

CORPORATE GOVERNANCE REPORT

Good corporate governance is the foundation of business success as it provides the basis for stakeholder confidence and sustainable returns for shareholders.

The Board believes that maintaining good corporate governance can build up a strong and healthy culture within the Group. It also strengthens the effectiveness of management, improves control mechanisms, enhances shareholder value, and fulfills satisfaction among shareholders and stakeholders. Board members and staff observe a set of sound policies, procedures, and rules.

The governance of sustainability is integrated into our corporate governance structure throughout the Group. The Group takes into account the long-term interest for shareholders and stakeholders by striking a balance between business development and the responsibility for the community.

Corporate Governance Framework

The Group's Corporate Governance Framework (the "Framework") is built on principles of accountability, transparency and integrity, with the aim of identifying all the key participants in good governance, their correlation and their contribution to the application of effective governance policies and processes.

The Board and Senior Management use the Framework as a performance-oriented benchmark in evaluating the achievement of the Group's business goals. In response to changes in regulatory requirements, environmental needs, social expectations and international relations, the Group regularly reviews the Framework, updates its management policies and practices, and ensures that the same are closely followed at all levels throughout the Group.

The corporate governance objectives are achieved primarily through the implementation of the following measures:

- ✔ Maintenance of a diverse and optimal board composition, establishment of efficient management reporting systems and retention of a professional management team to ensure that the Directors are sufficiently informed prior to making decisions in the best interests of the stakeholders;
- ✔ Establishment of thorough internal audit and control systems to safeguard against risks, protect the assets of the Group and ensure that its policies and management practices are executed as planned and that any irregularities, deviations, material misstatements and instances of malpractice are swiftly identified and rectified; and
- ✔ Establishment of transparent and effective communication channels to ensure that the Group's affairs are brought to the attention of shareholders, customers and other stakeholders.

Corporate Governance Code Compliance

The Company abides by the corporate governance principles contained in the Corporate Governance Code (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The CG Code sets out (a) the mandatory requirements for disclosure; and (b) the principles of good corporate governance with two levels of recommendations: (a) "Code Provisions" and (b) "Recommended Best Practices".

The Company complied with all applicable Code Provisions throughout the year ended 31 December 2022, except that two Directors of the Company were unable to attend the Annual General Meeting of the Company held on 19 May 2022 (the "2022 AGM") as provided for in Code Provision C.1.6 owing to other engagements.