

# CORPORATE GOVERNANCE REPORT

*COSCO SHIPPING Ports is committed to building a balanced world-class global terminal network to meet the needs of its customers, and to establishing, with the development concept of “The Ports for ALL”, a synergistic platform that creates maximum value for the stakeholders. The Company pursues the corporate purpose of “Satisfying Customers and Creating Wealth for Shareholders”, and strives to achieve the strategic objective of “Becoming a World-class Comprehensive Ports Operator”. To this end, the Company adheres to the management philosophy of lawful management and succeeding with integrity, and fully exerts its leading functions as the forerunner in the industry by formulating development strategies that balance the interests of all parties. Besides, the Company persists with the mission of “Creating Value for Shareholders and Providing Quality Services to Customers” by actively practicing its corporate social responsibility and environmental protection awareness, so as to demonstrate its corporate value of “integrity and responsibility, customer oriented, openness and innovation, striving for excellence, solidarity in good faith, and prospering through diligence”, and to inherit and develop its corporate culture of “creating value through global integration; pursuing excellence through embracing diversity; staying humble and diligent for success”. Under the encouragement and promotion of the board of directors of the Company (the “Board”), all directors lead by example and all employees act with discipline and integrity, and continually uphold 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, and has gained extensive market recognition from the stakeholders for its high level of transparency and good corporate governance. In 2022, the Company has received the following recognitions from reputable organisations:

- “Best Shipping Port Operator Hong Kong”, “Best Investor Relations Company (Ports sector) Hong Kong”, “Most Sustainable Company (Ports sector) Hong Kong” and “Best CSR Company (Ports sector) Hong Kong” from International Business Magazine
- “Best Container Operator of the year” and “Most Socially Responsible Port Operator” from Global Business Outlook Magazine
- “Best Port Operating Company” and “Best Sustainable Company (Port Sector)” from Finance Derivative Magazine
- “ESG Awards 2022 – Best in ESG Awards-Middle Market Capitalization” from BDO Limited
- “Most Innovative Port Operator” from International Finance Magazine
- “HKSAR 25th Anniversary Enterprise Outstanding Contribution Awards (Trade)” from Metro Broadcast
- “Cover Design Honors” from ARC Awards
- “Excellence Award for H Share & Red Chip Entries – Annual Reports Awards” from The Hong Kong Management Association
- “Best Corporate Governance and ESG Awards 2022 – Special Mention” from HKICPA

## Corporate Governance Report

### 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 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 2022, it has fully complied with the code provisions of the Corporate Governance Code.

The Corporate Governance Code had been amended on 1 January 2022. Major amendments of the Corporate Governance 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. On 1 January 2023, to be consistent with the latest amendment of Chapter 17 "Share Schemes" of the Corporate Governance Code, the Corporate Governance Code was further amended that the terms of reference of the Remuneration Committee should include reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. To implement the highest level of corporate governance practices and conduct, the Company had adopted the code provisions under the amended Corporate Governance Code.

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 the major recommended best practices in the Corporate Governance Code with which the Company continued to comply during the year ended 31 December 2022:

#### Recommended Best Practice D.1.5

Recommended best practice D.1.5 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 29 April 2022 and 27 October 2022, respectively, on a voluntary basis. The Company considers the publication of quarterly results a regular compliance practice.

#### Recommended Best Practice D.2.8

Recommended best practice D.2.8 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 2022. 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.

## Corporate Governance Report

### 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 that are 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; (ii) establishing shareholders communication policy; and (iii) establishing mechanism on how the Board obtains independent advice, and reviewing such policy(ies) and mechanism(s) on a regular basis to ensure their effectiveness.

The Board reviews and approves the Company's annual budget and business plans, which serve as the 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 clear corporate governance procedures in place to ensure that all directors fully understand their duties and responsibilities.

All newly appointed directors are required to attend a comprehensive programme which includes management presentations on the Group's businesses, strategic plans and objectives. A comprehensive orientation package including 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 is provided. Information included in the programme and orientation package are updated from time to time and in accordance with the changes in the relevant laws and regulations.

#### Board Composition

As at 29 March 2023 (the date on which the Board approved this report), the Board consisted of ten members. Among them, three are executive directors, two are non-executive directors and five are independent non-executive directors, including Mr. YANG Zhijian<sup>1</sup> (Chairman), Mr. ZHU Tao<sup>1</sup> (Managing Director), 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 the section headed "About CSP – Leadership – Board of Directors" on the Company's website (<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.

## Corporate Governance Report

### 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. YANG Zhijian, 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 in a timely manner. Mr. ZHU Tao, 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.

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 the directors. The Board held four regular Board meetings during the financial year ended 31 December 2022 at quarterly intervals to approve the 2021 final results, 2022 interim results and 2022 first and third quarterly results of the Company. The average attendance rate was 87.45%. Independent non-executive directors of the Company 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 Chief Accountant 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.

## Corporate Governance Report

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 Company conducts the proceedings of the Board at all Board meetings. He ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and equal opportunities are given to all the directors to speak, express their views and raise their concerns. In addition, the chairman of the meeting shall ask 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/her independent views on the spot. The above measures form the mechanisms which ensure independent views are available to the Board. The Board is of the view that such mechanisms ensure that the directors to have chance to speak and express their independent views, and considers that such mechanisms are effective.

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.

## Corporate Governance Report

Set out below are the details of all directors' attendance at the Board meetings and general meetings during the year ended 31 December 2022 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 2022

	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. YANG Zhijian <sup>1</sup> (Chairman) (Appointed on 10 May 2022)	2/2	100	2/2	100
Mr. ZHU Tao <sup>1</sup> (Managing Director) (Appointed on 28 June 2022)	2/2	100	1/1	100
Mr. ZHANG Wei <sup>2</sup>	3/4	75	0/2	0
Mr. CHEN Dong <sup>2</sup>	1/4	25	0/2	0
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
<b>Ex-directors</b>				
Mr. FENG Boming <sup>1</sup> (Chairman) (Resigned on 28 April 2022)	1/1	100	N/A	N/A
Mr. ZHANG Dayu <sup>1</sup> (Managing Director) (Resigned on 28 June 2022)	2/2	100	1/1	100
Mr. DENG Huangjun <sup>1</sup> (Resigned on 1 April 2022)	1/1	100	N/A	N/A

1 Executive director

2 Non-executive director

3 Independent non-executive director

During the year ended 31 December 2022, the Chairman held one meeting with the independent non-executive directors without the presence of other directors pursuant to code provision C.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 as additional directors or to fill in casual vacancies on the Board for the Board's consideration, and for making recommendations to the shareholders regarding any directors proposed for re-election at general meetings.



## Corporate Governance Report

Details of the selection process of new directors and a summary of work performed by the Nomination Committee in 2022 are set out in the "Nomination Committee" section below.

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

### Directors' Commitment and Participation in Continuous Professional Development Programmes

The Company has received confirmations from all directors that they have given sufficient time and attention to the affairs of the Company during the year ended 31 December 2022. Directors have also disclosed to the Company the number and nature of their offices held in public companies or organisations and other significant commitments, as well as the identity of the said public companies and an indication of time involved in such offices.

Directors are required to participate in continuous professional development to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under the Listing Rules and other applicable laws and regulations. The following table sets out the details of all directors' participation in continuous professional development programmes during the year ended 31 December 2022:

#### Directors' Participation in Continuous Professional Development Programmes in 2022

	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. YANG Zhijian <sup>1</sup> (Chairman) (Appointed on 10 May 2022)	✓	✓	✓
Mr. ZHU Tao <sup>1</sup> (Managing Director) (Appointed on 28 June 2022)	✓	✓	✓
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>	✓	✓	✓
<b>Ex-directors</b>			
Mr. FENG Boming <sup>1</sup> (Chairman) (Resigned on 28 April 2022)	✓	✓	
Mr. ZHANG Dayu <sup>1</sup> (Managing Director) (Resigned on 28 June 2022)	✓	✓	✓
Mr. DENG Huangjun <sup>1</sup> (Resigned on 1 April 2022)	✓	✓	

1 Executive director

2 Non-executive director

3 Independent non-executive director

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### Directors'/Senior Management's Securities Transactions

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

Specific confirmation has been obtained from the directors and senior management of the Company regarding their compliance with the Model Code and the aforementioned guidelines in 2022. No incidents of non-compliance were identified by the Company in 2022.

### GENERAL COUNSEL & COMPANY SECRETARY

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

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

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

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



## 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 of 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 under the section headed "About CSP – Leadership – Board Committees" on the Company's website (<https://ports.coscoshipping.com>). The terms of reference will be revised when appropriate. It is the Company's policy to ensure that the committees are provided with sufficient resources to discharge their duties. They have regular, scheduled meetings every year and report to the Board on a regular basis. All businesses transacted at committee meetings are meticulously recorded and well maintained, and minutes of committee 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 2022, the Executive Committee held a total of 7 meetings and executed 12 sets of written resolutions. Relevant minutes and written resolutions recorded in detail all matters resolved, including key factors considered for decision making. A committee member presents a summary report on the business resolved by the committee to the Board at Board meetings. All directors of the Company can inspect the minutes and written resolutions of the committee meetings at any time, and request for copies of the minutes and written resolutions from the General Counsel & Company Secretary.

## 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 commercial areas, etc.

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 2022, 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 2022 included 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 2022

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

When formulating remuneration packages (which comprise salaries, bonus, benefits in kind, etc.), the Remuneration Committee considers several factors such as salaries paid by comparable companies, time commitment, job responsibilities, individual performance 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 2022:

- conducted annual review and made recommendations to the Board on the remuneration packages of all directors and members of senior management
- reviewed and made recommendations to the Board on the remuneration of newly appointed directors and senior management
- reviewed whether exercise conditions for share options granted were fulfilled and considered the adjustment on the list of selected peer benchmark enterprises for annual appraisal, and made recommendations to the Board
- considered and approved the retention arrangement for share options which were granted but not vested

#### Attendance Record of Remuneration Committee Members in 2022

Name of Members	No. of meetings attended/held	Attendance rate (%)
<b>Members</b>		
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. YANG Zhijian <sup>2</sup> (Appointed on 10 May 2022)	1/1	100
Mr. SHI Guoqiang	2/2	100
<b>Ex-member</b>		
Mr. FENG Boming <sup>2</sup> (Resigned on 28 April 2022)	1/1	100

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

<sup>2</sup> 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.

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

#### 4. Nomination Committee

The Nomination Committee 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 2022 and early 2023, the work performed by the Nomination Committee included the following:

- reviewed the Board Diversity Policy
- reviewed the structure, size and composition of the Board
- made recommendations to the Board on matters relating to the appointment and re-election of directors
- made recommendations to the Board on matters relating to the appointment of senior management
- conducted an annual review of the independence of the independent non-executive directors

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 2023, the Nomination Committee nominated and the Board recommended that Mr. ZHU Tao (the Managing Director), being a new director appointed after the last annual general meeting, and Dr. FAN HSU Lai Tai, Rita, Mr. Adrian David LI Man Kiu and Mr. YANG Liang Yee Philip (the Independent Non-executive Directors), 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 2022

Name of Members	No. of meetings attended/held	Attendance rate (%)
<b>Members</b>		
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. YANG Zhijian <sup>2</sup> (Appointed on 10 May 2022)	1/1	100
<b>Ex-member</b>		
Mr. FENG Boming <sup>2</sup> (Resigned on 28 April 2022)	1/1	100

1 Independent non-executive director

2 Executive director, Chairman of the Board

## Corporate Governance Report

### ***Nomination Policy***

The Board adopts 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, and aims 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 additional director 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 the 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 consider factors including the candidate's reputation for integrity, accomplishment and experience, in particular, in the industry of the Company's business, diversity represented in the Board, his/her ability to exercise independent judgement, 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 adopts a Board Diversity Policy which aims at setting out the principles and approaches 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 are considered based on each objective criterion and with due regard for the benefits of diversity of the Board. Selection of candidates will be based on a number of perspectives, including but not limited to gender, age, skills, cultural background, knowledge and professional experience. The final decision will be based on the merit of the candidate and the contribution the candidate will bring to the Board. The Board should not be comprised of members of a single gender.

## Corporate Governance Report

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

## Board Diversity

<b>1. Designation</b>	Executive Director (3)	Non-executive Director (2)	Independent Non-executive Director (5)
<b>2. Gender</b>	Male (9)	Female (1)	
<b>3. Ethnicity</b>	Chinese (10)		
<b>4. Age group</b>	40–50 (3)	51–60 (2)	Over 60 (5)
<b>5. Length of service (years)</b>	Over 10 (3)	3–10 (5)	Less than 3 (2)
<b>6. Skills, knowledge and professional experience</b> <sup>Note 1</sup>	Terminal operation and management (5)	Accounting and financing (4)	Banking (1)
	Law (2)	Management and commercial (1)	Capital management and investor relations (1)
<b>7. Academic background</b>	University (10)		

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 2022 and early 2023, the Environmental, Social and Governance Committee performed the following work in relation to reviewing the implementation of environmental, social and governance measures of the Company:

- reviewed the report on stakeholder engagement and materiality assessments for 2022 and make recommendations to the Board
- reviewed the setting of environmental targets of the Company and measures adopted for the implementation of such targets
- reviewed the Company's sustainability work done for 2022
- monitored and reviewed emerging sustainability-related disclosure requirements (including GRI Universal Standards 2021 released by the Global Reporting Initiative), and made recommendations on how to address the current and emerging disclosure requirements
- reviewed the Company's corporate governance policies and practices and made 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 A.2.1 of the Corporate Governance Code



## Corporate Governance Report

## Attendance Record of Environmental, Social and Governance Committee Members in 2022

Name of Members	No. of meetings attended/held	Attendance rate (%)
<b>Members</b>		
Prof. CHAN Ka Lok <sup>1</sup> (Chairman)	2/2	100
Mr. YANG Liang Yee Philip <sup>1</sup>	2/2	100
Mr. YANG Zhijian <sup>2</sup> (Appointed on 10 May 2022)	0/1	0
<b>Ex-member</b>		
Mr. FENG Boming <sup>2</sup> (Resigned on 28 April 2022)	1/1	100

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 12 members, including executive directors, members of senior management and management members. It is responsible for the consideration, evaluation and review of and making recommendations to the Board on proposed major investment plans, acquisitions and disposals, and conducting post-investment evaluation of investment projects. It also reviews and considers the direction of the overall strategy and business development of the Company.

## Attendance Record of Investment and Strategic Planning Committee Members in 2022

Name of Members	No. of meetings attended/held	Attendance rate (%)
<b>Members</b>		
Mr. YANG Zhijian <sup>1</sup> (Chairman)(Appointed on 10 May 2022)	0/2	0
Mr. ZHU Tao <sup>2</sup> (Appointed on 28 June 2022)	1/1	100
Mr. ZHAO Fengnian (Appointed on 19 October 2022)	N/A	N/A
Mr. CHEN Dong	2/2	100
Mr. SHI Guoqiang	2/2	100
Mr. YU Danwei	2/2	100
Mr. LI Jie	2/2	100
Ms. HUANG Li	2/2	100
Mr. LI Wei	2/2	100
Ms. YAO Li	2/2	100
Mr. WANG Shenyuan (Appointed on 19 October 2022)	N/A	N/A
Mr. XIE Manding	2/2	100
<b>Ex-members</b>		
Mr. FENG Boming <sup>1</sup> (Chairman)(Resigned on 28 April 2022)	N/A	N/A
Mr. ZHANG Dayu <sup>2</sup> (Resigned on 28 June 2022)	1/1	100
Mr. DENG Huangjun <sup>3</sup> (Resigned on 1 April 2022)	N/A	N/A
Ms. ZHOU Lan (Resigned on 10 June 2022)	1/1	100
Ms. WANG Min (Resigned on 1 April 2022)	N/A	N/A

1 Executive director, Chairman of the Board

2 Executive director, Managing Director

3 Executive director

## Corporate Governance Report

**7. Risk Management Committee of the Company**

The Risk Management Committee of the Company, led by an executive director, comprises seven members, including executive directors, members of senior management and management members. It is responsible for identifying and minimizing 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 2022**

Name of Members	No. of meetings attended/held	Attendance rate (%)
<b>Members</b>		
Mr. ZHU Tao <sup>1</sup> (Chairman) (Appointed on 28 June 2022)	2/2	100
Mr. ZHAO Fengnian (Appointed on 19 October 2022)	1/1	100
Ms. HUNG Man, Michelle	4/4	100
Mr. CHEN Dong	4/4	100
Mr. ZHU Hanliang	3/4	75
Mr. YU Danwei	3/4	75
Mr. LI Jie	3/4	75
<b>Ex-members</b>		
Mr. ZHANG Dayu <sup>1</sup> (Chairman) (Resigned on 28 June 2022)	2/2	100
Mr. DENG Huangjun <sup>2</sup> (Resigned on 1 April 2022)	1/1	100
Ms. ZHOU Lan (Resigned on 10 June 2022)	2/2	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 124 to 129 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

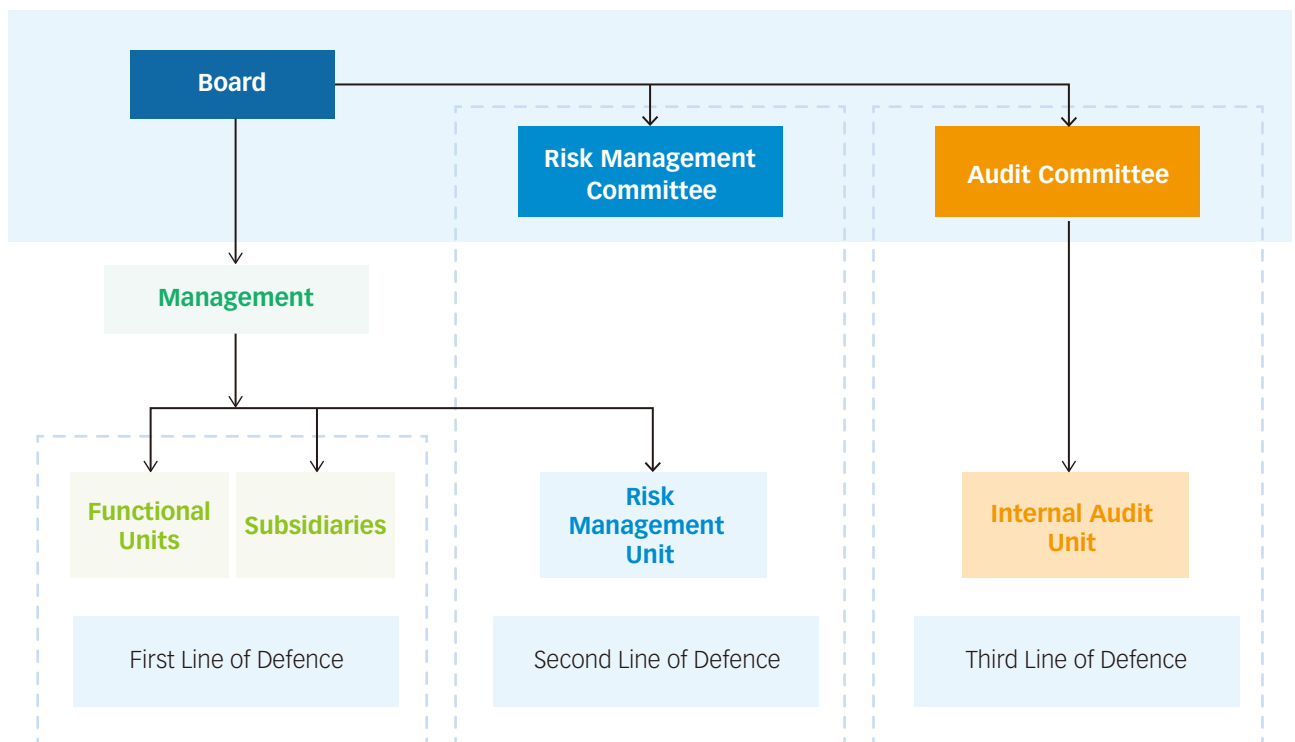
The Board is fully responsible for assessing and determining the continuous effectiveness of the risk management and internal control systems of the Company in an effort to safeguard the interests of its shareholders. Based on its control environment, risk assessment and corresponding strategies, supervision 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 its 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 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>• Coordinate 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>• Coordinate the drafting and implementation of the routine and annual work plans on risk management and internal control</li> <li>• Coordinate risk assessment by functional units and subsidiaries, and prepare the annual risk assessment report for the Company</li> <li>• Coordinate 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>• Coordinate, liaise, 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 routine works 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 the supervisory</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, while fully taking into account the impact of various risks during the process</li> </ul>
<b>Risk identification</b>	<ul style="list-style-type: none"> <li>All functional units and subsidiaries to 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 such risks</li> <li>Prepare solutions to each types of or each individual major risk based on the risk reaction strategies</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>

### 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 control standard. 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.

## Corporate Governance Report

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 control aspects, including financial, operational, environmental, social and governance, compliance and risk management, etc.

The Board is ultimately responsible for the effectiveness of the internal control and risk management systems of the Company. The Risk Management Committee, 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, 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.

With a view that a controlled environment lays the foundation for other components in the internal control system, the Company has defined its overall business structure and compiled an instruction manual to supervise the business processes and activities involved therein. Apart from establishing 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 2023. Under the unified planning 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 businesses involved in future operation and development was carried out through interviews and questionnaires. By envisaging potential concerns in an all-rounded manner, countermeasures were formulated against the risks on a case-by-case basis. After considering the interviews with both the management of the Company and the responsible persons of the Company, and the conclusions on the questionnaires on risk evaluation, the Company's risk category framework and risk database for 2023 were established, including 5 first-grade risks, 44 second-grade risks and 111 third-grade risks. The identified top five major risks of the Company were the risks relating to international macroeconomic and political situation, energy price fluctuations, prevention and control of pandemic, exchange rate fluctuations, and talent reserve.

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. At the same time, major risk tracking and monitoring forms are prepared every quarter, with various risk prediction and response work performed accordingly, so as to resolve major business risks.


## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to international macroeconomic and political situation</b>	As a “barometer” of macroeconomic situation, ports are closely related to macroeconomic performance. With the trade war, the continuing conflict between Russia and Ukraine, the slowing down of world economic growth and the recurrence of the COVID-19 pandemic, the growth rate of international trade has slowed down. The demand for port throughput is weakening, there has been a change in the high production input and output especially in the coastal hub ports and has brought uncertainty to the Company’s production and operation. On the other hand, changes in domestic and international political environment, including geopolitics, ethnicity and religion, energy and resources, may affect the implementation of the Company’s strategies and the normal implementation of the Company’s operating plans.	<ul style="list-style-type: none"> <li>• Continue to pay attention to the changes in the macroeconomic and political situation, strengthen the research on the global regional investment and trade market and domestic and foreign ports, and properly make pre-control management.</li> <li>• Strengthen international cooperation, expand overseas markets, establish contacts with all stakeholders, and maintain communication and coordination mechanisms in depth and breadth.</li> <li>• Strengthen communication with other industrial clusters in COSCO SHIPPING Group, make full use of the internal resources of the Group, actively seek cooperation with other associate organizations, and enhance the comprehensive service capability of the Company.</li> <li>• Strengthen the lean management of terminals, improve the service quality of ports, and further refine and improve various operational service standards, so as to increase the market competitiveness and customer stickiness of ports and continuously stabilize and expand markets.</li> </ul>	

## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to energy price fluctuations</b>	<p>During this transition period of changing global energy structure from traditional energy to new energy, an increasing fragility of the energy market is expected in the future. Unstable energy supply, sharp price fluctuation and rising electricity price will directly lead to the increase of the operating costs of major businesses of terminals such as operation of production equipment, cargo loading and unloading and stockpiling, hence an apparent increase in the auxiliary production costs of ports, including port equipment maintenance, port auxiliary production structures, port lighting, drainage, heating and ventilation and air conditioning, etc., which will have a negative impact on the realization of the Company's annual budget revenue target and reduce the Company's overall profitability.</p>	<ul style="list-style-type: none"> <li>• Provided that service quality is ensured, reasonably arrange port operation process and allocate the machinery involved in the loading and unloading operation, minimize intermediate operational procedures, control the energy consumption of single-container operation, hence reducing the impact of energy price fluctuations the operations of ports.</li> <li>• Adjust and optimize the energy structure of ports in respect of planning, design, loading and unloading equipment, technology and auxiliary production facilities of ports, and improve staff's technical competence and energy-saving awareness.</li> <li>• Promote the construction of green and smart ports, promote automation and intelligent construction of ports in a planned way, improve the efficiency of operations of ports, and reduce the use of traditional energy and carbon emissions by using clean energy.</li> </ul>	

## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to prevention and control of pandemic</b>	With the frequent outbreak of global public health emergencies, if we fail to adjust and implement relevant policies according to the pandemic prevention and control arrangements of the national health system in a timely manner, the pandemic may spread, and as a result, our operation may be affected. The wide spread of pandemic among crane operators, truck drivers, customs officers and other personnel at terminals and stockyards would lead to insufficient labor supply, which may in turn lead to the extended time of goods stocked at ports and low port logistics operation efficiency. As a result, normal business activities may be materially affected.	<ul style="list-style-type: none"> <li>Fully consider the comprehensive impact of pandemic on the Company's operating activities, establish and constantly improve the emergency plans and response mechanisms for epidemic prevention and control, and effectively reduce the impact and losses that pandemic may cause to the Company's production and operation.</li> <li>Make reasonable use of burden alleviating policies, strengthen the safeguard in terms of capital, labor and logistics, reduce or waive administrative fees such as miscellaneous port fees provided that such reduction or waiver is controllable, and improve the market competitiveness of the prices of operating units of ports.</li> </ul>	

## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to exchange rate fluctuations</b>	<p>As affected by the pandemic and the international financial turmoil, the world economic environment has been impacted. Since 2020, the United States has implemented fiscal and monetary stimulus on a large scale. Under the triple-effect of strong growth, high inflation and tight labor market, the Federal Reserve Board had to speed up the tightening of monetary policy and raised interest rates seven times since March 2022, making it the year having the most interest rates hikes in the United States since the end of the Cold War. Many currencies depreciated sharply against the US dollar, which induced capital flight and resulted in significant volatility in the global exchange rates. The Company has many overseas investment businesses, which were affected by the unpredictability of the exchange rate fluctuations. Insufficient assessment on the impact of exchange rate fluctuations on the investment revenue in the investment feasibility study would result in deviation from the expected investment targets.</p>	<ul style="list-style-type: none"> <li>• Cultivate and strengthen the awareness of exchange rate risk prevention, and establish an exchange rate risk prevention and management mechanism and improve the same.</li> <li>• Fully consider the factors of exchange rate changes in the investment feasibility study and investment contract negotiation, and depending on the situation, incorporate exchange rate risk evaluation into the project investment analysis system in a progressive manner.</li> <li>• Reasonably adjust the contribution from investment businesses in the budget as per the change in exchange rates to avoid major deviation from the budget as a result of rates uncertainty.</li> </ul>	




## Corporate Governance Report


Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to talent reserve</b>	<p>The Company is in the critical period of the “14th Five-Year Plan”. The new format, new model and new situation require the Company to have excellent talent resources. A gap between the demand and the Company’s talent reserves in digital development, supply chain development, finance and business compliance and other aspects and the Company’s demand for talents, would upset the needs of the Company’s existing businesses and future development. At the same time, influenced by multiple factors, such as internal integration of the Group, cross-region coordination between the two headquarters, aggregated wages and staffing restrictions, the human resource structure may be unbalanced and it is difficult to introduce and develop talents, upsetting the fulfillment of or the efficiency in achieving the Company’s strategic objectives.</p>	<ul style="list-style-type: none"> <li>Sort out the list of talent demand in key fields, make the scientific human resource planning in line with the Company’s development strategy, and formulate annual talent recruitment plans in time.</li> <li>Fully leveraged on the platform advantages of central enterprises and listed companies, establish a market-oriented talent introduction mechanism, and provide competitive salaries and benefits.</li> <li>Improve the training assessment mechanism, stimulate team vitality, provide employees with more opportunities to contact and learn from industry experts, and enhance their professional abilities. At the same time, establish and improve the employee incentive mechanism according to the Group’s strategic deployment, and give full play to the subjective initiative.</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 aspect 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 the World Meteorological Organization, the likelihood of the average global annual temperature breaching the 1.5°C limit of the Paris Agreement is increasing with time. This is fuelled by ever-rising greenhouse gas concentration and accumulated heat, and global warming while other long-term climate change trends are expected to continue. China has established the goal of reaching peak carbon emissions and achieving carbon neutrality. The countries or regions where the terminals operate in have also pledged carbon neutrality, which pose challenges to the energy structure transformation, energy saving and emission reduction of ports and terminals.</li> <li>The International Maritime Organization has released strategies to reduce greenhouse gas emissions from ships, requiring shipping companies to calculate their attained Energy Efficiency Existing Ship Index and Carbon Intensity Indicator to reduce the carbon intensity of the shipping industry by 40% by 2030 compared to the 2008 baseline, which may create a higher demand for shipping companies for green supporting facilities at ports and terminals.</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate the construction of intelligent, automated and digital terminals, promote the diesel-to-electricity conversion of terminal facilities, and facilitate higher operational efficiency, intelligent deployment and time management by optimizing the structure of energy use and recycling energy as well as building a digital management platform to achieve energy saving and emission reduction at subsidiary terminals.</li> <li>Proactively promote the use of green and low-carbon technologies, explore the application of new energy sources such as solar photovoltaics, wind energy and liquefied natural gas in terminals to replace fossil fuels, and accelerate the construction of green ports.</li> <li>Monitor the energy saving and emission reduction strategies of the shipping industry and shipping companies, expand the construction of green and low-carbon infrastructure and encourage domestic subsidiary terminals to promote and increase the coverage and utilization rate of shore power to assist ships in reducing air pollutants and greenhouse gas emissions during berthing.</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>Extreme heatwaves, drought and devastating flooding affected millions of people around the world and cost billions of dollars, according to the Provisional State of the Global Climate in 2022 report issued by the World Meteorological Organization. At the same time, sea levels are at record highs, posing a long-term and significant threat to coastal and low-lying areas. Given that ports and terminals are located in coastal areas, and the Company's terminal network covers many regions around the world, including areas with high temperatures or environments vulnerable to floods and typhoons, frequent occurrence of extreme weather and climate events may cause higher risks to the operational safety of terminals.</li> </ul>	<ul style="list-style-type: none"> <li>Improve emergency planning and the ability to deal with extreme weather, ensure the safety of personnel, equipment and facilities, implement a robust roster system during important periods and holidays to effectively reduce the impact of extreme weather on the Company's production and operation.</li> <li>Be well-prepared for typhoon and flooding, enhance the implementation and sense of responsibility of safety management personnel, and clarify the responsibility for typhoon prevention.</li> <li>Monitor windy and gusty weather, issue safety warnings to the affected terminals in a timely manner, monitor local weather changes closely, prepare in advance and take effective preventive measures to avoid impact on the Company's production and operation.</li> </ul>	

## Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
<b>Risks relating to anti-corruption policies</b>	<ul style="list-style-type: none"> <li>China has reaffirmed its commitment to deepen anti-corruption culture, establish the coordination mechanism for cross-border anti-corruption governance, and strengthen the prevention and control of corporate integrity risks and compliance of enterprises abroad. The Company's terminal portfolio covers regions all over the world, and therefore cultural, political and legal differences may pose a greater challenge to its anti-corruption and corporate governance system.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen anti-corruption system by developing anti-corruption and whistleblowing management policies to further regulate work processes.</li> <li>Enhance anti-corruption trainings by coordinating and organizing domestic and overseas subsidiary terminals to carry out education and trainings through various methods such as system studies, case studies, seminars and integrity education courses, taking local affairs into consideration, to enhance the corporate culture of integrity.</li> <li>Strengthen case studies and alerts, pay close attention to important fields, key positions and important festive seasons where and when corruption is more likely to occur, and carry out publicity and education on integrity and honesty.</li> </ul>	➔

The report regarding risk management and internal control of the Company for 2022 was reviewed by the Risk Management Committee and the Audit Committee and submitted to the Board for approval, forming the basis for the Board's assessment of the effectiveness of the risk management and internal control systems for the year 2022.

## Corporate Governance Report

### Internal Control System and Mechanism

The Company invited external consultants to evaluate the effectiveness of internal control as at 31 December 2022. Pursuant to the accreditation standard on internal control weaknesses, no material weaknesses nor important weaknesses on the internal control of the Company were identified during the reporting period. The features of the Company's internal control mechanism are as follows:

1. The Group has a clear organisational structure in place detailing the lines of authority and control responsibilities in each business unit, which is beneficial for the delegation of authority, proper determination of duties and better accountability. Certain specific matters are not delegable 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 where appropriate 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 loss
  - Reviewing and evaluating the completeness, 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 the “Whistleblowing Management Rules” and system which is applicable to the Group, so as to allow all members (including directors, senior management and employees at all levels) or any member of the Group or other persons having any dealings with the Group (such as customers and suppliers) may report, with name or anonymity, any illegal, unethical practices or irregularities in the operation and management of the Group to the Chairman of the Audit Committee or the Audit and Supervision Department of the Company. The Company shall provide a confirmation of receipt within 15 working days, or wherever reasonably practicable, upon receipt of a reasonable whistleblowing report, to request for further information or evidence (if necessary), and where appropriate, status of the investigation. Based on the results of the investigation and the seriousness of the violation, member(s) who are found in violation of the rules and regulations shall be subject to strict disciplinary actions in accordance with the applicable rules. Where the responsible person is in violation of local laws or regulations, the Company shall refer the case to the judicial authority and pursue legal responsibilities. The Whistleblowing Policy is set out in the section headed under “About CSP – Corporate Governance – Policies and Guidelines” on the Company’s website (<https://ports.coscoshipping.com>).
6. The Company has established the “Anti-corruption Rules” which aims at upholding honesty, integrity and fairness for all members the Group. Such rules set out essential basic behaviours that all members must follow, and the principles for receipt of interest and report on conflict of interest. Any member who violates these Rules shall be investigated and treated in a strict manner in accordance with the relevant internal regulations of the Company or subsidiary companies. In order to promote and support anti-corruption, both the Company and its subsidiaries promote a corporate culture that promotes honesty and integrity. The directors and management of the Company and its subsidiaries shall insist on leading by example and take the lead in action to comply with the laws, regulations and rules of the Company and the subsidiaries. At the same time, members are encouraged to abide by the laws and the ethical conducts during daily work of the Company, and to assist members in dealing with conflicts of interests and resisting temptation of improper benefits in a proper manner during the course of work. Regular trainings on clean practices are held to further enhance corporate integrity management and promote the establishment of a non-corrupt working culture. The Anti-corruption Policy is set out in the section headed under “About CSP – Corporate Governance – Policies and Guidelines” on the Company’s website (<https://ports.coscoshipping.com>).
7. With respect to procedures and internal control measures for the handling and dissemination of inside information, the Company:
  - is well aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision
  - conducts its affairs with close regard to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission
  - informs all directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange
  - has developed procedures and mechanisms for the disclosure of inside information, and established the Inside Information Evaluation Group to evaluate whether disclosure of the inside information is required
  - has included in its Code of Conduct strict prohibition on unauthorised use of confidential, sensitive or inside information, and has communicated this to all staff
  - has established and implemented procedures for responding to the enquiries from external enquiries about the Company’s affairs. Only directors and designated management personnel of the Company may act as the Company’s spokespersons and respond to enquiries on designated areas



## Corporate Governance Report

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.

### 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 2022, 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 2022 was normal, and there were no significant risk events.

In 2022, the Company launched the yearly theme of strengthening compliance management, regularly sorted out and summarized the compliance management of the Company, and carried out several rounds of comprehensive and systematic self-inspections of compliance risks by focusing on the compliance risks related to the daily operations of the Company and its subsidiaries and the potential risks related to violations of laws and regulations. After screening, neither the Company nor its subsidiaries have any compliance risks or any violation of laws and regulations.

In November 2022, 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. In addition, the Company established three standards, namely, company risk assessment standards, internal control defect determination standards and compliance management evaluation standards, set risk scoring standards, clarified internal control defect determination standards and compliance management evaluation standards, and further improved the internal control and risk control management system.

The audit projects for 2022 covered 14 terminals, including 8 terminal companies in which the Group has controlling stakes. The audit carried out in the terminal companies in which the Group has controlling stakes focused on major risks during operations, the establishment and implementation of internal control, risk prevention and control mechanism, including the situation of accounts receivable management and customer credit rating, etc. The audit carried out in non-controlling terminals focused on returns on investments, assets management and significant capital expenditures, etc.

## Corporate Governance Report

During 2022, the Internal Audit Unit completed a total of 15 audit assignments. All the internal audit reports were reviewed and approved by the Audit Committee. All internal audit work scheduled for the year 2022 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.

### INSTITUTIONAL DEVELOPMENT ON LEGAL GOVERNANCE

The Company strictly abides by laws and regulations, continuously promotes its legal governance in an orderly manner, effectively strengthens the standards and achievements of the Company's legal governance work. The relevant work is coordinated and strategised by the legal governance steering group and implemented by the working group. Meanwhile, the Board and the Audit Committee review the legal governance report on a bi-annual basis, continuously providing strong support for the Company's legal and compliant operation and development. In 2022, the Company continued to enhance the concept of legal governance, strengthen internal rules, improve work organization, provide compliance trainings, strengthen legal risks prevention for investment and financing projects, strictly implement major contract management, legal disputes management and international sanctions compliance management, as well as implemented the below measures to improve legal risks prevention and control system: (1) formulated and issued the "Compliance Management Rules" to further clarify and refine compliance management responsibilities, and provide directional guidance for carrying out various compliance management work; (2) further strengthened the participation of the Company's risk control team in the decision-making of risk control, internal control and compliance work, gave full play to its important role as the "first line of defense", and steadily improved the overall standards of risk control and internal control management; (3) carried out multiple risk investigations, formulated systematic and daily risk prevention and control measures and contingency response mechanisms, further enhancing risk prevention and control capabilities; (4) further strengthened the risk prevention work of overseas terminal companies and paid close attention to updates for international sanctions, and notified overseas terminal companies of major sanctions lists and bill updates related to the shipping industry and the Company's business locations in a timely manner, guiding and urging each controlling terminal to strictly implement risk investigation and control measures to ensure that the Company has no major risk events throughout the year; and (5) continued to strengthen antitrust compliance management, revised and improved the "Antitrust Compliance Guidance Manual" according to the revision of relevant laws and regulations, provided relevant trainings on antitrust topics for the management and employees of the Company and each controlling terminal to improve the antitrust compliance awareness of all employees. During the year, no significant incidents of violation of laws and regulations occurred.

## Corporate Governance Report

### AUDITOR'S REMUNERATION AND RELATED MATTERS

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 services do not involve any management or decision-making functions for and on behalf of the Group, no self-assessments are carried out, and that there is no promotional effect to the Group.

For the year ended 31 December 2022, the remuneration paid or payable in respect of the audit, audit related and non-audit services provided by the auditor to the Company was as follows:

Nature services	2022 US\$	2021 US\$
Audit services	1,076,000	1,136,000
Audit related services	296,000	308,000
Non-audit services:		
– Financial advisory services	41,000	–
– Tax related services	198,000	259,000

### DIVERSITY

Status on Board diversity is set out in the section headed “Board Diversity Policy” above.

Regarding diversity in workforce (including senior management), as at 31 December 2022, male workers and female workers accounted for 84% and 16%, respectively, of the total number of workers of the Group.

As a leading ports operator in the world, COSCO SHIPPING Ports has an international team composed of members from different countries with different genders, age, cultural backgrounds, knowledge and professional experience. The Group pursues a gender diversity approach as part of its good management practices to ensure an inclusive workforce. In respect of staff recruitment, the Group has put in place established management rules and procedures to ensure meritocracy-oriented recruitment. During the recruitment process, the Group attracts candidates with different backgrounds and experiences based on the consistent selection criteria and according to the principle of meritocracy, regardless of gender, to ensure that only experience and qualifications are relevant to job requirements. In regard to the promotion, redesignation and training of staff, the Group has also established relevant administrative rules with clear criteria to provide employees with equal opportunities and ensure no subjectivity, differential treatment or discrimination is involved in such decisions. The Group also reviews the relevant administrative rules and criteria from time to time to ensure that the management of the Company is in compliance with the laws and regulations.

Due to the industry characteristics of port operation, male dominated the supply of manpower in traditional labour markets. Recently, the Group has continued to proceed and improve terminal automation. Being the first totally automated container terminal in China, Xiamen Ocean Gate Terminal has ridden on the achievement of remote control and introduced a team of female operators and set up the first fully automated “Women Team” in China, with a view of bringing female’s strengths of meticulousness and rigour in modern workplace and their own potential into play, thus broadening the employment and promotion path for female in the port industry. The Group recognises that gender diversity not only enables better corporate development, but also allows for better commitment to social responsibility. Therefore, as we strive to build a terminal network with controlling stake, deepen lean operations and promote technological innovation, we continue to promote gender diversity within the Group to build a high performing and diversified team of excellence.

## Corporate Governance Report

### SHAREHOLDERS' RIGHTS

#### General Meeting

The Company views its general meetings ("General Meetings"), including the annual general meeting and special general meetings, as a forum for shareholders to communicate with the Board and senior management. All directors and senior management attend the meeting to the best of their availability. Representatives of external auditors are also available at the annual general meeting to address shareholders' queries on the financial statements. The Chairmen or members of the Audit Committee, the Nomination Committee and the Remuneration Committee or independent board committee (if any) are normally available at the General Meetings (where applicable) to take any relevant questions. All shareholders will be given at least twenty one (21) clear business days' notice of the annual general meeting and fourteen (14) 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.

#### 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 (<https://ports.coscoshipping.com>) under section headed "About CSP – Corporate Governance – Policies and Guidelines".

## Corporate Governance Report

**SHAREHOLDINGS AND SHAREHOLDERS' INFORMATION****Share Capital (as at 31 December 2022)**

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\$344,065,762.7 comprising 3,440,657,627 shares of a par value of HK\$0.1 each

**Type of Shareholders (as at 31 December 2022)**

Type of shareholders	No. of shares held	% of the total number of issued shares
China COSCO (Hong Kong) Limited and its subsidiary	2,007,803,949	58.36
Other corporate shareholders	1,427,834,531	41.50
Individual shareholders	5,019,147	0.14
<b>Total</b>	<b>3,440,657,627</b>	<b>100</b>

**Location of Shareholders (as at 31 December 2022)**

Location of shareholders <sup>1</sup>	No. of shareholders	No. of shares held
Hong Kong	476	3,440,646,034 <sup>2</sup>
United Kingdom	1	5,000
The People's Republic of China	1	4,000
Canada	1	2,593
<b>Total</b>	<b>479</b>	<b>3,440,657,627</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 2,084,897,977 shares registered in the name of HKSCC Nominees Limited which may hold these shares on behalf of its clients in or outside Hong Kong.

**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.

## Corporate Governance Report

### Memorandum of Association and Bye-laws

For the year ended 31 December 2022, the Memorandum of Association and Bye-laws of the Company were amended in response to the amendments on the listing rules on 1 January 2022, and was being approved by way of a special resolution at the annual general meeting held on 26 May 2022.

### 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 2022:

- communicated with institutional investors regularly
- held press conferences at the time of financial results announcements
- 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.

### Key Corporate Event Dates

The following are the dates for certain key corporate events:

Event	Date
Payment of 2022 First Interim Dividend	17 November 2022
2022 Annual Results Announcement	29 March 2023
2023 First Quarter Results Announcement	26 April 2023
Closures of Register of Members	
(a) for receiving the 2022 Second Interim Dividend	18 April 2023 to 21 April 2023
(b) for attending the 2023 Annual General Meeting	19 May 2023 to 24 May 2023
Payment of 2022 Second Interim Dividend	21 June 2023
Annual General Meeting	24 May 2023
2023 Interim Results Announcement	August 2023
2023 Third Quarter Results Announcement	October 2023