

# CORPORATE GOVERNANCE REPORT

The Board is committed to maintain a good standard of corporate governance practices within the Group as set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

## CORPORATE GOVERNANCE PRACTICES

The Company has complied with code provisions as set out in the CG Code for the year ended 31st December, 2023 except the followings:

Code provision C.1.6, generally independent non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Yu Kwok Kan, Stephen and Mr. Chan Yat Yan were unable to attend the annual general meeting of the Company held on 9th June, 2023 due to their other business engagement.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standards set out in Appendix 10 to the Listing Rules (the “Model Code”). Specific enquiry has been made by the Company to each director of the Company confirming that they have complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the year ended 31st December, 2023.

## THE BOARD

The Board currently comprises four executive directors and three independent non-executive directors. The members of the Board during the year and up to the date of this report are:

### Executive Directors

Mr. Pang Tak Chung <sup>MH</sup> (*Chairman*)  
Mr. Ho Wai Yu, Sammy (*Vice Chairman*)  
Ms. Pang Wan Ping (*Chief Executive Officer*)  
Mr. Pang Chi To

### Independent Non-executive Directors

Mr. Hai Tuen Tai, Freddie  
Mr. Luk Kam Fan, Jimmy  
Mr. Linn Hon Chung, Ambrose (appointment effective 1st February, 2023)  
Mr. Yu Kwok Kan, Stephen (retirement effective 9th June, 2023)  
Mr. Chan Yat Yan (retirement effective 9th June, 2023)

The directors acknowledged their responsibilities for the preparation of the accounts of the Group.

# CORPORATE GOVERNANCE REPORT

The Board is responsible for overseeing overall management of business and strategic development, deciding business and investment plans and exercising other powers, functions and duties conferred by shareholders at the general meeting. All directors have full and timely access to all relevant information in relation to the Company as well as the advices and services of the company secretary, if and when required, with a view to ensuring that the Board procedures and all applicable rules and regulations are followed.

For a director to be considered independent, the director must not have any direct or indirect material relationship with the Group. The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and considers each of the independent non-executive directors to be independent.

The directors and officers' liability insurance has been arranged for all directors and officers of the Group.

## TRAINING AND SUPPORT FOR DIRECTORS

All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The company secretary from time to time reports latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime and arranges suitable trainings related to the roles, functions and responsibilities of the directors. The Company encourages all directors to attend external courses for knowledge strengthened relating to the director's roles and responsibilities of a listed company, and course fee for which could be reimbursable fully upon applied.

All directors have provided to the Company their records of training which they have received during the year. Details as follows:

<b>Name</b>	<b>Attending seminar(s) or programme(s)/ reading relevant materials</b>
<b>Executive Directors</b>	
Mr. Pang Tak Chung MH	✓
Mr. Ho Wai Yu, Sammy	✓
Ms. Pang Wan Ping	✓
Mr. Pang Chi To	✓
<b>Independent Non-executive Directors</b>	
Mr. Hai Tuen Tai, Freddie	✓
Mr. Luk Kam Fan, Jimmy	✓
Mr. Linn Hon Chung, Ambrose (appointment effective 1st February, 2023)	✓
Mr. Yu Kwok Kan, Stephen (retirement effective 9th June, 2023)	✓
Mr. Chan Yat Yan (retirement effective 9th June, 2023)	✓

# CORPORATE GOVERNANCE REPORT

## TERMS OF NON-EXECUTIVE DIRECTORS

Code provision of the CG Code requires that non-executive directors should be appointed for a specific term and subject to re-election.

The Company has entered into service contracts with the directors (including non-executive directors) which set out key terms and conditions relative to their appointments. All of them have agreed and accepted with the terms and conditions under their respective service contracts. The service contracts of all non-executive directors are on an annual renewable basis.

All directors of the Company shall be subject to retirement by rotation at least once every three years in accordance with the Company's Bye-laws.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year, the role of the chairman and chief executive officer are held separately by Mr. Pang Tak Chung 潘國輝 and Ms. Pang Wan Ping. The chairman is responsible for overall strategic planning and business move of the Group. The chief executive officer is responsible for overseeing core business units of the Group on their overall managements each respectively, coordinating various activities among the Group's operations, identifying new project and looking after its development.

## COMPANY SECRETARY

Mr. Ho Wai Yu, Sammy is the company secretary, who is also an executive director of the Company. He supports the Board, ensures good information flow within the Board and Board policy and procedures are followed, advises the Board on governance matters and arranges continuous professional development to the directors. His biography is set out in the "Biography of Directors and Senior Management" of this annual report.

## BOARD MEETINGS

The Board met four times regularly during the year. At the meetings the directors discussed and formulated overall strategies for the Group, monitored financial performance and discussed respectively the quarterly, interim and annual results, as well as other significant matters. Daily operational matters are delegated to the management.

The company secretary assists the chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are followed. He also keeps detailed minutes of each meeting, which are available to all directors. Draft copies of the minutes have been circulated to all directors for comment and approval as soon as practicable after each meeting.

All directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have unrestricted access to the advice and services of company secretary, who is responsible for providing directors with board papers and related materials and ensuring that board procedures are followed.

# CORPORATE GOVERNANCE REPORT

## BOARD DIVERSITY

The Board adopted per the Company's self condition of the board diversity policy ("Board Diversity Policy") in accordance with the requirement set out in the CG Code. Such policy aims to set out the approach to achieve diversity on the Board. Under the Board Diversity Policy, the appointments and/or recommendation for appointment will be based on objective criteria, having due regard to the benefits of diversity on the Board, including but not limited to, the candidates' gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Board monitors, from time to time, the implementation of the Board Diversity Policy, and reviews, as appropriate, the policy to ensure the effectiveness of the Board Diversity Policy. The Board will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

## NOMINATION OF DIRECTORS

The Board is empowered under the Company's Bye-laws to appoint any person as a director either to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are based on objective criteria, having due regard to the benefits of diversity on the Board under the Board Diversity Policy.

## AUDIT COMMITTEE

The Company established its audit committee on 5th January, 1999 with written terms of reference which are in line with the CG Code and available on the Company's website. The audit committee comprises Messrs. Hai Tuen Tai, Freddie, Luk Kam Fan, Jimmy and Linn Hon Chung, Ambrose who are all independent non-executive directors. The audit committee shall meet at least twice a year to review the Group's financial reporting process and internal controls.

During the year, the audit committee met four times to review the completeness, accuracy and fairness of the Group's financial statements, financial reporting system, internal control system, the scope and nature of the external audit and matters concerning the engagement of external auditors. The Group's interim and annual results have been reviewed by the audit committee, who is of the opinion that the relevant financial statements of the Group are complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made. The adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function has also been reviewed by the audit committee.

## REMUNERATION COMMITTEE

The Company established its remuneration committee on 21st April, 2005 with written terms of reference which are in line with the CG Code and available on the Company's website. In order to comply with the requirements under the CG Code, a majority of the members of remuneration committee has to be independent non-executive directors. Currently, the remuneration committee comprises one executive director namely Mr. Pang Tak Chung <sup>MH</sup> and three independent non-executive directors namely Messrs. Hai Tuen Tai, Freddie, Luk Kam Fan, Jimmy and Linn Hon Chung, Ambrose.

The remuneration committee shall meet at least once a year to make recommendations to the Board on the Group's policy and structure for all remuneration of executive directors and on the establishment of formal and transparent procedures for developing policy on such remuneration.

The remuneration committee held one meeting during the year and discussed and reviewed the remuneration package of executive directors and the remuneration policy for executive directors for the year ended 31st December, 2023.

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## NOMINATION COMMITTEE

The Company established its nomination committee on 30th December, 2021 with written terms of reference which are in line with CG Code and available on the Company's website. In order to comply with the requirements under the CG Code, a majority of the members of nomination committee has to be independent non-executive directors. Currently, the nomination committee comprises one executive director namely Mr. Pang Tak Chung <sup>MH</sup> and three independent non-executive directors namely Messrs. Hai Tuen Tai, Freddie, Luk Kam Fan, Jimmy and Linn Hon Chung, Ambrose. Mr. Pang Tak Chung <sup>MH</sup> is the chairman of the nomination committee.

The nomination committee shall meet at least once a year to review the structure, size, diversity profile and skills set of members of the Board against its needs and make recommendation on the composition of the Board to achieve the Group's corporate strategy as well as promote shareholder value. It identifies suitable director candidates and selects or makes recommendation to the Board on the appointment or re-appointment of directors and succession planning of directors. Furthermore, it also assesses the independence of independent non-executive directors having regard to the criteria under the Listing Rules and reviews the director Nomination Policy and the Board Diversity Policy periodically and makes recommendation on any proposed revisions to the Board.

The nomination committee held one meeting during the year and discussed and reviewed the structure, size, diversity profile and skills set of members of the Board against its needs for the year ended 31st December, 2023.

## NOMINATION POLICY

The Board has also adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and procedure of appointing and re-appointing a Director. The selection criteria used in assessing the suitability of a candidate include, inter alia, his/her academic background and professional qualifications, relevant experience in the industry, character and integrity and whether he/she can contribute to the diversity of the Board as detailed in the Board Diversity Policy. The procedure of appointing and re-appointing a Director is summarised as follows:

- nomination and invitation of suitable candidates by any member of the Board;
- evaluation of the candidate by the Board based on all selection criteria as set out in the Nomination Policy;
- performing due diligence in respect of each candidate and making recommendation for the Board's consideration and approval;
- in case of nomination of an independent non-executive director, assessing the candidate's independence under the relevant code provisions of the CG Code and the Listing Rules;
- where nominating an independent non-executive director for election at general meetings, having due consideration of matters under code provision B.3.4 of the CG Code;
- in the context of re-appointment of retiring directors, reviewing the candidate's overall contribution and performance and making recommendations to the Board and/or the shareholders for consideration in connection with his/her re-election at general meetings; and
- convening a meeting of the Board to consider the appointment or re-appointment of the candidate as a director.

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## DIRECTORS' ATTENDANCE RECORDS FOR MEETINGS HELD DURING THE YEAR ENDED 31ST DECEMBER, 2023

Name	Number of Meetings attended/held during the year				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
<b>Executive Directors</b>					
Mr. Pang Tak Chung MH	4/4	N/A	1/1	1/1	1/1
Mr. Ho Wai Yu, Sammy	4/4	N/A	N/A	N/A	1/1
Ms. Pang Wan Ping	4/4	N/A	N/A	N/A	1/1
Mr. Pang Chi To	4/4	N/A	N/A	N/A	1/1
<b>Independent Non-executive Directors</b>					
Mr. Hai Tuen Tai, Freddie	4/4	4/4	1/1	1/1	1/1
Mr. Luk Kam Fan, Jimmy	4/4	4/4	1/1	1/1	1/1
Mr. Linn Hon Chung, Ambrose (appointment effective 1st February, 2023)	4/4	4/4	1/1	1/1	1/1
Mr. Yu Kwok Kan, Stephen (retirement effective 9th June, 2023)	0/1	0/1	N/A	N/A	0/1
Mr. Chan Yat Yan (retirement effective 9th June, 2023)	1/1	1/1	N/A	N/A	0/1

### DIVIDEND POLICY

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the articles of association of the Company. Subject to compliance with applicable laws, rules, regulations and the Articles of Association, in deciding whether to propose any dividend payout, the Board will take into account, among other things, the financial results, the earnings and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the current and future development plans of the Company.

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## **RISK MANAGEMENT AND INTERNAL CONTROL**

An effective risk management is integral to developing the strategy that drives business objectives of the Group. The Board provides oversight of the risk management process. With the implement a top-down and company-wide risk management and internal control systems that covers every aspect of the business, the risk management process is incorporated into the daily operations. All employees are reminded to stay vigilant to potential risks in the operations. The Board evaluates impacts of the potential risks in order to identify and pay attention to major risks in the business. The risk management and internal control systems are designed to manage rather than eliminate risks of failure to achieve business objectives, and can only provide reasonable, but not absolute assurance against material misstatement or loss.

The management of the Group has established the policies and procedures in areas of risk domains, including but not limited to financial, business and strategic, operational for safeguarding assets against any unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Group's risk management and internal control systems on an ongoing basis. Periodic meetings are held and guidance are issued to the directors and management where appropriate, to raise awareness of best corporate governance practices. The Group also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest.

### **Delegation of management functions**

The Board reserves its decision for all major matters in each the Group's business unit including approving and monitoring policy makings, overall strategies and budgets, internal controls systems and risk managements, material business transactions, capital commitments, bank credit arrangements, appointment of executive officers and other significant financial and operational matters.

The day to day management of each the Group's business unit is delegated to respective executive officer and operating management. The delegated functions and responsibilities are required to be reviewed periodically, approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Group's internal audit function carry out review work per respective pre-scheduled operation and procedure manual for each of the Group's business unit periodically and submit its findings, if any, for the audit committee's review and comment to the Group's risk management and internal control systems. Recommendation if any made from the audit committee, the Board is pleased to adopt where appropriate.

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## Handling and dissemination of inside information

The Group complies with requirements of Securities and Futures Ordinance (“SFO”) and the Listing Rules to formulate an inside information guideline on handling inside information and reminded the directors and employees about compliance with the guideline which is enforced in the staff handbook. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. Release of inside information shall be overseen by the Board. Unless authorised by the Board, the staff members of the Group shall not disseminate inside information relating to the Group to any external parties which may materially affect the trading price or volume of the shares on the market. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact which requires equal disclosure of both positive and negative facts.

In addition to the review of risk management and internal control systems undertaken within the Group, the external auditor also assesses the adequacy and effectiveness of certain key risk management and internal control as part of the statutory audits. Where appropriate, the external auditor’s recommendations are adopted and enhancements to the risk management and internal control will be made.

For the year ended 31st December, 2023, the Board considered the risk management and internal control systems of the Group to be effective and adequate. No significant areas of concern that might affect shareholders were identified.

## AUDITOR’S REMUNERATION

During the year ended 31st December, 2023, the fees paid/payable to the principal auditor of the Company, Deloitte Touche Tohmatsu (“Deloitte”), in respect of audit and non-audit services provided by Deloitte were as follows:

<b>Nature of services</b>	<b>Fee paid/ payable HK\$’000</b>
Audit services	2,370
Non-audit services	
– Agreed-upon procedures in relation to preliminary announcement of annual results	10
– Occupational Retirement Schemes under Practice Note	8
Total fees	<u>2,388</u>



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## COMMUNICATION WITH SHAREHOLDERS

The Company is committed to enhance communication and relationship with shareholders, general meeting of the Company provides a direct forum for communication between shareholders and the Board. General meeting includes annual general meeting (the "AGM") and special general meeting (the "SGM"), the AGM shall be convened by the Board while the SGM can be convened by the Board or shareholders. Other than the AGM, all general meetings of the Company are called the SGM.

The AGM allows the Company's directors to meet and communicate with shareholders yearly, a circular with form of proxy and notice of the AGM is dispatched to all shareholders at least 20 clear business days prior to the meeting date, setting out detail of each proposed resolution, poll voting procedure and other relevant information. In the AGM, the chairman would demand poll for each resolution being put forward to be voted in accordance with the Company's Bye-laws. After the AGM, all poll voting results would be published on the websites of the Stock Exchange and the Company respectively.

Apart from general meetings, the Company's website also acts as an efficient channel to provide both financial and non-financial information for shareholders, including corporate matters, business overview, interim and annual reports, press releases, announcements, circulars as well as overall industry development to enable shareholders to have a timely and an updated idea of the Group.

## SHAREHOLDERS' RIGHTS

### **The way in which shareholders can convene a SGM and the procedures for making proposals**

In accordance with the Company's Bye-laws, shareholders altogether holding not less than one-tenth of the Company's paid-up capital carrying voting right in general meetings of the Company shall at all times have the right by a written requisition to the Board to demand a SGM to transact proposal(s) requested and such SGM shall be held within 2 months from the date of the requisition deposited.

Within 21 days of such deposition, if the Board failed to convene such a meeting for shareholders, the meeting requisitionists may convene the SGM themselves to do the same in accordance with the Company's Bye-law.

Names and shareholdings registered with the Company of the requisitionists and their proposal(s) to be transacted in the SGM must be stated clearly in the written requisition and such requisition shall be deposited to the Company's head office in Hong Kong.

### **The procedures for sending enquiries to the Board**

Any enquiries from shareholders can be made by telephone, facsimile or email to the Company during office hours, or by letter sent to the Company's head office in Hong Kong.