

# CORPORATE GOVERNANCE REPORT

The Company is committed to maintain the quality of corporate governance so as to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholders' value.

## CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

The Board has established the Group's purpose, values and strategies and was satisfied that they are aligned with the culture of the Group. Acting with integrity, lead by example, all Directors promote the desired culture to instil and continually reinforce across the Group's values of "acting lawfully, ethically and responsibly".

Guided by the requirements of the national strategy and led by its business strategy to achieve "quality growth, valuable assets, cash profits and capable organisation", the Group continued to improve its core capabilities such as quality delivery and smart operation in order to consolidate its fundamentals.

The Group has always adhered to its "customer-oriented and innovation-driven" operation philosophy. Through the reform of its regional companies, the Group has made solid efforts to carry out localised operation in local markets, built up differentiated competitiveness for regional market.

The Group embeds the concept of sustainability development into its medium-term and long-term development strategies, and lays the solid foundations for BEWG's high quality and sustainable development by building up the fundamentals of corporate sustainability in multiple dimensions, such as innovation, data, clients and brands as well as organizational talent sustainability.

The Group actively promotes a culture of integrity for raising business ethics awareness among employees.

The Group will continuously review and adjust, when necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures that will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

Details of the Group's business performance and financial review for the year 2023 are set out in the "Management Discussion and Analysis" section of this annual report. Disclosures on the Group's corporate culture can be found in the Group's 2023 Sustainability Report which will be available on the website of the Company under the "Sustainability Report" section and website of the Stock Exchange at the same time as the publication of this annual report.

# 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. Xiong Bin (*Chairman*)  
Mr. Jiang Xinhao  
Mr. Zhou Min (*Chief Executive Officer*)  
Mr. Li Haifeng  
Mr. Ke Jian (*resigned on 6 February 2024*)  
Ms. Sha Ning  
Mr. Zhang Wenjiang (*appointed on 6 February 2024*)  
Mr. Tung Woon Cheung Eric  
Mr. Li Li

### Non-executive Directors (the “NED”)

Mr. Wang Dianchang

### Independent Non-executive Directors (the “INEDs”)

Mr. Shea Chun Lok Quadrant  
Mr. Zhang Gaobo (*resigned on 16 June 2023*)  
Mr. Guo Rui  
Mr. Chau On Ta Yuen  
Mr. Dai Xiaohu  
Ms. Chan Siu Chee Sophia (*appointed on 15 September 2023*)

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.

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 amended and restated 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 their 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 first annual general meeting after his or her appointment.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS *(Continued)*

### Board Composition *(Continued)*

Following the resignation of Mr. Zhang Gaobo (“Mr. Zhang”) as an INED, a member of the audit committee, a member of the nomination committee and the chairman of the remuneration committee of the Company on 16 June 2023, the Company failed to meet the requirements of (i) the total number of INEDs at least one-third of the Board under Rule 3.10A of the Listing Rules; (ii) the audit committee comprising only non-executive directors with a minimum of three members under Rule 3.21 of the Listing Rules; (iii) the remuneration committee comprising a majority of INEDs under Rule 3.25 of the Listing Rules; and (iv) the nomination committee comprising a majority of INEDs under Rule 3.27A of the Listing Rules.

Following the appointments of Ms. Chan Siu Chee Sophia as an INEDs, Mr. Chau On Ta Yuen as a member of the audit committee of the Company, and Mr. Shea Chun Lok Quadrant as a member of each of the nomination committee and the remuneration committee of the Company on 15 September 2023, the Company has fully complied with the requirements of Rules 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules.

In compliance with Rule 3.09D of the Listing Rules which revised and took effect on 31 December 2023, Mr. Zhang Wenjiang, who was appointed as an ED on 6 February 2024 following the resignation of Mr. Ke Jian as an ED, obtained the legal advice referred to in Rule 3.09D prior to his appointment on 5 February 2024, and Mr. Zhang Wenjiang has confirmed that he understood his obligations as a director of the Company.

### 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, 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 seminar and provision of training materials. Guidance notes and memorandum are issued to Directors where appropriate, to ensure awareness of best corporate governance practices.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS *(Continued)*

### Role and Function *(Continued)*

According to the records maintained by the Company, the Directors who were held office during the year ended 31 December 2023 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 C1 of the Listing Rules on continuous professional development during the year ended 31 December 2023.

| Name of Director  | Corporate Governance/<br>Updates on Laws,<br>Rules & Regulations |                                   | Accounting/Financial/<br>Management or<br>Other Professional Skills |                                   |
|---|--|-----------------------------------|---|-----------------------------------|
|   | Read<br>Materials  | Attended<br>Seminars/<br>Briefing | Read<br>Materials   | Attended<br>Seminars/<br>Briefing |
| <b>EDs</b>  |  |                                   |   |                                   |
| Mr. Xiong Bin <i>(Chairman)</i>                                     | ✓  | ✓                                 |   |                                   |
| Mr. Jiang Xinhao  | ✓  | ✓                                 |   |                                   |
| Mr. Zhou Min <i>(Chief Executive officer)</i>                       | ✓  | ✓                                 |   |                                   |
| Mr. Li Haifeng  | ✓  | ✓                                 |   |                                   |
| Mr. Ke Jian <i>(resigned on 6 February 2024)</i>                    | ✓  | ✓                                 |   |                                   |
| Ms. Sha Ning  | ✓  | ✓                                 |   |                                   |
| Mr. Tung Woon Cheung Eric   | ✓  | ✓                                 | ✓   | ✓                                 |
| Mr. Li Li   | ✓  | ✓                                 |   |                                   |
| <b>NED</b>  |  |                                   |   |                                   |
| Mr. Wang Dianchang  | ✓  | ✓                                 |   |                                   |
| <b>INEDs</b>  |  |                                   |   |                                   |
| Mr. Shea Chun Lok Quadrant  | ✓  | ✓                                 | ✓   | ✓                                 |
| Mr. Zhang Gaobo <i>(resigned on 16 June 2023)</i>                   | –  | –                                 | –   | –                                 |
| Mr. Guo Rui   | ✓  | ✓                                 |   |                                   |
| Mr. Chau On Ta Yuen   | ✓  | ✓                                 |   |                                   |
| Mr. Dai Xiaohu  | ✓  | ✓                                 |   |                                   |
| Ms. Chan Siu Chee Sophia<br><i>(Appointed on 15 September 2023)</i> | ✓  | ✓                                 |   |                                   |



# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS *(Continued)*

### Board Meeting and General Meeting

The Company held four Board meetings and one general meeting during the financial year ended 31 December 2023. 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 2023 are set out below:

| Name of Director   | Number of<br>Board meeting<br>attended/held | Number of<br>general meeting<br>attended/held |
|--|---|---|
| <b>EDs</b>   |   |   |
| Mr. Xiong Bin <i>(Chairman)</i>                                  | 4/4   | 1/1   |
| Mr. Jiang Xinhao   | 4/4   | 0/1   |
| Mr. Zhou Min <i>(Chief Executive Officer)</i>                    | 4/4   | 1/1   |
| Mr. Li Haifeng   | 4/4   | 0/1   |
| Mr. Ke Jian <i>(resigned on 6 February 2024)</i>                 | 4/4   | 0/1   |
| Ms. Sha Ning   | 4/4   | 0/1   |
| Mr. Tung Woon Cheung Eric  | 4/4   | 1/1   |
| Mr. Li Li  | 4/4   | 0/1   |
| <b>NED</b>   |   |   |
| Mr. Wang Dianchang   | 4/4   | 0/1   |
| <b>INEDs</b>   |   |   |
| Mr. Shea Chun Lok Quadrant                                       | 4/4   | 1/1   |
| Mr. Zhang Gaobo <i>(resigned on 16 June 2023)</i>                | 0/1   | 0/1   |
|  | <i>(Note 1)</i>                             | <i>(Note 1)</i>                               |
| Mr. Guo Rui  | 2/4   | 0/1   |
| Mr. Chau On Ta Yuen  | 4/4   | 1/1   |
| Mr. Dai Xiaohu   | 4/4   | 0/1   |
| Ms. Chan Siu Chee Sophia <i>(appointed on 15 September 2023)</i> | 1/1   | N/A   |
|  | <i>(Note 2)</i>                             | <i>(Note 2)</i>                               |

#### Notes:

- Mr. Zhang Gaobo resigned as an independent non-executive director of the Company on 16 June 2023 without attending the second to fourth board meetings held during the year and the annual general meeting held on 7 June 2023.
- Ms. Chan Siu Chee Sophia was appointed as an independent non-executive director of the Company on 15 September 2023 without attending the first to third board meetings held during the year and the annual general meeting held on 7 June 2023.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS *(Continued)*

### Board Meeting and General Meeting *(Continued)*

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

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

## BOARD DIVERSITY POLICY

With a view to enhancing the Board's effectiveness and corporate governance, the Board believes that increasing diversity at the Board level is essential to maintaining a competitive edge in the evolving market environment.

The Board adopted a board diversity policy in 2013 which 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 business of the Group. 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.

### Independent

Under the Board diversity policy, the Board shall include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As of 31 December 2023, five out of fourteen directors were INEDs. The board composition remained a definite number of INEDs who are free from any business or other relationship that may interfere with the independent judgement of the INEDs.

### Gender

Under the Board diversity policy, the Board targets to appoint and maintain gender diversity in respect of the Board and targets to refrain from having a single gender in respect of the Board. Ms. Sha Ning was appointed as an executive director of the Company on 3 January 2020 and Ms. Chan Siu Chee was appointed as an INED on 15 September 2023. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Company is satisfactory.

### Skill and Experience

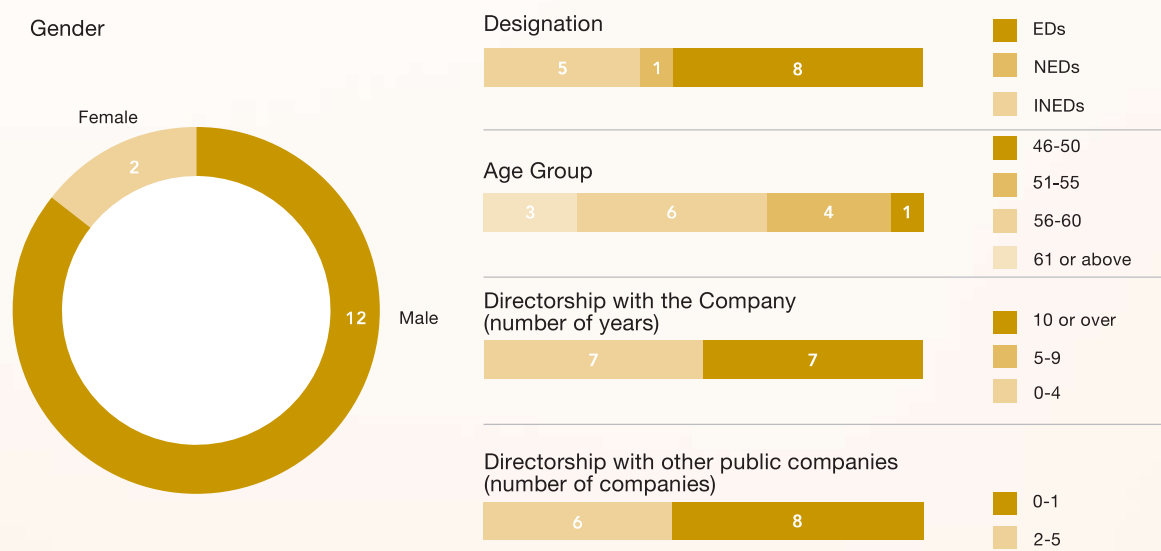
To enhance the Board diversity while maintaining an appropriate balance between continuity of experience and Board refreshment and possessing a balance of skills appropriate for the requirements of the business of the Company. Ms. Chan Siu Chee Sophia was appointed as INED on 15 September 2023. The nomination committee of the Company (the "Nomination Committee") took into consideration of her academic background, extensive experience and her familiarity with the structure and operations of the government of the Hong Kong Special Administrative Region.

# CORPORATE GOVERNANCE REPORT

## BOARD DIVERSITY POLICY *(Continued)*

### Skill and Experience *(Continued)*

As at the date of this annual report, there are fourteen 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 current Directors and their biographies (including their roles, function, terms of office, skills and experience) are set out in this annual report headed “Directors and Senior Management”.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. The employee gender ratio of the Group as at 31 December 2023 was approximately 55% male to 45% female. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce. The Board considers that the gender diversity in workforce is currently achieved.

## BOARD SUCCESSION

Board succession planning is an ongoing process for the Company. There are regular reviews and discussions on succession planning, complemented by an active search when required for people presenting the right skill and diversity mix. The Nomination Committee manages board succession in light of the Board’s overall needs, term limits and retirements.

# 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 2023, the positions of the chairman and the chief executive officer of the Company were held separately. The chairman of the Company is Mr. Xiong Bin 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. INEDs are also required to inform the Company as soon as practicable if there is any change of circumstances which may affect his or her independence. No such notification has been received during the year ended 31 December 2023. The Company considers all of the INEDs are independent during their tenure.

## 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 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 four committees to strengthen its functions and corporate governance practices, namely, audit committee (the “Audit Committee”), Nomination Committee, remuneration committee (the “Remuneration Committee”) and sustainability committee (the “Sustainability Committee”). The Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee perform their specific roles in accordance with their respective written terms of reference.

### Audit Committee

The Audit Committee currently comprises three INEDs namely, Mr. Shea Chun Lok Quadrant (chairman of the Audit Committee), Mr. Guo Rui and Mr. Chau On Ta Yuen. 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; and
5. to review the Company’s compliance with the CG Code and disclosure in the corporate governance report.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES *(Continued)*

### Audit Committee *(Continued)*

#### Corporate Governance Duties *(Continued)*

Summary of work done during the year: reviewed the financial statements for the period from 1 January 2023 to 30 June 2023 and for the year ended 31 December 2023, 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 sustainability report.

The Audit Committee held three meetings and conducted by way of one unanimous written resolution to resolve audit related matters during the financial year ended 31 December 2023. Details of attendance of Audit Committee members are as follows:

| Name of Audit Committee members                                 | Number of<br>Audit Committee<br>meetings<br>attended/held |
|---|---|
| Mr. Shea Chun Lok Quadrant <i>(Chairman of Audit Committee)</i> | 3/3   |
| Mr. Zhang Gaobo <i>(resigned on 16 June 2023)</i>               | 1/1<br><i>(Note 1)</i>                                    |
| Mr. Guo Rui   | 3/3   |
| Mr. Chau On Ta Yuen <i>(appointed on 15 September 2023)</i>     | 1/1<br><i>(Note 2)</i>                                    |

#### Notes:

1. Mr. Zhang Gaobo resigned as an audit committee member of the Company on 16 June 2023 without attending the second and third audit committee meetings held during the year.
2. Mr. Chau On Ta Yuen was appointed as an audit committee member of the Company on 15 September 2023 without attending the first and second audit committee meetings held during the year.



# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES *(Continued)*

### Nomination Committee

The Nomination Committee currently comprises one executive Director namely, Mr. Xiong Bin (chairman of the Nomination Committee) and two INEDs namely, Mr. Guo Rui and Mr. Shea Chun Lok Quadrant.

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;
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 corporate strategy of the Company, 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.

The Nomination Committee had adopted in 2019 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 five unanimous written resolutions, the Nomination Committee had reviewed nomination related matters.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES *(Continued)*

### Remuneration Committee

The Remuneration Committee currently comprises two INEDs namely, Mr. Guo Rui (chairman of the Remuneration Committee), Mr. Shea Chun Lok Quadrant and one executive Director namely, Mr. Tung Woon Cheung Eric.

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.

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

Summary of work done during the year: reviewed the policy and structure of the Group for employees' remuneration proposals with reference to the 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 six unanimous written resolutions, the Remuneration Committee had reviewed remuneration related matters.

### Sustainability Committee

A sustainability committee of the Company ("Sustainability Committee") has been formed on 1 April 2023. The Sustainability Committee comprises two executive directors namely Mr. Li Li (chairman of the Sustainability Committee) and Mr. Tung Woon Cheung Eric and an INED namely Mr. Guo Rui. The Sustainability Committee members performed their duties within written terms of reference formulated by the Company in accordance with expectation from stakeholders. The Sustainability Committee is responsible for monitoring and reporting to the Board on the implementation and effectiveness of the environmental, social and governance ("ESG") management. It also prioritises the material ESG issues, evaluates the risks and opportunity due to climate change, reviews and monitors the achievement of environmental targets and evaluates the impacts of the ESG performances of the Company on its stakeholders, including employees, shareholders, customers, suppliers, business associates and local communities.

# CORPORATE GOVERNANCE REPORT

## RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to its staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions. The Group understands that it is important to maintain good relationship with customers and provide the services in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the services so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints and ensure customers' complaints are dealt with in a promptly and timely manner. The Group is also dedicated to develop good relationship with suppliers and contractors as long-term business partners to ensure stability of the business of the Group.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to supporting the environmental sustainability. The Group is committed to maintaining sustainable working practises and pays close attention to ensure all resources are efficiently utilised. The environmental policies and performance of the Company for the year ended 31 December 2023 containing the information required under Appendix C2 to the Listing Rules are set out in 2023 Sustainability Report which will be published on the website of the Stock Exchange and the website of the Company at the same time when the annual report of the Company will be published.

# CORPORATE GOVERNANCE REPORT

## 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\$3.9 million, which represented agreed-upon procedures engagement such as for the interim financial report, taxation advisory and compliance services of the Group. The Audit Committee had satisfied that the non-audit services in 2023 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 assets of the Group. 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.

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



# CORPORATE GOVERNANCE REPORT

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

### First Line of Defence

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

### Second Line of Defence

The risk management division has 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 division 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.

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 on 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 division was not aware of any internal withholding of internal control deficiency of the Group during the year under review.

The risk management division assessed the potential risk exposure of the Group by means of interview and questionnaire and 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 by the Group 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 control objectives and had identified significant risks (including ESG risks) affecting the corporate objectives, namely policy, market competition and government relations.

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROL<sup>(Continued)</sup>

During the year, the risk management division has presented updated reports to the Audit Committee on implementation of risk management and the effectiveness of the risk management (including ESG risks) 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 division 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.

As at 31 December 2023, 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.

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 as well as those relating to the Company's ESG performance and reporting.

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.

## WHISTLE-BLOWING SYSTEM

The Group attaches great importance to integrity and compliance work, pays close attention to anti-bribery, anti-corruption, and anti-unfair competition. The Group has established a whistleblowing policy and system to allow our employees and stakeholders to raise concerns on any potential business misconduct and malpractice confidentially. The Discipline Inspection and Supervision Department was also set up to handle matters arising from whistleblower reports in an effective manner. The whistle-blowers are able to raise concern to the Audit Committee. The Group is also committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.



# CORPORATE GOVERNANCE REPORT

## ANTI-BRIBERY AND ANTI-CORRUPTION SYSTEM

The Group has in place an anti-bribery and anti-corruption policies and systems for all its employees to eliminate bribery, extortion, and other frauds. Employees are required to act with integrity and to report any suspected bribery and corruptions cases to Discipline Inspection and Supervision Department of the Company.

## 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 2023, 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 pages 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 2023, 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 56 in this annual 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. 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.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS

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

1. The Board shall on the written requisition of any one 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 registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11 Bermuda and the head office and principal place of business in Hong Kong at Rooms 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, for the attention of the Company Secretary of the Company.
2. The Requisition will be verified by the branch share registrar of the Company in Hong Kong, and if the Requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the requirements under the Bye-laws to all the registered shareholders. On the contrary, if the Requisition has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.
3. 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 as a physical meeting at only one location, 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.
4. 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 may also make enquiries with the Board at the general meetings of the Company.

### **Procedures for putting forward proposals at shareholders' meetings other than a proposal of a person for election as director**

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. Shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (ii) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.
2. The written request/statements must be signed by the shareholder(s) concerned and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11 Bermuda and the head office and principal place of business in Hong Kong at Rooms 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, for the attention of the Company Secretary of the Company, not less than six weeks before the AGM in the case of a request requiring notice of a resolution and not less than one week before the general meeting in the case of a statement.
3. The request will be verified by the branch share registrar of the Company in Hong Kong and if the request is proper and in order, the Company Secretary will ask the Board of the Company (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition has been verified as not in order or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

For a proposal in relation to the election of a person as a Director of the Company, shareholders of the Company 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

### Shareholders Communication Policy

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders so that they can exercise their rights in an informed manner. Information about the Company is disseminated to the shareholders through the following multi-channels:

1. Delivery of interim, annual reports as well as circulars to all shareholders of the Company;
2. Publication of announcements regarding interim results, annual results or other announcements in accordance with the continuing disclosure obligations under the Listing Rules as well as online sustainability reports and media releases on the websites of the Company and the Stock Exchange;
3. A dedicated investors and analyst briefing call to be conducted immediately following the release of an interim results or annual results;
4. Investor meetings upon request through various channels including but not limited to meetings such as one-on-one/group meeting in person, virtual-conference, conference-calls and emails;
5. Timely updates with research analysts, in order to deliver insights to investors with collaborative third party opinion in a fair and objective manner;
6. Publication of latest news and issues of the Company concerned by shareholders or potential investors through the 'Investor Relations' section of official website of the Company and enterprise social media, in order to spread over all kinds of investors especially for medium and small investors; and
7. Convening the annual general meeting or special general meetings is an effective communication channel between the Board and shareholders of the Company.

The aforesaid channels allow the Company to receive feedback from its shareholders and institutional shareholders. In addition, the Company has dedicated email accounts for taking enquiries from shareholders or potential investors.

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.

The Audit Committee is responsible for the review of the implementation and effectiveness of the shareholders' communication policy ("Policy"). The Audit Committee had undertaken the review and the implementation and effectiveness of the Policy was confirmed.

# CORPORATE GOVERNANCE REPORT

## INVESTOR RELATIONS *(Continued)*

### Communication with shareholders

During the financial year ended 31 December 2023, the Group has proactively taken the following measures in order to ensure effective shareholders' communication and enhance our transparency:

1. A number of the Board members attended the 2023 annual general meeting during the year to provide shareholders with opportunities to understand the latest development of the Group and raise questions;
2. The Group 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
3. 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

During the year, the Company has made amendments to the Bye-laws to (i) bring the Bye-laws in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022; (ii) allow electronic and hybrid general meetings of the Company to be convened; and (iii) make other consequential and house-keeping amendments. The amended and restated Bye-laws were adopted by the Company with effect from the special resolution passed at the AGM held on 7 June 2023. For details of the amendments, please refer to the AGM circular of the Company dated 27 April 2023.

## COMPLIANCE WITH REGULATIONS

The Group is not aware of any instances of material breach of or non-compliance with the applicable laws and regulations such as the Hong Kong Companies Ordinance (Cap. 622), Listing Rules, and other applicable local laws and regulations in various jurisdictions during the year ended 31 December 2023.

## CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2023, in the opinion of the Board, the Company complied with all code provisions set out in the Corporate Governance Code as set out in Appendix C1 of the Listing Rules.