

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

Board Composition

During the year and up to the date of this annual report, the Board comprises the following directors of the Company (“Director(s)”):

Executive Directors (the “EDs”)

Mr. Li Yongcheng (*Chairman*)

Mr. Jiang Xinhao

Mr. Zhou Min (*Chief Executive Officer*)

Mr. Li Haifeng

Mr. Zhang Tiefu

Mr. Ke Jian

Ms. Sha Ning

Mr. Tung Woon Cheung Eric

Mr. Li Li

Non-executive Directors (the “NED”)

Mr. Wang Dianchang (*appointed on 15 March 2022*)

Mr. Zhao Feng (*resigned on 15 March 2022*)

Independent Non-executive Directors (the “INEDs”)

Mr. Shea Chun Lok Quadrant

Mr. Zhang Gaobo

Mr. Guo Rui

Mr. Wang Kaijun

Mr. Chau On Ta Yuen (*appointed on 23 April 2021*)

Dr. Lee Man Chun Raymond (*resigned on 23 April 2021*)

One of the INEDs namely, Mr. Shea Chun Lok Quadrant, has the professional and accounting qualifications required by Rules Governing the Listing Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). There is no relationship among members of the Board in respect of financial, business, family or other material/relevant relationship. The biographical details of the current Directors are set out in the section headed “Directors and Senior Management” in this annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(Continued)*

Board Composition *(Continued)*

All Directors are appointed with letters of appointment and subject to retirement by rotation and, being eligible, offer themselves for re-election at the annual general meetings in accordance with the bye-laws of the Company (“Bye-laws”). Pursuant to Bye-law 99(B) of the Bye-laws, at each annual general meeting, one-third of the Directors (or if its number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. Pursuant to Bye-law 91 of the Bye-laws, any Director appointed to fill a casual vacancy or as an addition to the Board is subject to re-election at the next following general meeting.

Role and Function

The function of the Board is to formulate and give direction of the Group’s corporate strategy and business development. The Board has met regularly during the year to approve material contracts, discloseable and/or connected transactions, Director’s appointment or reappointment, significant policy and to monitor the financial performance of the Group in pursuit of its strategic goals. Day to day operation of the Company is delegated to the chief executive officer and the management of the Company.

Newly appointed Director will receive a comprehensive induction package covering the statutory and regulatory obligations of a director of a listed company. The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company arranged trainings for Directors in the form of seminars and provision of training materials. Guidance notes and memorandum are issued to Directors where appropriate, to ensure awareness of best corporate governance practices.

According to the records maintained by the Company, the Directors who were held office during the year ended 31 December 2021 received the following training in respect of the roles, functions and duties of a director of a listed company in compliance with the requirement of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules on continuous professional development during the year ended 31 December 2021.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(Continued)*

Role and Function *(Continued)*

Name of Director	Corporate Governance/ Updates on Laws, Rules & Regulations		Accounting/Financial/ Management or Other Professional Skills	
	Read Materials	Attended Seminars/ Briefing	Read Materials	Attended Seminars/ Briefing
EDs				
Mr. Li Yongcheng (<i>Chairman</i>)	✓	✓		
Mr. Jiang Xinhao	✓	✓		
Mr. Zhou Min (<i>Chief Executive officer</i>)	✓	✓		
Mr. Li Haifeng	✓	✓	✓	
Mr. Zhang Tiefu	✓	✓		
Mr. Ke Jian	✓	✓		
Ms. Sha Ning	✓	✓		
Mr. Tung Woon Cheung Eric	✓	✓	✓	✓
Mr. Li Li	✓			
NED				
Mr. Zhao Feng	✓	✓		
INEDs				
Mr. Shea Chun Lok Quadrant	✓	✓	✓	✓
Mr. Zhang Gaobo	✓	✓		
Mr. Guo Rui	✓	✓		
Mr. Wang Kaijun	✓	✓		
Mr. Chau On Ta Yuen (<i>appointed on 23 April 2021</i>)	✓			
Dr. Lee Man Chun Raymond (<i>resigned on 23 April 2021</i>)	—	—	—	—

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(Continued)*

Board Meeting and General Meeting

The Company held four Board meetings and two general meetings during the financial year ended 31 December 2021. Directors present in those Board meetings were either in person or through electronic means of communication. Attendance records of the Board meetings and general meetings for the year ended 31 December 2021 are set out below:

Name of Director	Number of Board meeting attended/held	Number of general meeting attended/held
EDs		
Mr. Li Yongcheng (<i>Chairman</i>)	4/4	0/2
Mr. Jiang Xinhao	4/4	0/2
Mr. Zhou Min (<i>Chief Executive Officer</i>)	4/4	0/2
Mr. Li Haifeng	4/4	0/2
Mr. Zhang Tiefu	4/4	0/2
Mr. Ke Jian	4/4	0/2
Ms. Sha Ning	4/4	0/2
Mr. Tung Woon Cheung Eric	4/4	2/2
Mr. Li Li	4/4	0/2
NED		
Mr. Zhao Feng	4/4	0/2
INEDs		
Mr. Shea Chun Lok Quadrant	4/4	1/2
Mr. Zhang Gaobo	4/4	1/2
Mr. Guo Rui	4/4	0/2
Mr. Wang Kaijun	4/4	0/2
Mr. Chau On Ta Yuen (<i>appointed on 23 April 2021</i>)	2/4	1/2
	(Note 1)	(Note 1)
Dr. Lee Man Chun Raymond (<i>resigned on 23 April 2021</i>)	0/4	N/A
	(Note 2)	(Note 2)

Notes:

- Mr. Chau On Ta Yuen was appointed as an independent non-executive director of the Company on 23 April 2021 without attending the first board meeting held during the year.
- Dr. Lee Man Chun Raymond resigned as an independent non-executive director of the Company on 23 April 2021 without attending the second to fourth board meetings held during the year, annual general meeting held on 9 June 2021 and special general meeting held on 20 December 2021.

To supplement the formal Board meetings, the Chairman held regular gatherings with EDs to consider issues in an informal settings.

During the year, the Chairman held one meeting with the INEDs, without the other Directors present.

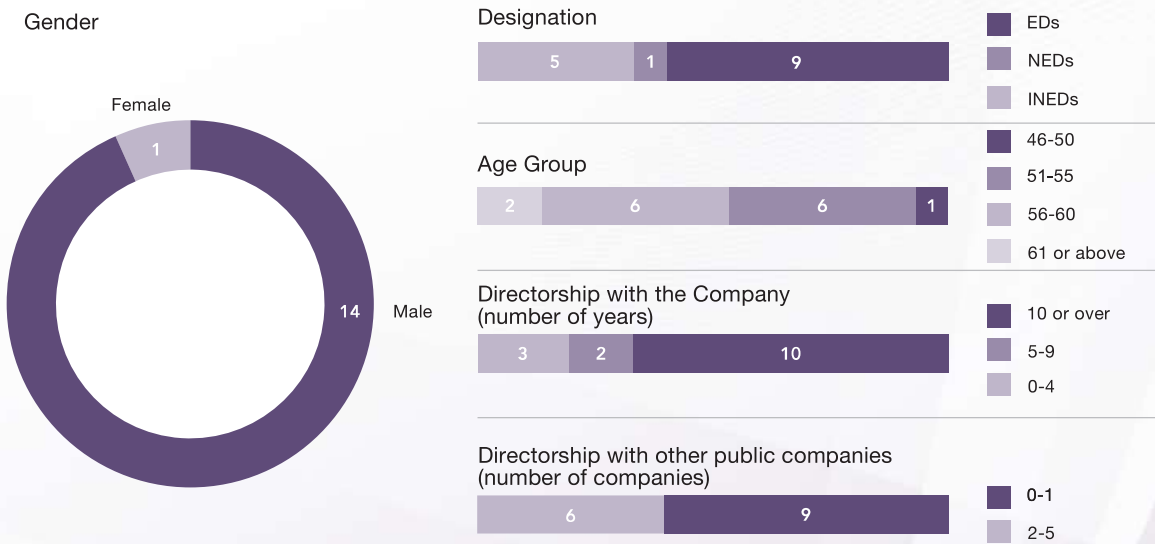
CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy formulated by the Company in accordance with the requirements of the Listing Rules with effect from 1 September 2013. 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 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, 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 Board will review and monitor the implementation of board diversity on a regular basis or on the occasion of any vacancy arising from resignation or cessation as directors of the Company to ensure its effectiveness on determining the optional composition of the Board.

As at the date of this annual report, there are fifteen Directors with extensive experience and/or professional backgrounds to formulate and give direction of the Group’s corporate strategy and business development. The composition, experience and balance of skills on the Board are regularly reviewed by a core of members with longstanding and deep knowledge of the Group alongside new Directors who bring fresh perspectives and diverse experiences to the Board. The process for the nomination of Directors is led by the Nomination Committee that is set out in the section headed “Nomination Committee” in this corporate governance report. The following chart illustrates how the Company achieves diversity on the Board:



The name of the Directors and their biographies (including their roles, functions, terms of office, skills and experience) are set out in this annual report headed “Directors and Senior Management”.

CORPORATE GOVERNANCE REPORT

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate directors' and officers' liability insurance for its directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its directors and officers to comply with the requirement of the CG Code. During the year, no claim was made against the directors and officers of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the financial year ended 31 December 2021, the positions of the chairman and the chief executive officer of the Company were held separately. The chairman of the Company is Mr. Li Yongcheng and the chief executive officer is Mr. Zhou Min. The segregation of duties of the chairman and the chief executive officer ensures a clear distinction in the chairman's responsibility to provide leadership for the Board and the chief executive officer's responsibility to manage the Company's business. Their roles are clearly defined to ensure their respective independence. There is no relationship between the chairman and chief executive officer of the Board in respect of financial, business, family or other material/relevant relationship.

NON-EXECUTIVE DIRECTORS

All non-executive directors (including INEDs) are appointed with specific term of three years.

Taking into account INEDs' ability to exercise independence of judgment in relation to the Company's affairs by offering or raising independent advices, the Board considers that the INEDs can provide independent advices on the Company's business strategies, results and management so as to safeguard the interests of the Company and its shareholders.

The Company has received, a written annual confirmation from each of the INEDs confirming his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent during their tenures.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct in respect of securities transactions of the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company has confirmed that all Directors have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions during the year under review.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three board committees to strengthen its functions and corporate governance practices, namely, audit committee (the “Audit Committee”), nomination committee (the “Nomination Committee”) and remuneration committee (the “Remuneration Committee”) of the Company. The Audit Committee, Nomination Committee and Remuneration Committee perform their specific roles in accordance with their respective written terms of reference.

Audit Committee

The Audit Committee is composed of three INEDs namely, Mr. Shea Chun Lok Quadrant (chairman of the Audit Committee), Mr. Zhang Gaobo and Mr. Guo Rui. The Audit Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time.

The Audit Committee is mainly responsible for considering all relationships between the Company and the auditing firm (including the provision of non-audit services), monitoring the integrity of the Company’s financial statements and issues arising from the audit as well as the review of the Group’s risk management and internal control systems whereby the Board had delegated such responsibility to Audit Committee.

In addition, the Audit Committee had been delegated the responsibility to perform the following including:

Corporate Governance Duties

1. to develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
5. to review the Company’s compliance with the CG Code and disclosure in the corporate governance report;

Sustainable Development Duties

6. to identify environmental, social and governance issues that are relevant and significant to the operations of the Company and/or substantively affect shareholders and other key stakeholders, to ensure compliance with the relevant legal and regulatory requirements;
7. to review, formulate and adopt management approach, strategies, priorities, goals, policies and structure of the Company for sustainable development, make relevant recommendations to the Board and implement the policies laid down by the Board;

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

Sustainable Development Duties (Continued)

8. to supervise the development and implementation of management approach, priorities, strategies, policies and measures of sustainable development for the Company, including any policies related to public concerns that may affect the business, operation, brand or reputation of the Company;
9. to monitor, review and evaluate:
 - (i) the effectiveness and adequacy of actions taken by the Company to implement management approach, strategies, priorities, measures, goals and policies for sustainable development;
 - (ii) the performance on sustainable development of the Company by adopting the appropriate international or national standards or guidelines (if applicable) as key performance indicators; and
 - (iii) an effective operation of the risk management and internal control systems set up and achieved by the Company regarding risks assessment on sustainable development;
10. to review and evaluate the adequacy and effectiveness of the structure related to sustainability matters at the group level;
11. to review, evaluate (where applicable) and report to the Board the risks and opportunities related to sustainable development of the Company;
12. to review and ensure that the Company establishes appropriate and effective sustainable development risk management and internal control systems;
13. to evaluate and review the effectiveness of the policies, practices and performance in relation to the Company's key environmental, social and governance matters, and report to the Board and provide advice once a year or when necessary;
14. to identify and engage stakeholders to understand and respond to their views by appropriate means;
15. to suggest improvement strategies for the Company's performance of the sustainable performance; and
16. to review the disclosure on report of the Company on the performance of sustainable development matters and make recommendations to the Board.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

Summary of work done during the year: reviewed the financial statements for the period from 1 January 2021 to 30 June 2021 and for the year ended 31 December 2021, considered and approved the audit work of the auditors, and reviewed the business and financial performance of the Company, the risk management and internal control systems, the Company's compliance with the CG Code and environmental, social and governance reporting guide and disclosure in the corporate governance report and environmental, social and governance report.

The Audit Committee held two meetings during the financial year ended 31 December 2021. Details of attendance of each Audit Committee members are as follows:

Name of Audit Committee members	Number of Audit Committee meetings attended/held
Mr. Shea Chun Lok Quadrant <i>(Chairman of Audit Committee)</i>	2/2
Mr. Zhang Gaobo	2/2
Mr. Guo Rui	2/2

Nomination Committee

The Nomination Committee comprises one executive Director namely, Mr. Li Yongcheng (chairman of the Nomination Committee) and two INEDs namely, Mr. Zhang Gaobo and Mr. Guo Rui.

All new appointments and re-appointments to the Board are subject to the approval of the Board. The Nomination Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time.

The major responsibilities of the Nomination Committee include:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

3. to assess the independence of the INEDs; and
4. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer.

Summary of work done during the year: reviewed and evaluated the structure, size and composition (including the skills, knowledge and experience) of the Board to complement the Company's corporate strategy, made recommendation to the Board on new appointments, reviewed and recommended the re-appointment of the retiring Directors at the annual general meeting of the Company and assessed independence of the INEDs.

As the Company recognises that having a board diversity policy can enhance the quality of its performance and is an essential element in maintaining the Company's competitive advantage, the Board adopted a board diversity policy in compliance with the Listing Rules.

The Nomination Committee has adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and procedures of appointment and re-appointment of a Director. In evaluating and selecting candidate(s) for directorship, the Nomination Committee shall follow the criteria of nomination and appointment of the directors set out in Nomination Policy, including but not limited to the integrity, skills and expertise, professional and educational backgrounds; potential time commitment for the Board and/or committee responsibilities; and the elements of the board diversity policy of the Company. The Nomination Committee shall make recommendation to the Board to appoint the appropriate person among the candidates nominated for directorship. Suitable candidate(s) shall be appointed as director(s) by the Company in accordance with the Bye-laws and the Listing Rules.

During the year, no Nomination Committee meeting was held but by way of two unanimous written resolutions, the Nomination Committee had reviewed nomination related matters.

Remuneration Committee

The Remuneration Committee currently comprises two INEDs namely, Mr. Zhang Gaobo (chairman of the Remuneration Committee) and Mr. Guo Rui.

The Remuneration Committee members performed their duties within written terms of reference formulated by the Company in accordance with the requirements of the Listing Rules from time to time. 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 remuneration. It is the Company's policy to offer remuneration packages which are competitive and sufficient to retain such individuals and no director is involved in decision of his own remuneration.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

The Group's policy and structure for employees' remuneration proposals were with reference to the Group's corporate goals, prevailing market rate and duties and responsibilities with the Group.

Summary of work done during the year: reviewed the Group's policy and structure for employees' remuneration proposals with reference to the Group's corporate goals, prevailing market rate and duties and responsibilities with the Group and made recommendations to the Board regarding the Share Award Scheme adopted in December 2018.

During the year, no Remuneration Committee meeting was held but by way of two unanimous written resolutions, the Remuneration Committee had reviewed remuneration related matters.

AUDITORS' REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditors and reviewing the non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, external auditors' remuneration for audit services was approximately HK\$12.0 million and for non-audit service assignments was approximately HK\$2.7 million, which represented agreed-upon procedures engagement such as for the Group's interim financial report, taxation advisory and compliance services. The Audit Committee had satisfied that the non-audit services in 2021 did not affect the independence of the external auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

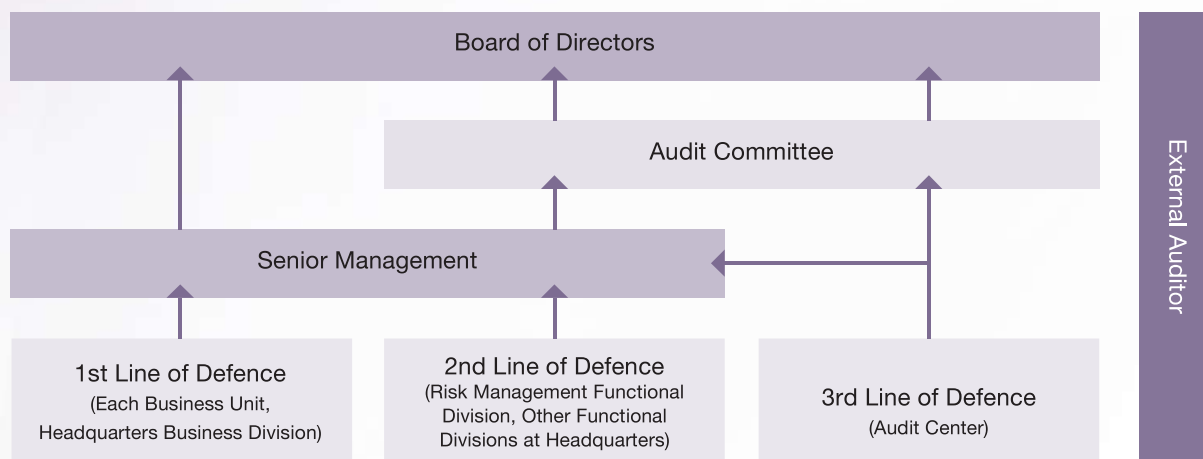
The Board has the overall responsibility for evaluating and determining the nature and extent of the risks that may be exposed to the Group and ensuring that the Group maintains sound and effective risk management and internal control systems in order to safeguard the interest of shareholding and the Group's assets. The Board had delegated such responsibility to the Audit Committee which shall oversee management in designing, implementing and monitoring the risk management and internal control systems.

The Board has been provided with sufficient explanation and necessary information enabling it to make an informed assessment of financial and other information put before the Board for approval.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

The risk management framework of the Group is designed of “Three Layers + Three Lines of Defense” model as shown below:



First Line of Defence

Each business unit and headquarters business division of the Group, as a risk owner, identifies, evaluates and monitors its own risk.

Second Line of Defence

The risk management functional division and other functional divisions at headquarters have set up a risk management mechanism regarding corporate objectives so as to identify, control, acknowledge and manage the risks faced by the Group. In particular, the Group applies strict guidelines and procedures that monitor and control each investing unit for its investment, with the aim to mitigate risk exposure and external impacts and ensure that the risk management process is in line with the relevant objective.

Third Line of Defence

The audit center carries out an independent review of key business process and controls in accordance with its normal procedures. Its recommendations and remedial measures will be taken to rectify the deficiencies accordingly.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Third Line of Defence *(Continued)*

The Group has made reference to the Enterprise Risk Management-Integrated Framework set down by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and adopted it as its own framework, which covers risk identification, risk assessment, risk implementation treatment plan as well as risk investigation and reporting.

Any internal audit findings and control deficiencies were communicated with the relevant functional division and business units of the Group. Relevant control activities were enhanced and post-audit reviews were conducted as and when appropriate. Remedial activities were taken by the Group regarding findings and deficiencies for prior year.

Policy and procedures were laid down to cover issues including project development, tendering, financial reporting, human resources and computer systems and to define clearly the line of authority for each employee. As every functional division and business unit of the Group was required to undertake a series of self-assessment in accordance with the Group's policy and procedures, the audit center was not aware of any internal withholding of internal control deficiency of the Group during the year under review.

The risk management functional division assessed the potential risk exposure of the Group by means of interview and questionnaire and also arranged a series of activities such as key risk indicators monitoring and workshops to discuss with all levels of staff the importance of risk management and internal control systems, share risk perception and enhance the effectiveness of the risk management function. Appropriate risk management activities were carried out and implemented during the year. Every division and business unit of the Group was invited to discuss such potential risks which might affect their ability to achieve the Group's financial, operational, compliance objectives and had identified significant risks affecting the corporate objectives, namely policy and regulatory risk, market competition risk.

During the year, the risk management functional division has presented updated reports to the Audit Committee on implementation of risk management and the effectiveness of the risk management and internal control systems of the Group. The Audit Committee closely monitored and reported to the Board annually such effectiveness on an ongoing basis.

During the year, the audit center performed the annual audit by adopting a risk-based approach and covered the areas of internal environment, risk assessment, control activities, information and communications as well as internal control.

For the year ended 31 December 2021, both the Audit Committee and the Board were not aware of any material internal control deficiencies and were satisfied that the risk management and internal control systems of the Group are effective and adequate.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Third Line of Defence *(Continued)*

During the year, the Board believes that there is an adequacy of resources in term of staff qualifications and experience, training programmes and budget of the Group's internal audit function.

The Group has set up a whistleblower policy and a set of comprehensive procedures to the employees, business partners and other concerned parties to raises concerns, in confidence, to the Board about possible improprieties within the Group. The identity of the whistleblower will be treated with the strictest confidential.

The Group has set up the inside information policy and procedure for the handling and dissemination of inside information. The Inside Information Policy mainly focuses on the obligations of the Group, external communication guidelines and compliance and reporting procedures. The Group shall take all reasonable measures from time to time to ensure that proper safeguards in existence to prevent any breach of disclosure requirement.

The Group has adopted appropriate measures to review the implementation of the Group's existing continuing connected transactions. During the year, the relevant companies had monitored strictly pursuant to the pricing policies and terms of the continuing connected transactions in the actual course of business operation and did not exceed those relevant annual caps as disclosed.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of accounts for each financial period which give 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 accounts for the year ended 31 December 2021, the Directors have selected suitable accounting policies and applied them consistently; 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 accounts 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 auditors, is set out on page 91 to 97 of the "Independent Auditors' Report" in this annual report.

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric, as the executive Director, is also the company secretary of the Company. During the year ended 31 December 2021, Mr. Tung has complied with the relevant professional training required under Rule 3.29 of the Listing Rules. The biographical details of Mr. Tung is set out in the section headed "Directors and Senior Management" on page 52 in this annual report.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company adopted a dividend policy. It aims to provide shareholders of the Company with stable and sustainable returns.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders of the Company. Any payment of the dividend by the Company is also subject to any restrictions under the Laws of Bermuda, the Bye-Laws and any applicable laws, rules and regulations.

The declaration and payment of any dividend shall be determined at the sole discretion of the Board having taken into account, inter alia, the Group's financial performance, retained earnings and distributable reserves of the Group, the Group's working capital requirements and future expansion plans, the Group's liquidity position, general economic conditions, business cycle of the Group's business, contractual restrictions of the Group, the shareholders' and the investors' expectation and any other factors that the Board deems relevant.

SHAREHOLDERS' RIGHTS

Convening a special general meeting by shareholders ("SGM")

The Board shall on the written requisition of any two or more shareholders of the Company who hold at the date of the deposit of the requisition in aggregate not less than one-tenth of such of the paid-up capital of the Company that carries the right of voting at the SGM, forthwith proceed duly to convene the SGM ("Requisition"). The Requisition, which may consist of several documents in like form each signed by one or more requisitionists, must state the objects of the SGM and deposited at the Company's head office and principal place of business in Hong Kong.

If the Board does not within 21 days from the date of the deposit of the Requisition proceed duly to convene a SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM in the same manner, as nearly as possible, as that in which SGM may be convened by the Board, but any meeting so convened shall not be held after the expiration of three months from the aforesaid date of the deposit of the Requisition.

All reasonable expenses incurred by the requisitionists as a result of the failure of the Board to convene such a SGM shall be reimbursed to them by the Company.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS *(Continued)*

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries to the Board for the attention of the secretary of the Company ("Company Secretary") via email (mailbox@bewg.com.hk) or directed to the Company's head office and principal place of business in Hong Kong at Rooms 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Shareholders of the Company may also make enquiries with the Board at general meetings of the Company.

Procedures for putting forward proposals at shareholders' meetings

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

1. A shareholder shall validly serve on the Company Secretary his/her written and signed notice of intention to propose a resolution at the AGM/SGM.
2. The foregoing documents shall be lodged at the Company's head office and principal place of business in Hong Kong at Rooms 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
3. The period for lodgment of the foregoing notices required under the Bye-Laws shall commence on the day after the despatch of the notice of the AGM/SGM and end no later than 7 days prior to the date of the AGM/SGM and such period shall be at least 7 days.
4. If the foregoing notices shall be received less than 10 business days prior to the date of such AGM/SGM, the Company needs to consider the adjournment of such AGM/SGM in order to allow shareholders of the Company 14 days' notice (the notice period must include 10 business days) of the proposal.
5. The foregoing notice of intention to propose a resolution will be verified by the Company's branch share registrar in Hong Kong (the "Branch Share Registrar"). Upon confirmation from the Branch Share Registrar, the Company Secretary will present to the board of Directors for their approval on the inclusion of the proposed resolutions in the AGM/SGM.

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

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

Communication with shareholders

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

During the financial year ended 31 December 2021, due to the influence of the outbreak of novel coronavirus disease ("COVID-19") pandemic, the Group has strictly abided by the epidemic prevention requirements from local governments in China and proactively taken the following measures to cope with the negative impacts of the COVID-19 pandemic, in order to ensure effective shareholders' communication and enhance our transparency:

1. maintained timely and effective contacts with research analysts, institutional shareholders and potential investors through various channels including but not limited to meetings such as virtual-conference meeting, conference-calls and emails; and
2. updated the Company's latest news and developments regularly through the 'Investor Relations' section of the Company's official website and enterprise social media, in order to spread over all kinds of investors especially for medium and small investors.

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

Constitutional documents

There is no change on the constitutional documents of the Company since the amendments to the Bye-laws made on 1 June 2017. A consolidated version of the Memorandum of Association and Bye-Laws is available on both the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2021, in the opinion of the Board, the Company complied with all code provisions set out in the CG Code, with deviation mentioned below.

Code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting of the Company. Having regard to the travel restrictions in connection with the COVID-19 pandemic, the chairman of the Board did not attend the annual general meeting of the Company held on 9 June 2021. In his absence, the executive director of the Company was invited to chair the annual general meeting and the member of nomination committee of the Company was invited to attend by video/audio conferencing, and was available to answer shareholders' questions at the annual general meeting.