

# Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the Year.

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

The Board is responsible for promoting the Group's desired culture and aligning it with the Group's purpose, values and strategies.

## CORPORATE MISSION

Unleash the world's potential. Green prosperity worldwide.

## CORPORATE VISION

Becoming the first-class integrated clean energy service provider.

## CORPORATE VALUES

Pursuing the great aspiration with high-speed, amity and persistence.

## CORPORATE SPIRITS

Brave to take responsibility and take the lead.

## MANAGEMENT PHILOSOPHIES

Long-termism. Goal orientation. Persistence and innovation. Coordination and sharing.

## CORPORATE ATMOSPHERE

Fellowship & Openmindedness.

## 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 Company 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 shareholders' interests.

In the opinion of the Board, save as disclosed below, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "Code Provision") contained in Appendix C1 (the "CG Code") of the Listing Rules throughout the Year.

- (a) Professor Shen Zuojun retired as independent non-executive Director at the conclusion of the annual general meeting of the Company (the "AGM") held on 20 June 2023 and ceased to be a member of the nomination committee of the Company (the "Nomination Committee"). As a result, the then total number of independent non-executive Directors was less than four and hence less than one-third of the Board as required under Rule 3.10A of the Listing Rules, and the Nomination Committee did not comprise a majority of independent non-executive Directors as required under Rule 3.27A of the Listing Rules.

# Corporate Governance Report

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (CONTINUED)

Following the appointment of Professor Qin Si Zhao as an independent non-executive Director and a member of Nomination Committee with effect from 20 July 2023, the Board comprises twelve Directors, four of whom are independent non-executive Directors, representing one-third of the Board as required under Rule 3.10A of the Listing Rules and the Nomination Committee comprises a majority members of independent non-executive Directors as required under Rule 3.27A of the Listing Rules. Accordingly, the Company is in compliance with the requirements under the Rules 3.10A and Rule 3.27A of the Listing Rules respectively since 20 July 2023.

- (b) under the Code Provision C.2.1 of the CG Code, the roles of the chairman of the Board (the “**Chairman**”) and chief executive officer of the Company (the “**CEO**”) should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly established and set out in writing.

Mr. Wang Xiaodong has been the Chairman since 19 May 2022. The office of the CEO was vacant since Mr. Yang Guang resigned as an executive Director and CEO on 19 May 2022. The Company has been actively identifying a suitable candidate to fill the vacancy of CEO.

To ensure the balance of power and authority, the day-to-day management of business of the Group has been delegated to other executive Directors and management of the Group with the clear directions on the corporate actions that must be reported to and approved by the Board and the executive committees of the Company before making any decisions or entering into any commitments on behalf of the Company. The Board, with the assistance of the nomination committee of the Company, shall review the structure, size and composition of the Board from time to time and further announcement(s) will be made by the Company in relation to the appointment of CEO when required in accordance with the Listing Rules.

- (c) under the Code Provision C.5.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the Year, notices of two regular Board meetings are sent to Directors less than 14 days before the meeting date due to practical scheduling issues and with no objections from any Directors. For all other Board meetings, reasonable notice is given. The Company arranged the pre-meetings with Directors to discuss the matters in the agenda before all board meetings to let the Directors speak out their views. The Company considered that all Directors have the opportunity and sufficient time to discuss the matters in the agenda and raise any items at pre-meeting before a regular board meeting. Besides, the chairman of the Board and the company secretary of the Company, (the “**Company Secretary**”) always welcomes all Directors to directly communicate with them via their emails or phone to discuss any matters of the Company from time to time.
- (d) under the Code Provision C.1.6 of the CG Code, independent non-executive Directors and other non-executive Directors, as equal Board members, should attend general meetings of the Company to gain and develop a balanced understanding of the views of the Shareholders. During the Year, an AGM and an extraordinary general meeting of the Company were both held on 20 June 2023 and another extraordinary general meeting of the Company was held on 30 November 2023. Mr. Shen Zuojun, an independent non-executive Director, was absent from the AGM and extraordinary general meeting both held on 20 June 2023 as he was required to attend another business meeting at that time. Professor Qin Si Zhao, an independent non-executive Director, was absent from the extraordinary general meeting held on 30 November 2023 as he was required to attend another business meeting at that time.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of 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 the Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

## 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.

Besides, the Board has delegated certain functions to the Company's audit committee (the "**Audit Committee**"), nomination committee (the "**Nomination Committee**"), remuneration committee (the "**Remuneration Committee**") and sustainability committee (the "**Sustainability 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.

### Board Composition

The Board composition of the Company as at 31 December 2023 and up to the date of this annual report is set out as below:

Directors/Committees	Audit Committee	Nomination Committee	Remuneration Committee	Sustainability Committee
<b>Executive Directors</b>				
Mr. Wang Xiaodong ( <i>Chairman</i> )	–	Chairman	–	–
Mr. Zhu Jianbiao	–	–	–	Chairman
Mr. Wang Wenbo	–	–	–	–
Mr. Sun Qingwei	–	–	–	Member
Ms. Liao Jianrong	–	–	Member	–
Mr. Li Li	–	–	–	–
Mr. He Yongbing	–	–	–	–
Mr. Wang Meng <sup>(Note 1)</sup>	–	–	–	–
Ms. Ai Yan <sup>(Note 2)</sup>	–	–	–	–
<b>Independent non-executive Directors</b>				
Professor Qin Si Zhao <sup>(Note 1)</sup>	–	Member	–	–
Professor Shen Zuojun <sup>(Note 2)</sup>	–	Member	–	–
Mr. Victor Huang	Chairman	–	Member	Member
Mr. Yang Xiangliang	Member	Member	–	–
Mr. Chiu Kung Chik	Member	–	Chairman	–

Note:

1. Mr. Wang Meng and Professor Qin Si Zhao have been appointed on 20 July 2023.
2. Ms. Ai Yan and Professor Shen Zuojun retired on 20 June 2023.

# Corporate Governance Report

## BOARD OF DIRECTORS (CONTINUED)

### Board Composition (Continued)

The biographical details of the Directors are set out in the section headed “Directors’ Profile” 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. Save for the relationships (including financial, business, family, and other material and relevant relationships) as disclosed in the biographies of the Directors set out in the section headed “Directors’ Profile” of this annual report, there are no other relationships among the Board members as at the date of this annual report.

### Chairman and Chief Executive Officer

During the year under review, the office of the CEO was vacant. To ensure the balance of power and authority, the day-to-day management of business of the Group has been delegated to other executive Directors and management of the Group with the clear directions on the corporate actions that must be reported to and approved by the Board of the Company before making any decisions or entering into any commitments on behalf of the Company. The Board, with the assistance of the nomination committee of the Company, shall review the structure, size and composition of the Board from time to time and further announcement(s) will be made by the Company in relation to the appointment of CEO when required in accordance with the Listing Rules.

The Chairman has 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. With the support of the executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received, in a timely manner, the accurate, clear, complete and reliable information. The Chairman promotes 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 Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with Shareholders and other stakeholders as outlined in this annual report.

### 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.

## BOARD COMMITTEES

The Board has established Board committees to strengthen its functions and corporate governance practices, namely, the Nomination Committee, the Audit Committee, Remuneration Committee and the Sustainability Committee. The Nomination Committee, the Audit Committee, the Remuneration Committee and the Sustainability 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.

## BOARD COMMITTEES (CONTINUED)

### Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Victor Huang (chairman), Mr. Yang Xiangliang and Mr. Chiu Kung Chik during the Year.

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, corporate governance matters and the Company's environmental, social and governance matters 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 under review, 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 2022;
- reviewed the results announcements and the financial statements for the year ended 31 December 2022 and for the six months ended 30 June 2023 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;
- made recommendation to the Board to put forward a resolution in respect of the re-appointment of external auditor at the AGM;
- reviewed the Company's compliance with the CG Code and environmental, social and governance report for the year ended 31 December 2022; and
- updated the terms of reference regarding the transfer of responsibility for the environmental, social and governance ("ESG") related matters to the newly established Sustainability Committee on 20 July 2023.

The attendance of meetings for each member of the Audit Committee is set out in the section headed "BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS" of this report.

# Corporate Governance Report

## BOARD COMMITTEES (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 <sup>#</sup>	7.6
Non-audit services <sup>*</sup>	4.8
<b>Total</b>	<b>12.4</b>

<sup>#</sup> Such services included, among others, the annual audit services of the annual report rendering to the Group and audit services for special projects rendering to certain subsidiaries and associated companies of the Group.

<sup>\*</sup> 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, tax advisory services and environmental, social and governance consulting services.

The Audit Committee is satisfied that the non-audit services in 2023 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. Wang Xiaodong (chairman), Professor Qin Si Zhao (appointed on 20 July 2023), Professor Shen Zuojun (retired on 20 June 2023) and Mr. Yang Xiangliang during the year under review.

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 (the "**Nomination Policy**") and board diversity policy (the "**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 under review, the Nomination Committee had held two meetings during which the Nomination Committee has performed the following major works:

- considered and made recommendations to the Board on the cessation of Professor Shen Zuojun as a member of the Nomination Committee;
- considered and made recommendations to the Board on the appointment of Mr. Wang Meng as executive Director, and the appointment of Professor Qin Si Zhao as independent non-executive Director and a member of the Nomination Committee;
- made recommendations to the Board on the re-appointment of the retiring Directors at the AGM;
- reviewed the size, structure and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

## BOARD COMMITTEES (CONTINUED)

### Nomination Committee (Continued)

- reviewed the implementation and effectiveness of the Nomination Policy and the Board Diversity Policy in accordance with the CG Code;
- assessed the independence of independent non-executive Directors.

The attendance of meeting for each member of the Nomination Committee is set out in the section headed "BOARD AND BOARD COMMITTEES MEETING AND GENERAL MEETINGS" of this report.

### Nomination policy and Board diversity

The Board has adopted a 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.

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 nomination of the new Directors, Mr. Wang Meng and Professor Qin Si Zhao, were considered and recommended by the Nomination Committee to the Board for approval during the Year.

The Board also adopted a Board Diversity Policy formulated by the Company in accordance with the requirements of the Listing Rules. During the Year, no changes to the Board Diversity policy were considered necessary. 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 on annual basis, and the Nomination Policy from time to time to ensure the continued effectiveness of such policies.

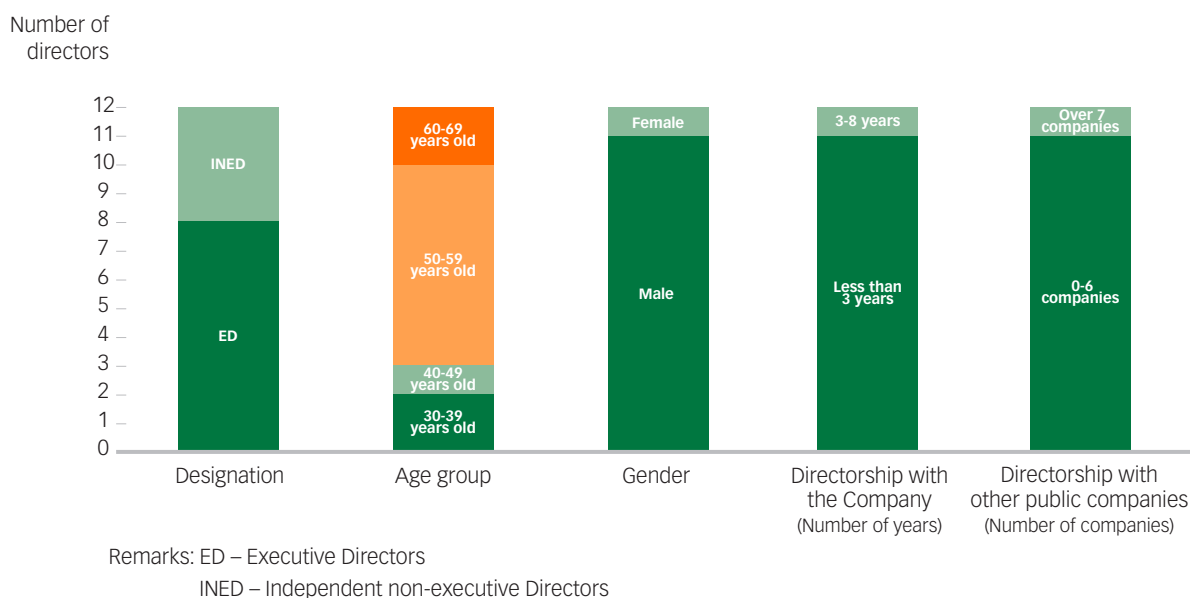
# Corporate Governance Report

## BOARD COMMITTEES (CONTINUED)

### Nomination policy and Board diversity (Continued)

As at the date of this annual report, there are twelve 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 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 2023 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' Profile" in this annual report.



The Board currently has one female Director out of twelve Directors. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

In terms of implementing the Board Diversity Policy, there are the following measurable objectives:

1. The number of independent non-executive Directors shall be no less than three and at least one-third of the Board of Directors.
2. At least one independent non-executive Director shall have appropriate professional qualifications or appropriate accounting or related financial management expertise.
3. Ensuring the Board is composed of members of different genders.



## BOARD COMMITTEES (CONTINUED)

During the Reporting Period, the Board has achieved measurable targets under the Board Diversity Policy.

As at 31 December 2023, the Group maintained approximately 73:27 ratio of men to women in the workplace. The Company is committed to attract a diverse workforce (including but not limited to gender, age, cultural and educational background, skills, knowledge and experience) and to create a fair and supportive workplace for the employees.

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, and the Directors devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities.

### Tenure

In accordance with the third amended and restated memorandum and articles of association of the Company (the "**Articles of Association**"), all Directors are subject to retirement by rotation. At each AGM, one-third of the Directors for the time being, or, if the number of Directors is not 3 or 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 either to fill a casual vacancy or as an additional Director shall hold office only until the first annual general meeting of the Company after his/ her appointment and shall then be eligible for re-election. The Directors to be re-elected approved by the Nomination Committee will then be proposed to the Board for final approval and, where appropriate, for recommendation to the Shareholders for their approval at the 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 AGM 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.

# Corporate Governance Report

## BOARD COMMITTEES (CONTINUED)

### Directors' induction and continuous professional development (Continued)

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. Wang Xiaodong	✓	✓
Mr. Zhu Jianbiao	✓	✓
Mr. Wang Wenbo	✓	✓
Mr. Sun Qingwei	✓	✓
Ms. Liao Jianrong	✓	✓
Mr. Li Li	✓	✓
Mr. He Yongbing	✓	✓
Mr. Wang Meng <sup>1</sup>	✓	✓
Ms. Ai Yan <sup>2</sup>	–	–
<b>Independent non-executive Directors</b>		
Professor Qin Si Zhao <sup>1</sup>	✓	✓
Professor Shen Zuojun <sup>2</sup>	–	–
Mr. Victor Huang	✓	✓
Mr. Yang Xiangliang	✓	✓
Mr. Chiu Kung Chik	✓	✓

*Notes:*

1. Mr. Wang Meng and Professor Qin Si Zhao appointed on 20 July 2023
2. Ms. Ai Yan and Professor Shen Zuojun retired on 20 June 2023

## BOARD COMMITTEES (CONTINUED)

### Remuneration Committee

The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Chiu Kung Chik (chairman), Ms. Liao Jianrong and Mr. Victor Huang during the Year.

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 also responsible to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

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 under review, the Remuneration Committee had held two meetings during which the Remuneration Committee has performed the following major works:

- reviewed and recommended to the Board to the adjustments in relation to the outstanding share options of the Company under the share option scheme adopted by the Company on 11 June 2013 and updated on 8 June 2021 and expired on 9 June 2023 (close of business on the business day immediately preceding the tenth anniversary thereof);
- reviewed the terms of service agreements and remuneration packages of Mr. Wang Meng as an executive Director, and the terms of letter of appointment and remuneration package of Professor Qin Si Zhao as an independent non-executive Director;
- reviewed the remuneration policy and structure of the Company;
- reviewed and recommended to the Board the remuneration packages of executive Directors and senior management of the Company; and
- reviewed and recommended to the Board the remuneration of the independent non-executive Directors.

The attendance of meeting for each member of the Remuneration Committee is set out in the section headed "BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS" of this report.

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## BOARD COMMITTEES (CONTINUED)

### Sustainability Committee

The Sustainability Committee has been established on 20 July 2023 and comprises four members, including Mr. Zhu Jianbiao (chairman) and Mr. Sun Qingwei, each an executive Director, Mr. Victor Huang, an independent non-executive Director and Ms. Ng Wing Yan, Claudia, the board secretary of the Group.

The Sustainability Committee is primarily responsible for (i) formulating sustainable development vision, strategies, objectives, policies, implementation, management approach and assessment, (ii) guiding, promoting and reviewing the implementation of sustainable development vision, strategies and structure, and (iii) reviewing ESG reports/sustainable development reports and making recommendations to the Board, so as to facilitate the development and implementation of sustainable development matters of the Group, and to provide advice to the Board in order to drive the Company's high-quality and sustainable development and growth.

The attendance of meetings for each member of the Sustainability Committee is set out in the section headed "BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS" of this report.

The meetings of the Sustainability Committee shall be held at least once a year and when necessary. Since the establishment of Sustainability Committee on 20 July 2023 and up to date on 31 December 2023, the Sustainability Committee had held one meeting during which the Sustainability Committee has performed the following major works:

- formulated the ESG management enhancement roadmap of the Company with selection of six major management direction, establishment of three major ESG management tools and comprehensively improvement of four major information disclosure channels in the next three years;
- reviewed the proposal on the management measures of sustainability development related works of the Company; and
- discussed the ESG management enhancement matters, especially the integration of ESG with the Company's business.

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## BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS

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

Name of Directors	Meetings attended/held						Extraordinary General Meetings
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Sustainability Committee <sup>8</sup>	AGM	
<b>Executive Directors</b>							
Mr. Wang Xiaodong ( <i>Chairman</i> )	11/11	-	2/2	-	-	1/1	2/2
Mr. Zhu Jianbiao <sup>1</sup>	10/11	-	-	-	1/1	1/1	2/2
Mr. Wang Wenbo	10/11	-	-	-	-	0/1	2/2
Mr. Sun Qingwei <sup>2</sup>	10/11	-	-	-	1/1	1/1	2/2
Ms. Liao Jianrong	11/11	-	-	2/2	-	1/1	2/2
Mr. Li Li	8/11	-	-	-	-	0/1	1/2
Mr. He Yongbing	10/11	-	-	-	-	1/1	2/2
Mr. Wang Meng <sup>3</sup>	6/7	-	-	-	-	-	1/1
Ms. Ai Yan <sup>4</sup>	2/4	-	-	-	-	0/1	-
<b>Independent non-executive Directors</b>							
Professor Qin Si Zhao <sup>5</sup>	3/7	-	-	-	-	-	0/1
Professor Shen Zuojun <sup>6</sup>	2/4	-	1/2	-	-	0/1	-
Mr. Victor Huang <sup>7</sup>	10/11	2/2	-	2/2	1/1	1/1	2/2
Mr. Yang Xiangliang	10/11	2/2	2/2	-	-	1/1	2/2
Mr. Chiu Kung Chik	10/11	2/2	-	1/2	-	1/1	2/2

# Corporate Governance Report

## BOARD AND BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS (CONTINUED)

Notes:

1. Mr. Zhu Jianbiao has been appointed as a chairman and the member of the Sustainability Committee with effect from 20 July 2023.
2. Mr. Sun Qingwei has been appointed as a member of the Sustainability Committee with effect from 20 July 2023.
3. Mr. Wang Meng has been appointed as an executive Director with effect from 20 July 2023.
4. Ms. Ai Yan has retired as an executive Director with effect from 20 June 2023.
5. Professor Qin Si Zhao has been appointed as an independent non-executive Director and a member of the Nomination Committee with effect from 20 July 2023.
6. Professor Shen Zuojun has retired as an independent non-executive Director and ceased to be a member of the Nomination Committee with effect from 20 June 2023.
7. Mr. Victor Huang has been appointed as a member of the Sustainability Committee with effect from 20 July 2023.
8. Sustainability Committee has been established on 20 July 2023.

During the Year, the Chairman held one meeting with the independent non-executive Directors, without the presence of other executive Directors.

## 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, 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.

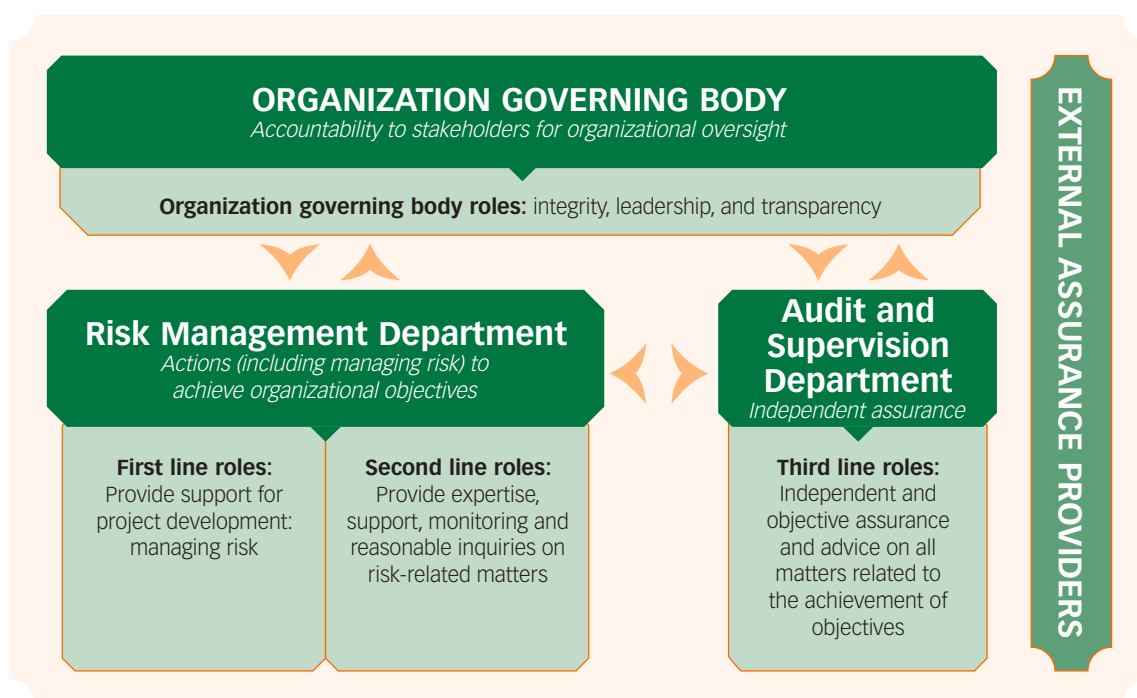
The responsibility of Ernst & Young, the Company's external auditor, is set out on pages 88 to 92 of the "Independent Auditor's Report" in this annual report.

## 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 key 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 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.

During the Year, the Group's risk governance structure continued to maintain the "Three Lines Model". The following diagram illustrates the Group's risk governance framework:



**ILLUSTRATIONS:** Accountability, reporting | Delegation, direction, resources, oversight | Alignment, communication, coordination, collaboration

# Corporate Governance Report

## RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

The Board is the Group's organizational governance body for risk management and internal control, with primary accountability to provide organisation oversight through integrity, leadership and transparency. The Board delegates to Audit Committee its responsibility to overseeing and reviewing the effectiveness of the risk management and internal control systems of the Group. The Group has established a management committee, with the authority delegated by the Board to manage and approve significant matters relating to the Group's operation management and investment and financing. The Board also delegates the responsibility and resources for the ongoing design, implementation and monitoring of risk management and internal control systems, to the management for strategy execution and to achieve the Group's objectives, while legal, regulatory and ethical expectations are met.

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

First line roles of management (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 provide complementary expertise, support, monitoring and challenge to those with first line responsibilities 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. The Group has established a risk management committee under the management committee, with a dedicated risk management department as the permanent secretariat of the risk management committee and as the centralised management function of risk governance (the "**Risk Management Department**"). The Risk Management Department undertakes the coordination and organisation, scheduling and monitoring, and coordination and supervision of the overall risk management of the Company, as well as the implementation of project investment evaluation management, project post-investment tracking management, project post-investment evaluation management, promotion and application of risk management results, and risk management assessment and evaluation, etc., so as to provide decision support for the decision-makers and enable the Company to effectively control various risks.

The audit and supervision department of the Group (the "**Audit and Supervision Department**"), as the third line roles, assumes the role of internal audit supervision and is accountable to the governing body and independent 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 deficiencies.



## **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 of risks 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 has conducted an assessment in respect of the risk management and internal controls of the Group for the Year and reported the review results to the Audit Committee. All major findings were also communicated to 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 and the Sustainability Committee, has conducted a review on the Group's risk management and internal control systems for the Year, including financial, operational, compliance procedural and risk management functions and internal control matters identified by the Audit and Supervision Department. The review includes considering the internal evaluations conducted by the Audit and Supervision Department and management, the internal and external auditors as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit financial reporting functions, as well as those relating to the Group's ESG performance and reporting. It also conducted 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. The identified risks and relevant measures have been disclosed in the sub-section headed "12. PRINCIPAL RISKS AND UNCERTAINTIES" under the section of "Management Discussion and Analysis" in this annual report.

Based on the results of the review, save as disclosed below, no other material issues on the Group's risk management and internal control systems were identified and reported to the Board. The Board considered that the risk management and internal control systems of the Group for the Year, were effective and adequate.

# Corporate Governance Report

## THERMAL CO'S INTERNAL CONTROL MECHANISM AT THE TIME OF ENTERING INTO THE REPURCHASE AGREEMENTS

As disclosed in the announcements of the Company dated 4 December 2023 and 12 March 2024, there were deficiencies of the internal control mechanism on the execution of the Repurchase Agreements at the level of Thermal Co, which resulted in the Company's failure to publish an announcement in relation to the discloseable transactions and connected transactions under the Repurchase Agreements in accordance with the Listing Rules in a timely manner, and the failure to obtain complete information on the transactions. For further details of the Repurchase Agreements, please refer to the sub-section headed "10. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES AND JOINT VENTURE" under the section of "Management Discussion and Analysis" in this annual report and the announcements of the Company dated 25 May 2023, 4 December 2023, 1 February 2024, 6 February 2024 and 12 March 2024.

### Internal investigation

After receiving the Demand Letter, the Group has conducted an internal investigation. The scope of the internal investigation conducted by an investigation group of the Company covers: (A) details of the Repurchase Agreements and the reasons for conducting the Repurchases; (B) the validity and enforceability of the Repurchase Agreements; (C) the reasons for the entering into and execution of the Repurchase Agreements not being approved by the Board at the material time and the Repurchases not being timely disclosed through publishing announcement in accordance with the Listing Rules; and (D) implementation of the internal control policies on the execution of the Repurchase Agreements. Based on the results of the internal investigation, the main reasons for not having approval from the Board at the material time on the entering into and execution of the Repurchase Agreements and the Repurchases not being disclosed by announcement at the material time in accordance with the Listing Rules are as follows:

- (i) The then general manager of Thermal Co (the "**Former Thermal GM**") did not timely report to the Board at the material time in accordance with the Company's internal policies as he considered himself had the authority given under the meetings to approve the Repurchases and the prepayment of the consideration to Vendor A through the board meeting and shareholders' meeting at the level of Thermal Co;
- (ii) The Former Thermal GM had a limited understanding of the disclosure requirements under the Listing Rules, and he was not aware of whether such transactions triggered the Listing Rules. The Former Thermal GM also did not realize that he needed to notify the Board at relevant time before signing the Repurchase Agreements to determine whether an announcement shall be made by the Company upon entering into and executing the Repurchase Agreements;
- (iii) The Former Thermal GM instructed his colleague to send the email relating to the notification of, inter alia, the Repurchase Agreements having been entered into (the "**Notification Email**") to the then four executive Directors at the material time, but the relevant staff member failed to forward the Notification Email to the then four executive Directors as she was on leave at that time. On the other hand, regarding the approval requirements for signing the Repurchase Agreements, the management of Thermal Co should obtain the relevant approval before the execution of the Repurchase Agreements pursuant to the delegated management policy, however, the Former Thermal GM did not comply with such policy for execution of the Repurchase Agreement. On the matter of publishing the announcement in relation to the Repurchase Agreements, the management of Thermal Co should have informed the Company Secretary or the then Directors in advance before signing of the Repurchase Agreements, and the Company Secretary or the then Directors should have commented on how to handle the announcement matters, instead of sending it to the Company's CEO's office. According to the division of responsibilities, the staff members of the CEO's office was not responsible for the Listing Rules compliance matters and do not have the ability to make judgments on announcement matters. The relevant matter should be reported to the Directors or Company Secretary, but not the CEO's office of the Company;

## THERMAL CO'S INTERNAL CONTROL MECHANISM AT THE TIME OF ENTERING INTO THE REPURCHASE AGREEMENTS (CONTINUED)

### Internal investigation (Continued)

- (iv) Other than the then three executive Directors, each of the then Directors did not have knowledge of the Repurchases and the Repurchase Agreements. The then three executive Directors were aware of the intention for repurchasing the equity interest in Thermal Co from the Vendors, but they did not know the execution of the Repurchase Agreements; and
- (v) There were deficiencies in Thermal Co's internal control policy at the time of entering into the Repurchase Agreements.

### Internal control review by internal control consultant

The Company has also engaged Mazars Risk Advisory Services Limited as an internal control consultant (the "IC Consultant") to identify the relevant deficiencies of the internal control mechanism on the execution of the Repurchase Agreements at the level of Thermal Co and review the internal control mechanism of the Group as a whole. The internal control review on the Group covered the selected subsidiaries, including a testing and assessment of the effectiveness of the procedures, systems and controls established by the Group of their major operational cycles, such as investment management cycle, treasury management (including cash management) cycle, connected person and connected transactions management cycle, as well as the overall corporate governance practice of the Group.

The key findings of the latest internal control review report prepared by the IC Consultant (the "IC Report") are stated as below:

- (i) Under the IC Report, the following deficiencies of the internal control mechanism on the execution of the Repurchase Agreements at the level of Thermal Co were identified: (i) delayed disclosure of discloseable transactions and connected transaction; (ii) approval procedure of Repurchase Agreements not in accordance to the delegated management policy; (iii) policies and procedures of investment management to be enhanced; (iv) absence of upper limit of each approver set in regard to payment approval; (v) procedures of convening board meetings to be enhanced; (vi) procedures of convening shareholders' meetings to be enhanced; (vii) procedures of approval of Repurchase Agreements to be enhanced; and (viii) failure to complete the registration of the share transfer upon consideration of share repurchase being settled. The risk levels of the above deficiencies were classified as "medium to high", which means that the likelihood and extent of the adverse impact of the relevant finding as a result of the internal control system weaknesses/deficiencies upon the business operations/resources utilization of the business unit(s) is a bit high at the moment; or the impact of the relevant finding as a result of the internal control system weaknesses/deficiencies of the business unit(s) upon the truth and fairness of the Group's financial statements is considered as a bit high as of reporting date. Accordingly, recommendation is provided as it is considered essential for the business unit(s) to implement the recommendation for improving the overall internal control mechanism.

# Corporate Governance Report

## THERMAL CO'S INTERNAL CONTROL MECHANISM AT THE TIME OF ENTERING INTO THE REPURCHASE AGREEMENTS (CONTINUED)

### Internal control review by internal control consultant (Continued)

- (ii) The risk level of the internal control findings related to the review on the Group (other than Thermal Co) are all classified as "low" or "low to medium". No findings of "medium" or above risk level were identified. The risk level of "low" means that the likelihood and extent of the adverse impact of the relevant finding as a result of the internal control system weaknesses/deficiencies upon the business operations/resources utilization of the business unit(s) is relatively low at the moment; or the impact of the relevant finding as a result of the internal control system weaknesses/deficiencies of the business unit(s) upon the truth and fairness of the Group's financial statements is considered as not material as of reporting date. However, recommendation is still provided in order to improve effectiveness and/or efficiency of the overall internal control mechanism. The risk level of "low to medium" means that the likelihood and extent of the adverse impact of the relevant finding as a result of the internal control system weaknesses/deficiencies upon the business operations/resources utilization of the business unit(s) is a bit low at the moment; or the impact of the relevant finding as a result of the internal control system weaknesses/deficiencies of the business unit(s) upon the truth and fairness of the Group's financial statements is considered as not potentially high as of reporting date. Accordingly, recommendation is provided in order to improve effectiveness and/or efficiency of the overall internal control mechanism.
- (iii) During the testing period of the first-phase internal control review, no other similar cases were identified apart from the Repurchases.

### Conclusion and rectification measures

In view of the findings of the internal investigation and the IC Report, the Directors are of the view that, the incident of the Repurchases was mainly attributable to the internal control deficiencies of Thermal Co prior to the completion of the subscription of shares in the Company by SDHG, as well as the management personnel misconduct of Thermal Co. Other than that, minor deficiencies were noted for the Group's internal controls over its major operation cycles and overall corporate governance practice, but the risks to the identified deficiencies are insignificant and remote.

Pursuant to the recommendations for rectification (including but not limited to recommendations for rectification and enhancement of existing policy design and implementation procedures) made by the IC Consultant in the IC Report in respect of each of the internal control deficiencies identified during the internal control review, the Company will implement each of the recommendations to ensure that the internal control system of the Group will be improved completely and effectively and to prevent the recurrence of event similar to the Repurchases. The IC Consultant will conduct an internal control follow-up review within approximately six months after the date of the first-phase of the IC Report to ensure that all identified internal control deficiencies of the Group are rectified.

In addition, after discussions between the Group and the Former Thermal GM, the Former Thermal GM tendered his resignation with effect on 1 March 2024 and no longer has any position in Thermal Co and the Group. The Group will further rearrange the board structure of Thermal Co in this regard. The Group will also arrange trainings for the Directors and senior management of the Group on Listing Rules compliance and internal control to minimize the risks of having non-compliance incidents in the future.

For further details of the internal investigation and the IC Report, please refer to the announcement of the Company dated 12 March 2024.

## WHISTLEBLOWING POLICY AND ANTI-CORRUPTION POLICY

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. The Company has also established an anti-corruption policy that promotes and supports all applicable anti-corruption laws and regulations in force in the jurisdictions in which the Group has operation.

## MECHANISM TO ENSURE INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD

The Company has adopted certain mechanisms to ensure independent views and input are available to the Board, details of its key features are as follows:

- The Board aims to appoint at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors in accordance with the Listing Rules, and appoint independent non-executive Directors to other board committees whenever possible, in order to ensure the inclusion of independent views;
- Independent non-executive Directors are not granted equity-based compensation with performance-related elements (such as share options or share awards) because such compensation may lead to biased decision-making and compromise their objectivity and independence;
- The Nomination Committee must strictly adhere to the nomination policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors. Each Independent non-executive Directors is required to inform the Company as soon as practicable if there is any change in his/ her own personal information that may materially affect his/ her independence;
- The Nomination Committee is mandated to assess annually the independence of all independent non-executive Directors by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement;
- Each Director has the right to seek further information and documents from the management on the matters to be discussed at the Board meetings when fulfilling their duties and may also seek assistance from the Company Secretary and, if necessary, seek external independent professional advice, at the expenses of the Company;
- If any Director or any closely connected person of the Director has a significant interest in any contract or arrangement, the Director shall not vote on any Board resolution related to such contract or arrangement, and their presence shall not be counted in the quorum for the meeting; and
- The chairman of the Board should at least annually hold meeting with the independent non-executive Directors without the presence of other directors to discuss significant matters and any concerns.

The Board should review the implementation and effectiveness of the abovementioned mechanisms on an annual basis; and had reviewed the same for the Reporting Period and is of the opinion that those are proper, adequate and/or effective.

# Corporate Governance Report

## INSIDE INFORMATION

The Company has a policy on inside information in place setting out the principles and the 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 during the Year as disclosed pursuant to Appendix D2 of the Listing Rules are set out in notes 8 and 9 to the financial statements in this annual report, respectively.

## COMPANY SECRETARY

Mr. Cheung Chin Wa, has been appointed as the Company Secretary and, is a full time employee of the Company with the day-to-day knowledge of the Company's affairs and has taken not less than 15 hours of 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. Any one or more Shareholders (including a recognised clearing house (or its nominees)) holding, at the date of deposit of the requisition, in aggregate not less than one tenth of the voting rights at general meetings (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an EGM and/or add resolutions to the agenda of a meeting. 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 may contact investor relations department of the Company by email to [ir@shneg.com.hk](mailto:ir@shneg.com.hk) at any time send their enquiries to the Board for the attention of the Company Secretary or may to the Company's head office and principal place of business in Hong Kong at 38th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong or by telephone at (852) 3903 0990. Shareholders may also make enquiries with the Board at general meetings of the Company.

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

Shareholders representing not less than one tenth of the voting rights at general meetings in the share capital of the Company may put forward proposal for consideration at the general meeting, by sending a request in writing to the Company in accordance with the procedures as set out in the above sub-section headed "Convening an extraordinary general meeting ("EGM") by Shareholders". Shareholders may at any time send their request in writing to the Board for the attention of the Company Secretary in accordance with the above sub-section headed "Procedures for directing Shareholders' enquiries to the Board".

## SHAREHOLDERS' RIGHTS (CONTINUED)

### Procedures for Shareholders to propose a person for election as a Director

The procedures for Shareholders to propose a person election as a Director is available on sub-section headed "Corporate Governance" under the section of "About SHNE" on the website of the Company at [www.shneg.com.hk](http://www.shneg.com.hk).

## INVESTOR RELATIONS

### Shareholders Communication Policy

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.

Our Company website is one of the principal communication channels with our Shareholders and potential investors of our Company. Information shall be communicated to Shareholders and potential investors mainly through the Company's financial reports (interim and annual reports), AGMs and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and corporate communications on the HKEx website and the Company's website. During the Year, the Company has proactively taken the following measures to ensure effective Shareholders' communication and enhance our transparency in accordance with the shareholders communication policy of the Company (the "**Shareholders Communication Policy**"):

1. Disseminate corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) electronically to the Shareholders under the Listing Rules, and the Company shall send the printed copies of the corporate communication to the Shareholders upon receipt of their requests;
2. AGM or other general meetings (including extraordinary general meetings) of the Company provides a face-to-face forum for Shareholders to raise questions and comments and exchange their views with the Board;
3. Via the Company's website at [www.shneg.com.hk](http://www.shneg.com.hk), Shareholders can obtain updated and key information on the major developments of the Group. Information, such as financial statements, results announcements, circulars, notices of general meetings and all announcements, released by the Company on the HKEx website at [www.hkex.com.hk](http://www.hkex.com.hk) is also posted on the Company's website immediately thereafter;
4. The Company's Hong Kong branch share registrar deals with the Shareholders on the shareholdings, share registration and related matters for the Shareholders' enquiries;
5. A dedicated investor relations section is available on the Company's website at [www.shneg.com.hk](http://www.shneg.com.hk) and information on the Company's website is updated on a regular basis;
6. Shareholders and investors who have any query in respect of the Company may contact the investor relations department of the Company by email to [ir@shneg.com.hk](mailto:ir@shneg.com.hk) or contact the Company Secretary at the Company's principal place of business in Hong Kong.

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

# Corporate Governance Report

## INVESTOR RELATIONS (CONTINUED)

### Shareholders Communication Policy (Continued)

During the Year, the Board reviewed the implementation and effectiveness of the Shareholders Communication Policy and revised such policy in relation to, inter alia, the mandatory electronic dissemination of corporate communications by the Company in accordance with the paperless rule amendments of the Listing Rules with effect from 31 December 2023. The website of the Company was updated on a regular basis in order to maintain an effective ongoing communication with the Shareholders. Shareholders could access the latest information released by the Company through the company website. Shareholders were given the face-to-face opportunities to meet and communicate with the Directors and to raise questions, comments and exchange their views with the Board in the AGM and other general meetings. Enquiries from the Shareholders were responded within a specific time frame. Based on the above, the Board was of the view that the Shareholder Communication Policy was effective.

The chairman of the Board and the chairman of the Audit Committee, Remuneration Committee and Nomination Committee would attend AGM and be available to answer questions. The Auditor is also invited to attend AGM to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.