

## CORPORATE GOVERNANCE REPORT

**COSCO SHIPPING Ports is committed to building a balanced world-class global terminal network to meet the needs of its customers, upholding the development concept of “The Ports for ALL”, a synergistic win-win platform that creates maximum value for the stakeholders. The Company pursues the corporate purpose of “Satisfying Customers and Creating Wealth for Shareholders”, and is committed to achieving the strategic goal of “Becoming a Leading World-class Comprehensive Ports Operator”. To this end, the Company adheres to the management philosophy of managing in accordance with law and winning with integrity, and brings its leading functions as an industry forerunner into full play by formulating development strategies that balance the interests of all parties. Besides, the Company persists with the corporate mission of “Creating Value for the Shareholders and Providing Quality Service to the Customers” by committing to fulfill its corporate social responsibility and environmental awareness, so as to demonstrate its corporate value of “Integrity and Responsibility, Customer Orientation, Openness and Innovation, Striving for Excellence, Sincerity and Solidarity, Hard Work for Prosperity”, and to inherit and develop its corporate culture of “Integrating into and Communicating with the World, Creating and Sharing Value; Pursuing Excellence with International Perspectives; Staying Pragmatic and Diligent for Success”. With the advocacy and promotion of the board of directors of the Company (the “Board”), all directors lead by example and all employees obey regulations and act with integrity, and continually reinforce the value of “Acting Lawfully, Ethically and Responsibly”.**

**The corporate governance framework of the Company aims to ensure that the highest standards of corporate conduct are in place within 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 2021, the Company has received the following recognitions from reputable organisations:

- “Asia’s Top 15 In-house Teams of the Year” by Asian Legal Business Magazine, a well-recognised professional magazine
- “Best in ESG Awards – Middle Market Capitalization”, “Best in Reporting Awards-Middle Market Capitalization” and “ESG Report of the Year Awards – Middle Market Capitalization” from BDO ESG Awards 2021
- “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 Port Operator Hong Kong” and “Best CSR Company (Port Sector)” from Finance Derivative Magazine
- “Annual Report 2019 – Sliver” and “Best ESG Report 2019 – Honors” from Mercury Awards

## Corporate Governance Report

- “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
- “Best Investor Relations Company Hong Kong” from Global Banking & Finance Awards
- “Excellence Award for H Share & Red Chip Entries – Annual Reports Awards” from The Hong Kong Management Association
- “Annual Report Bronze Prize” and “Annual Report Photography – Honors Prize” by ARC Awards
- “Best Investor Relations Company”, “Asia’s Best CEO (Investor Relations)” and “Best Investor Relations Professional” from Corporate Governance Asia Magazine
- “Corporate Website Honors Prize” by 2021 Galaxy Awards
- “Gold Award in Environmental, Social and Governance” from The Asset Magazine

## CORPORATE GOVERNANCE PRACTICES

The Company disclosed its corporate governance practices in its annual reports as early as 2002.

The Company’s corporate governance practices are in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) (the “Corporate Governance Code”). 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 confirms that for the year ended 31 December 2021, it has fully complied with the code provisions of the Corporate Governance Code.

The Corporate Governance Code had been amended on 1 January 2022 (the “New CG Code”), and majority of the amendments apply to fiscal year beginning on or after 1 January 2022. Major amendments of the New CG Code include alignment of the Company’s culture with its purpose, values and strategy, establishment of anti-corruption and whistleblowing policies, board independence and diversity of its members, communication with shareholders, publication of environmental, social and governance reports at the same time as publication of annual reports, and re-arrangement of the disclosure requirements of the Corporate Governance Code. To strengthen and enhance the highest level of corporate governance practices and conduct, the Company had adopted the code provisions under the New CG Code. At the same time, this report includes various corporate governance initiatives under the New CG Code currently implemented by the Company. As this report relates to the financial year 2021, the numbering of code provision in the report follows the code provision of the Corporate Governance Code before the New CG Code came into effect.

In order to promote transparency, the Company reviews, 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 2021:

## Corporate Governance Report

### 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 has published the announcements of its first and third quarterly results on 27 April 2021 and 29 October 2021, 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 2021. 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 shareholders' 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.

## Corporate Governance Report

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 according to the changes in relevant laws and regulations.

### Board Composition

As at 30 March 2022 (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 Boming<sup>1</sup> (Chairman), Mr. ZHANG Dayu<sup>1</sup> (Managing Director), Mr. DENG Huangjun<sup>1</sup>, Mr. ZHANG Wei<sup>2</sup>, Mr. CHEN Dong<sup>2</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</sup>, Dr. FAN HSU Lai Tai, Rita<sup>3</sup>, Mr. Adrian David LI Man Kiu<sup>3</sup>, Mr. LAM Yiu Kin<sup>3</sup>, Prof. CHAN Ka Lok<sup>3</sup> and Mr. YANG Liang Yee Philip<sup>3</sup>.

- 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.

### 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 handling 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.

### 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.

## Corporate Governance Report

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 2021 at quarterly intervals to approve the 2020 final results, 2021 interim results and 2021 first and third quarterly results of the Company. The average attendance rate was 86.37%. Independent non-executive directors of the Company had attended the Board meetings for considering and approving the continuing connected transaction. As the members of the Board are either in Hong Kong or in Mainland China, all of the Board meetings were conducted 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.

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. If any director requires further information or explanation after the meeting documents have been provided, the Legal Department is responsible for coordinating responses from the relevant departments to ensure that the director has the information he/she considers necessary before making a decision. Besides, in order 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. Senior management members, the management and professional consultants (if required) who are responsible for the preparation of the Board papers are invited to attend the meeting and answer any questions or enquiries that Board members may have on the papers. This enables the Board to obtain pertinent data and thorough understanding of the Board's decision-making matters, thereby enabling a comprehensive and informed assessment of the matter. Except occasional absence due to business engagements, the Chairman of the Board 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 all the directors to speak, express their views and raise their concerns. In addition, the chairman of the meeting asks the directors whether they have any objections or any questions to raise for discussion on each agenda item, ensuring that each director can present his or her independent views on the spot. The above measures form the mechanisms which ensure independent views are available to the Board.

## Corporate Governance Report

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 year ended 31 December 2021 which illustrate the attention given by the directors in overseeing the Company's affairs and understanding shareholders' views:

### Attendance Record of Board Members at Board Meetings and General Meetings Held in 2021

	No. of Board meetings attended/held	Attendance rate of Board meetings (%)	No. of general meetings attended/held	Attendance rate of general meetings (%)
<b>Directors</b>				
Mr. FENG Boming <sup>1</sup> (Chairman)	3/4	75	1/2	50
Mr. ZHANG Dayu <sup>1</sup> (Managing Director)	4/4	100	2/2	100
Mr. DENG Huangjun <sup>1</sup>	4/4	100	2/2	100
Mr. ZHANG Wei <sup>2</sup>	3/4	75	1/2	50
Mr. CHEN Dong <sup>2</sup>	1/4	25	1/2	50
Dr. WONG Tin Yau, Kelvin <sup>1</sup>	4/4	100	2/2	100
Dr. FAN HSU Lai Tai, Rita <sup>3</sup>	4/4	100	1/2	50
Mr. Adrian David LI Man Kiu <sup>3</sup>	4/4	100	2/2	100
Mr. LAM Yiu Kin <sup>3</sup>	4/4	100	2/2	100
Prof. CHAN Ka Lok <sup>3</sup>	3/4	75	2/2	100
Mr. YANG Liang Yee Philip <sup>3</sup>	4/4	100	2/2	100

1 Executive director

2 Non-executive director

3 Independent non-executive director

During the year ended 31 December 2021, 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.

### 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 2021 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.



## Corporate Governance Report

**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 2021. 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 names 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 2021:

**Directors' Participation in Continuous Professional Development Programmes in 2021**

	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
<b>Directors</b>			
Mr. FENG Boming <sup>1</sup> (Chairman)	✓	✓	✓
Mr. ZHANG Dayu <sup>1</sup> (Managing Director)	✓	✓	✓
Mr. DENG Huangjun <sup>1</sup>	✓	✓	✓
Mr. ZHANG Wei <sup>2</sup>	✓	✓	✓
Mr. CHEN Dong <sup>2</sup>	✓	✓	✓
Dr. WONG Tin Yau, Kelvin <sup>1</sup>	✓	✓	✓
Dr. FAN HSU Lai Tai, Rita <sup>3</sup>	✓	✓	✓
Mr. Adrian David LI Man Kiu <sup>3</sup>	✓	✓	✓
Mr. LAM Yiu Kin <sup>3</sup>	✓	✓	✓
Prof. CHAN Ka Lok <sup>3</sup>	✓	✓	✓
Mr. YANG Liang Yee Philip <sup>3</sup>	✓	✓	✓

1 Executive director

2 Non-executive director

3 Independent non-executive director

## Corporate Governance Report

### 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 of the Board, 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 2021. No incidents of non-compliance were identified by the Company in 2021.

### 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 of, 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.



## Corporate Governance Report

### 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. The committees 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 2021, the Executive Committee held a total of 17 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.

## Corporate Governance Report

## 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 2021, 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 2021 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 2021

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

<sup>1</sup> Independent non-executive director

## Corporate Governance Report

## 3. Remuneration Committee

The Remuneration Committee comprises five members, the majority of whom (including chairman of the committee) 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 the remuneration of all directors and senior management. 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 2021:

- conducted annual review and made recommendations to the Board on the remuneration packages of all directors and senior management
- reviewed whether exercise conditions for share options granted in 2018 and 2019 were fulfilled and the adjustment on the list of selected peer benchmark enterprises for annual appraisal
- reviewed and approved the policy of discretionary payment of addition directors' remuneration to independent non-executive directors at the time of resignation in proportion to his/her year of service

## Attendance Record of Remuneration Committee Members in 2021

Names of members	No. of meetings attended/held	Attendance rate (%)
Dr. FAN HSU Lai Tai, Rita <sup>1</sup> (Chairman)	2/2	100
Mr. Adrian David LI Man Kiu <sup>1</sup>	2/2	100
Prof. CHAN Ka Lok <sup>1</sup>	2/2	100
Mr. FENG Boming <sup>2</sup>	2/2	100
Mr. SHI Guoqiang	2/2	100

1 Independent non-executive director

2 Executive director, Chairman of the Board

**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.

## Corporate Governance Report

#### 4. Nomination Committee

The Nomination Committee comprises three members, the majority of whom (including chairman of the committee) 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. It is also responsible for reviewing and making recommendations, if any, to the Board on the Company's board diversity policy (the "Board Diversity Policy").

During 2021 and early 2022, the work performed by the Nomination Committee included the following:

- reviewed the Board Diversity Policy and make recommendations to the Board
- made recommendations to the Board on matters relating to the re-election of directors
- made recommendations to the Board on matters relating to the appointment 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.

In early 2022, the Nomination Committee nominated and the Board recommended that Mr. FENG Boming (Chairman of the Board), Mr. ZHANG Dayu (Managing Director), and Prof. CHAN Ka Lok (Independent Non-executive Director), being directors who have been 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 2021

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

1 Independent non-executive director

2 Executive director, Chairman of the Board

## Corporate Governance Report

### ***Nomination Policy***

The Board had adopted a policy on the nomination of directors (the “Nomination Policy”), which was prepared with reference to the Board Diversity Policy 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 paragraph titled “Procedures for Shareholders to Propose a Person for Election as a Director” under the section titled “Procedures for Shareholders to Put Forward Proposals at General Meetings” 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.

### ***Board Diversity Policy***

The Board had adopted the Board Diversity Policy 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.

## Corporate Governance Report

The Board's composition under diversified perspectives is summarised as follows:

## Board Diversity

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

As reviewed and suggested by the Nomination Committee, the Board was of the view that the Board has achieved diversity in terms of gender, age group and skills, knowledge and professional experience, and considers that the Board Diversity Policy is effective. It is currently not required to set any measurable objectives for implementing the said policy.

## 5. Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee comprises three members, the majority of whom (including chairman of the committee) are independent non-executive directors of the Company.

The Environmental, Social and Governance Committee is responsible for overseeing and reviewing the policies, practices, framework and management approach of the corporate social responsibility and sustainable development of the Group, reviewing the practices on corporate governance and disclosure systems of the Company, and making recommendations to the Board on relevant matters, with an aim to enhancing the standard of corporate governance of the Company.

In 2021 and early 2022, the Environmental, Social and Governance Committee of the Company has performed the following work in relation to reviewing the implementation of environmental, social and governance of the Company:

- reviewed the report on stakeholder survey and materiality assessments for 2021 and made recommendations to the Board
- reviewed the setting of environmental targets and measures adopted for the implementation of such targets
- monitored and reviewed emerging sustainability-related disclosure requirements, and made recommendations to the Board on how to address the current and emerging disclosure requirements
- reviewed the Company's corporate governance policies and practices and make recommendations to the Board, and reviewed the training and continuous professional development of directors and senior management, as well as the Company's policies and practices on compliance with legal and regulatory requirements pursuant to Code Provision D.2.1 of the Corporate Governance Code



## Corporate Governance Report

## Attendance Record of Environmental, Social and Governance Committee Members in 2021

Names of members	No. of meetings attended/held	Attendance rate (%)
Prof. CHAN Ka Lok <sup>1</sup> (Chairman)	2/2	100
Mr. YANG Liang Yee Philip <sup>1</sup>	2/2	100
Mr. FENG Boming <sup>2</sup>	0/2	0

1 Independent non-executive director

2 Executive director, Chairman of the Board

## 6. Investment and Strategic Planning Committee

The Investment and Strategic Planning Committee, led by an executive director, comprises 13 members, including executive directors, senior management and management. 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 2021

Names of members	No. of meetings attended/held	Attendance rate (%)
Mr. FENG Boming <sup>1</sup> (Chairman)	1/4	25
Mr. ZHANG Dayu <sup>2</sup>	4/4	100
Mr. DENG Huangjun <sup>3</sup>	3/4	75
Mr. CHEN Dong	4/4	100
Mr. SHI Guoqiang	3/4	75
Mr. YU Danwei	1/4	25
Ms. ZHOU Lan	3/4	75
Mr. LI Jie	3/4	75
Ms. HUANG Li	3/4	75
Mr. LI Wei	2/4	50
Ms. YAO Li	3/4	75
Ms. WANG Min	4/4	100
Mr. XIE Manding	4/4	100

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

Details of the role and responsibilities of the Risk Management Committee in relation to 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 2021**

<b>Names of members</b>	<b>No. of meetings attended/held</b>	<b>Attendance rate (%)</b>
Mr. ZHANG Dayu <sup>1</sup> (Chairman)	4/4	100
Mr. DENG Huangjun <sup>2</sup>	4/4	100
Ms. HUNG Man, Michelle	4/4	100
Mr. CHEN Dong	4/4	100
Mr. YU Danwei	4/4	100
Ms. ZHOU Lan	4/4	100
Mr. LI Jie	3/4	75
Mr. ZHU Hanliang	4/4	100

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 120 to 125 which acknowledges the reporting responsibilities of the Group's auditors.

#### 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.

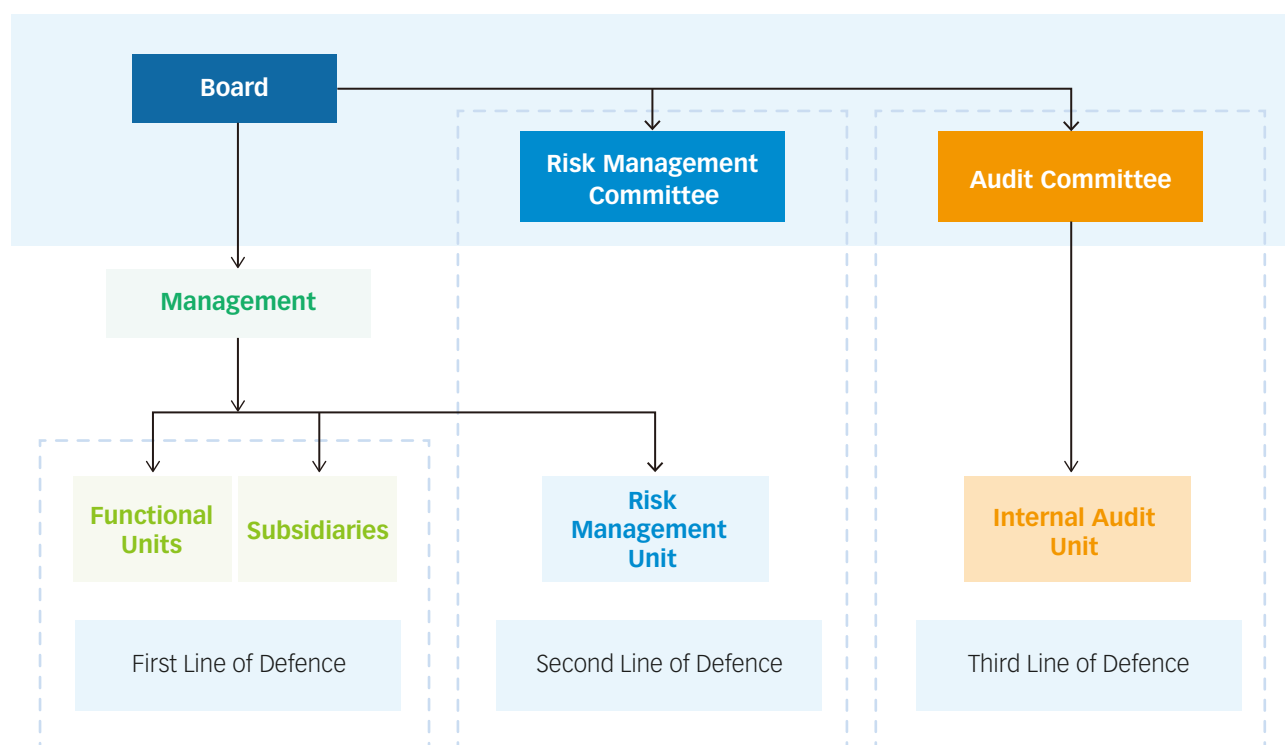
### RISK MANAGEMENT AND INTERNAL CONTROL

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:

<b>The Board</b>	<ul style="list-style-type: none"> <li>• Review the effectiveness of the risk management and internal control systems</li> <li>• Make decisions on and monitor the risk management and internal control systems of the Company</li> <li>• Approve the annual assessment report on risk management and internal control of the Company</li> <li>• Approve the work plans on risk management and internal control of the Company</li> <li>• 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, as well as in relation to the Company's environmental, social and governance performance and reporting</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<b>Risk Management Committee</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Consider and approve the risk management policy, and monitor and provide guidance on the implementation of the policy</li> <li>• Monitor and provide guidance on the identification, prevention and control of risks regarding funds, assets, projects, business and management</li> <li>• Consider and approve the risk control review report regarding material funds, assets, projects, business and matters, and monitor their implementation</li> <li>• Give opinions to the Board on risk-related matters of the Company</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>• Implement, maintain and continuously monitor the risk management and internal control systems of the Company</li> <li>• Provide the Board with a confirmation on the effectiveness of the risk management and internal control systems on an annual basis</li> <li>• 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</li> </ul>
<b>Risk Management Unit</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Organise the drafting of the routine and annual work plans on risk management and internal control, and organise their implementation</li> <li>• Organise risk assessment by functional units and subsidiaries, and prepare the annual risk assessment report for the Company</li> <li>• Organise the evaluation on the effectiveness of the internal control by functional units and subsidiaries, and prepare the annual evaluation report on internal control</li> <li>• Organise, coordinate, guide and monitor the work on risk management and internal control by functional units and subsidiaries</li> <li>• Complete other tasks in relation to risk management and internal control assigned by the Board</li> </ul>

## Corporate Governance Report

<b>Functional Units and Subsidiaries</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Carry out risk management and internal control functions, including identifying, analysing, evaluating and handling operational and management risks within their scope of duties</li> <li>• Conduct self-evaluation, correction, and rectification of risk management and internal control for areas within their scope of duties</li> <li>• 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</li> <li>• Guide and supervise the risk management and internal control exercised on business carried out by functional units and subsidiaries within their scope of duties</li> <li>• Assist in completing other routines on risk management and internal control</li> </ul>
<b>Internal Audit Unit</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Prepare the audit plan at the beginning of each year, and enhance supervision over the implementation of various requirements from supervisory level</li> </ul>



## Corporate Governance Report

The risk management procedures include the following major tasks:

<b>Objective establishment</b>	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Risk identification</b>	<ul style="list-style-type: none"> <li>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</li> <li>Identify the risks in the Company's major business operations and key business processes in accordance with the risk management framework established</li> </ul>
<b>Risk assessment</b>	<ul style="list-style-type: none"> <li>Define the identified risks and their characteristics, and analyse and describe the likelihood and impact of the risks</li> <li>Determine the Company's major risks after assessing their importance in accordance with the evaluation criteria established</li> </ul>
<b>Measures against risks</b>	<ul style="list-style-type: none"> <li>All functional units and subsidiaries choose corresponding strategies to address risks based on risk assessment results and the causes of the risks</li> <li>Prepare solutions to managing various risks or each category of material risks, according to the strategies to address risks</li> <li>Design practical risk control activities and effectively implement corresponding solutions to risk management</li> </ul>
<b>Supervision and improvement</b>	<ul style="list-style-type: none"> <li>All functional units and subsidiaries carry out ongoing day-to-day monitoring and analysis of the major and related risks under their management</li> <li>The risk management unit prepares risk management reports based on risk monitoring information and makes cross-departmental recommendations on significant changes in risks</li> <li>The risk management unit supervises and assesses the risk control at all functional units and subsidiaries and the effectiveness thereof</li> </ul>

## 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, environmental, social and governance, 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 financial reporting personnel, as well as personnel in relation to the Company's environmental, social and governance performance and reporting and has imposed relevant requirements in that regard.


### Assessment of and Measures against Risks

The Company attaches great importance to risk assessment for 2022. Under the unified deployment of the management, the legal department of the Company has 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 have 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. After considering both the interviews with management of the Company and responsible persons of the Company, and conclusions on the questionnaire on risk evaluation, the risk category framework and risk database for 2022 of the Company were established, which included 5 first grade risks, 44 second grade risks and 111 third grade risks. The top five risks of the Company were eventually identified, namely risks relating to overseas business compliance, risks relating to changes in international trade landscape, risks relating to energy price fluctuations, risks relating to work safety, and risks relating to information system planning.

## Corporate Governance Report


On the basis of annual risk assessment, the Company regularly tracks and monitors major risks, and monitors risk events in operation through various forms and dimensions such as business seminars, collaborative linkages, and a timely reporting system for risk events. In case of major risk events, management will be notified immediately, and at the same time, major risk tracking and monitoring forms are formulated every quarter, and various risk prediction and response work are done accordingly, so as to resolve major business risks.

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risk relating to overseas business compliance</b>	In recent years, there have been much news about state-owned enterprises paying huge fines for non-compliance in overseas markets. Amid the economic development uncertainties, many countries have been announcing new regulations, China has revised the Anti-monopoly Law, and other countries and regions have strengthened the enforcement of anti-monopoly laws, indicating a gradual tightening of regulations and penalties relating to overseas business compliance. The Company is subject to increasing compliance risks when conducting international operations, and it is imperative to further enhance the measures for preventing overseas business compliance risks and the response to overseas business cases. In the course of international businesses including foreign trade, overseas investment, operation and project construction, if the Company and overseas terminals in which the Group has controlling stakes fail to comply with the laws and regulations of China and countries where businesses are operated, or enter into or join the relevant international treaties and other regulatory requirements, the Company may be subject to sanctions or penalties, which may affect the Company's sustainable development.	<ul style="list-style-type: none"> <li>Improve the compliance management organization. The Company should enhance the construction of overseas business compliance team, with all departments and business staffs cooperating with each other and resources, including external organizations, being fully utilized, to further improve the capability of preventing business compliance risks.</li> <li>Further improve the measures for preventing compliance risks associated with overseas investment, project operation and project construction, and deepen the research and related application on outbound environment, policies and strategies in overseas countries. When conducting overseas businesses, the Company will conduct in-depth research of laws, regulations and regulatory requirements of countries and regions where businesses are operated in relation to foreign investment; conduct detailed investigations into the business operation, credit status and other aspects of partners or target companies; comprehensively identify and assess the compliance risks of businesses and adopt corresponding measures, so as to ensure that overseas businesses are consistent with compliance requirements.</li> </ul>	


## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
		<ul style="list-style-type: none"> <li>Guide and urge overseas terminals in which the Group has controlling stakes to operate businesses in accordance with compliance requirements. Guide and urge overseas terminals in which the Group has controlling stakes to comply with the laws and regulations of countries and regions where investments are made and to implement the compliance work, including information disclosure, connected transaction management, corporate governance and property right management. Formulate standards for overseas businesses, improve the capabilities of risk assessment, prevention and disposal, and handle non-compliance events in accordance with laws and regulations.</li> <li>Strengthen trainings about overseas business compliance to help all staffs to build the rule awareness and the concept of operating business in accordance with compliance requirements. Ensure that in the course of conducting overseas businesses, staffs can pay attention to international rules, observe the laws of countries and regions where businesses are operated and China's rules and regulations on outward investment and overseas state-owned asset management, conduct overseas business management activities in accordance with laws and regulations and firmly uphold the bottom line of preventing overseas business compliance risks.</li> </ul>	

## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to changes in international trade landscape</b>	<p>In recent years, the international trade landscape has undergone changes as the global economy slows down, trade protectionism is rising, trade frictions between China and the United States escalate, labor-intensive industries are transferred to Southeast Asia and developed countries promote the strategy of expanding exports. Stimulus packages adopted by many countries have entered the decay stage, and there are unbalanced recoveries among countries in the world, which makes it more difficult for the Company to develop markets.</p> <p>In the meantime, as the COVID-19 pandemic wreaks havoc in the world and leads to capacity shortage, surge of shipping fees and delayed delivery in the global shipping industry, shipping costs across the world rise sharply, the inflation pressure becomes greater, and the global supply chain, industry chain and value chain witness frequent reorganizations, which accelerate the change of international trade landscape and directly affect the port shipping industry and the upstream industries. The Company is still subject to great risks and challenges in the changing international trade landscape. If the Company fails to identify the trend that macroeconomy has a slower growth, or stagnation and even downturn in a timely manner, it may be at a disadvantageous position in the future business development, which may have impact on its ability of maintaining or improving revenue and profitability in a particular business environment.</p>	<ul style="list-style-type: none"> <li>Closely monitor the changes of international trade landscape and acquire relevant information in a timely manner by strengthening research on investment in overseas trade markets and domestic ports, analyzing hot issues, collecting industry information and making judgements, improving the collection and analysis of macroeconomic information, coordinating and unifying the collection standards and channels, reorganization and selection, submission and sharing of information about domestic and international environments.</li> <li>Improve and adjust the Company's development strategy, and enhance the core competitiveness. Adjust the development strategy in a timely manner to keep up with the changing trade growth resulted from the changes of international trade landscape, seize the opportunities and explore new development points.</li> <li>Maintain good relationship with local governments and industry associations, and strengthen cooperation with local terminal companies. Participate in trainings or charity activities organized by governments and regulatory agencies, communicate closely with industry associations and acquire the latest information of industry development in a timely manner.</li> <li>Strengthen communication with other industry segments within the Group, fully utilize the resources of COSCO SHIPPING, and actively develop cooperation with other interested parties. Improve the comprehensive service capacity of port companies by relying on the core competitiveness of parties in the partnership.</li> </ul>	

## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to energy price fluctuations</b>	The world is faced with severer energy shortage. The rapidly increasing energy demands and the surging energy prices aggravate the global inflation risk and further result in production cuts in the industry sector, which greatly affect economic recovery and growth. The increase of oil prices in the future will directly lead to the rise of terminal equipment operation costs, and the operating profits of terminals may be eroded, which may have adverse impact on the realization of annual target and further affect the Company's overall profitability.	<ul style="list-style-type: none"> <li>Closely monitor the changes and development trends of energy prices. The relevant departments should further advance macro environment research and trend analysis of domestic and international economies and trade markets, closely follow countries' macroeconomic policies, improve the research of terminal industry and the information collection process, conduct in-depth analysis and assessment on impact of macroeconomic and industry developments on the Company, identify prime opportunities and major risks, and develop effective countermeasures.</li> <li>Further improve lean operations to help terminals in which the Group has controlling stakes to reduce costs and improve efficiency. By developing plans of lean operations, mitigate the impact of energy price fluctuations on terminal production and operation, reasonably and effectively control operation costs, and improve terminals' operation management level and risk resistance capacity.</li> <li>Enhance the construction of green and intelligent port and shipping. The Company will construct green ports by focusing on the "carbon peaking and carbon neutrality" goals and following the requirements of promoting the virtuous circle in which shipping and resources, environment, society and economy reinforce each other and achieve coordinated development.</li> </ul>	




## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to work safety</b>	<p>Overseas terminals are required to strictly observe the laws and regulations of countries and regions where businesses are operated and organize production in accordance with local safe production standards or security regulations.</p> <p>If terminals in which the Group has controlling stakes fail to establish and improve the safety management system according to local laws, regulations and policies, fail to specify departments for safety management and their responsibilities and fail to establish the safety supervision mechanism, the work safety management may have deficiencies. If these terminals do not have sufficient safety trainings and emergency drills, staffs may have a weak safety awareness, lack adequate safety skills and may not be able to promptly respond to safety accidents. If the terminals do not develop business operation guidelines and safety management manuals based on their respective business characteristics, business staffs may have non-standard operations and inadequate safety protection in the course of business, safety accidents may happen, and the Company may not have a safe and healthy work and production environment for the staffs.</p> <p>Meanwhile, China and the world are faced with severe and complicated situation of epidemic prevention and control, and staffs with businesses in high-risk areas are still subject to the risk of being infected. If the Company or its subsidiaries fail to implement strict epidemic control measures, or the large-scale resurgence of COVID-19 affect the social and economic order, terminals may suspend operation and be encountered with operation difficulties, and the health and safety of staffs may be threatened.</p>	<ul style="list-style-type: none"> <li>Require overseas terminals to strictly observe and improve safety management regulations, to specify safety management responsibilities, carefully identify potential safety risks, strengthen safety supervision, enhance trainings of safety, environmental protection and hygiene and improve the safety supervision and accountability mechanism in accordance with local policies, regulations, requirements on occupational health and safety and environmental protection, and other requirements of safety supervision agencies, so as to maintain a stable work safety level.</li> <li>Further increase safety investments, and take practical actions to prevent safety risks. Further strengthen the safety management of road traffic at terminals' operation sites and stockyards, focus on improving the traffic order of terminals, standardize road traffic safety management, and pay close attention to the supervision of project construction safety and staffs' occupational health. Enhance the implementation of regulations, strictly implement safety management regulations, and effectively manage and supervise vehicles and persons entering the ports in accordance with relevant stipulations.</li> </ul>	

## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
		<ul style="list-style-type: none"> <li>Strengthen safety protection, focus on whether labor protection measures are strictly implemented in the operation of workers of special areas and build work stations for staffs to protect staffs from the influence of operation equipment. Provide newcomers with work safety education, explain major risk sources at operation sites and offer trainings on how to prevent accidents, to improve staffs' safety awareness and ensure their safety.</li> <li>Standardize staff management in accordance with laws and regulations and have collective negotiations with labor unions to protect staffs' legitimate rights and interests and to avoid labor disputes. Coach overseas subsidiaries to value and maintain good relationship with local governments, the public, the media, communities and other stakeholders and to build a good corporate image.</li> <li>Closely monitor the development of COVID-19 pandemic, and strictly implement regular epidemic control measures. While ensuring effective epidemic prevention and control, steadily promote production and operation, and minimize the impact of pandemic by rigorously implementing every epidemic control measure and unrelentingly advancing safe production at the same time.</li> </ul>	

## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to information system planning</b>	<p>The Company's current information system development plan has incorporated some advanced technologies. But it is still uncertain whether the Company's information system can fit the environment and meet business requirements in the future as information technologies are updated at an accelerated pace. If the Company fails to have a thorough analysis of business requirements in the course of information system planning in the future, or terminal companies do not take account of the characteristics of terminals and develop their respective informatization plans without comprehensive consideration of the overall condition of terminals and port companies, or information system plans are developed on unscientific and insufficient bases and inadequate reviews, or the communication with suppliers is ineffective, the information system plans may not keep up with business development, the Company's resources may be wasted, and the Company's overall business requirements and management requirements may not be satisfied, which may have adverse impact on the Company's digital transformation.</p>	<ul style="list-style-type: none"> <li>Strengthen the construction of talent team to provide sufficient human resources to the Company's information-based development. By internal cultivation and introduction of outsiders into the organization, the Company will build a highly professional informatization team that meets the information system development requirements.</li> <li>Fully utilize advanced technologies to promote the Company's information-based development. In the course of information system planning, acquire the latest information about advanced technologies and development trends of the industry, consider the Company's practical business operation and informatization requirements, and fully utilize the application of advanced technologies to promote the Company's information-based, digital and intelligent development. Have sufficient communication with related parties to ensure that resource guarantee and technical support will be offered.</li> </ul>	

## Corporate Governance Report



Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
		<ul style="list-style-type: none"> <li>Focus on the Company's strategic goals, and improve the scientific level of information system plans. Base on the Company's development strategy, understand the informatization requirements of each terminal through survey, take account of practical business operation and develop scientific and reasonable information system plans, so as to ensure the information system plans are consistent with the Company's strategic development goals and business requirements.</li> <li>Strengthen process management and control to ensure the implementation of information system plans. Enhance the understanding of relevant departments and subordinate units about the information system plans through promotion and communication, and strengthen the management and control of information system construction process, to facilitate the achievement of informatization goals.</li> </ul>	

## Corporate Governance Report

Regarding environmental, social and governance risks, after joint assessment with external experts, the Company's management believes that there are three material risks in this area as below:

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to global warming</b>	<ul style="list-style-type: none"> <li>According to a study by Swiss Re, the current trajectory of global warming could lead to a 2.6°C rise in global temperature by 2050, which is estimated to reduce global gross domestic product by approximately 14%. In response to climate change, governments have proposed long-term goals of achieving carbon neutrality by 2050-2060, with an aim of limiting global warming to lower than 1.5°C. To achieve their goals, governments are likely to facilitate the tightening of policies relating to energy saving and emission reduction and introduce new measures, thus posing grave challenge to the industry in terms of structural change in energy use, reduction of greenhouse gas emission and the compliance with environmental policies.</li> <li>The International Maritime Organization (IMO) has developed an initial greenhouse gas emission policy, which aims to promote ship owners to reduce the carbon emission intensity of ocean-going vessels by 40% by 2030 and to further expand the reduction to 70% by 2050; and also to reduce the overall greenhouse gas emissions of vessels by 50% by 2050, as compared to 2008. In addition, at the 26th United Nations Climate Change Conference, a number of countries urged the IMO to adopt the goal of achieving net zero emissions by 2050. Amid the increasing demands from shipping companies to reduce emissions, port terminals will face greater challenges in fulfilling customer needs and optimising green supporting facilities.</li> </ul>	<ul style="list-style-type: none"> <li>Pay close attention to the laws and regulations and energy saving and emission reduction requirements in China and other regions where we operate in, and continue to improve relevant management guidelines; at the same time, promote the electrification of infrastructures, switch to green lighting systems with low energy consumption, and actively promote terminals in which we have controlling stakes to achieve the goal of carbon neutrality no later than 2060.</li> <li>Closely monitor the trend of emission reduction in the port and shipping industry, maintain close communication with shipping companies to understand customers' expectations and conduct studies on supporting equipment required by new vessels using clean energy, so as to speed up the development of green ports; at the same time, coordinate with terminals to improve the efficiency of onshore power connection to support docking vessels in terms of fuel saving.</li> </ul>	

## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to extreme weather and climate events</b>	<ul style="list-style-type: none"> <li>According to the Blue Book on Climate Change in China (2021) released by China Meteorological Administration, extreme events such as high temperatures and heavy rainfall have increased and intensified in recent years, where comprehensive climate observations and several key indicators indicate that the risks relating to extreme weather and climate events are growing. In addition, global mountain glaciers are generally in a state of melting and retreating, which will speed up global sea level rise. Given the coastal location of port terminals and the global coverage of the Company's terminal network, which includes environments that are hot or vulnerable to flooding and typhoons, a rise in extreme weather and climate events will pose a higher risk to the safety of terminal workers, port facilities and container goods.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to strengthen emergency drills for extreme weather and climate events, enhance alert and response mechanism, and investigate and resolve potential safety hazards to ensure safe and orderly operation of terminals and to protect the safety and health of outdoor workers at terminals.</li> </ul>	
<b>Risks relating to anti-corruption policies</b>	<ul style="list-style-type: none"> <li>The United Nations held a Special Session of the General Assembly calling for the prevention and combat against corruption, at which states parties have undertaken to strengthen international cooperation to advance global anti-corruption efforts and enhance the effectiveness of governance. The Company's terminal portfolio covers all over the world, therefore cultural, political and legal differences in various regions may pose a greater challenge to its anti-corruption and corporate governance system.</li> </ul>	<ul style="list-style-type: none"> <li>Develop and enhance policies relating to anti-corruption pursuant to the Listing Rules of the Stock Exchange. At the same time, enhance trainings to strengthen the understanding of management and staff on relevant regulations and policies, so as to maintain a high level of professional ethics.</li> </ul>	

The report regarding risk management and internal control of the Company for 2021 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 2021.



## Corporate Governance Report

### Internal Control System and Mechanism

The Company invited external consultants to evaluate the effectiveness of internal control as at 31 December 2021. In accordance with the accreditation standard on internal control weaknesses, neither material weaknesses nor important weaknesses on the internal control of the Company were found during the reporting period. 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 Environmental, Social and Governance Committee, the Investment and Strategic Planning 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

5. The Company has established a whistleblowing policy for employees to raise their concerns about possible improprieties in any matter (including but not limited to financial reporting, internal control and other aspects of unlawful, improper or fraudulent conduct) to the Company in confidence and anonymity. At the same time, the Company will amend the policy or establish a new policy to cover other stakeholders including customers and suppliers.
6. 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

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.

## Corporate Governance Report

### Supervision and Improvement

The Company supervises and evaluates the implementation and effectiveness of its risk management on a regular basis, and makes timely improvements based on changes and existing defects. Based on the risk assessment results in 2021, the Company monitors the changes in major risk monitoring indicators and new major risk events regularly on a quarterly basis, collects and summarises relevant data for the current quarter. The risk monitoring and warning indicators collected including but not limited to total overseas assets in medium and high risk areas, number of major construction projects overdue, major legal proceedings, major compliance cases, accounts receivables aged three years or more, overdue accounts receivables, the number of major safety production accidents and other risks resulting in significant impact on the operation and development of the Company. According to statistics, the Company's risk monitoring and warning indicators in 2021 was normal, and there were no significant risk events.

In September 2021, the Company established an internal control system construction team, which consists of a leadership team and a working team. The internal control system construction team will give full play to the interaction between internal control and supervision, ensure that internal control covers the entire scope of the Company's daily operations, and promote the continuous improvement of risk control and internal control systems.

In November 2021, 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 weaknesses on monitoring and control were found during the period.

The audit projects for 2021 covered 12 companies, including eight companies in which the Group has controlling stakes. The audit carried out in the companies in which the Group has controlling stakes focused on major risks during operations, the establishment and implementation of internal control, the operation of the risk prevention and control mechanism, including accounts receivable management and customer credit rating, etc. The audit carried out in non-controlling companies focused on returns on investments, assets management and significant capital expenditures, etc.

During 2021, the Internal Audit Unit completed a total of 14 audit assignments. All the internal audit reports were reviewed and approved by the Audit Committee. All internal audit work scheduled for the year 2021 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.

The Board has obtained the management's confirmation that the Company's risk management, internal control and accounting systems were effective, which provide reasonable assurance for safeguarding significant resources, identifying and monitoring the Company's risks in commercial, environmental, social and governance and operational perspectives. At the same time, the Company has established an ongoing process for identifying, evaluating and managing the Company's exposure to material risks (including material risks relating to environmental, social and governance). In this regard, the Board 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 factors have 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.

## Corporate Governance Report

**INSTITUTIONAL DEVELOPMENT ON LEGAL GOVERNANCE**

The Company strictly observes laws and regulations and continuously strengthens its legal governance, with the management group in charge of legal governance coordinating and delegating the relevant tasks, which are implemented and executed by the working group. Meanwhile, the Board and the Audit Committee hear the legal governance reports every half year to ensure that legal governance work is effective and business operations comply with the laws and regulations. In 2021, the Company continued to enhance legal governance concept, strengthen internal rules, improve work organization, provide compliance training and strengthen legal risks prevention for investment and financing projects on a continuous basis, strictly implement major contract management, legal disputes management and international sanctions compliance management, as well as implement the below measures to improve legal risks prevention and control system: (1) formulated and issued antitrust compliance guidance manual, enhancing awareness for antitrust compliance; (2) improved management measures for personal data protection compliance to prevent relevant legal risks; (3) formulated and announced the "Internal Control Manual", updating and improving risk database in combination with business workflow, as well as established coordination mechanism for legal, compliance, internal control and risk management functions; and (4) continued to implement regular contract management throughout its full life cycle, enhancing the monitoring of contract performance and legal risks prevention. 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 2021, 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:

	2021	2020
Nature of Service	US\$	US\$
Audit services	<b>1,136,000</b>	1,089,000
Audit related services	<b>308,000</b>	313,000
Non-audit services:		
– Financial advisory services	–	99,000
– Tax related services	<b>259,000</b>	391,000

## Corporate Governance Report

### INVESTOR RELATIONS

The Company is committed to enhancing the long-term value of shareholders through constant communication with individual and institutional shareholders. The Company believes that informed and constructive communication between the Board and shareholders is crucial to improving the standard of corporate governance. The Company's 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 analyst 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 has established a shareholders' communication policy, which includes channels for shareholders to communicate their views (such as participation in general meetings, investor and analyst meetings), and measures taken to solicit and understand the views of shareholders and stakeholders (including active participation in investor meetings organised by other financial institutions and a designated e-mail address for shareholders' enquiries, etc.). The Company has adopted and implemented fair, transparent and timely disclosure policies and practices. All inside information or data is publicly released as and when appropriate, prior to individual sessions held with investors or analysts. The following is a summary of the work conducted in accordance with the shareholders' communication policy in 2021:

- communicated with institutional investors regularly
- held press conference at the time of announcing financial results
- disclosed detailed information in annual report, interim report, results announcements and press releases to facilitate effective communication
- published information of the Group and its business, including disclosing throughput figures of the Group's terminals at the Company's website on a monthly basis
- responded to enquiries to the Company from individual or institutional shareholders made through the abovementioned designated email address

The Board had considered the above works and was of the view that the shareholders' communication policy of the Company was effective.

## Corporate Governance Report

### General Meeting

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 the 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 twenty (20) clear business days' notice of the annual general meeting and ten (10) 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.

### 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.

## Corporate Governance Report

**Procedures for Shareholders to Put Forward Proposals at the 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 the 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>.

**SHAREHOLDINGS AND SHAREHOLDERS' INFORMATION****Share Capital (as at 31 December 2021)**

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 2021)**

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	1,644,986,430	49.62
Individual shareholders	5,080,009	0.15
<b>Total</b>	<b>3,315,296,374</b>	<b>100</b>

**Location of Shareholders (as at 31 December 2021)**

Location of shareholders <sup>1</sup>	No. of shareholders	No. of shares held
Hong Kong	484	3,315,287,374 <sup>2</sup>
The People's Republic of China	1	4,000
United Kingdom	1	5,000
<b>Total</b>	<b>486</b>	<b>3,315,296,374</b>

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 2,040,324,620 shares registered in the name of HKSCC Nominees Limited which may hold these shares on behalf of its clients in or outside Hong Kong.

## Corporate Governance Report

**OTHER CORPORATE INFORMATION****Memorandum of Association and Bye-laws**

There were no changes to the Memorandum of Association and Bye-laws of the Company during the year ended 31 December 2021. In response to the amendment to the Listing Rules on 1 January 2022, the Company will amend the existing Bye-laws to align with the contents of the amended Listing Rules. The proposed amendments to the Bye-laws are set out in the Company's circular to be sent to shareholders on 20 April 2022, and the amended Bye-laws will be submitted to the shareholders of the Company for approval by way of a special resolution at the forthcoming annual general meeting.

**Key Corporate Event Dates**

The following are the dates for certain key corporate events:

<b>Event</b>	<b>Date</b>
Payment of 2021 First Interim Dividend	29 October 2021
2021 Annual Results Announcement	30 March 2022
2022 First Quarter Results Announcement	29 April 2022
Closures of Register of Members	
(a) for receiving the 2021 Second Interim Dividend	19 April 2022 to 22 April 2022
(b) for attending the 2022 Annual General Meeting	23 May 2022 to 26 May 2022
Annual General Meeting	26 May 2022
Payment of 2021 Second Interim Dividend	31 May 2022
2022 Interim Results Announcement	August 2022
2022 Third Quarter Results Announcement	October 2022