

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2021.

The Company's corporate governance policies and practices are applied and implemented in the manners as stated in the below Corporate Governance Report.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on maintaining high standards of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board and the management of the Group strive for adhering to the principles of corporate governance and have adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, risk management, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Group. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard the interests of the Company and the shareholders as a whole. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for shareholders.

In the opinion of the Board, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2021.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2021.

## BOARD OF DIRECTORS

### Role and delegation

The Board is responsible for the leadership and directing and supervising the Group's businesses to enable the long term success of the Group, formulating corporate strategies, strategic goals and strategic decisions, and overseeing and evaluating the Group's performance. The Board reserves for its decision on all major matters of the Group, including the approval and monitoring of all material acquisitions and disposals, material contracts, notifiable and/or connected transactions, appointment or reappointment of Directors and the financial performance in pursuit of its strategic goals.

The Board is also responsible for the developing and reviewing the appropriate corporate governance practices applicable to the Company's circumstances and ensuring processes and procedures are in place to achieve the Company's corporate governance objectives.

The Board has delegated the leadership and day-to-day operations of the Group to the chief executive officer (the "Chief Executive Officer") and the management of the Group. Besides, the Board has delegated certain functions to the Company's audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and nomination committee (the "Nomination Committee"), further details of which are set out in this report.

All Directors are required to discharge their responsibilities as directors of the Company. All Directors have timely access to all relevant information of the Company and the advice of the management. Any Director may also seek independent professional advice in appropriate circumstances at the Company's expenses upon reasonable request made to the Board.

# Corporate Governance Report

## BOARD OF DIRECTORS (CONTINUED)

### Composition

As at the date of this annual report, the Board consists of nine Directors comprising six executive Directors, namely, Mr. Zhang Tiefu (Joint Chairman) (appointed on 21 May 2021 and as Joint Chairman on 29 July 2021), Mr. Hu Xiaoyong (Joint Chairman) (appointed as Joint Chairman on 29 July 2021), Mr. Yang Guang (Chief Executive Officer) (appointed on 21 May 2021 and as Chief Executive Officer on 21 May 2021), Mr. Shi Xiaobei (resigned as Chief Executive Officer on 21 May 2021), Mr. Tan Zaixing and Ms. Huang Danxia; and three independent non-executive Directors, namely, Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik.

The Board has met the requirements of Rule 3.10 of the Listing Rules of having at least three independent non-executive Directors (representing at least one-third of the Board). In addition, Mr. Li Fujun, an independent non-executive Director, has the appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The biographical details of the Directors are set out in the section headed “Directors and Senior Management” in this annual report. Directors have disclosed their number and nature of offices held in public companies or organisations and other significant commitments in their biographies. They are also reminded to notify the Company of any change of the information in a timely manner. Besides, Mr. Hu Xiaoyong, Mr. Shi Xiaobei and Mr. Tan Zaixing, the executive Directors, currently serve as directors of certain subsidiaries of the Group. Except for the relationships (including financial, business, family, and other material and relevant relationships) as detailed in the biographies of the Directors set out on pages 39 to 42 of this annual report, there are no other relationships among the Board members to the best knowledge of the Board as of the date of this annual report.

### Joint Chairmen and Chief Executive Officer

Currently, the joint chairmen of the Board (the “Joint Chairmen”) are Mr. Zhang Tiefu and Mr. Hu Xiaoyong and the Chief Executive Officer is Mr. Yang Guang. The roles of the Joint Chairmen and the Chief Executive Officer are clearly defined and segregated to ensure independence and accountability of their respective functions and balanced distribution of power and authority between them.

The Joint Chairmen have executive responsibilities, provide leadership to, and oversee the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. Mr. Zhang Tiefu primarily focus on the daily operations and management of the Group; while Mr. Hu Xiaoyong primarily focus on the strategic planning and the development of corporate culture of the Group. With the support of the executive Directors and the company secretary, the Joint Chairmen seek to ensure that all Directors are properly briefed on issues arising at Board meetings and are provided with adequate and accurate information in a timely manner. The Joint Chairmen promote a culture of openness and actively encourage Directors to voice their opinion and be fully engaged in the Board’s affairs so as to contribute to the Board’s effective functioning. The Board, under the leadership of the Joint Chairmen, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders and other stakeholders as outlined later in this report.

The Chief Executive Officer, leading the Group’s management, is accountable to the Board for the overall implementation of the Company’s strategies and the management of the operations of the Group.

## BOARD OF DIRECTORS (CONTINUED)

### Independent non-executive Directors

The Board considers that the independent non-executive Directors can provide independent advices and exercise independent judgement on the Company's business strategies, performance, management, performance reporting and connected transactions (if any) so as to safeguard the interests of the Company and its shareholders.

The Company has received a written annual confirmation from each of the independent non-executive Directors confirming his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

### Corporate governance functions

The Board has undertaken the responsibility for performing the corporate governance duties of the Company including:

- (i) to develop and review the Company's policies and practices on corporate governance;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management on corporate governance matters;
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
- (v) to review the Company's compliance with the CG Code and disclosures in the Company's Corporate Governance Report.

### Nomination policy and Board diversity

The Board has adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and procedures of appointment and re-appointment of a Director. The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the shareholders for election as Directors at general meetings or appoint as additional Directors to the Board or Directors to fill casual vacancies in accordance with the Nomination Policy. In the nomination process, the Nomination Committee shall consider candidates from a wide variety of backgrounds, identify and nominate potential candidates and makes recommendations for the Board's consideration and approval.

When assessing the suitability of a proposed candidate for directorships, the Nomination Committee shall consider the following factors:

- accomplishment and experience in the industry, in particular, in the clean energy segment;
- reputation for integrity;
- commitment in respect of available time and relevant interest;
- merit and contribution will bring to the Board;
- contribution to diversity of the Board; and
- in the case of independent non-executive Directors, the independence of the candidate.

# Corporate Governance Report

## BOARD OF DIRECTORS (CONTINUED)

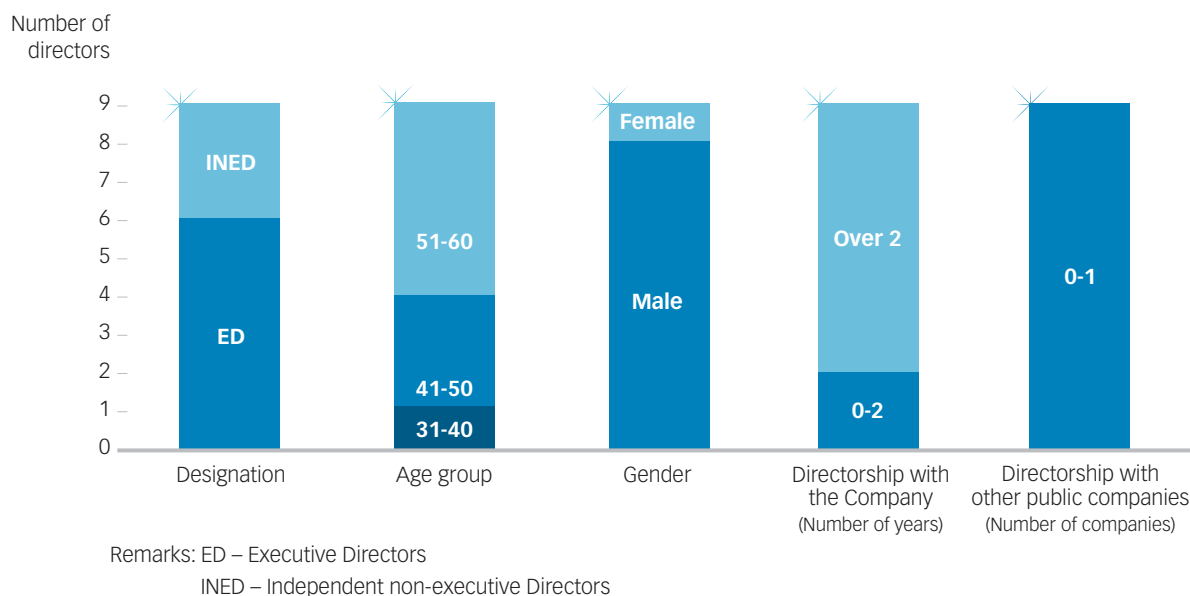
### Nomination policy and Board diversity (Continued)

The above factors are for reference only, and not meant to be exhaustive and conclusive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

The Board also adopted a Board diversity policy (the “Board Diversity Policy”) formulated by the Company in accordance with the requirements of the Listing Rules. It aims to set out the approach to achieve diversity on the Board. The Board endeavours to ensure that it has a balance of skills, experience and diversity of perspectives which are appropriate to the requirements of the Group’s business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, nationality and ethnicity, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Board Diversity Policy and the Nomination Policy from time to time to ensure the continued effectiveness of such policies.

As at the date of this annual report, there are nine Directors with extensive experience and/or professional backgrounds to formulate and give direction of the Group’s corporate strategies and business development. The composition, experience and balance of skills on the Board are regularly reviewed by a core of members with longstanding and deep knowledge of the Group alongside new Directors who bring fresh perspectives and diverse experiences to the Board. The process for the nomination of Directors is led by the Nomination Committee.

The illustration of the Board diversity as at 31 December 2021 is shown below while the detailed biographies (including their roles, function, skills and experience) are set out in this annual report under the section headed “Directors and Senior Management”.



The Board believes that its composition is well balanced with a strong independent element on the Board; and it has a balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Group’s business.

## BOARD OF DIRECTORS (CONTINUED)

### Tenure

In accordance with the articles of association of the Company (the "Articles of Association"), all Directors are subject to retirement by rotation. At each annual general meeting, one-third of the Directors for the time being, or, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Any Director appointed by the Board to fill casual vacancy shall hold office only until the first general meeting after appointment. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company.

All Directors (including the independent non-executive Directors) had entered into the letters of appointment or service agreements (as the case may be) with the Company for a term of three years subject to retirement from office by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

### Directors' induction and continuous professional development

Upon appointment to the Board, each newly appointed Director would receive a comprehensive induction package covering the statutory and regulatory obligations of a director of a listed company, as well as an introduction on the business, operations and development of the Group.

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable statutory and regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Besides, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged trainings for Directors in the form of seminar and provision of reading materials. Guidance notes and memorandum are issued to Directors where appropriate, to ensure awareness of best corporate governance practices.

According to the records maintained by the Company, the Directors received the following training in respect of the roles, functions and duties of a director of a listed company in compliance with the requirements of the CG Code on continuous professional development during the Year:

Name of Directors	Corporate Governance/ Updates on laws, rules & regulations	
	Reading materials	Attended seminars/briefings
<b>Executive Directors</b>		
Mr. Zhang Tiefu ( <i>Joint Chairman</i> ) ( <i>appointed on 21 May 2021</i> )	–	✓
Mr. Hu Xiaoyong ( <i>Joint Chairman</i> )	✓	✓
Mr. Yang Guang ( <i>Chief Executive Officer</i> ) ( <i>appointed on 21 May 2021</i> )	–	✓
Mr. Shi Xiaobei	✓	✓
Mr. Tan Zaixing	✓	✓
Ms. Huang Danxia	✓	✓
<b>Independent non-executive Directors</b>		
Mr. Li Fujun	✓	✓
Mr. Xu Honghua	✓	✓
Mr. Chiu Kung Chik	✓	✓

# Corporate Governance Report

## BOARD COMMITTEES

The Board has established three Board committees to strengthen its functions and corporate governance practices, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee. The Audit Committee, the Nomination Committee and the Remuneration Committee perform their specific roles in accordance with their respective written terms of reference. The terms of reference of these committees stipulating their respective authorities and responsibilities are available on the Company's website.

### Audit Committee

The Audit Committee comprises all three independent non-executive Directors, namely Mr. Li Fujun (chairman), Mr. Xu Honghua and Mr. Chiu Kung Chik.

The Audit Committee is mainly responsible for considering all relationships between the Company and the external auditor (including the provision of non-audit services), monitoring the integrity of the Company's financial statements and issues arising from the audit, and reviewing independently the effectiveness of the Group's financial reporting system, risk management and internal control systems whereby the Board had delegated such responsibility to the Audit Committee.

The meetings of the Audit Committee shall be held at least twice a year and when necessary. During the Year, the Audit Committee had held two meetings during which the Audit Committee has performed the following major works:

- reviewed the annual audit service plan of the external auditor in relation to the results of the Group for the year ended 31 December 2020;
- reviewed the results announcements and the financial statements for the year ended 31 December 2020 and for the six months ended 30 June 2021 respectively;
- reviewed the continuing connected transactions of the Group;
- considered and approved the audit work of the external auditor and monitored its independence and objectivity;
- reviewed the business and financial performance of the Company;
- reviewed the effectiveness of the Company's financial reporting system, internal audit function, risk management and internal control systems; and
- made recommendation to the Board to put forward a resolution in respect of the reappointment of external auditor at the annual general meeting of the Company.

The attendance of each member of the Audit Committee is set out in the section headed "Board and Board Committees Meetings" of this report.

## BOARD COMMITTEES (CONTINUED)

### Audit Committee (Continued)

#### Auditor's remuneration

The Audit Committee is also responsible for reviewing the non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

The remuneration paid or payable to the external auditor of the Company during the Year are set out as below:

Services rendered for the Group	HK\$' million
Audit services	5.8
Non-audit services*	1.8
Total	7.6

\* Such services included, among others, the agreed-upon procedures engagements for the Group's interim report, results announcements review, compliance review relating to continuing connected transactions, consent letter relating to assurance engagement other than audits or reviews of historical financial information and tax advisory services.

The Audit Committee is satisfied that the non-audit services in 2021 did not affect the independence of the external auditor.

### Nomination Committee

The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Zhang Tiefu (chairman), Mr. Li Fujun and Mr. Xu Honghua.

The Nomination Committee is responsible for, among other things, reviewing the structure, size and composition of the Board; and formulating policy and making recommendations to the Board on nominations, appointment and re-appointment of Directors and Board succession with reference to the Company's Nomination Policy and Board Diversity Policy from time to time.

The meeting of the Nomination Committee shall be held at least once a year and when necessary. During the Year, the Nomination Committee had held three meetings during which the Nomination Committee has performed the following major works:

- considered and made recommendations to the Board on the appointment of Mr. Zhang Tiefu and Mr. Yang Guang as executive Directors, the appointment of Mr. Zhang Tiefu and Mr. Hu Xiaoyong as Joint Chairmen, and the change of Chief Executive Officer;
- considered and made recommendations to the Board on the change of members of Nomination Committee and Remuneration Committee respectively;
- made recommendations to the Board on the re-appointment of the retiring Directors at the annual general meeting of the Company;
- reviewed the size, structure and composition (including the skills, knowledge, experience and diversity) of the Board;
- reviewed the Nomination and Board Diversity Policy to complement the Group's corporate strategy; and
- assessed the independence of independent non-executive Directors.

The attendance of each member of the Nomination Committee is set out in the section headed "Board and Board Committees Meetings" of this report.

# Corporate Governance Report

## BOARD COMMITTEES (CONTINUED)

### Remuneration Committee

The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Chiu Kung Chik (chairman), Mr. Hu Xiaoyong and Mr. Xu Honghua.

The Remuneration Committee adopted the operation model where it performs an advisory role to the Board and to make recommendations to the Board on the remuneration packages of Directors and senior management with the Board retaining the final authority to approve Directors' and senior management's remuneration.

It is the Company's policy to offer remuneration packages which are competitive and sufficient to retain such individuals. The remuneration packages are made reference to, among others, the corporate goals, the prevailing market rate, duties, responsibilities and performance of the individual and the results of the Group. No Director is involved in decision of his/her own remuneration.

The meeting of the Remuneration Committee shall be held at least once a year and when necessary. During the Year, the Remuneration Committee had held four meetings during which the Remuneration Committee has performed the following major works:

- made recommendation to the Board a salary payment from 1 January 2019 to 30 June 2021 to Mr. Hu Xiaoyong;
- Reviewed the terms of service agreements and remuneration packages of Mr. Zhang Tiefu and Mr. Yang Guang respectively;
- made recommendation to the Board the remuneration package and a discretionary bonus payment of Mr. Zhang Teifu, Mr. Hu Xiaoyong, Mr. Yang Guang and Mr. Tan Zaixing respectively;
- reviewed the remuneration policy and structure of the Company;
- reviewed the remuneration packages for executive Directors and senior management of the Company; and
- reviewed the remuneration of the independent non-executive Directors.

The attendance of each member of the Remuneration Committee is set out in the section headed "Board and Board Committees Meetings" of this report.



## BOARD AND BOARD COMMITTEES MEETINGS

The individual attendance records of each Director at the meetings of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee, the annual general meeting and the extraordinary general meeting held during the Year are set out below:

Name of Directors	Meetings attended/held				Annual General Meeting	Extraordinary General Meeting
	Board	Audit Committee	Nomination Committee	Remuneration Committee		
<b>Executive Directors</b>						
Mr. Zhang Tiefu ( <i>Joint Chairman</i> ) <sup>1</sup>	2/3 <sup>5</sup>	–	0/0	–	1/1	1/1
Mr. Hu Xiaoyong ( <i>Joint Chairman</i> ) <sup>2</sup>	11/13 <sup>5</sup>	–	3/3	0/1 <sup>6</sup>	1/1	1/1
Mr. Yang Guang ( <i>Chief Executive Officer</i> ) <sup>3</sup>	2/3 <sup>5</sup>	–	–	–	1/1	1/1
Mr. Shi Xiaobei <sup>4</sup>	12/13	–	–	3/3	1/1	1/1
Mr. Tan Zaixing	12/13 <sup>5</sup>	–	–	–	0/1	1/1
Ms. Huang Danxia	13/13	–	–	–	0/1	0/1
<b>Independent non-executive Directors</b>						
Mr. Li Fujun	12/13	2/2	3/3	–	1/1	1/1
Mr. Xu Honghua	12/13	2/2	3/3	4/4	0/1	0/1
Mr. Chiu Kung Chik	12/13	2/2	–	4/4	1/1	1/1

*Notes:*

1. appointed as an Executive Director on 21 May 2021 and appointed as the chairman and a member of Nomination Committee on 29 July 2021.
2. ceased as the chairman and a member of Nomination Committee on 29 July 2021, and appointed as a member of Remuneration Committee on 29 July 2021.
3. appointed as an Executive Director on 21 May 2021.
4. ceased as a member of Remuneration Committee on 29 July 2021.
5. Mr. Zhang Tiefu, Mr. Hu Xiaoyong, Mr. Yang Guang and Mr. Tan Zaixing did not attend Board meeting(s) at which each of remuneration package and a discretionary bonus payment were considered.
6. Mr. Hu Xiaoyong did not attend the Remuneration Committee meeting at which his remuneration package and a discretionary bonus payment were considered.

During the Year, the Joint Chairmen held one meeting with the independent non-executive Directors, without the executive Directors present.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2021, the Directors have selected suitable accounting policies and applied them consistently (except for the adoption of revised standards, amendments to standards and interpretation); adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the financial statements on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The responsibility of Ernst & Young, the Company's external auditor, is set out on pages 79 to 83 of the "Independent Auditor's Report" in this annual report.

# Corporate Governance Report

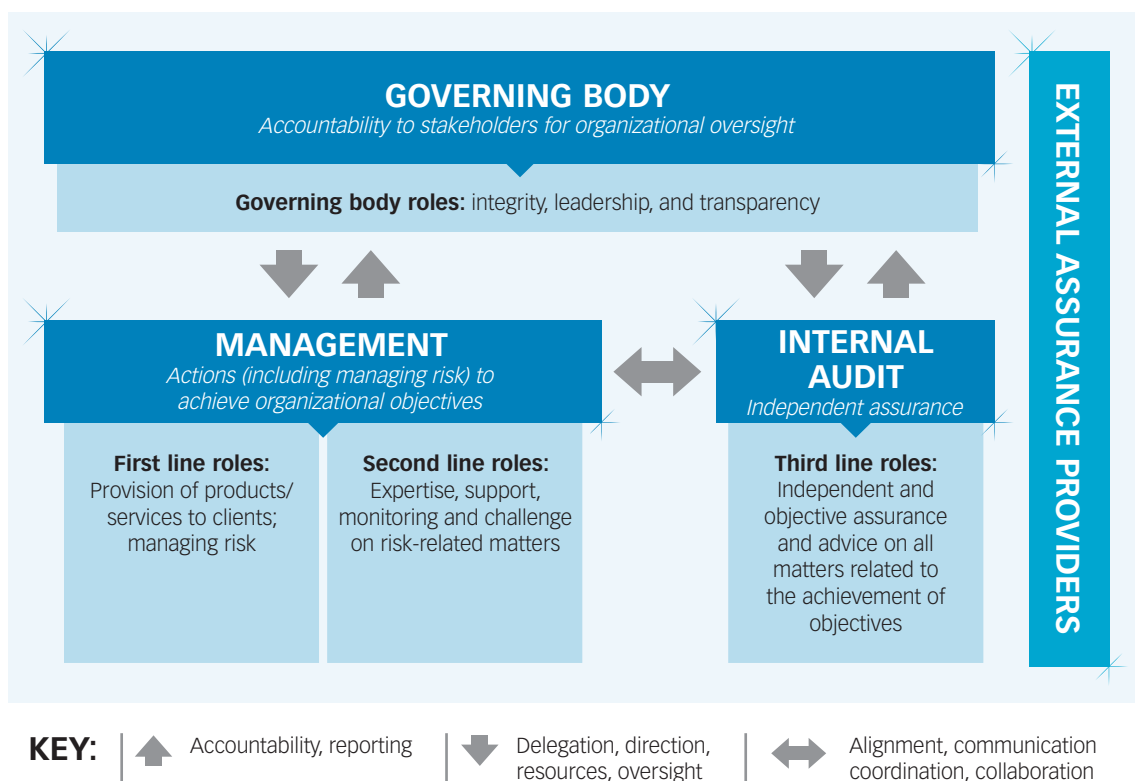
## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for overseeing the risk management and internal control systems on an on-going basis, and reviewing the effectiveness of the Group’s risk management and internal control systems at least annually covering material controls, including financial, operational and compliance controls, to ensure that the systems in place are adequate and effective, so as to achieve business sustainability of the Group and safeguard the interests of the shareholders of the Company and the assets of the Group.

The Board understands that it is responsible for evaluating and determining the nature and extent of the risks it is willing to take and ensuring that the Group has established and maintained appropriate structures and processes and effective risk management and internal control systems. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated to the management the design, implementation and monitoring of the risk management and internal control systems on an on-going basis. The Audit Committee has been delegated with overseeing and reviewing the effectiveness of the risk management and internal control systems of the Group.

During the Year, the Group’s risk governance structure has been upgraded from “Three Layers + Three Lines of Defence” model to “Three Lines Model”. It is believed that such a change could help the Group to identify structures and processes that best assist the achievement of the Group’s objectives, while facilitating strong governance and risk management to cope with the emerging business environment. The following diagram illustrates the Group’s risk governance framework:



## RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Governing body : The Board maintains primary accountability to provide organisation oversight through integrity, leadership and transparency. It delegates the Audit Committee the responsibility to overseeing and reviewing the effectiveness of the risk management and internal control systems of the Group.

The Board also delegates the responsibility, and provides resources, to the management for strategy execution and to achieve the Group's objectives, while legal, regulatory and ethical expectations are met.

Management : The responsibility of management is to achieve the Group's objectives. Such responsibility comprises both first and second line roles.

### *First line roles of management*

First line roles (e.g. the management from each business centre and supporting department) have to lead, direct and support operations to achieve the Group's objectives, to manage risk and to ensure compliance with legal, regulatory and ethical expectations. It has to establish and maintain appropriate structures, processes and internal controls for the management of operations and risk. It also has to maintain a continuous dialogue with the governing body and report on outcomes and risks associated with the Group's objectives and business operations.

### *Second line roles of management*

Second line roles (e.g. the risk control and legal centre) provides complementary expertise, support, monitoring and challenge to those with first line roles and risk management-related areas, including the development, implementation and continuously improvement of the risk management practices of the Group at all levels; and the achievement of risk management objectives. It also has to provide analysis and reports on the adequacy and effectiveness of risk management and internal control systems.

Internal audit : The audit and supervision department, as the third line roles, is accountable to the governing body and independence from the responsibility of management. It is provided with sufficient resources and has unfettered access to people and data needed to complete its work.

It provides independent and objective assurance and advice to management and governing body on the adequacy and effectiveness of governance, risk management and internal control systems. It will report its findings, recommendations and remedial measures to management and the governing body to promote and facilitate continuous improvement and rectify the deficiencies.

# Corporate Governance Report

## RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Within this framework, an on-going process has been established for identifying, evaluating and managing the significant risks faced by the Group. The process involves:

- (i) Risk Identification: identify risks that may potentially affect the Group's businesses and operations;
- (ii) Risk Evaluation: consider the impact on the business and the likelihood of their occurrence; and
- (iii) Risk Management: perform on-going and periodic monitoring of the risks and ensure that appropriate internal control processes are in place.

The Audit and Supervision Department performs the internal audit function and assists the Board to set up effective policies and guidelines for risk management and internal controls, and is responsible for the regular review on the execution of these policies and guidelines.

The Audit and Supervision Department has conducted an assessment in respect of the risk management and internal controls of the Group for the year ended 31 December 2021 and reported the review results to the Audit Committee. All major findings were also communicated to senior management of the respective business units or departments to enforce the remediation.

In addition, the Company may engage independent consultants to conduct review of the internal control system and risk management of the Group as and when necessary.

The Board, through the Audit Committee, has conducted a review on the Group's risk management and internal control systems which covered financial, operational, compliance procedural and risk management functions and internal control matters identified by the Audit and Supervision Department. It also conducts review on the internal audit functions with particular emphasis on the scope and quality of management's on-going monitoring of risks and of the internal control systems and the works of the Audit and Supervision Department. During the annual review, the Audit Committee also considers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

Based on the assessment and information made by the Audit and Supervision Department and the management, the Audit Committee considered that the risk management and internal control systems of the Group of the reporting year are effective and adequate.

### Whistleblowing

The Group has established whistleblowing procedures and reporting channel for employees to raise concerns to the Audit and Supervision Department when they identify any possible improprieties within the Group. The identity of the whistleblower will be kept in the strictest confidence.

## **RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)**

### **Inside information**

The Company has taken appropriate measures to identify inside information and preserve its confidentiality until proper dissemination via the electronic publication system operated by the Stock Exchange. Every senior management of the Company must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company from time to time. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Board accordingly for taking the appropriate action promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide, the course of actions for rectifying the problem and avoiding recurrence.

## **REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**

Particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in notes 8 and 9 to the financial statements in this annual report, respectively.

## **COMPANY SECRETARY**

Ms. So Hiu Wa resigned, and Mr. Cheung Chin Wa ("Mr. Cheung") has been appointed as the company secretary of the Company (the "Company Secretary") with effect from 21 May 2021. Mr. Cheung is a full time employee of the Company and has complied with the relevant professional training required under Rule 3.29 of the Listing Rules during the Year.

## **SHAREHOLDERS' RIGHTS**

### **Convening an extraordinary general meeting ("EGM") by shareholders**

Pursuant to article 64 of the Articles of Association, the Board may whenever it thinks fit call an EGM. EGM shall also be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### **Procedures for directing shareholders' enquiries to the Board**

Shareholders of the Company may at any time send their enquiries to the Board for the attention of the Company Secretary via email (ir@bece.com.hk) or directed to the Company's head office and principal place of business in Hong Kong at Rooms 6706-6707, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Shareholders of the Company may also make enquiries with the Board at general meetings of the Company.

# Corporate Governance Report

## SHAREHOLDERS' RIGHTS (CONTINUED)

### Procedures for putting forward proposals at shareholders' meetings

If a shareholder of the Company wishes to put forward proposals at annual general meeting (the "AGM")/EGM which is to be held, such shareholder, who is duly qualified to attend and vote at such general meeting, shall follow the procedures as set out below which are required in accordance with the Articles of Association and the Listing Rules:

1. A shareholder of the Company shall validly serve on the Company Secretary his/her written and signed notice of intention to propose a resolution at the AGM/EGM.
2. The foregoing documents shall be lodged at the Company's head office and principal place of business in Hong Kong at Rooms 6706-6707, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
3. The period for lodgement of the foregoing notices required under the Articles of Association shall commence on the day after the despatch of the notice of the AGM/EGM and end no later than 7 days prior to the date of the AGM/EGM and such period shall be at least 7 days.
4. The notice will be verified with the Company's branch share registrar and transfer office in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to consider to include the proposed resolutions in AGM/EGM.

Shareholders of the Company may take reference to the procedures made available under the "Corporate Governance" section ("Procedures for Shareholders to Propose a Person for Election as a Director") of the Company's website.

## INVESTOR RELATIONS

### Communication with shareholders

The Board believes that effective and proper investor relations play an important role in creating shareholders value, enhancing the corporate transparency as well as establishing market confidence.

During the Year, the Company has proactively taken the following measures to ensure effective shareholders' communication and enhance our transparency:

1. maintained frequent contacts with institutional shareholders and potential investors through various channels such as meetings, telephone and emails; and
2. updated regularly the Company's news and developments through the Company's website.

The above measures will provide them with the latest development of the Group as well as the relevant industry.

### Constitutional documents

At the extraordinary general meeting held on 29 July 2021, the Memorandum and Articles of Association was amended by the approval of the shareholders of the Company. An up-to-date consolidated version of the Memorandum and Articles of Association of the Company is available on both the websites of the Company and the Stock Exchange.

## INVESTOR RELATIONS (CONTINUED)

### Dividend Policy

The objective of the Company's dividend policy (the "Dividend Policy") is to allow shareholders of the Company to participate in the Company's profits, while also ensuring that adequate reserves are retained for future prospects of the Group. According to the Dividend Policy, in deciding whether to declare or recommend any dividend distribution, the Board shall take into account, including but not limited to, the following factors:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- the level of the Group's debts to equity ratio, return on equity, contractual restrictions and relevant financial covenants;
- taxation considerations;
- general economic conditions, business cycle of the Group's businesses and other internal or external factors that may have an impact on the businesses or financial performance and position of the Group;
- statutory and regulatory restrictions; and
- other factors that the Board deems relevant.

Any declaration and payment of dividend shall remain to be determined at the discretion of the Board and subject to the compliance with all applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association.