

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 corporate brand of "The Ports for ALL", a synergistic platform that creates maximum value for the stakeholders. The Company pursues the corporate mission of "Connecting different Worlds and Creating Value", and strives to achieve the corporate vision of "Becoming the Global Leading Port Logistics Service Provider with a Customer-Oriented Focus". To this end, the Company adheres to the business philosophy of "Establishing a Global Presence, Lean Operation and Innovation Empowerment, Deepening Strategic Collaboration, Safe and Steady Development", 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 actively practices its corporate social responsibility and environmental protection awareness, so as to demonstrate its corporate value of "Customer-Oriented, Talent-Centered, Innovation-Leading, Open and Win-Win", and to inherit and develop its corporate spirit of "Companions, Strivers, and Achievers". 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 2024, COSCO SHIPPING Ports gained widespread recognition from various sectors of society and the capital markets for its exceptional terminal operation management and robust corporate governance model.

- Awarded "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;
- Awarded "Best Investor Relations Company in Ports Sector China 2024", "Most Sustainable Company in Ports Sector China 2024" and "Best Shipping Ports Operator China 2024" from World Business Outlook Magazine;
- Awarded "Specialized Annual Reports Gold Award", "Online Annual Reports Bronze Award", "Hong Kong PRC Annual Reports Honors Award" and "Sustainability Reports Honors Award" from 2024 Astrid Awards;
- Awarded "Best Container Operator of the Year" and "Most Socially Responsible Port Operator" from Global Business Outlook Magazine;
- Awarded "Most Innovative Port Operator" from International Finance Magazine;
- Awarded "Asia's Best CEO", "Asia's Best CFO", "Best Investor Relations Company", "Best Investor Relations Professional" and "Sustainable Asia Award" from Corporate Governance Asia Magazine;

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- Awarded “Excellence Award for H Share & Red Chip Entries – 2024 HKMA Best Annual Reports Awards” from The Hong Kong Management Association; and awarded “Best Corporate Governance and ESG Awards 2024 – Special Mention” from HKICPA;
- “In-House Counsel Awards 2024 – Winner – Aviation, Shipping & Logistics (Team)”, “In-House Counsel Awards 2024 – Highly-commended – Compliance (Cross-border) (Team)”, “In-House Counsel Awards 2024 – Highly-commended – International Compliance & Sanctions (Team)” and “In-House Counsel Awards 2024 – Highly-commended – Mergers & Acquisitions (Cross-border) (Team)” from China Business Law Journal;
- “GC Powerlist Hong Kong Teams 2024” from the Legal 500 GC Powerlist; and
- “In-House Industry Teams of the Year – Property, Infrastructure & Logistics” from In-House Community.

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 C1 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 2024, it has complied with all the code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, except the following deviations:

Mr. ZHU Tao, the Managing Director (i.e. Chief Executive) of the Company, has been appointed as the Chairman of the Board since 26 June 2024. Hence, there is deviation from the requirement under code provision C.2.1 which provides that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company is of the view that although the same individual holds the roles of chairman and managing director, all major decisions of the Company are made by the management and reported to the Board committees and the Board to obtain the requisite approvals. Besides, the Company has an effective internal control system which provides adequate check-and-balance for such arrangements, ensuring that the Company’s efficiency in decision-making and execution, as well as effective response to the ever-changing market environment and capture of business opportunities will not be affected.

Mr. YANG Zhijian, the then Chairman of the Board, was unable to attend the 2024 annual general meeting held on 24 May 2024 (the “2024 AGM”) due to other business engagements. Hence, there is a deviation from the requirement under code provision F.2.2 which provides that the chairman of the board should attend the annual general meeting. At the 2024 AGM, Mr. ZHU Tao, the current Chairman of the Board and the Managing Director of the Company, was elected and acted as the chairman of the meeting, together with other members of the Board, senior management and advisors, to address and respond to questions raised by shareholders.

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 2024:

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 26 April 2024 and 30 October 2024, respectively, on a voluntary basis.

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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 2024. Details of the effectiveness of the risk management and internal control systems of the Company are set out in the section headed "Risk Management and Internal Control" below.

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

BOARD OF DIRECTORS

Board Functions and Responsibilities of Directors

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

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

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Board Composition

As at 21 March 2025 (the date on which the Board approved this report), the Board consisted of eight members. Among them, one is executive director, two are non-executive directors and five are independent non-executive directors, including Mr. ZHU Tao¹ (Chairman and Managing Director), Mr. MA Xianghui², Mr. CHEN Shuai², Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. LAM Yiu Kin³, Prof. CHAN Ka Lok³ and Mr. YANG Liang Yee Philip³.

1 Executive director

2 Non-executive director

3 Independent non-executive director

There are no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members, except that the Chairman and the Managing Director have been the same person since 26 June 2024. 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 at (<https://ports.coscoshipping.com>). A list containing the names of the directors and their respective roles and functions is also published on the said website.

Separation of Chairman and Managing Director

To ensure independence, accountability and responsibility in Board functions, the posts of Chairman and Managing Director are separated and each plays a distinctive role. The Chairman 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. The Managing Director, 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. The Chairman of the Board and the Managing Director of the Company have been assumed by Mr. ZHU Tao since 26 June 2024. Although the roles of Chairman and Managing Director are held by the same person, this arrangement will not adversely affect the Company's decision-making and execution efficiency, its ability to effectively respond to the ever-changing market environment, or its ability to seize business opportunities.

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, capital market and strategic planning. 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.

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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 2024 at quarterly intervals to approve the 2023 annual results, 2024 interim results and 2024 first and third quarterly results of the Company. The average attendance rate was 83.5%. Independent non-executive directors of the Company have attended the Board meetings for considering and approving the continuing connected transaction. As the members of the Board are either based in Hong Kong or in Mainland China, 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 Board Secretary also attended the Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting and financial aspects.

Before each regular Board meeting, the Board is provided with adequate information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performances of the Group, in addition to the minutes of preceding meetings of the Board and Board committees. At least 14 days' notice of a regular Board meeting is given to all directors to provide them with an opportunity to attend and all directors are given an opportunity to include matters in the agenda for a regular meeting. Board papers are 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, responses will be provided by the relevant division(s) 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 Board 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.

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Set out below are the details of all directors' attendance at the Board meetings and general meetings during the year ended 31 December 2024 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 2024

	No. of Board meetings attended/held	Attendance rate of Board meetings (%)	No. of general meetings attended/held	Attendance rate of general meetings (%)
Directors				
Mr. ZHU Tao ¹ (Chairman and Managing Director)	4/4	100	1/2	50
Mr. MA Xianghui ² (Appointed on 26 June 2024)	2/2	100	1/1	100
Mr. CHEN Shuai ² (Appointed on 24 December 2024)	N/A	N/A	N/A	N/A
Dr. FAN HSU Lai Tai, Rita ³	4/4	100	2/2	100
Mr. Adrian David LI Man Kiu ³	3/4	75	2/2	100
Mr. LAM Yiu Kin ³	4/4	100	2/2	100
Prof. CHAN Ka Lok ³	4/4	100	2/2	100
Mr. YANG Liang Yee Philip ³	4/4	100	0/2	0
Former Directors				
Mr. YANG Zhijian ¹ (Resigned on 26 June 2024)	2/2	100	0/1	0
Mr. ZHANG Wei ² (Resigned on 24 December 2024)	0/4	0	0/2	0
Mr. CHEN Dong ² (Retired on 24 May 2024)	1/2	50	0/1	0
Dr. WONG Tin Yau, Kelvin ¹ (Resigned on 14 October 2024)	3/3	100	1/1	100

1 Executive director

2 Non-executive director

3 Independent non-executive director

Pursuant to code provision C.2.7 of the Corporate Governance Code, a meeting is held annually between the Chairman and the independent non-executive directors without the presence of other directors. Due to the work arrangements of the Chairman and the independent non-executive directors, the meeting for 2024 was postponed until February 2025.

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.

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Details of the selection process of new directors and a summary of work performed by the Nomination Committee in 2024 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 2024. 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 2024:

Directors' Participation in Continuous Professional Development Programmes in 2024

	Reading regulatory updates	Making visits to management of the Company and/or its subsidiaries	Attending directors' training organised by the Company or other listed companies/ professional organisations
Directors			
Mr. ZHU Tao ¹ (Chairman and Managing Director)	✓	✓	✓
Mr. MA Xianghui ² (Appointed on 26 June 2024)	✓	✓	✓
Mr. CHEN Shuai ² (Appointed on 24 December 2024)	—	—	—
Dr. FAN HSU Lai Tai, Rita ³	✓	✓	✓
Mr. Adrian David LI Man Kiu ³	✓	✓	✓
Mr. LAM Yiu Kin ³	✓	✓	✓
Prof. CHAN Ka Lok ³	✓	✓	✓
Mr. YANG Liang Yee Philip ³	✓	✓	✓
Former Directors			
Mr. YANG Zhijian ¹ (Resigned on 26 June 2024)	✓	✓	✓
Mr. ZHANG Wei ² (Resigned on 24 December 2024)	✓	—	—
Mr. CHEN Dong ² (Retired on 24 May 2024)	✓	✓	—
Dr. WONG Tin Yau, Kelvin ¹ (Resigned on 14 October 2024)	✓	✓	✓

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 C3 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 who also serves as the 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 2024. No incidents of non-compliance were identified by the Company in 2024.

BOARD SECRETARY

The Board Secretary, who also serves as the Company's General Counsel and Chief Compliance Officer, is directly responsible to the Board. She 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 Board Secretary who is responsible for ensuring good information flow within the Board and accurate execution of the Board policies and procedures. The Board 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 Board 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 Board Secretary is authorised representative 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 Board 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 Board 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 Board Secretary has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

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DELEGATION BY THE BOARD

Management Functions

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

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

Board Committees

To assist the Board in the execution of its duties and to facilitate effective management, certain functions of the Board have been delegated to various Board committees, which shall review and make recommendations to the Board within a specific scope. The Board has established a total of seven Board committees, the details of which are set out below. Each committee consists of directors, members of senior management and management members, and has a defined scope of duties and terms of reference; and committee members have the right to make decisions on matters within the terms of reference of each committee. These committees have the authority to examine particular issues and report to the Board with their recommendations where appropriate, subject to the ultimate authority 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 at (<https://ports.coscoshipping.com>). The terms of reference will be revised when appropriate. It is the Company's policy to ensure that the committees are provided with sufficient resources to discharge their duties. They have regular, scheduled meetings every year and report to the Board on a regular basis. All 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 2024, the Executive Committee executed 18 sets of written resolutions. Relevant 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 written resolutions from the Board Secretary.

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2. Audit Committee

The Audit Committee, chaired by an independent non-executive director with appropriate professional qualifications, consists of three members, all of whom are independent non-executive directors of the Company. All committee members are professionals in their own sectors, including accounting, legal, banking and/or 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 auditors (with relevant functions performed by the Audit & Supervision Division of the Company (the "Audit & Supervision Division")), 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 Audit & Supervision Division 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 2024, 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 2024 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 appointment of external auditor and related audit fees
- reviewed the summary of continuing connected transactions of the Company on a quarterly basis

Attendance Record of Audit Committee Members in 2024

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

¹ Independent non-executive director

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3. Remuneration Committee

The Remuneration Committee 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 2024:

- 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 packages of newly appointed directors and members of senior management

Attendance Record of Remuneration Committee Members in 2024

Name of members	No. of meetings attended/held	Attendance rate (%)
Members		
Dr. FAN HSU Lai Tai, Rita ¹ (Chairman)	2/2	100
Mr. Adrian David LI Man Kiu ¹	2/2	100
Prof. CHAN Ka Lok ¹	2/2	100
Mr. ZHU Tao ²	1/2	50
Mr. MING Kailang (Appointed on 29 October 2024)	1/1	100
Former member		
Mr. SHI Guoqiang (Resigned on 29 October 2024)	1/1	100

1 Independent non-executive director

2 Executive director, Chairman of the Board, Managing Director

Remuneration Policy

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

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

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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 2024 and early 2025, 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 Board committees members
- 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 according to the nomination policy and Board Diversity Policy and then recommended by the Nomination Committee to the Board for decision.

In early 2025, the Nomination Committee nominated and the Board recommended that Mr. MA Xianghui and Mr. CHEN Shuai (Non-executive Directors), being new directors appointed after the last annual general meeting, and Prof. CHAN Ka Lok and Mr. YANG Liang Yee Philip (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 2024

Name of members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. Adrian David LI Man Kiu ¹ (Chairman)	2/2	100
Dr. FAN HSU Lai Tai, Rita ¹	2/2	100
Mr. ZHU Tao ²	1/2	50

1 Independent non-executive director

2 Executive director, Chairman of the Board, Managing Director

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 (as defined below) 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

1. Designation	Executive Director (1)	Non-executive Director (2)	Independent Non-executive Director (5)
2. Gender	Male (7)	Female (1)	
3. Ethnicity	Chinese (8)		
4. Age group	40–50 (2)	51–60 (2)	Over 60 (4)
5. Length of service (years)	Over 10 (2)	3–10 (3)	Less than 3 (3)
6. Skills, knowledge and professional experience^{Note 1}	Terminal operation and management (3)	Accounting and financing (4)	Banking (1)
	Law (2)	Management and commercial (1)	Capital market (1)
	Mergers and acquisitions (1)	Strategic planning (1)	
7. Academic background	University (8)		

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.

Corporate Governance Report

In 2024 and early 2025, 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 results of double materiality assessment for 2024
- reviewed the results of climate scenario analysis (including physical and transition risks and opportunities)
- reviewed the Company's environmental, social and governance work done for 2024
- reviewed the Company's performance on sustainable development (including the revised energy saving and carbon reduction targets, progress made against the targets, and measures adopted for achieving such targets)
- reviewed the global trend of environmental, social and governance, and emerging sustainability-related disclosure requirements (including the International Financial Reporting Standards Sustainability Disclosure Standards released by the International Sustainability Standards Board, and the amendments to the Environmental, Social and Governance Reporting Guide of the Stock Exchange), and made recommendations on how to address the current and emerging trend and 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

Attendance Record of Environmental, Social and Governance Committee Members in 2024

Name of members	No. of meetings attended/held	Attendance rate (%)
Members		
Prof. CHAN Ka Lok ¹ (Chairman)	2/2	100
Mr. YANG Liang Yee Philip ¹	2/2	100
Mr. ZHU Tao ² (Appointed on 26 June 2024)	1/1	100
Former member		
Mr. YANG Zhijian ³ (Resigned on 26 June 2024)	0/1	0

1 Independent non-executive director

2 Executive director, Chairman of the Board, Managing Director

3 Executive director, Chairman of the Board

Corporate Governance Report

6. Investment and Strategic Planning Committee

The Investment and Strategic Planning Committee, led by an executive director, comprises 10 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.

In accordance with the actual work requirements, there were no relevant matters during the year that required submission to the Investment and Strategic Planning Committee for review and presentation to the Board for reference.

7. Risk Management Committee of the Company

The Risk Management Committee of the Company, led by an executive director, comprises eight 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 2024

Name of members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. ZHU Tao ¹ (Chairman)	2/4	50
Mr. CHEN Yipeng (Appointed on 29 October 2024)	1/1	100
Mr. ZHAO Fengnian	4/4	100
Ms. HUNG Man, Michelle	4/4	100
Mr. CHEN Dong	3/4	75
Mr. YU Danwei	4/4	100
Mr. LI Jie	3/4	75
Mr. PAN Dong	4/4	100
Former member		
Mr. MA Bo (Resigned on 29 October 2024)	2/3	66.7

¹ Executive director, Chairman of the Board, Managing 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 113 to 119 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.

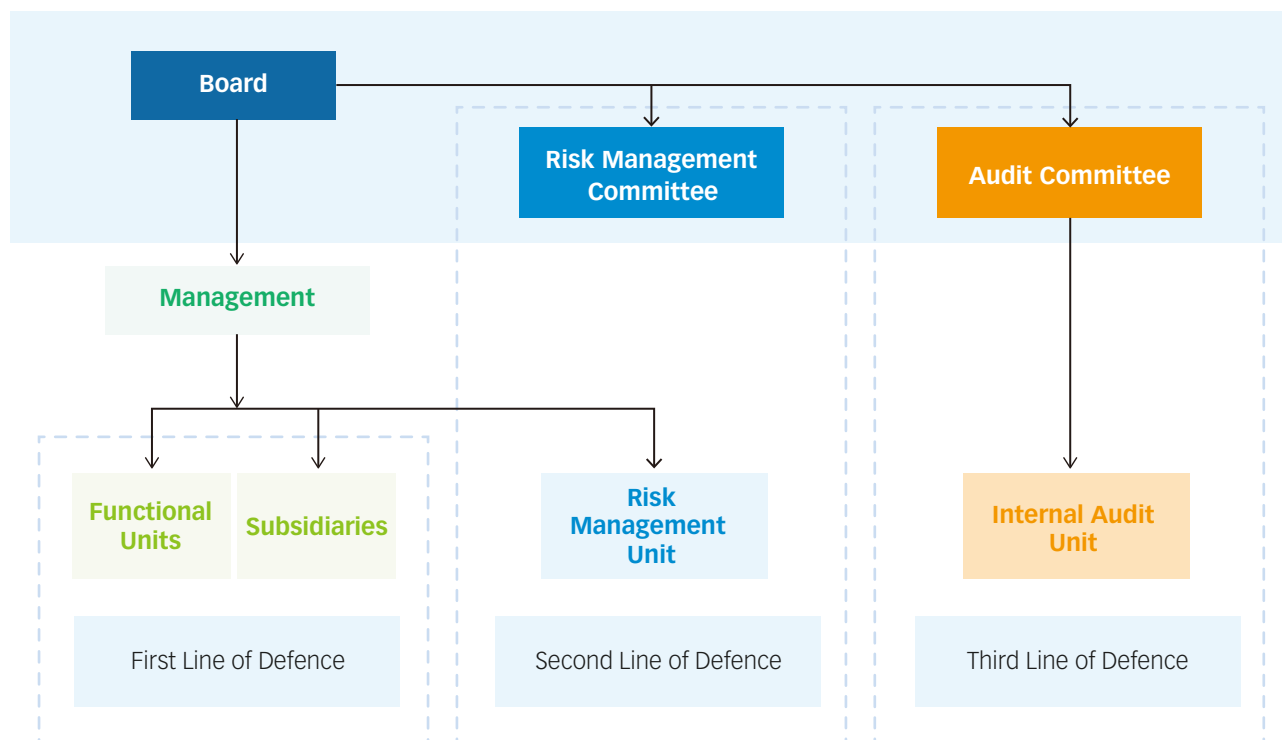
RISK MANAGEMENT AND INTERNAL CONTROL

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 its risk management and internal control systems which are grounded on "three lines of defence" and are integrated with business activities. The risk management framework of the risk management and internal control systems makes reference to the COSO framework established by the Committee of Sponsoring Organisations of the Treadway Commission of the United States of America, the "General Risk Management Guidelines for State-owned Enterprises" issued by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC"), the "Basic Norms of Internal Control for Enterprises" and complementary guidelines issued by the Ministry of Finance and four other ministries and commissions of the People's Republic of China, and the guide on internal control and risk management issued by the HKICPA.

Corporate Governance Report

Risk Management Framework

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

Risk Management Structure**Risk Management Procedures**

Corporate Governance Report

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

The Board	<ul style="list-style-type: none"> • Review the effectiveness of the risk management and internal control systems • Make decisions on and monitor the risk management and internal control systems of the Company • Approve the annual assessment report on risk management and internal control of the Company • Approve the work plans on risk management and internal control of the Company • Review and ensure the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, as well as in relation to the Company's environmental, social and governance performance and reporting
Audit Committee	<ul style="list-style-type: none"> • Review the effectiveness of the risk management and internal control systems of the Company, ensure that the management has performed its duties of establishing effective systems, and report to the Board on the conclusion of the review
Risk Management Committee	<ul style="list-style-type: none"> • Establish a scientific risk management mechanism, enhance the ability to prevent and control the risks relating to assets and business, improve work efficiency, and ensure a smooth rollout and steady implementation of operational management • Consider and approve the risk management policy, and monitor and provide guidance on the implementation of the policy • Monitor and provide guidance on the identification, prevention and control of risks regarding funds, assets, projects, business and management • Consider and approve the risk control review report regarding material funds, assets, projects, business operation and other matters, and monitor their implementation and execution • Give opinions to the Board on risk-related matters of the Company
Management	<ul style="list-style-type: none"> • Implement, maintain and continuously monitor the risk management and internal control systems of the Company • Provide the Board with confirmation on the effectiveness of the risk management and internal control systems on an annual basis • Make annual work arrangement for the upcoming year with appropriate emphases, based on the assessment reports on risk management and internal control of the Company issued by external agencies

Corporate Governance Report

Risk Management Unit	<ul style="list-style-type: none"> • 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 • Coordinate the drafting and implementation of the routine and annual work plans on risk management and internal control • Coordinate risk assessment by functional units and subsidiaries, and prepare the annual risk assessment report for the Company • Coordinate the evaluation on the effectiveness of the internal control by functional units and subsidiaries, and prepare the annual evaluation report on internal control • Coordinate, liaise, guide and monitor the work on risk management and internal control by functional units and subsidiaries • Complete other tasks in relation to risk management and internal control assigned by the Board
Functional Units and Subsidiaries	<ul style="list-style-type: none"> • Amend and implement the regulatory policies and management procedures within their scope of duties, and establish and optimise the risk management and internal control mechanisms • Carry out risk management and internal control functions, including identifying, analysing, evaluating and handling operational and management risks within their scope of duties • Conduct self-evaluation, correction, and rectification of risk management and internal control for areas within their scope of duties • Establish, maintain and monitor on a daily basis the risk alert indicators for areas within their scope of duties, report major risks and take contingency measures in case of a significant risk incident • Guide and supervise the risk management and internal control exercised on business carried out by functional units and subsidiaries within their scope of duties • Assist in completing other routine works on risk management and internal control
Internal Audit Unit	<ul style="list-style-type: none"> • Examine the suitability and effectiveness of the risk management and internal control systems, and supervise in an independent manner the risk management and internal control exercised by functional units and subsidiaries • Prepare the audit plan at the beginning of each year, and enhance supervision over the implementation of various requirements from the supervisory

Corporate Governance Report

The risk management procedures include the following major tasks:

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

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.

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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 during the year, with regular reporting and discussion. Moreover, the Audit Committee assists the Board in reviewing the effectiveness of the internal control and risk management systems twice a year by scrutinising the underlying mechanism and functioning of the internal control and risk management systems and the relevant written reports. Results of the review are submitted to the Board.

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 2025. Under the unified planning of the management, the Legal & Compliance Division 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. Based on the interviews with the Company's leadership and department heads on risks, as well as the results of the risk assessment questionnaire survey, the Company established its 2025 risk classification framework and risk database, including 5 first-level risks, 47 second-level risks, and 135 third-level risks. The top five major risks identified for the Company for 2025 were risks relating to international geopolitics, international macroeconomy, overseas business, information system and data security, 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 mechanism 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 reduce major business risks.

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to international geopolitics	<ul style="list-style-type: none"> The local instability around the globe has increased significantly due to the impact of various geopolitical factors, such as the continuous escalation of the Israeli-Palestinian conflict, the deterioration of the Russian-Ukrainian war, and the aggravation of tensions in the Korean Peninsula. The escalation of the aforesaid conflicts will most likely lead to the forced closure of certain key ports, disruption of regional shipping routes, vessel detours and disorganised route scheduling, which will in turn aggravate port congestion, seriously disrupt the normal loading and unloading of cargoes, affect transportation efficiency, and may also trigger a knock-on effect regarding the global supply chain. With respect to geopolitical policies, as President Trump begins a term in early 2025, his administration has swiftly launched a series of tough policies against China, further aggravating the trade tensions between China and the U.S. Recently, the Trump administration announced a 10% tariff increase on goods from China, and some goods from mainland China and Hong Kong would no longer benefit from the "dutyfree de minimis exemption" for shipments with a retail value of US\$800 or less. In addition, the U.S. government has also strengthened its efforts to combat low-cost customs clearance, and introduced new rules to strictly limit re-export trade, especially for goods from China transshipped through third countries such as Southeast Asia. In his public speeches, Trump has repeatedly emphasised that he will take more measures to reduce economic dependence on China, including promoting the return of manufacturing industries, restricting Chinese companies from investing in the U.S., and strengthening export controls on high-tech products from China. The implementation of these policies has led to a further escalation of trade friction between China and the U.S. The Port enterprises are facing a significant increase in market uncertainties and trade barriers, with far-reaching impacts on the global supply chain. 	<ul style="list-style-type: none"> Continue to monitor trends in geopolitical wars and policy changes, establish a special team responsible for geopolitical information collection, risk prevention and control, make full use of information resources such as news media, government announcements, reports of international organisations and reports of professional consulting firms, and conduct forward-looking studies on the policy changes of key countries and hotspot regions to identify potential geopolitical risks in a timely manner and formulate scientific and reasonable countermeasures. Take geopolitical risk factors into full consideration when making investment decisions on major overseas projects, and implement full-process risk management from project preparation, execution to subsequent evaluation; carry out comprehensive and detailed due diligence at the pre-project stage, covering various dimensions such as political stability, legal framework, social and cultural characteristics and economic conditions of the project sites; implement a real-time monitoring mechanism during the project implementation process to promptly respond to possible risk signals and take effective measures to minimise the exposure of the Company to risks. 	


Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
	<ul style="list-style-type: none"> The Company has continued to optimise its global terminal deployment based on its global development objectives. However, the complex international environment and changes in economic and trade policies have increased the uncertainty of overseas investments, and may exert a far-reaching impact on the Company's terminal investment decisions, operational efficiency and financial performance, which may in turn lead to disruptions in operations, delays in projects, or worse-than expected investment returns. 	<ul style="list-style-type: none"> Focus on the whole-chain development of "shipping + ports + logistics" to build close relationships between shipping companies and terminal operators, strengthen the interconnection and intercommunication between hub ports and gateway ports, and continue to improve the deployment of global port resources. Actively capture the opportunities in emerging markets, regional markets and third country markets of the Regional Comprehensive Economic Partnership, explore investment opportunities in key hub ports and core supply chains behind terminals, and continue to promote digitalised supply chains and the sustainable development of green, low-carbon, and smart ports to enhance the Company's hard skills on risk prevention. Prevent and control geopolitical risks through localised operations and joint ventures. For overseas investment projects, strengthen the participation of local personnel in operation and management to better understand and adapt to the local business environment, market demands and cultural differences. The Company should actively seek to establish strategic partnerships with local governmental organisations and internationally renowned financial institutions to enhance policy synergies and support through the establishment of common interests, promote resources integration and complementary advantages, and achieve a mutually beneficial and win-win situation. 	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to international macroeconomy	<ul style="list-style-type: none"> Negative factors such as intensifying geopolitical tensions, rising trade protectionism, and the risk of delinking supply chains and industrial chains have aggravated the uncertainty and instability of the international economic and trade situation. The Trade and Development Report 2024 released by the United Nations Conference on Trade and Development indicated that the global economy would enter a new normal of slow growth in the coming years, with an expected growth rate of only 2.7% in 2024 and 2025. Under the current headwinds in the global economy and the resurgence of trade protectionism, the World Trade Organisation (WTO) has recently lowered its forecast for global merchandise trade growth in 2025 to 3% from the previous forecast of 3.3%, reflecting the increasing complexity and uncertainty of the global economic environment in 2025. As a "barometer" of macroeconomic development, a slowdown in the growth rate of port traffic may affect the long-term plans of terminal investments and operations, and the uncertainty of future operations will increase significantly, thereby increasing the difficulty of operations and management. 	<ul style="list-style-type: none"> Continue to promote the construction of smart and automated ports. Improve port loading and unloading efficiency, optimise cargo structure, enhance service quality and efficiency through the introduction of Internet of Things, big data, artificial intelligence and other technologies with the aim of increasing port traffic, promoting reasonable growth in loading and unloading rates, and ensuring sustainable profit growth of the Company. Strengthen cooperation with governments, industry associations, sister companies within the COSCO SHIPPING Group system and local enterprises to jointly respond to and share risks, and enhance the Company's market competitiveness through technological innovation, market development and collaborative partnerships. Expand a wide range of businesses, such as logistics, trade and finance, and seek new growth points to reduce reliance on a single market or trade route. Actively seize the opportunities arising from the development of the "Belt and Road" strategy, keep an eye on the economic policies and development of countries and regions along the "Belt and Road", and capture the new business opportunities arising from the development of the Asia-Pacific market, so as to further consolidate and enhance the Company's market competitiveness. Strengthen risk prevention and response capabilities, track global economic and trade dynamics in real time, conduct regular risk assessments, and formulate corresponding countermeasures and contingency plans in response to different levels of economic and trade policy restrictions, so as to ensure prompt resumption of normal operations in the event of unforeseen incidents and the protection of the Company's rights and interests. 	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to overseas business	<p>(1) Risks relating to overseas business compliance. In the face of the severe overseas business and regulatory compliance environment, the Company's lack of in-depth understanding of, or has deviations from, the political environment, economic conditions, business practices and legal systems of the target countries may result in the Company's overseas business activities in violation of the local laws and regulations, international agreements or other regulatory standards, subjecting the Company to sanctions or penalties, causing the Company to suffer economic losses and reputation damage, as well as affecting the efficiency of business operations and the achievements of strategic plans.</p>	<ul style="list-style-type: none"> Continue to improve the compliance management system and database of domestic and overseas laws and regulations, and strictly monitor and evaluate the compliance of various international businesses of the Company. Regularly conduct comprehensive compliance risk assessments of project sites and gain an in-depth understanding of the political situation, economic situation and legal framework of the project sites to ensure that all business activities are in strict compliance with local laws and regulations. Regularly organise compliance training courses to enhance the awareness and understanding of all employees with respect to the importance of compliance, and provide employees with professional compliance consulting services. 	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
	<p>(2) Risks relating to overseas labour management. In recent years, the scope and impact of overseas labour strikes has continued to increase. For example, on 1 October 2024, approximately 45,000 terminal workers at 36 ports along the U.S. East Coast and Gulf of Mexico went on strike due to a breakdown in negotiations over new labour contracts as a result of salaries and other issues, leading to the shutdown of port operations. A large number of vessels were forced to anchor outside U.S. ports and were unable to load or unload cargoes on time. Chinese companies investing overseas often hire a combination of local employees and technicians dispatched from their Chinese parent companies. For sophisticated technology positions that require immediate production, the dispatch of experienced technicians is necessary due to the difficulty of relying entirely on local training of new skilled workers, especially for port investment projects, which have a long payback period and often require enterprises to enter into long-term labour contracts with workers in key production and service positions, such as terminal operators. This type of long-term contracts not only involve the issue of "unfixed-term" labour contracts, but also a series of additional obligations such as social insurance, ancillary benefits, pension, etc. Long-term labour relations can easily lead to the formation of groups of local workers, which can increase the pressure of strikes and collective bargaining. As the Company continues to carry out overseas investments, the risk of strikes by terminal workers in overseas ports continues to increase. If the Company fails to properly handle overseas labour relations, prepare emergency plans and strengthen risk control in a timely manner, it may lead to port congestion, backlog of large quantities of cargoes, delays in transportation and other undesirable consequences that affect the operation and management of terminals.</p>	<ul style="list-style-type: none"> Strengthen labour relations management, establish a permanent communication mechanism with labour unions and employee representatives, and accurately understand the needs of employees in a timely manner. Collect and analyse employee feedback through various means, such as seminars and questionnaire surveys, actively respond to their reasonable demands, and strive to improve the working environment and conditions so as to enhance employees' satisfaction and sense of belonging. Deepen the cooperation and information sharing mechanism among international ports, pay special attention to the exchange of information on labour's actions and strike risks, identify potential risks in advance, and take effective preventive measures. Actively participate in various activities organised by industry associations, keep abreast with industry development trends, learn from best practice cases, and explore solutions by pooling collective wisdom, so as to effectively mitigate the impact of strikes on port operations, and ensure business continuity and stability. 	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
	<p>(3) Risks relating to public relations management of overseas projects. In recent years, the complexity and challenges of public relations management of overseas projects have increased due to the Company's continuous efforts in the investment in and construction of overseas terminals. Any minor operational errors, environmental issues or labour disputes may be magnified by the media, which in turn may lead to negative public sentiment and pressure from public opinions. Take CSP Chancay Terminal as an example, there were false allegations during its construction stage that it posed a potential threat to the development of the local fishing industry. Under such background, there is a risk that certain forces may take advantage of this opportunity to intensify public opinion pressure by exaggerating facts and negative publicity. Therefore, if the Company fails to establish an effective communication mechanism with all stakeholders in a timely manner, proactively investigate and resolve the potential risks arising from public opinions, and formulate and implement an emergency response plan, the reputation of the Company and the image of CSP Chancay Terminal may be directly jeopardised, which may lead to obstacles to the operation and affect the sustainable and healthy development of the Port. More seriously, failure to effectively control and continuous dissemination of the negative public opinions may trigger extreme events such as terrorist attacks and strikes, resulting in economic losses and personnel injuries, which will seriously affect the long-term and stable development of the Company.</p>	<ul style="list-style-type: none">• Improve the risk alert and report handling mechanism. In view of possible risks, such as poor communication among partners and deterioration of public relations, design key risk monitoring indicators to enable the overseas management team to monitor terminal operations, finance, safety and other risk control situations in a timely manner, in an attempt to further improve the risk reporting and handling channels, and actively allocate the Company's resources to assist in solving the problems by the management department under which the risk is attributed. Further strengthen the public relations maintenance mechanism, actively construct communication channels among shareholders, investors and partners to share important information such as overseas terminal operation and management information, strategic control measures and financial status in a timely manner, and alert the risks and potential dangers in the process of overseas operation and management to strengthen cooperation and mutual trust.	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to information system and data security	<ul style="list-style-type: none"> Many ports around the world have suffered hacking attacks on networks. Hacking attacks have become more frequent due to the widespread use of information systems. Relevant reports disclosed that each shipping company had experienced a shipping cybersecurity incident every five days on average in 2024, and each company had experienced approximately 65 to 80 system information leaks or ransom threats annually. The network of ports faces various types of attacks, including ransomware attacks, distributed denial-of-service (DDoS) attacks, malware intrusions, spear phishing, and credential-gathering attacks. These attacks, if successful, could exert a widespread and profound negative impact on ports. 	<ul style="list-style-type: none"> Continue to improve the information system and data security management mechanism. Further review whether the relevant regulations on network information security management are sound, including but not limited to the improvement of password policy, the use and control of antivirus software, network security troubleshooting and testing, security risk reporting mechanism and network security management emergency plan; require each information system to be installed with appropriate software and firewalls, update virus databases and patches, check for and eliminate equipment viruses, and restrict the use of equipment and software of unknown origins by employees. Regularly carry out network security monitoring and formulate strict and regular inspection and rectification plans. For the Company's network environment, professional network security monitoring technology and software and network traffic analysis tools should be used to monitor network activities in real time, and check for hacker attacks, malware invasion and other abnormalities; conduct comprehensive verification of information systems and network security on a regular basis, such as network vulnerability checking, security configuration checking, etc., and promptly rectify and record any issues identified to form a sound security issue tracking mechanism. 	

Corporate Governance Report

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
	<ul style="list-style-type: none"> First of all, such attacks may paralyse the key operational systems of the ports and directly interrupt the normal operations of the ports. This not only affects the efficiency of the ports themselves, but also exerts an impact on the entire logistics and supply chain, resulting in serious economic consequences. The costs of restoring damaged systems, possible ransom demands, and loss of business due to reputation damage may lead to a heavy economic burden. Secondly, attacks on port security systems, such as surveillance cameras and access control systems, increase the risk of physical security threats, as well as the likelihood of illegal activities such as smuggling and theft. In addition, given that the ports handle a large amount of sensitive information, including customer data, cargo details and financial information, a cybersecurity incident may result in data leakage, posing a risk of privacy infringement to the parties concerned and potentially violating the laws and regulations on data protection. The exposure of a major cybersecurity incident will damage the image of the ports, erode customer trust and affect market competitiveness. Moreover, enterprises that fail to protect data properly will be subject to legal liability and fines. 	<ul style="list-style-type: none"> Clearly define the requirements for data backup and access. Formulate backup strategies according to data characteristics, adopt multiple backup methods and conduct regular testing to ensure data recovery; emphasise information equipment protection and access control, check data access rights on a regular basis, close non-essential access rights in a timely manner, continuously monitor data access sites, be alert to abnormal access sites, and launch timely countermeasures according to the contingency plans. 	

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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to talent reserve	<p>The demand for specific talent in the labour market has increased due to the changes in industrial structure, the vertical expansion of the industry and the development of cross-regional economy, resulting in continuous scarcity of talent. The demand for inter-disciplinary talent is also increasing as the Company continues to optimise its global terminal network. In the event of an insufficient reserve of talent for important positions, it may not be able to meet the needs of the Company's business development. At the same time, due to the combined effects of multiple factors such as internal integration within the Group, coordination of the offices of the two headquarters across regions, demand for specialised talent overseas, and limitations on the total salary and staffing, there may be an imbalance in the structure of human resources as well as difficulties in the introduction and development of talent, which may lead to difficulties in the achievement of the Company's strategic objectives or inefficient advancement. Failure to formulate a fair and reasonable mechanism for talent introduction, or failure to establish career development paths for the employees of the terminals in which the Company has controlling stake may result in the failure to achieve the Company's strategic objectives regarding the establishment of a reserve talent echelon.</p>	<ul style="list-style-type: none"> Optimise the structure and allocation of human resources, continuously monitor the quarterly completion rate of recruitment requirements, conduct regular analysis on human resources needs, identify talent gaps and future needs for each position, and commence targeted talent reserves establishment and recruitment. Establish a cross-regional coordination mechanism to ensure the flow of information and sharing of resources among functional departments, and improve the flexibility and efficiency of talent allocation. Improve the remuneration, incentives and employee benefits system by setting up a competitive remuneration system to ensure that the remuneration level can attract and retain high-quality talent, especially in key technical and management positions. Provide flexible employee benefit options, including career development support, health protection and work-life balance, to enhance employee satisfaction and loyalty. Construct a synergistic and win-win human resource management ecosystem through reasonable implementation of cross-departmental job rotation and internal competitive recruitment system, improve employee satisfaction and performance, and create strong momentum for the sustainable development of the Company. 	

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

Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to climate change and energy transition	<ul style="list-style-type: none"> With global investment in clean energy technologies and infrastructure estimated at US\$2 trillion in 2024, almost double that of fossil energy, the transition to a low carbon economy is unstoppable. The United Kingdom, Brazil and the United Arab Emirates submitted new and more ambitious Nationally Determined Contributions (NDCs) at COP29, and China and the other Paris Agreement signatories will submit new 2035 NDCs with initiatives in early 2025. At the same time, significant progress has been made in establishing the global carbon trading mechanism, enabling parties to enhance their cooperation in reducing national carbon emissions more efficiently. The new carbon reduction targets may pose challenges to the terminals in terms of energy restructuring, energy conservation and emission reduction. As of the end of October 2024, among the 62 existing global green shipping corridor initiatives, 15 are related to the container green shipping corridor initiative, with methanol, electricity, and ammonia fuel pathways ranking as the top three choices. New orders for methanol-fueled ships have exceeded 200, and the 'Zero Emission Maritime Buyers Alliance' initiative, jointly launched by cargo owners, demands that shipping companies use near-zero emission fuels for transporting goods, significantly boosting the demand for green shipping fuels. In the future, this may lead shipping companies to have higher demands for green supporting facilities and fuels at port terminals. 	<ul style="list-style-type: none"> The Company released the COSCO SHIPPING Ports' Green and Low-Carbon Transition and Development Plan, focusing on key areas such as the Company's green and low-carbon energy transformation, resource conservation and efficient utilisation, green and low-carbon infrastructure construction, digital and intelligent enhancement, and innovation in green and low-carbon technology. This plan aims to actively participate in the low-carbon transformation and constructing green, low-carbon and smart ports. The Company has conducted scenario analysis on future climate transition risks and opportunities, analysing a number of key factors such as the deployment of clean energy, decarbonisation of terminals driven by electrification, improvement in energy efficiency and management, carbon pricing mechanism, and fluctuations in energy costs, and identified significant transition risks and opportunities. To proactively address to the future trend of low-carbon transformation, the Company strives to adapt to future challenge and has initiated a feasibility study on the supply of green maritime fuels to ships during the year. This forward-looking initiative aims to capitalise on the challenges and opportunities presented by the low-carbon transition, so as to turn crises into opportunities and to promote the sustainable development of the Company. 	

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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
		<ul style="list-style-type: none"> The Company is committed to continuously strengthening the process of building smart, green and low-carbon ports. This year marked the successful launch of the first automated port in South America, CSP Chancay Terminal in Peru. With advanced equipment such as electric driverless container vehicles and automated gantry cranes, CSP Chancay Terminal has set an example of a smart port driven by green and low-carbon features as its core driving force. At the same time, the Company further expanded the application of renewable energy and widely adopted driverless electric vehicles and shore power systems to actively promote the implementation of energy conservation and emission reduction efforts. In addition, the hydrogen-powered container vehicles and forklift conversion project was launched at Tianjin Container Terminal, marking a new milestone in the Group's exploration and practice in the field of green, low-carbon new energy sources. The Company has launched the world's first "CSP Port Digital Twin Integrated Energy Management Platform", which is highly coupled with "Energy Management" and "Digital Twin" technology to implement green and low-carbon solutions. During the year, CSP Wuhan Terminal achieved significant results in its pilot program, and the Company will further extend this platform to all of its subsidiary terminals. 	

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Type of Risk	Description of Risk	Major Countermeasures	Risk Trend
Risks relating to extreme weather and climate events	World Meteorological Organization confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level, glacier loss, rising sea levels, and ocean warming are all accelerating; and extreme weather is causing severe damage to societies and economies around the world. The World Economic Forum's Global Risks Report 2024 analyzes the world's top five risks over the next 2-10 years, including challenges posed by extreme weather and climate events, biodiversity loss and ecosystem collapse, and natural resources shortage. In 2024, a series of extreme weather and climate events including the deadly Hurricane Helene, wildfires in the Amazon, extreme monsoon rains in India, and most severe flooding in decades in Spain, unusual heavy rains in Afghanistan and Pakistan leading to flash floods, not only highlighted the increasing severity and frequency, but also posed a long-lasting and significant threat to coastal and low-lying areas. Given that the terminals are located in coastal areas and the Company's terminal network has global coverage, including regions prone to extreme heat or vulnerable to flooding and typhoons, the intensification of extreme weather climate events may pose higher risk to the safety operation of terminals.	<ul style="list-style-type: none"> The Company has conducted climate scenario analyses for all domestic and overseas subsidiary terminals and container freight stations, identifying three key physical risks. flooding, typhoons and extreme heat. During the year, the management policies related to extreme weather and climate events were revised and improved, including the "Typhoon and Flood Prevention Management Regulations" and the "Comprehensive Emergency Response Plan for Environmental Emergency", enhancing the response capability to extreme weather disasters, ensuring the safety of personnel, equipment and facilities, and effectively minimise the impacts of extreme weather on the Company's production and operation. During the year, the Group strengthened the typhoon and flood prevention equipment and facilities to ensure their normal operation, while urging the subsidiary terminals to take proper measures against typhoons, extreme heat and cold weather, as well as organising and carrying out various emergency drills to improve the response and handling capacity for unexpected events. After extreme weather events, inspection of the equipment and facilities are conducted before resuming operations, so as to avoid accidental failure of equipment and facilities affecting production and personnel safety. 	

The report regarding risk management and internal control of the Company for 2024 was approved by the Risk Management Committee and the Audit Committee and submitted to the Board for review, forming the basis for the Board's assessment of the effectiveness of the risk management and internal control systems for the year 2024.

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Internal Control System and Mechanism

The Company invited external consultants to evaluate the effectiveness of internal control as at 31 December 2024. 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 Division for the relevant work. 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

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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 & Supervision Division 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” at 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” at 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

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- has included in its Code of Conduct strict prohibition on unauthorised use of confidential, sensitive or inside information, and has communicated this to all staff
- has established and implemented procedures for responding to the enquiries from external enquiries about the Company's affairs. Only directors and designated management personnel of the Company may act as the Company's spokespersons and respond to enquiries on designated areas

Particular attention is also paid to activities which are considered to present higher risks under monitoring, including income, expenditure and other areas of particular concern to the management. Representative of the Audit & Supervision Division has free access to the Audit Committee without consulting the management, and reports directly to the Chairman of the Board and 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 Audit & Supervision Division 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 Audit & Supervision Division'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 Audit & Supervision Division 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 2024, 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 2024 was normal, and there were no significant risk events.

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In 2024, the Company revised the “Compliance Management Rules” in accordance with the requirements of the parent company, establishing a compliance management system that aligns with the Company’s actual conditions. This system is guided by compliance, achieving a coordinated and integrated operation with legal management, policy management, internal control, and risk management. The Company appointed the General Counsel as the Chief Compliance Officer, successfully completing the appointment process within the year. The establishment of the Chief Compliance Officer position has strengthened leadership and execution in compliance management, fostering the development of a compliance culture and marking a significant milestone in building a robust compliance management system. Additionally, the Company revised the “Risk Management and Internal Control Management Rules”, refining the responsibilities within the internal control and risk management organizational structure. The content and processes of the risk management system were detailed, emphasizing the importance of managing overseas risks. The Company also developed guidelines for the compliance review of major decisions, enhancing the standardization and professionalism of compliance review work. Efforts were made to accelerate the digitalization of compliance management, aiming to construct and implement a comprehensive compliance management mechanism that is clear in responsibilities, efficient, and effective.

The Company strictly implemented the directives from the parent company, fully considering changes in the external environment and actual conditions. It compiled and published the “Compliance Risk List”, “Key Process Control List” and “Compliance Position Responsibility List”, focusing on key areas, critical links, and core personnel. A tiered and categorized approach was adopted to promote implementation, effectively preventing compliance risks.

In November 2024, the risk management unit conducted a comprehensive evaluation of the Company’s internal control operations. The results indicated that the internal control system was functioning effectively.

The audit projects for 2024 covered 12 terminals, including 7 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 implementation of decision-making systems such as “three majors and one major”, and the implementation and advancement of lean operations and cost control, etc. The audit carried out in non-controlling terminals focused on returns on investments, assets management and significant capital expenditures, etc.

During 2024, the internal audit division completed a total of 13 audit assignments. All the internal audit reports were reviewed and approved by the Audit Committee. All internal audit work scheduled for the year 2024 was completed. The management of the Company will follow up with all the matters of concern reported by the internal auditors 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.

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INSTITUTIONAL DEVELOPMENT ON LEGAL GOVERNANCE

The Company is committed to achieving the highest standards of legal governance, demonstrated through strict adherence to all laws and regulations and the effective implementation of strategies designed to strengthen and promote its governance framework. The relevant work is coordinated and implemented by the Legal & Compliance Division of the Company. Meanwhile, the Board and the Audit Committee review the legal governance report on a bi-annual basis to ensure the effective, orderly and thorough implementation of the institutional development on legal governance. In 2024, the Company continued to enhance its legal governance, internal rules, work organisation and legal risks prevention and control systems by implementing the following measures: (1) provided compliance trainings to its employees to enhance compliance awareness; (2) strictly implemented major contract management, legal disputes management and international sanctions compliance management; (3) formulated compliance guidelines to identify, assess and mitigate legal risks associated with investment and financing projects; (4) established robust data privacy and cybersecurity policies for overseas terminals within the European Union to mitigate data protection risks and ensure compliance with the General Data Protection Regulation (GDPR); (5) enhanced risk prevention at overseas terminals by creating a legal and regulatory research database, and monitoring and staying abreast of legislative developments and updates; (6) continuously strengthened management of international sanctions compliance by closely monitoring updates in sanctions measures, issuing timely risk alerts on major sanctions lists and legislations, conducting bi-annual self-inspections and analysis and enhancing processes and measures for risk prevention and control; (7) organised legal risk screenings and assessments to proactively identify and address compliance vulnerabilities and enhance the Company's emergency response mechanism; and (8) actively engaged with external legal experts and advisors to review and enhance internal governance policies ensuring they remain up-to-date. During the year, the Company encountered no major risk events, and no significant incidents of non-compliance with laws or regulations occurred.

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 2024, the remuneration paid or payable in respect of the audit, audit related and non-audit services provided by the auditor to the Company was as follows:

Nature of Service	2024 US\$	2023 US\$
Audit services	936,000	1,015,000
Audit related services	277,000	289,000
Non-audit services:		
– Financial advisory services	–	20,000
– Tax related services	73,000	173,000

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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 2024, male workers and female workers accounted for 83% and 17%, 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.

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 Board Secretary, on behalf of the chairman of the General Meetings, explains the detailed procedures for conducting a poll at the General Meetings. To facilitate enforcement of shareholders’ rights, substantially separate issues at General Meetings are dealt with under separate resolutions.

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Procedures for Shareholders to Convene a Special General Meeting

Pursuant to the Bye-laws of the Company and the Companies Act 1981 of Bermuda (the “Companies Act”), registered shareholders holding not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at General Meetings of the Company may deposit a requisition to the Board or the Board 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 at (<https://ports.coscoshipping.com>) under section headed “About CSP – Corporate Governance – Policies and Guidelines”.

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SHAREHOLDINGS AND SHAREHOLDERS' INFORMATION**Share Capital (as at 31 December 2024)**

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\$376,138,185.0 comprising 3,761,381,850 shares of a par value of HK\$0.1 each

Type of Shareholders (as at 31 December 2024)

Type of shareholders	No. of shares held	% of the total number of issued shares
China COSCO (Hong Kong) Limited and its subsidiary	2,691,333,399	71.55
Other corporate shareholders	1,065,085,149	28.32
Individual shareholders	4,963,302	0.13
Total	3,761,381,850	100

Location of Shareholders (as at 31 December 2024)

Location of shareholders ¹	No. of shareholders	No. of shares held
Hong Kong	444	3,761,370,257 ²
United Kingdom	1	5,000
The People's Republic of China	1	4,000
Canada	1	2,593
Total	447	3,761,381,850

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 2,241,566,432 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 Public Relations Division 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.

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Memorandum of Association and Bye-laws

For the year ended 31 December 2024, no change has been made to the Memorandum of Association and Bye-laws of the Company.

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 2024:

- communicated with institutional investors regularly
- held press conferences after 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 2024 First Interim Dividend	21 November 2024
2024 Annual Results Announcement	21 March 2025
2025 First Quarter Results Announcement	29 April 2025
Closures of Register of Members	
(a) for receiving the 2024 Second Interim Dividend	8 April 2025 to 11 April 2025
(b) for attending the 2025 Annual General Meeting	15 May 2025 to 20 May 2025
Annual General Meeting	20 May 2025
Payment of 2024 Second Interim Dividend	12 June 2025
2025 Interim Results Announcement	August 2025
2025 Third Quarter Results Announcement	October 2025