

## **CORPORATE GOVERNANCE PRACTICES**

The Board and the management believe that good and high standard of corporate governance practices are very important for maintaining and promoting investor confidence and for the continued growth of the Group. The Company has made continued efforts to maintain and improve the quality of corporate governance so as to ensure an effective board, sound internal control, and transparency and accountability to the Shareholders.

Throughout the financial year ended 31 March 2021, the Company has applied and complied with the code provisions contained in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) set out in Appendix 14 to the Listing Rules, except for certain deviations of the code provisions in respect of the roles of the Chairman and Chief Executive Officer of the Company (“CEO”) (i.e. A.2.1); and service term of the Non-executive Directors of the Company (“NEDs”) (i.e. A.4.1). The considered reasons for the aforesaid deviations will be discussed in the later part of this report.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors’ securities transactions in the Company. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2021.

## **THE BOARD**

### **Board Diversity Policy**

The Board adopted a Board diversity policy with the aim of achieving diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance its overall performance. In designing the Board’s composition, a number of aspects for Board diversity have been considered, including but not limited to gender, age, cultural and educational background, professional experience, ethnicity, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diversified Board.

Selection and recommendation of candidates will be based on the selection criteria, the nomination procedures and the process of the Company’s nomination policy adopted by the Board as well as a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, ethnicity, skills, knowledge and length of service.

All Board appointments will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board.

## Board Composition

During the year ended 31 March 2021 and up to the date of the AR, changes to the Board composition were as follows:

1. Mr. Lam Hon Keung, Keith resigned as an INED with effect from 4 January 2021; and
2. Messrs Chan Wing Tat and Kok Lap Seng were appointed as INEDs with effect from 4 January 2021.

The Board currently comprises the following eight members:

### *Executive Directors*

Mr. Cheung Kee Wee (*Chairman*)

Mr. Cheung Lin Wee

Mr. Cheung Ying Wai, Eric

### *Non-executive Director*

Mr. Ng Kwok Tung

### *Independent Non-executive Director*

Mr. Chan Woon Kong

Mr. Au-Yang Cheong Yan, Peter

Mr. Chan Wing Tat

Mr. Kok Lap Seng

The Board, led by the Chairman, is responsible for leadership and control of the Company and is collectively responsible for establishing the strategic direction of the Group, setting objectives and business development plans, monitoring the performance of the senior management, assuming responsibility for corporate governance and achieving agreed corporate goals of the Company by scrutinizing the Company's performance and monitoring performance reporting.

The Chairman of the Board ensures that the Board works effectively and discharges its responsibilities and all key and appropriate issues are discussed by the Board in a timely matter. He takes responsibility for ensuring that good corporate governance practices and procedures are established and encourages all Directors to make a full and active contribution to the Board's affairs. Directors with different views are encouraged to voice their concerns. They are allowed sufficient time for discussion of issues so as to ensure that Board decisions fairly reflect Board consensus. A culture of openness is promoted to facilitate the effective contribution of NEDs and ensure constructive relations between EDs and NEDs.

EDs and the Board Committees of the Company are delegated with the authority to manage the business of the Group in all aspects effectively. With the assistance of the Company Secretary, the Chairman approves Board meeting agendas and takes into account, where appropriate, any matters proposed by the other Directors for inclusion in the agendas. Also, with the support of the EDs and the Company Secretary, the Chairman ensures that all Directors are properly briefed and timely receive adequate, clear, complete and reliable information on all Board matters.

EDs are responsible for different business and functional divisions of the Group in accordance with their respective areas of expertise. Daily operations and administration are delegated to the management under supervision which is given clear directions as to their powers in particular with respect to the circumstances under which they should report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board reviews the existing arrangements periodically to ensure that they remain appropriate to the Company's needs.

The NEDs, including the INEDs, participate in Board meetings to bring expertise and independent views on important issues relating to the Company's strategy, policy, performance, accountability, resources, key appointments, standards of conduct, and take the lead on matters where potential conflicts of interests arise. They also serve on Board Committees of the Company, including the Audit Committee, the Remuneration Committee and the Nomination Committee. The NED and INEDs give the Board and Board committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They also attend AGMs to understand the view of the Shareholders. They make a positive contribution to the development of the Company's strategy and policy through independent, constructive and informed comments.

The Board has more than one third of the Directors as INEDs, each of them comes from different business and professional background and at least one of them has accounting or related financial management expertise. The Board has received from each INED an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that each INED meets the requirements of independence as set out in Rule 3.13 of the Listing Rules and continues to consider each of them to be independent up to the date of the AR.

The Board includes a balanced composition of EDs, NED and INEDs so that there is a strong independent element on the Board to exercise independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointment and standards of conduct.

The composition of the Board, by category and position of Directors including the names of the Chairman, EDs, NED and INEDs, is disclosed in all the corporate communications. An updated list of Directors identifying their roles and functions and indicating whether they are INEDs is available on the respective websites of the Company and the Stock Exchange. The names of the Directors, their roles and functions and the relationship among them are set out on pages 2 and 3 of the AR.

## **Directors' Training**

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. They are kept informed of the updated legal and other regulatory requirements and the business and governance policies of the Company to ensure that their contribution to the Board remains informed and relevant. The Company Secretary provides written training materials to the Directors for reference, and arranges seminars on the latest development of the Listing Rules, applicable laws, rules and regulations relating to Directors' duties and responsibilities, if any.

The Directors have provided the Company with their records of continuous professional development during the financial year 2020/2021. Records of the Directors' training during the year are as follows:

<b>Directors</b>	<b>Attending Seminar(s) on regulatory development and/or directors' duties</b>	<b>Reading regulatory updates or information relevant to the Company or its business</b>
<i>Executive Directors</i>		
Mr. Cheung Kee Wee ( <i>Chairman</i> )	✓	✓
Mr. Cheung Lin Wee	✓	✓
Mr. Cheung Ying Wai, Eric	✓	✓
<i>Non-executive Director</i>		
Mr. Ng Kwok Tung	✓	✓
<i>Independent Non-executive Directors</i>		
Mr. Lam Hon Keung, Keith ( <i>resigned with effect from 4 January 2021</i> )	–	–
Mr. Chan Woon Kong	✓	✓
Mr. Au-Yang Cheong Yan, Peter	✓	✓
Mr. Chan Wing Tat ( <i>appointed with effect from 4 January 2021</i> )	✓	✓
Mr. Kok Lap Seng ( <i>appointed with effect from 4 January 2021</i> )	✓	✓

## Meetings

The Board meets regularly and holds at least four regular meetings at approximately quarterly intervals in a year and additional meetings are held as and when significant events or important issues are required to be discussed and resolved. For the financial year 2020/2021 and up to the date of the AR, four physical meetings were respectively held in June, September and November of 2020 as well as in March of 2021. Details of individual attendance of each Director at the meetings are as follows:

<b>Directors</b>	<b>Meeting Attended/Held</b>
<i>Executive Directors</i>	
Mr. Cheung Kee Wee ( <i>Chairman</i> )	4/4
Mr. Cheung Lin Wee	4/4
Mr. Cheung Ying Wai, Eric	4/4
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	3/4
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith ( <i>resigned with effect from 4 January 2021</i> )	2/4
Mr. Chan Woon Kong	4/4
Mr. Au-Yang Cheong Yan, Peter	4/4
Mr. Chan Wing Tat ( <i>appointed with effect from 4 January 2021</i> )	1/4
Mr. Kok Lap Seng ( <i>appointed with effect from 4 January 2021</i> )	1/4

During the year ended 31 March 2021, the Chairman held a meeting with the INEDs without the presence of other Directors.

In order to give all Directors adequate time to plan their schedules to attend the meeting, at least fourteen days' formal notice of each regular meeting is given to all Directors, and all Directors are given the opportunity to include matters for discussion in the agenda. To enable Directors to make informed decisions on matters to be considered at the Board and Board Committee meetings, agenda accompanied with board papers and related materials are given to the Directors not less than three days before the intended date of a Board or Board Committee meeting.

Directors need to declare their interests in the matters to be passed in the resolution, if applicable. If a substantial Shareholder or a Director has a material conflict of interests in a matter to be considered by the Board, the matter will be dealt with pursuant to applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

In addition to the Board meetings, certain issues are dealt with by way of circular written resolutions.

Directors are kept informed in a timely manner of any major changes that may affect the Group's business as well as changes in relevant rules and regulations. Queries raised by Directors receive a prompt and full response, if possible. All Directors have full access to the Company Secretary and key officers of the Company Secretarial Department for relevant information in respect of the Group. They are also able to obtain independent professional advice by written procedure adopted by the Company at the expense of the Company in appropriate circumstances.

### **Directors and Officers Liabilities**

The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 2004.

### **CHAIRMAN AND CEO**

Under the code provision A.2.1 of the CG Code, the roles of the Chairman and CEO should be separate and should not be performed by the same individual. Mr. Cheung Kee Wee is the Chairman of the Board and there is not a post of CEO in the Company. The roles of the CEO are performed by all the EDs with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all EDs with different expertise and can ensure the balance of power and authority between the Board and the management of the Group. The Board therefore believes that this structure can enable the Group to make and implement decisions promptly and efficiently and is beneficial to the business prospect of the Group.

### **APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS**

The selection process of Directors is performed by the Board in accordance with the Company's Articles, the recommendations on nominations of Directors made by the Nomination Committee as well as the written procedures for Shareholders to propose a person for election as a Director. The said procedures are posted on the Company's website.

When considering a potential Director who is recommended by the EDs, the Nomination Committee or the Shareholder(s), the Board will take into consideration certain criteria such as the candidate's professional knowledge and experience, integrity and personal skills, possible conflicts of interests and time commitment to the Company. If the potential Director cannot give sufficient time and attention to the Company's affairs, he/she will be advised not to accept the appointment.

A newly appointed Director will receive reference material of the Company such as interim and annual reports and circulars with a view to familiarizing him/her with the business operation of the Company and the corporate structure of the Group. Updates are provided to Directors to ensure that Directors are aware of the latest changes in the commercial and regulatory environment in which the Group conducts its business. “A Guide on Directors’ Duties” issued by the Companies Registry, “Guidelines for Directors” and “Guide for Independent Non-Executive Directors” both issued by The Hong Kong Institute of Directors, “Toolkit on Directors’ Ethic” issued by Independent Commission Against Corruption, “Guidance for Boards and Directors” and “Leadership Role and Accountability in ESG” both issued by the Stock Exchange have been given to each Director for information and easy reference.

Each Director disclosed to the Company at the time of his appointment and in a timely manner for any change, the number and nature of offices held in public companies or organizations.

Under the code provision D.1.4 of the CG Code, the Company should have formal letters of appointments for Directors setting out the key terms and conditions of their appointment. All Directors have been issued with the said formal letters of appointment from the Company.

Under the code provision A.4.1 of the CG Code, NEDs should be appointed for a specific term and subject to re-election. All the five NEDs are not appointed for a specific term but are subject to retirement by rotation and re-election at the AGM in accordance with the Company’s Articles.

In accordance with Article 90 of the Company’s Articles, a newly appointed Director is subject to re-election by the Shareholders at the next following AGM after his/her appointment, but shall not be taken into account in determining the Directors who are to retire by rotation and re-election at the AGM in accordance with Article 99(A) of the Company’s Articles.

There are eight Directors including five NEDs in the Company for the time being. As one-third of the eight Directors shall retire from office by rotation at each AGM, each of them shall retire at least once every three years. The Board is of the view that the current practice of appointing Directors which includes NEDs without specific terms but otherwise subject to retirement by rotation and re-election by the Shareholders at the AGM is reasonable and appropriate to the needs of the Company.

The Company may by an ordinary resolution remove a Director before the expiration of his/her period of office notwithstanding anything in the Company’s Articles or in any agreement between the Company and such Director. Special notice is required of a resolution to remove a Director or to appoint somebody in place of a Director so removed at the general meeting at which he/she is removed in accordance with the Companies Ordinance.



Each Director (including INED) who was subject to retirement by rotation was appointed by a separate resolution in the AGM. In respect of an INED who has served more than nine years, the Company will express its view in the Company's circular that each INED who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent.

The names and details of the retiring Directors who will offer themselves for re-election at the forthcoming AGM are set out in Appendix I to the Company's circular dated 28 July 2021.

## **BOARD COMMITTEES**

The Company currently has three Board committees, namely the Nomination Committee, the Remuneration Committee and the Audit Committee. All committees have specific terms of reference clearly defining their authorities and responsibilities. The terms of reference of the Board Committees require them to report back to the Board on their decisions or recommendations. The terms of reference are reviewed and updated regularly to ensure that they remain appropriate and reflect changes in good practice and governance. The determination of the policy for the corporate governance of the Company and the corporate governance duties as set out in the code provision D.3.1 of the CG Code are performed by the Board.

### **Nomination Committee**

The Nomination Committee of the Company (the "Nomination Committee") was established in 2012, a majority of which is INEDs. The Nomination Committee is currently chaired by the Chairman of the Board, Mr. Cheung Kee Wee and comprises another ED, Mr. Cheung Lin Wee, and the four INEDs, namely Chan Woon Kong, Au-Yang Cheong Yan, Peter, Chan Wing Tat and Kok Lap Seng. The Company Secretary of the Company is the secretary of the Nomination Committee.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board regularly and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendation to the Board on the selection of individuals nominated for directorships and the appointment or re-appointment of Directors and succession planning for Directors. The Committee is also responsible for assessing the independence of INEDs and reviewing the Board diversity policy (the "Board Diversity Policy") and the nomination policy (the "Nomination Policy") of the Company.

The adopted terms of reference of the Nomination Committee which set out clearly its role, authority and duties made pursuant to the CG Code are posted on the respective websites of the Stock Exchange and the Company.

The Nomination Committee is provided with sufficient resources enabling it to perform its duties and it can seek independent professional advice at the Company's expense, if necessary.

The Nomination Committee met once during the financial year ended 31 March 2021. Details of individual attendance of each of the members of the Committee at the meeting are as follows:

<b>Committee Members</b>	<b>Meeting Attended/Held</b>
<i>Executive Directors</i>	
Mr. Cheung Kee Wee ( <i>Chairman</i> )	1/1
Mr. Cheung Lin Wee	1/1
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith (resigned with effect from 4 January 2021)	0/1
Mr. Chan Woon Kong	1/1
Mr. Au-Yang Cheong Yan, Peter	1/1
Mr. Chan Wing Tat ( <i>appointed with effect from 4 January 2021</i> )	0/1
Mr. Kok Lap Seng ( <i>appointed with effect from 4 January 2021</i> )	0/1

#### *Board Diversity Policy*

The Board has the Board Diversity Policy with the aim of achieving diversity of Board members. The Company recognizes the benefits of having a diverse Board, and sees diversity of perspectives at the Board level as essential in achieving a sustainable and balanced development. Selection of Board members is based on a number of factors, including but not limited to educational background, professional experience, skills, knowledge and other factors that the Board may consider relevant and applicable from time to time. The ultimate decision is based on merit and contribution that the selected Board members can bring to the Board.

#### *Nomination Policy*

The Board adopted the Nomination Policy which sets out the approach, principles and procedures for the nomination and selection of Directors, including the appointment of additional Directors and replacement of Directors, re-election of Directors and nomination of Directors from the Shareholders.

The Board recognizes the importance of having a competent and qualified Board to achieve the Company's objectives as well as to protect the interest of all its stakeholders. The Board is committed to ensure that proper nomination and election processes are in place for the selection and nomination of Directors.

### *Selection Criteria*

In assessing the suitability of a proposed candidate, the Nomination Committee and the Board shall consider the following criteria:

- (i) Personal ethics, reputation, character and integrity.
- (ii) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate development and strategy.
- (iii) Diversity perspectives as set out in the Board Diversity Policy.
- (iv) Willingness to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company such as devoting time to attend the Board meetings and the relevant Board committee meetings as well as participating in induction, training and other Board associated activities.
- (v) Compliance with the independence criteria set out in the Listing Rules for the appointment of an INED.
- (vi) Any other factors that the Nomination Committee and/or the Board may consider appropriate.

### *Nomination Procedures*

#### *(i) For appointment of additional Directors and Replacement of Directors*

- If the Board determines that an additional or replacement of Director is required, it will deploy multiple channels for identifying suitable candidates, including but not limited to referral from the Directors and the Nomination Committee.

- Upon receipt of a proposal for a candidate to the Board, the secretary of the Nomination Committee shall convene a Committee's meeting for the purposes of considering and evaluating the candidate based on his/her biographical information and other relevant details as well as the aforesaid selection criteria to determine whether such candidate is suitable for recommending to the Board.
- If the candidate is considered appropriate, the Nomination Committee shall recommend to the Board for consideration and approval.
- A Board meeting will then be held for the purpose of considering and, if thought fit, approving the appointment of the candidate as a Director.
- The Director so appointed by the Board to fill a casual vacancy or as an additional Director to the Board will be subject to re-election by the Shareholders at the next AGM following such appointment in accordance with the Company's Articles.

*(ii) For re-election of Directors*

- The Nomination Committee shall review the overall contribution and service made by the retiring Director and determine whether he/she can continue to meet the selection criteria as mentioned above.
- Where a retiring Director, being eligible, offers himself/herself for re-election, the Board shall, under the advice of the Nomination Committee, consider and recommend such retiring Director to stand for re-election at the forthcoming AGM. A circular containing the requisite information on such retiring Director will be sent to the Shareholders prior to the AGM in accordance with the Listing Rules and the relevant laws and regulations.
- The Shareholders shall consider and, if thought fit, approve the re-election of Director at the AGM.

*(iii) For nomination of Directors from the Shareholders*

- Any Shareholder who wishes to nominate a person to stand for election as a Director at a general meeting ("GM") must follow the procedures and lodge with the Company Secretary of the Company the requested documents within the lodgment period as specified in "Procedures for shareholders to propose a person for election as a Director" which is available on the Company's website.

- Particulars of the candidate so proposed will be sent to all the Shareholders for information in a supplementary circular of the Company.
- The Shareholders shall consider and, if thought fit, approve the election of Director proposed by such Shareholder at the GM.

### *Review and Monitoring*

The Nomination Committee will from time to time review the Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with the regulatory requirements.

### **Remuneration Committee**

Remuneration Committee of the Company (the “Remuneration Committee”) was established in 2005. It currently consists of four INEDs, namely Messrs Chan Woon Kong (Chairman), Au-Yang Cheong Yan, Peter, Chan Wing Tat and Kok Lap Seng and one NED, Mr. Ng Kwok Tung. The Company Secretary of the Company is the secretary of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee, under its terms of reference which were prepared on terms no less exacting than those set out in the CG Code, include making recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management’s remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy as well as making recommendations to the Board on the remuneration packages of EDs and senior management with reference to the Board’s corporate goals and objectives. The terms of reference of the Remuneration Committee are posted on the respective websites of the Stock Exchange and the Company.

The Remuneration Committee shall consult the Chairman of the Board about their remuneration proposals for EDs, if necessary. The Committee is provided with sufficient resources to discharge duties.

The Remuneration Committee met once during the financial year ended 31 March 2021. Details of individual attendance of each of the members of the Committee at the meeting are as follows:

<b>Committee Members</b>	<b>Meeting Attended/Held</b>
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong ( <i>Chairman</i> )	1/1
Mr. Lam Hon Keung, Keith ( <i>resigned with effect from 4 January 2021</i> )	0/1
Mr. Au-Yang Cheong Yan, Peter	1/1
Mr. Chan Wing Tat ( <i>appointed with effect from 4 January 2021</i> )	1/1
Mr. Kok Lap Seng ( <i>appointed with effect from 4 January 2021</i> )	1/1
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	1/1

During such meeting, the remuneration packages of the Directors were reviewed with reference to the Group's performance and profitability as well as the remuneration level of directors in certain listed corporations in the industry. No Director was involved in deciding his own remuneration. Details of the remuneration of Directors and senior management by band for the year ended 31 March 2021 are set out in Note 9 to the consolidated financial statements on pages 92 to 94 of the AR.

### **Audit Committee**

The Audit Committee of the Company (the "Audit Committee") was established in 1998 and currently consists of four INEDs, namely Messrs Au-Yang Cheong Yan, Peter (Chairman), Chan Woon Kong, Chan Wing Tat and Kok Lap Seng and one NED, Mr. Ng Kwok Tung. No member of the Committee is a former partner of the existing audit firm of the Company during a period of two years from the date of his ceasing to be a partner of the audit firm. The Committee members possess sufficient financial and accounting experience and expertise to discharge their duties. The Company Secretary of the Company acts as the secretary of the Audit Committee.

The Audit Committee is provided with sufficient resources to perform its duties. The operation of the Audit Committee is guided by its terms of reference which were prepared on terms no less exacting than those set out in the CG Code. The terms of reference of the Committee are posted on the respective websites of the Stock Exchange and the Company.

The major duties of the Audit Committee set out in its terms of reference include:–

1. recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and approval of their terms of engagement;
2. reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;
3. monitoring the integrity of the Company's financial statements and AR and accounts, interim report and quarterly report (if applicable), and reviewing significant financial reporting judgements contained in them;
4. oversight of the Company's financial reporting system, risk management and internal control systems;
5. reviewing the financial information of the Company;
6. reviewing arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in the financial reporting, internal controls or other matters; and
7. overseeing the Company's relations with the external auditor.

During the financial year ended 31 March 2021, two meetings of the Audit Committee were held in June and November of 2020 respectively with the external auditor of the Company for discussion and review of the reporting of financial and other information to the Shareholders (including the 2019/2020 final results and 2020/2021 interim results of the Company before they were submitted to the Board for approval), the accounting principles and practices adopted by the Group and the issues on risk management and internal control of the Company. The Committee also keeps under review the independence of the external auditor of the Company.

Details of individual attendance of each of the members of the Committee at the meetings are as follows:

<b>Committee Members</b>	<b>Meeting Attended/Held</b>
<hr/>	
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith ( <i>Chairman</i> ) ( <i>resigned with effect from 4 January 2021</i> )	1/2
Mr. Au-Yang Cheong Yan, Peter ( <i>Chairman</i> ) ( <i>appointed with effect from 4 January 2021</i> )	2/2
Mr. Chan Woon Kong	2/2
Mr. Chan Wing Tat ( <i>appointed with effect from 4 January 2021</i> )	0/2
Mr. Kok Lap Seng ( <i>appointed with effect from 4 January 2021</i> )	0/2
 <i>Non-executive Director</i>	
Mr. Ng Kwok Tung	2/2

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The financial statements of the Company for the year ended 31 March 2021 were reviewed and discussed by the Audit Committee together with the external auditor of the Company at a meeting held in late June 2021.

## **AUDITOR'S REMUNERATION**

For the year ended 31 March 2021, the remuneration paid and payable to PricewaterhouseCoopers, the Company's external auditor, for audit services to the Group amounted to HK\$579,200 and for non-audit services mainly consisting of review and taxation services amounted to HK\$179,000.

## **THE COMPANY SECRETARY**

The appointment and dismissal of the Company Secretary is subject to the Board approval in accordance with the Company's Articles. Mr. Raymond W. M. Chu is the Company Secretary of the Company.



The Company Secretary is responsible to the Board for ensuring that the procedures and all applicable rules and regulations are strictly and fully complied with and that activities of the Board are running efficiently and effectively by assisting the Chairman of the Board and the respective Chairmen of the Board Committees to prepare agendas for meetings and by preparing and disseminating Board papers and relevant material to the Directors and Board Committee members in a timely and comprehensive manner.

The Company Secretary reports to the Board Chairman, attends all Board meetings and advises on corporate governance and statutory compliance, if appropriate. Draft and final versions of minutes of meetings of the Board and of the Board Committees as well as the written Board resolutions are circulated to all Directors concerned for comments and records respectively within a reasonable time after the meeting is held. All the minutes and Board resolutions recording in sufficient details of the matters considered and decisions reached by the Board and the Board Committees of the Company, including any concerns raised by Directors or dissenting views expressed, are kept by the Company Secretary, which are open for inspection at any reasonable time on reasonable notice by any Director.

The Company Secretary also advises the Directors on their obligations for disclosure of interests in securities, connected transactions and price-sensitive information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the Report of the Directors. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.

During the year under review, the Company Secretary undertook over 15 hours of professional training to update his skill and knowledge.

## **ACCOUNTABILITY AND AUDIT**

The Board was provided with sufficient explanation and information by the management of the Company, so that Directors have an informed assessment of financial and other information of the Company put before the Board for approval.

Monthly management updates have also been provided by the Management to all Directors for the purpose of providing a balanced and understandable assessment of the Company's performance, financial position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

All the Directors have acknowledged their responsibilities for preparing and reviewing the Company's financial statements and ensure that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2021 and of the profit and cash flows of the Group for the year then ended. In preparing the Company's financial statements for the year ended 31 March 2021, with the assistance of the Company's Accounts Department, the Board has selected suitable accounting policies and principles generally accepted in Hong Kong and applied them consistently, has made prudent and reasonable judgements and estimates, and has prepared the financial statements on a going concern basis. Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern as referred to in the code provision C.1.3 of the CG Code.

The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Company and the Group is set out in the "Independent Auditor's Report" on pages 54 to 59 of the AR.

The Board has included in the separate statement containing a discussion and analysis of the Group's performance in the Management Discussion and Analysis of the AR.

The Board's endeavors to ensure a balanced, clear and understandable assessment of the Group's position and prospects extend to annual and interim reports, price-sensitive announcements and other financial disclosures of the Company required under the Listing Rules and other applicable rules, and to report to regulators as well as to information required to be disclosed pursuant to statutory requirements. Accordingly, due authorization will be made on the publication of relevant announcements and reports as and when the occasion arises.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

### **Risk Management**

The Board has the overall responsibility for establishing, maintaining and evaluating the adequacy and effectiveness of the risk management and internal control systems of the Group on an ongoing basis. Such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation, monitoring and maintenance of internal controls. The associated policies and procedures for risk management and internal controls, which are properly documented and communicated to staff, are designed to help ensure that the Group's assets are safeguarded against unauthorised use or disposition; relevant rules and regulations are adhered to and complied with; complete, accurate and reliable financial and accounting records are maintained; and key risk factors including business strategic, operational, financial and regulatory compliance risks which may impact the Group's performance are appropriately identified and managed.

To ensure the risk management process is consistent with the best practice, the Group has incorporated the suggestions from the external consultant into the Group's risk management framework.

The Group's risk management framework comprises the following key features:

- A distinct organisational structure for different responsible parties with defined authority, responsibilities and risk management roles is in place.
- The Board sets forth the proper risk management culture and risk appetite for the Group, evaluates and determines the level of risk that the Group should take and monitor regularly.
- The Risk Management Coordinator facilitates the risk assessment process and timely communication to the Audit Committee and the Board. Also, they ensure key business and operational risks being properly identified and managed.
- A Risk Management Policy has been established to provide a framework for the identification, analysis, evaluation, treatment, monitoring and reporting of key risks at all levels across the Group to support the achievement of the organisation's overall strategic objectives.

Identified potential risks are evaluated using appropriate qualitative and quantitative techniques and risk responses (i.e. accept, reduce, transfer and avoid) are formulated, which are consistent with the Group's risk appetite. Risks are assessed based on a risk assessment matrix that helps to rank the risks into 4 risk levels (e.g. Extremely High, High, Medium and Low) and to prioritise risk management effort to determine the appropriate risk mitigation plans.

## **Internal Control**

The Group has an internal audit (“IA”) function, which plays a major role in monitoring the internal governance of the Group, to conduct independent reviews of the adequacy and effectiveness of its risk management and internal control system and report the review results regularly to the Board through the Audit Committee.

The Group is fully aware of its obligation of handling and dissemination of inside information under the Listing Rules and the SFO. The Group has a set of procedures and controls in place to preserve the confidentiality of inside information relating to the Group. All Board members and senior management, who are likely to possess the Group’s inside information because of their offices or employments in the Group, are bound by the Model Code. In addition, every employee is required to follow the guidelines of the code of conduct and the staff handbook to keep unpublished inside information strictly confidential.

## **Review of Risk Management and Internal Control Systems**

During the year ended 31 March 2021, the Board has conducted a review on the effectiveness of risk management and internal control systems of the Group through discussion with the Audit Committee, which covers the major control procedures in areas of financial, operational, compliance and risk management, and was satisfied with the effectiveness of the Group’s risk management and internal control systems.

The changes in the nature and extent of significant risks faced by the Group and response plans to changes in its business and the external environment have been evaluated. The scope and quality of ongoing monitoring of risks and the internal control systems have been assessed. No significant areas of concern that may affect the Group to achieve strategic goals have been identified. The Board considered that the risk management and internal control systems are functioning effectively and adequately.

In addition, confirmation from management on the effectiveness of the risk management and internal control systems of the Group was received during the year.

The Board has reviewed and is satisfied with the adequacy of resources, staff qualifications and experiences, training requirements and budgets of the Group’s accounting, financial reporting and IA functions.

## COMMUNICATION WITH THE SHAREHOLDERS

The AGM is one of the principal communication channels between the Company and the Shareholders as it provides a forum for the Shareholders to raise questions and comments and exchange views with the Board.

At the 2020 AGM, respective Chairmen of the Board, the Remuneration Committee and the Nomination Committee, members of the Audit Committee as well as the representatives of the external auditor of the Company were present and available to answer questions raised by the Shareholders at the meeting. A separate resolution was proposed at the AGM on each substantially separate issue, such as the re-election of individual Directors.

Details of individual attendance of each Director at the 2020 AGM are as follows:

<b>Directors</b>	<b>Meeting Attended/Held</b>
<i>Executive Directors</i>	
Mr. Cheung Kee Wee ( <i>Chairman</i> )	1/1
Mr. Cheung Lin Wee	1/1
Mr. Cheung Ying Wai, Eric	1/1
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	1/1
<i>Independent Non-executive Directors</i>	
Mr. Lam Hon Keung, Keith ( <i>resigned with effect from 4 January 2021</i> )	0/1
Mr. Chan Woon Kong	1/1
Mr. Au-Yang Cheong Yan, Peter	1/1
Mr. Chan Wing Tat ( <i>appointed with effect from 4 January 2021</i> )	0/1
Mr. Kok Lap Seng ( <i>appointed with effect from 4 January 2021</i> )	0/1

The Company has other means of communication with the Shareholders, including the publication of annual and interim reports, circulars, announcements and availability of updated and key information about the Group on the Company's website. The Shareholders or any interested parties can also contact the Company by sending e-mail to [enquiry@wahha.com](mailto:enquiry@wahha.com).

The Company arranges for the notice to the Shareholders to be sent out in the case of AGMs at least 20 clear business days before the meeting and to be sent out at least 10 clear business days in the case of all other GMs. It is proposed that the 2021 AGM will be held on Thursday, 2 September 2021 at 11:00 a.m. Notice of the AGM will be published and dispatched to the Shareholders in late July 2021.

The Board has formulated a shareholders' communication policy and will review it on a regular basis to ensure its effectiveness.

## **VOTING BY POLL**

The Company regularly informs the Shareholders of the procedures for voting by poll and ensures that it complies with the requirements about voting by poll as contained in the Listing Rules and the Company's Articles.

The Shareholders are given an explanation of the rights and procedures for demanding and conducting a poll in accordance with Article 70 of the Company's Articles at the commencement of each AGM.

Pursuant to the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. The Chairman of the 2021 AGM will therefore put each of the resolutions to be proposed at the meeting to be voted by way of a poll pursuant to the Listing Rules and Article 70 of the Company's Articles.

## **SHAREHOLDERS' RIGHT**

Under Section 566 of the Companies Ordinance, Shareholders representing at least 5% of the total voting rights of all the Shareholders having a right to vote at the GMs are entitled to send a request to the Company to convene a GM. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the registered office of the Company in hard copy form or to the email address of the Company in electronic form and must be authenticated by the Shareholder(s) making it.

Moreover, in relation to an AGM which the Company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that Shareholders representing at least 2.5% of the total voting rights of all Shareholders having a right to vote on the resolution at the AGM or at least 50 Shareholders having a right to vote on the resolution at the AGM may request the Company to circulate a notice of the resolution for consideration at the AGM. Such request, which must be authenticated by the Shareholders making it, may be sent to the registered office of the Company in hard copy form or to the email address of the Company in electronic form.

The Shareholders can make enquiries or proposals to the Company through the following means:

Telephone: (852) 2527 1821

Fax: (852) 2861 3771

Post: Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong

Email: enquiry@wahha.com

## INVESTOR RELATIONS

During the year ended 31 March 2021, there were no changes to the Company's Articles. The latest version of the same is posted on the respective websites of the Stock Exchange and the Company.

Save as disclosed above, the Company has complied with all the code provisions as set out in the CG Code throughout the financial year ended 31 March 2021.