Board
- reviewed the training and continuous professional development of directors and senior management
- reviewed the Company's policies and practices on compliance with legal and regulatory requirements
- reviewed the employee manual of the Company
- reviewed the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report
- reviewed the Company's corporate sustainable development initiatives

Attendance Record of Corporate Governance Committee Members in 2020

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Dr. WONG Tin Yau, Kelvin ¹ (Chairman)	4/4	100
Ms. HUNG Man, Michelle	4/4	100
Mr. YU Danwei (appointed on 18 December 2020)	2/2	100
Ms. ZHOU Lan	4/4	100
Mr. LI Jie (appointed on 18 December 2020)	2/2	100
Mr. NG Wai Kei	4/4	100
Ex-members		
Mr. HUANG Chen (resigned on 18 December 2020)	0/2	0
Mr. LI Huadong (resigned on 18 December 2020)	0/2	0

1 Executive director

Note: In order to facilitate the annual review of the corporate governance and sustainable development of the Company, the above meetings were convened between 22 October 2020 and 10 March 2021, i.e. during the year prior to the publication of the 2020 annual results announcement.

In order to enhance the management on environmental, social and governance matters of the Company, the Company extended the existing terms of reference of the Corporate Governance Committee to include environmental, social and governance matters and established the Environmental, Social and Governance Committee to replace the Corporate Governance Committee. The Environmental, Social and Governance Committee is chaired by Prof. CHAN Ka Lok, an independent non-executive director, with two members, namely Mr. FENG Boming, Chairman of the Board and Mr. YANG Liang Yee Philip, an independent non-executive director. The Environmental, Social and Governance Committee is responsible for introducing and proposing relevant principles concerning corporate governance so as to enhance the standard of corporate governance of the Company. The Committee is also responsible for opining on, overseeing, evaluating, and making recommendations to the Board on the development and implementation of corporate social responsibility and sustainable development measures by the Group.

Corporate Governance Report

6. Investment and Strategic Planning Committee

The Investment and Strategic Planning Committee, led by an executive director, comprises 13 members, including executive directors and management members. It is responsible for the consideration, evaluation and review of and making recommendations to the Board on proposed major investment plans, acquisitions and disposals, and conducting post-investment evaluation of investment projects. It also reviews and considers the direction of the overall strategy and business development of the Company.

Attendance Record of Investment and Strategic Planning Committee Members in 2020

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. FENG Boming ¹ (Chairman)	2/2	100
Mr. ZHANG Dayu ²	2/2	100
Mr. DENG Huangjun ³	2/2	100
Mr. SHI Guoqiang (appointed on 18 December 2020)	N/A	N/A
Mr. YU Danwei (appointed on 18 December 2020)	N/A	N/A
Ms. ZHOU Lan	2/2	100
Mr. LI Jie (appointed on 18 December 2020)	N/A	N/A
Ms. HUANG Li	2/2	100
Mr. LI Wei	2/2	100
Ms. YAO Li	2/2	100
Mr. CHEN Dong	2/2	100
Ms. WANG Min (appointed on 18 December 2020)	N/A	N/A
Mr. XIE Manding (appointed on 18 December 2020)	N/A	N/A
Ex-members		
Mr. LI Yingwei (resigned on 18 December 2020)	0/2	0
Mr. HUANG Chen (resigned on 18 December 2020)	1/2	50
Mr. LI Huadong (resigned on 18 December 2020)	0/2	0

1 Executive director, Chairman of the Board

2 Executive director, Managing Director

3 Executive director

Corporate Governance Report

7. Risk Management Committee

The Risk Management Committee of the Company, led by an executive director, comprises eight members, including executive directors and members of senior management and management. It is responsible for identifying and minimising the operational risks of the Company, sets the direction of the Group's risk management strategy, strengthens the Group's risk management system and give opinions to the Board on risk-related matters of the Company.

Details of the role and responsibilities of the Risk Management Committee for risk management of the Company are set out in the paragraph headed "Risk Management and Internal Control" below.

Attendance Record of Risk Management Committee Members in 2020

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. ZHANG Dayu ¹ (Chairman)	4/4	100
Mr. DENG Huangjun ²	4/4	100
Ms. HUNG Man, Michelle	4/4	100
Mr. YU Danwei (appointed on 18 December 2020)	N/A	N/A
Ms. ZHOU Lan	4/4	100
Mr. LI Jie (appointed on 18 December 2020)	N/A	N/A
Mr. CHEN Dong	3/4	75
Mr. ZHU Hanliang	4/4	100
Ex-members		
Mr. HUANG Chen (resigned on 18 December 2020)	2/4	50
Mr. LI Huadong (resigned on 18 December 2020)	0/4	0

1 Executive director, Managing Director

2 Executive director

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

Below sets out the responsibilities of the directors in relation to the financial statements, which should be read in conjunction with, but distinguished from, the Independent Auditor's Report on pages 129 to 134 which acknowledges the reporting responsibilities of the Group's auditor.

Annual Report and Financial Statements

The directors acknowledge their responsibilities for preparing financial statements for each financial year which shall give a true and fair view of the results and financial position of the Group.

Accounting Policies

The directors consider that in preparing its financial statements, the Group adopted appropriate accounting policies that are consistently applied, and that all applicable accounting standards are observed.

Accounting Records

The directors are responsible for ensuring that the Group keeps accounting records which disclose, with reasonable accuracy, the financial position and results of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Companies Ordinance, the Listing Rules and applicable accounting standards.

Safeguarding Assets

The directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

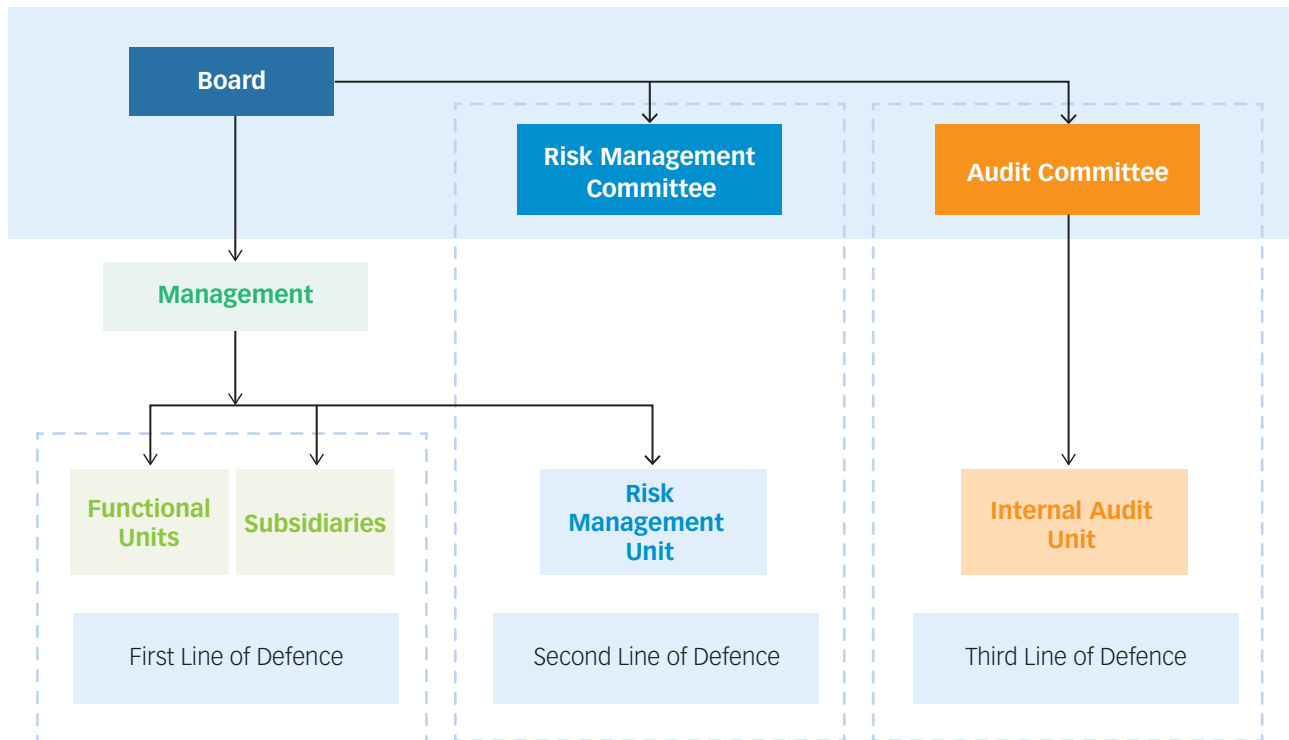
RISK MANAGEMENT AND INTERNAL CONTROL

The Board is fully responsible for assessing and determining the continuous effectiveness of the risk management and internal control systems of the Company in an effort to safeguard the interests of its shareholders. Based on its control environment, risk assessment and corresponding strategies, supervision and improvement, the Company has established the risk management and internal control systems which are grounded on "three lines of defence" and are integrated with business activities. The risk management framework of the risk management and internal control systems makes reference to the COSO Framework established by the Committee of Sponsoring Organisations of the Treadway Commission of the United States of America, the "General Risk Management Guidelines for State-owned Enterprises" issued by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC"), the "Basic Norms of Internal Control for Enterprises" and complementary guidelines issued by the Ministry of Finance and four other ministries and commissions of the People's Republic of China, and the guide on internal control and risk management issued by the HKICPA.

Corporate Governance Report

RISK MANAGEMENT FRAMEWORK

Below is the Company's risk management framework, which comprises the risk management structure and the risk management procedures:

Risk Management Structure**Risk Management Procedures**

Corporate Governance Report

The division of major functions and responsibilities in the risk management structure is as follows:

The Board	<ul style="list-style-type: none"> • Review the effectiveness of the risk management and internal control systems • Make decisions on and monitor the risk management and internal control systems of the Company • Approve the annual assessment report on risk management and internal control of the Company • Approve the work plans on risk management and internal control of the Company • Review and ensure the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions
Audit Committee	<ul style="list-style-type: none"> • Review the effectiveness of the risk management and internal control systems of the Company, ensure that the management has performed their duties of establishing effective systems, and report to the Board on the conclusion of the review
Risk Management Committee	<ul style="list-style-type: none"> • Establish a scientific risk management mechanism, enhance the ability to prevent and control the risks relating to assets and business, improve work efficiency, and ensure a smooth rollout and steady implementation of operational management • Consider and approve the risk management policy, and monitor and provide guidance on the implementation of the policy • Monitor and provide guidance on the identification, prevention and control of risks regarding funds, assets, projects, business and management • Consider and approve the risk control review report regarding material funds, assets, projects, business and matters, and monitor their implementation • Give opinions to the Board on risk-related matters of the Company • A total of four meetings were held for the year to identify material risks and review the risk management during the stage concerned
Management	<ul style="list-style-type: none"> • Implement, maintain and continuously monitor the risk management and internal control systems of the Company • Provide the Board with a confirmation on the effectiveness of the risk management and internal control systems on an annual basis • Make annual work arrangement for the upcoming year with appropriate emphases, based on the assessment reports on risk management and internal control of the Company issued by external agencies
Risk Management Unit	<ul style="list-style-type: none"> • Organise the drafting of basic systems and processes for risk management and internal control, standardise and regulate the risk management and internal control of the Company • Organise the drafting of the routine and annual work plans on risk management and internal control, and organise their implementation • Organise risk assessment by functional units and subsidiaries, and prepare the annual risk assessment report for the Company • Organise the evaluation on the effectiveness of the internal control by functional units and subsidiaries, and prepare the annual evaluation report on internal control • Organise, coordinate, guide and monitor the work on risk management and internal control by functional units and subsidiaries • Complete other tasks in relation to risk management and internal control assigned by the Board

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Functional Units and Subsidiaries

- Amend and implement the regulatory policies and management procedures within their scope of duties, and establish and optimise the risk management and internal control mechanisms
- Carry out risk management and internal control functions, including identifying, analysing, evaluating and handling operational and management risks within their scope of duties
- Conduct self-evaluation, correction, and rectification of risk management and internal control for areas within their scope of duties
- Establish, maintain and monitor on a daily basis the risk alert indicators for areas within their scope of duties, report major risks and take contingency measures in case of a significant risk incident
- Guide and supervise the risk management and internal control exercised on business carried out by functional units and subsidiaries within their scope of duties
- Assist in completing other routines on risk management and internal control

Internal Audit Unit

- Examine the suitability and effectiveness of the risk management and internal control systems, and supervise in an independent manner the risk management and internal control exercised by functional units and subsidiaries
- Prepare the audit plan at the beginning of each year, and enhance supervision over the implementation of various requirements from supervisory level

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The risk management procedures include the following major tasks:

<p>Objective establishment</p>	<ul style="list-style-type: none"> • Establish strategic, operational, reporting, compliance and other relevant objectives based on the risk tolerance levels of the Company, fully taking into account the impact of various risks during objective establishment
<p>Risk identification</p>	<ul style="list-style-type: none"> • All functional units and subsidiaries collect internal and external information relating to risks on a regular basis, and carry out necessary screening, refinement, comparison, classification and combination • Identify the risks in the Company's major business operations and key business processes in accordance with the risk management framework established
<p>Risk assessment</p>	<ul style="list-style-type: none"> • Define the identified risks and their characteristics, and analyse and describe the likelihood and impact of the risks • Determine the Company's major risks after assessing their importance in accordance with the evaluation criteria established
<p>Measures against risks</p>	<ul style="list-style-type: none"> • All functional units and subsidiaries choose corresponding strategies to address risks based on risk assessment results and the causes of the risks • Prepare solutions to managing various risks or each category of material risks, according to the strategies to address risks • Design practical risk control activities and effectively implement corresponding solutions to risk management
<p>Supervision and improvement</p>	<ul style="list-style-type: none"> • All functional units and subsidiaries carry out ongoing day-to-day monitoring and analysis of the major and related risks under their management • The risk management unit prepares risk management reports based on risk monitoring information and makes cross-departmental recommendations on significant changes in risks • The risk management unit supervises and assesses the risk control at all functional units and subsidiaries and the effectiveness thereof

Corporate Governance Report

CONTROL ENVIRONMENT

Maintaining a high standard of control environment has been a top priority of the Company. Hence, the Company has been dedicated to continuous enhancement and improvement of its control. The Board recognises the importance of integrity, character, operating philosophy and team building capabilities (the overall quality of staff) and other core values of the management, and has drawn up guidelines on the internal control system to ensure that the Group's objectives are achieved and discrepancies can be detected with effective rectification adopted.

The management is primarily responsible for the design, implementation and maintenance of a sound internal control system for the Company, with a view to safeguarding the interests of shareholders and the assets of the Company. The internal control system covers all major and material controls, including financial, operational, compliance and risk management controls.

The Board is ultimately responsible for the effectiveness of the internal control and risk management systems of the Company. The Risk Management Committee, as a committee under the board, is delegated to assist the Board in identifying and minimising the operational risks of the Company, determining the direction for the risk management strategies and strengthening the risk management system of the Company. The Risk Management Committee followed up and reviewed the results of internal control and risk management assessment for the year, with regular reporting and discussion. Moreover, the Audit Committee assists the Board in reviewing the effectiveness of the internal control and risk management systems twice a year by scrutinising the underlying mechanism and functioning of the internal control and risk management systems and written reports, and reporting to the Board on the effectiveness of the systems.

As the control environment serves as the foundation for other components in the internal control system, the Company has defined its business structure and compiled an instruction manual to control those business processes and activities. Apart from the establishment of an effective internal control system, the Company attaches great importance to the conduct and qualifications of its accounting, internal audit and finance reporting personnel, and has imposed relevant requirements in that regard.

ASSESSMENT OF AND MEASURES AGAINST RISKS


In accordance with the aforesaid risk management procedures, the Company has conducted assessment of the risks, and taken practical internal control measures accordingly.

During the year, the Company continued to follow the requirements of COSCO SHIPPING, the parent company of the Company, by actively preparing for the preliminary work on risk assessment. The Company attaches great importance to risk assessment for 2021. Under the unified deployment of the management, the corporate management department of the Company formed a risk assessment project team with external experts to jointly conduct risk assessment. The specific implementation process is as follows:

The Company's management representatives and all department heads participated in the risk assessment. A profound and thorough analysis of the business involved in the future operation and development was carried out through interviews and questionnaires, and precautions were taken from all aspects with a view to formulating countermeasures against risks on a case-by-case basis. Each department of the Company carried out risk identification from the external environment and internal factors. The impact of external environmental refers to the impact on the development of the Company due to industry characteristics and changing market demand, external competition, market price fluctuation, national policy tendency or natural disasters, while the impact of internal factors refers to the impact of corporate governance structure, information system operation, human resources and business conditions on the development of the Company. Through daily information collection and the risk management measures, we analyzed the Company's single index and comprehensive index conducted and established the 2021 annual risk database of the Company. We have identified 72 key risks, and based on which we invited senior management of the Company, department

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heads and key personnel of the business to take part in risk investigations. At last, through tabulate statistics, analysis, and ranking of the risk investigations, the top five risks of the Company were eventually identified, namely the risks relating to political landscape, risks relating to changes in international trade landscape, risks relating to epidemic prevention and control, risk relating to economic fluctuation, and risks relating to customer structure, and formulated corresponding countermeasures accordingly.

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks Relating to Political Landscape	<p>As a leading port operator in the world, the Company has a terminal portfolio covering five major coastal port groups in China, Southeast Asia, the Middle East, Europe, South America, etc. As of 30 September 2020, the Company operated 36 ports around the world. The political influence of the regions where the ports are located is particularly critical to the long-term and stable development of the Company. The causes of the political risks involved in major regions are as follows:</p> <ul style="list-style-type: none"> As for the Southeast Asia region, most of the countries in which are developing countries. In addition to the security risks to port investment brought by regional instability due to deepening political transformation in some Southeast Asian countries, differences of religion, tradition and language may also lead to various behaviours of the Company that are not adapted to or violate local customs. As Southeast Asia is mainly composed of developing countries, the legal system is immature, and the legal and regulatory system and enforcement environment are significantly different from China, we may be challenged by the fairness of judiciary and enforcement as well as the effectiveness of dispute settlement mechanism in the process of investment. 	<ul style="list-style-type: none"> Establish a risk warning management mechanism to classify, sort out and store a large amount of information through the overall monitoring of port construction along the line, and report such monitoring information to the management for decision-making in a timely and accurate manner. Establish a robust indicator evaluation system to identify signs of various investment risks of port construction projects through analysis of monitoring information, determine whether the project is in a normal, warning or crisis state, and analyze the causes, process and development trend of various identified risk factors by technical means so as to identify the risk factors with great harm. Attach great importance to the introduction of risk management professionals, strengthen the cultivation of investment risk management professionals, conduct targeted and systematic research on the risks relating to political landscape of ports along the line within the Company, and provide professional response and solutions for the management of the Company. 	

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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
	<ul style="list-style-type: none"> <li data-bbox="304 432 746 1227">• As for the Middle East region, amidst the ever-changing political landscape of countries in this region, the future development trend is full of uncertainty. Except for a few Gulf Corporation Council (GCC) member countries, such as the United Arab Emirates, with lower social and political risks, most of the countries in the Middle East are high-risk areas for overseas investment due to their high social and political risks. As most of the countries lack comprehensive ancillary facilities around ports, the investment costs in ports are increasing in order to improve the ancillary equipment, which in turn improves the investment environment. Security risk is one of the most key risks in the Middle East. The variety of ethnic groups and religions and a number of historical problems among regions have resulted in social disorder. Continuous violent conflicts have brought grave challenges to port investment and construction projects. <li data-bbox="304 1261 746 1572">• As for Europe, the geopolitical situation in Europe is complicated, and Europe is the convergence of the interests of major powers as well as the intersection of conflicts. It is common for European governments to implement trade and investment protectionist policies, which may increase investment risks and costs of the Company. 		

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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks Relating to Changes in International Trade Landscape	<ul style="list-style-type: none"> The strategic restriction of the Sino-U.S. rivalry. As the United States is increasingly concerned about its ability to control Asia being limited and weakened by China's growing military capabilities, China, which has a different political system and a fast-growing economy, is considered to be its main competitor. In addition, the United States has strengthened its interaction with India, Japan, Vietnam, Australia and other countries in terms of international trade, resulting in a more complicated landscape of international trade. India suspects strategic intentions of China. India is located in the central and northern part of the Indian Ocean, and holds the key node of the trade route between the Middle East and East Asia. China's initiative for the establishment of the 21st-century Maritime Silk Road is considered by some observers of India as China's act of plundering India's "inherent interests" in the Indian Ocean region, which poses a challenge to the dominance of India's regional order. Therefore, India's efforts to rally countries in the Indian Ocean region, such as Sri Lanka and the Maldives, to alienate China will impair the confidence of these countries in their connection with China and adversely affect their international trade with China. 	<ul style="list-style-type: none"> Regularly collect the risk event database of changes in international trade landscape, and suggests specific relevant departments to collect and sort out the relevant situations of risk event cases of the Company, domestic peers and foreign enterprises. Regularly analyze the industrial policies, resource supply, market demand and other information of the countries where the foreign terminal companies in which the Group has controlling stakes are located, and report to the management for decision-making through a brief analysis of the changes in the trade landscapes of the countries where these companies are located, so as to make dynamic adjustment to the implementation of strategies. Regularly develop targeted and differentiated products and ancillary services in response to the changes in the regional and national trade situation of the countries where we operate in order to satisfy the needs of major customers, and actively carry out continuous deployment and optimization of industry, supply chain and investment. 	


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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
	<ul style="list-style-type: none"> With the successful signing of the Regional Comprehensive Economic Partnership (RCEP), the overall level of trade liberalization of goods has reached over 90%, which means that about one-third of the global economy has formed an integrated market and marks the further restructuring of the global industrial chain and value chain. The bilateral tariff concessions arrangement under the RCEP reached between China and Japan, both of which are the manufacturing and trading power in Asia, is conducive to the joint efforts of the two countries to promote the integration development of regional supply chain and value chain, which lays a solid foundation for the future promotion of the free trade agreement among China, Japan and South Korea, and in turn leads to a significant increase in the trade volume among RCEP members. As for non-RCEP members, however, this brings uncertainties to their trade volume. At present, there is certain positive impact on the Company's terminals portfolio and its layout in China, Southeast Asia and other regions. However, there may be excess capacity or over centralized distribution among some terminals in the Middle East, South America and Europe, which brings uncertainties to the Company's global port operation. 		

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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks Relating to Epidemic Prevention and Control	<p>On 31 January 2020, the World Health Organization (WHO) announced that COVID-19 mainly occurred in China has become a public health emergency with international concern. Although the port throughput experienced a short-term rebound due to the port congestion during Lunar New Year and the accelerated production when the Company resumed work, long-term factors such as continued sluggish international demand, the rising of protectionism of global trade, and intensified economic and trade frictions still exist in the medium and long run. At the foreign trade level, affected by the local epidemic development of overseas countries, the Purchasing Managers' Index (PMI) of the new export order index for export orders rose to 46.4% in March 2020, which fell again in April 2020, proving that overseas demand was weaker than domestic demand, which brought a negative impact for the Company's export income. In addition, the epidemic has affected the Company's port operations in terms of demand, supply, and process. Under the influence of the epidemic, the shrinking of production and consumption results in a rapid decline in freight demand. From the perspective of the supply, control of people flow has led to a shortage of labour in the port logistics chain. Affected by the spread of the epidemic and Chinese New Year, terminal and yard crane operators, truck drivers, customs, etc. were quarantined at home, and inspection and quarantine regulations led to a decrease in port logistics efficiency and an increase in costs.</p>	<ul style="list-style-type: none"> • Make the best and full use of the series of policies and measures for burden relief and job stabilization promulgated by governments and departments at all levels, strengthen protection of fund, labour and logistics, appropriately reduce or exempt port charges and other administrative charges on the controllable conditions, and increase the market competitiveness of port operating unit price. • Pay close attention to the development of the epidemic and strengthen the monitoring and assessment of the port economy. Strengthen the connection among the Company's relevant departments and pay attention to the national and foreign epidemic development. Closely follow the resumption of work and production of foreign trade production enterprises in the local and port hinterlands during strict epidemic control period to ensure the logistics and transportation resources are matched with the capacity demand of upstream and downstream industrial chain enterprises. Strengthen the assessment of the extent of industry being affected and potential operational risks, and get well prepared to respond to the policies in a timely manner. • Port operating units strengthen the communication and coordination mechanism with competent industry authorities, intensify the information sharing and linkage mechanism, and implement policies in various aspects to promote the stable development of the industry. 	


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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks Relating to Fluctuations in Economy	<p>The risks relating to fluctuations in economy may mainly arise from internal and external influences. The internal influences mainly derive from the uncertainties of the macro leverage ratio, and the external influences derive from the uncertainties of overseas vaccines and the epidemic.</p> <p>In terms of internal influences, it was made clear that “it must maintain the basic stability of the macro leverage ratio” in the next stage according to the report of central bank on the implementation of monetary policy for the third quarter of 2020. There are three possibilities for “the basic stability”, namely, “slight increase”, “flat” and “slight fall”. There are certain differences for the Company’s credit environment in 2021 under the three scenarios, which bring uncertainties for the Company’s financing, capital expenditures and accounts receivable management. Assuming that the central bank implements slight deleveraging measures, it would result in an all-around and endogenous credit contraction, the mapping of the economic level may see a rapid decline of domestic demand from a high level. Assuming that the leverage ratio is flat, the net financing of ordinary enterprises may slightly increase. In this scenario, the Company’s credit risk and operating pressure in the year 2021 will be relatively eased. Assuming that the central bank implements a slight increase in leverage, it is expected to achieve credit expansion, and the mapping of the economic level will bring a certain degree of increase in domestic demand.</p>	<ul style="list-style-type: none"> • Continuous attention will be paid to the overall economic conditions and the national policies. Information and policies that are closely related to the Company have been constantly collected in all aspects, and the results of the development trends predicted through systematic analysis will be reported to the management or relevant departments, so as to formulate a response plan in advance and proactively take precautions to mitigate the impact of macroeconomic conditions to the Company. • Strengthen the Company’s resistance to the macroeconomic environment. The Company may face a simultaneous decline in both domestic and overseas market demand, the re-occurrence of downward pressure on the economy, and increasing port investment and operational risks. Firstly, the Company shall hold a prudent attitude and prevent risks from the front end of the business by avoiding the increase of the Company’s general risk that is beyond its control as a result of sudden changes in policies and inappropriate investment and to make a specific analysis for macroeconomic leverage conditions involving the major capital expenditures. Secondly, as one of the world’s largest port operator, the Company improves the efficiency and effectiveness of terminal operations by continuing to strengthen the synergy within the COSCO SHIPPING Group and leveraging on its own business and resource advantages, so as to control the level of operating costs continuously to ensure that the Company maintains steady growth and stable development. At last, strengthen cooperation with the upstream and downstream of the supply chain and seek opportunities to extend investment to both ends of the industrial chain to enhance its own competitiveness, diversify risks, and add profit growth drivers. 	

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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
	<p>In terms of external influences, affected by overseas epidemics which weakened foreign production capacity, a large number of orders have been flowing into the domestic market. On the side of the demand, the developed economies represented by the United States rely on large-scale fiscal stimulus to maintain people’s purchasing power. Therefore, under the circumstances of shrunk production capacity and strong demand, the increase of export market share in domestic surpassed the shrinking of total overseas demand, which is expected to bring significant growth of export. Once the overseas situation of the epidemic is effectively brought under control and the recovery phase begins, the recovery on the supply side is expected to be more elastic than the demand side, which may lead to a decrease in the domestic export market share and bring uncertainties to the performance growth of the Company.</p>		

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks Relating to Customer Structure	<p>With the change of the global economy, the entire shipping industry is facing enormous challenges. Each major port around the world is under great pressure in overall global economic environment, and each terminal company in which the Group has controlling stakes should gradually upgrade its customer relationship management from customer information collection to the level of management concept. The importance of customer relationship management that each port operating unit attached is not the same, which is mainly reflected in the following aspects: the philosophy and corporate culture of "customer-oriented" needs to be improved; the customer service level of each terminal company in which the Group has controlling stakes lacks a unified standard, which results in an uneven impression of each customer on the overall image of the Company; the business philosophy also drives the staff of the Company to put emphasis on how to achieve deals and attract customers, but with less attention paid to after-sale value-added services; effective customer segmentation can be further improved; the basis of customer relationship management relies on customer information collection, however, each terminal company in which the Group has controlling stakes has not analyzed customer behaviours through collected customer information and identified different customers on this basis, and further formulated different marketing strategies for different customers to maximize corporate interests by appropriately identifying customer base with different needs, while the categories of the products/services (whose customer values should have been created on this basis and which can bring economic benefits to the Company) lack of variety. Each terminal company in which the Group has controlling stakes aims to develop the port industry and transportation industry by providing quality port logistics service, and focuses on each region's logistics transportation hub, the proximity of the location, however, leads to the overlap of supply of goods from surrounding ports. For instance, Nansha Port is facing fierce competition with the homogenization of surrounding ports such as Hong Kong Port and Shenzhen Port.</p>	<ul style="list-style-type: none"> Continuously enhance the corporate customer relationship management awareness. With the development of the overall national market economy and global economy, the corporate culture of "product/service-oriented" has limited the better and faster development of the entire industry to a certain extent. Therefore, in the future corporate culture construction, the Company will transform its corporate culture as appropriate, gradually into the corporate culture of "customer-oriented". To routinize customer management, it starts with an initiative from the Company's top leaders; secondly, the middle management of the Company needs to attach importance to it; lastly, the employees at the bottom level have thorough understanding and put into practice, and subsequently change their mindset and gain new understanding, and make adequate preparation for the effective development of the Company's customer management and corporate culture construction. 	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
		<ul style="list-style-type: none"> Implement classification management of customer relationship. Customers are classified into levels according to their contributions to each terminal company in which the Group has controlling stakes. Each terminal operator needs to provide corresponding service as different customers make different contributions. Firstly, each terminal operator has to change the traditional concept of adopting the same service model and management model for all customers. Secondly, different customers have different needs, so each terminal operator has to allocate resources to serve different customers, implement different management models for them, and customize specific marketing methods for each type of customers. Finally, each terminal operator needs to continuously analyze the existing and potential customers and look into the internal characteristics of each customer, so as to better explore their potentials and improve the level of satisfaction. For example, each terminal operator manages customer relationship by means of hierarchical customer management, classifying customers into big customers, key customers, ordinary customers and small customers, etc., and focus on the maintenance of advantageous resources to promote core customers and key customers, improve customer loyalty and customer experience, continuously consolidate and maintain the relationship between enterprises and customers, and endeavor to provide better service to stabilize the customer base. 	

The risk management and internal control report for 2020 was approved by the Risk Management Committee and the Audit Committee and submitted to the Board for review, forming the basis for the Board's assessment of the effectiveness of the risk management and internal control systems for the year 2020.

Corporate Governance Report

INTERNAL CONTROL SYSTEM AND MECHANISM

A sound system of internal controls requires a defined organisational and policy framework. The features of the Company's internal control mechanism are as follows:

1. For the benefits of delegation of authority, proper determination of duties and better accountability, the Group has a clear organisational structure in place which details the lines of authority and control responsibilities in each business unit. Certain specific matters are not delegated and are subject to the Board's decision. These include, among others, the approval of annual, interim and quarterly results, annual budgets, distribution of dividends, as well as the structure, composition and succession of the Board.
2. To assist the Board in the execution of its duties, the Board is supported by seven Board Committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Investment and Strategic Planning Committee, the Corporate Governance Committee (has been changed to the Environmental, Social and Governance Committee) and the Risk Management Committee. These committees make recommendations to the Board on relevant matters within their terms of reference, or make decisions under appropriate circumstances within the scope of the power delegated by the Board. Details of the Board Committees are set out in the section headed "Board Committees" in this report.
3. A comprehensive management accounting system is in place that provides financial and operational performance measurement indicators for the management and relevant financial figures for reporting and disclosure purposes. Reports on the variance between actual performance and targets are prepared, analysed and explained. Appropriate actions are also taken to rectify the deficiencies identified, if necessary. This helps the management of the Group to monitor business operations closely and enables the Board to formulate and, if necessary, revise strategic plans in a timely and prudent manner.
4. The Company places great importance on internal audit functions and has set up the Audit & Supervision Department for the relevant work. The general manager of the Audit & Supervision Department also acts as the internal auditor of the Company. The internal audit's roles include assisting the management and the Audit Committee to ensure that the Company maintains an effective system of internal control and a high standard of governance, by reviewing the Company's major production and operation activities with unrestricted access and conducting comprehensive audits on all practices and procedures on a regular basis. The scope of work of internal audit includes:
 - Ascertaining the extent to which the Company's assets are accounted for and safeguarded to avoid any form of asset losses
 - Reviewing and evaluating the soundness, adequacy and effective application of accounting, financial and other controls in the Company
 - Ascertaining the compliance with established policies, procedures and statutory regulations
 - Monitoring and evaluating the effectiveness of the risk management system
 - Monitoring the operational efficiency, and the appropriateness of resources utilisation
 - Evaluating the reliability and availability of the information provided by the financial and operating systems of the Company
 - Ensuring that findings and recommendations arising from the internal audit are communicated to the management, and monitoring the implementation of corrective measures
 - Conducting ad hoc projects and investigation work as required by the management and/or the Audit Committee

Corporate Governance Report

Particular attention is also paid to activities which are considered to present higher risks under monitoring, including income, expenditure and other areas of particular concern to the management. The internal auditor has free access to the Audit Committee without consulting the management, and reports directly to the Chairman of the Board and/or the Managing Director and the Chairman of the Audit Committee. He attends meetings of the Audit Committee quarterly and brings matters identified during the course of the internal audit to the Audit Committee. This reporting structure allows the internal auditor to stay independent and effective.

The internal audit function has a risk-based audit approach in place which is based on the COSO framework and the requirements laid down by the HKICPA, with multiple factors taken into account such as the risks recognised. Such audit focuses on material internal controls and risk management, including financial, operational and compliance controls. Internal audits were carried out on all significant business units in the Company. All internal audit reports are submitted to the Audit Committee for review and approval. The internal auditor's summary of findings, recommendations and follow-up reviews of previous internal audit findings are discussed at the Audit Committee meetings. The Audit Committee actively monitors the number and importance of issues raised by the internal auditor and also the corrective measures taken by the management. The annual internal audit plan will be submitted to the Audit Committee for review and approval, with the scope and frequency of audit based on the size and prevailing risks of all business units of the Company.

According to Corporate Internal Control Basic Regulations and its ancillary guidelines, and other internal control regulatory requirements (the "Corporate Internal Control Regulatory System"), and taking into account the internal control system and assessment rules of COSCO SHIPPING, the parent company of the Company, and the Company, on the basis of day-to-day and special internal control supervision, external experts were invited to assess the effectiveness of internal control of the Company as at 31 December 2020 (the base date of the internal control assessment report). In accordance with the accreditation standard on internal control weaknesses, neither material weakness nor important weakness on the internal control of the Company was found during the reporting period.

SUPERVISION AND IMPROVEMENT

The Company supervises and evaluates the implementation and effectiveness of its risk management on a regular basis, and conducts timely improvements in view of the changes and existing defects.

In 2020, the Risk Management Unit initiated an integrated evaluation on the operation of internal control of the Company. The results of internal control evaluation showed that the internal control system of the Company was effective. No material errors or weakness on monitoring and control was found during the year.

The audit projects for 2020 covered 11 terminals, including 5 terminal companies in which the Group has controlling stakes. The audit carried out in terminal companies in which the Group has controlling stakes focused on major risks during operations, and the establishment and implementation of internal control, risk prevention and control mechanism were also audited, including the situation of accounts receivable management and customer credit rating, etc. The audit carried out in non-controlling terminals focused on returns on investments, assets management and significant capital expenditures, etc. Furthermore, focusing on the Company's mission on "continuously promoting lean operations, deepening and improving cost control", special audit on operating cost control and overseas construction management had been carried out on terminal companies in which the Group has controlling stakes, which gave a positive effect in promoting lean operation of the Company.

Corporate Governance Report

During 2020, the Internal Audit Unit completed a total of 13 audit assignments. All the internal audit reports were reviewed and approved by the Audit Committee. All internal audit work scheduled for the year 2020 was completed. The management of the Company will follow up with all the matters of concern reported by the internal auditor till corrective measures have been adopted and implemented properly.

MANAGEMENT AND DISSEMINATION OF INFORMATION

1. The Company has a policy on open communication which allows access to both internally and externally collected information at any time. Pertinent information is identified, captured and communicated as appropriate.
2. The Company provides each employee with an employee manual, which states how employees can communicate with the Company on any problem that arises. The Company considers this as an adequate mechanism to encourage communication between the Company and its employees. The Company has also updated the Policy on Staff Reporting and Whistleblowing, pursuant to which its employees may report any illegal, inappropriate or fraudulent behaviour in financial reporting, internal control and other aspects.
3. The Company attaches great importance to fair disclosure as it is considered a key means to enhance corporate governance and provide necessary information for shareholders and other stakeholders, so that they form their own judgments and give feedback to the Company. The Company also understands that the integrity of the information provided is essential in building market confidence.
4. With respect to procedures and internal control measures for the handling and dissemination of inside information, the Company:
 - is well aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision
 - conducts its affairs with close regard to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission
 - informs all directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange
 - has developed procedures and mechanisms for the disclosure of inside information, and established the Inside Information Evaluation Group to evaluate whether disclosure of the inside information is required
 - has included in its Code of Conduct strict prohibition on unauthorised use of confidential, sensitive or inside information, and has communicated this to all staff
 - has established and implemented procedures for responding to the enquiries from external enquiries about the Company’s affairs. Only directors and designated management personnel of the Company may act as the Company’s spokespersons and respond to enquiries on designated areas

Corporate Governance Report

The Board has obtained the management's confirmation on the effectiveness of the Company's risk management and internal control systems, and considered that the risk management and internal control systems established during the year were effective and adequate for the Company's existing business scope and operations and that no significant factor has been identified which might affect the interests of shareholders. However, the systems aim to manage but not eliminate the risks relating to failure to achieve business objectives, and the Board will only give reasonable but not absolute assurance against material misstatement or loss.

INSTITUTIONAL DEVELOPMENT ON LEGAL GOVERNANCE

The Company strictly observes laws and regulations and continuously strengthen legal governance to ensure that business operations comply with the laws and regulations. In 2020, the Company's management group and working group in charge of legal governance continued to coordinate and promote legal governance, with the Board and the Audit Committee hearing legal governance reports every half year. The Company also implemented the below measures in 2020 to strengthen legal governance and endeavor to establish a more prudent legal risks prevention and control system: (1) conducted regular checks and enhanced legal risks analysis and response in relation to the epidemic; (2) enhanced international sanctions compliance management by implementing the International Sanctions Compliance Management – Process Management Operational Regulations to prevent relevant legal risks; (3) improved major contract management and litigation management, amended relevant legal related internal regulations, conducted investigation on legal risks and formulated corresponding preventive and control measures; (4) continued to strengthen the legal risks prevention and control for investment and financing projects; and (5) continuously followed up key legal development status and actively provided compliance and risk management trainings to raise the legal awareness of all staff. During the year, no significant incident occurred which violated any laws and regulations.

AUDITOR'S REMUNERATION

In addition to audit and audit related services, the Company engaged the external auditor for non-audit services, under which the external auditor is required to comply with the independence requirements under the Code of Ethics for Professional Accountants issued by the HKICPA. The external auditor may provide non-audit services to the Group given that those do not involve any management or decision-making functions for and on behalf of the Group; do not perform any self-assessments; and do not play an advocacy role for the Group.

For the year ended 31 December 2020, the remuneration paid or payable in respect of the audit, audit related and non-audit services provided by the auditor to the Company was as follows:

Nature of Service	2020 US\$	2019 US\$
Audit services	1,089,000	1,002,000
Audit related services	313,000	275,000
Non-audit services:		
– Circular related services	–	246,000
– Financial advisory services	99,000	–
– Tax related services	391,000	176,000

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INVESTOR RELATIONS

The Company continues to promote investor relations and enhance communications with its investors. Our dedicated investor relations department supports designated executive directors and senior management in maintaining regular dialogue with institutional investors and analysts to keep them abreast of the Company's development and in attending to any queries promptly. The Company maintained close communications with the media, analysts and fund managers by way of individual meetings, roadshows and conferences. Also, press and analysts conferences are held at least twice a year subsequent to the interim and annual results announcements at which the executive directors and senior management are available to answer questions regarding the Group's operational and financial performances.

COMMUNICATION WITH SHAREHOLDERS

SHAREHOLDERS' COMMUNICATION POLICY

The Company believes regular and timely communication with shareholders forms part of the Company's effort to help shareholders understand its business better. It has established a shareholders' communication policy and reviews the policy from time to time to ensure its effectiveness.

The Company has committed to a fair, transparent and timely disclosure policy and practices. All inside information or data is publicly released as and when appropriate, prior to individual sessions held with investors or analysts. There is regular dialogue with institutional shareholders and general presentations are made when the financial results are announced. To foster effective communication, the Company provides extensive information in its annual reports, interim reports, results announcements and press releases and also disseminates information relating to the Group and its business electronically through its website. Shareholders and investors are welcome to make enquiries through the General Counsel & Company Secretary or the investor relations department, whose contact details are available on the Company's website.

The Company views its general meetings ("General Meetings"), including the annual general meeting and special general meetings, as an opportune forum for shareholders to communicate with the Board and senior management. All directors and senior management make an effort to attend the meeting. Representatives of external auditors are also available at the annual general meeting to address shareholders' queries on the financial statements. The Chairmen or members of the Audit Committee, the Nomination Committee and the Remuneration Committee or independent board committee (if any) are normally available at the General Meetings (where applicable) to take any relevant questions. All shareholders will be given at least 20 clear business days' notice of the annual general meeting and ten clear business days' notice of a special general meeting and they are encouraged to attend the General Meetings. The Company follows the code provisions contained in the Corporate Governance Code to encourage shareholders' participation. Questioning by the shareholders at the General Meetings is encouraged and welcome. The General Counsel & Company Secretary, on behalf of the chairman of the General Meetings, explains the detailed procedures for conducting a poll at the General Meetings. To facilitate enforcement of shareholders' rights, substantially separate issues at General Meetings are dealt with under separate resolutions.

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PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

Pursuant to the Bye-laws of the Company and the Companies Act 1981 of Bermuda (the "Companies Act"), registered shareholders holding not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at General Meetings of the Company may deposit a requisition to the Board or the General Counsel & Company Secretary of the Company to convene a special general meeting.

The requisition must state the purposes of the meeting and must be signed by the requisitionists, and deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda or its principal place of business at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong. The requisition may consist of several documents in like form each signed by one or more requisitionists.

The Board may proceed to convene a special general meeting within 21 days from the date of the deposit of such requisition upon receipt of confirmation from the share registrar on validity of the requisition, and such meeting shall be held within two months after the deposit of such requisition. If the Board fails to convene the special general meeting as aforesaid, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, and such meeting shall be held within three months from the date of the deposit of the requisition.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

Pursuant to the Companies Act, registered shareholders holding any amount not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at General Meetings of the Company, or registered shareholders of not less than 100, can request the Company in writing to:

- notify shareholders entitled to receive notice of the next General Meeting of any resolution which may officially be moved and is proposed to be moved at that meeting
- circulate to shareholders entitled to have notice of any General Meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the meeting

The requisition must be deposited to the Company not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition.

In addition, a shareholder may propose a person other than a retiring director of the Company for election as a director of the Company at the General Meetings. Detailed procedures for shareholders to propose a person for election as a director are available on the Company's website at <https://ports.coscoshipping.com>.

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SHAREHOLDINGS AND SHAREHOLDERS' INFORMATION**Share Capital (as at 31 December 2020)**

Authorised share capital	HK\$400,000,000 divided into 4,000,000,000 shares of a par value of HK\$0.1 each
Issued and fully paid-up capital	HK\$331,529,637.4 comprising 3,315,296,374 shares of a par value of HK\$0.1 each

Type of Shareholders (as at 31 December 2020)

Type of shareholders	No. of shares held	% of the total number of issued shares
China COSCO (Hong Kong) Limited and its subsidiary	1,665,229,935	50.23
Other corporate shareholders	1,644,562,157	49.60
Individual shareholders	5,504,282	0.17
Total	3,315,296,374	100

Location of Shareholders (as at 31 December 2020)

Location of shareholders ¹	No. of shareholders	No. of shares held
Hong Kong	504	3,315,287,374 ²
The People's Republic of China	1	4,000
United Kingdom	1	5,000
Total	506	3,315,296,374

1 The location of shareholders is prepared according to the address of shareholders registered in the register of members of the Company.

2 These shares include 2,039,790,347 shares registered in the name of HKSCC Nominees Limited which may hold these shares on behalf of its clients in or outside Hong Kong.

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OTHER CORPORATE INFORMATION**MEMORANDUM OF ASSOCIATION AND BYE-LAWS**

There was no change to the Memorandum of Association and Bye-laws of the Company during the year ended 31 December 2020.

KEY CORPORATE EVENT DATES

The following are the dates for certain key corporate events:

Event	Date
Payment of 2020 Interim Dividend	23 October 2020
2020 Annual Results Announcement	30 March 2021
2021 First Quarter Results Announcement	27 April 2021
Closures of Register of Members	
(a) for receiving the 2020 Second Interim Dividend	19 April 2021 to 22 April 2021
(b) for attending the 2021 Annual General Meeting	20 May 2021 to 25 May 2021
Payment of 2020 Second Interim Dividend	5 May 2021
Annual General Meeting	25 May 2021
2021 Interim Results Announcement	August 2021
2021 Third Quarter Results Announcement	October 2021