

# CORPORATE GOVERNANCE REPORT

The Group continues to commit itself to maintaining high standards of corporate governance principles and practices with an emphasis on enhancing transparency and accountability and ensuring the application of these principles and practices within the Group and thereby, enhancing shareholders value and benefiting our stakeholders at large.

The Company has, throughout the year under review, complied with the code provisions (“Code Provisions”) as set out in the Corporate Governance Code, Appendix 14 to the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), except for the following deviations:

- A.4.1 — Non-executive Directors of the Company are not appointed for a specific term. They are, however, subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years in accordance with the Company’s Bye-laws.
- A.4.2 — The Chairman shall not, while holding such office, be subject to retirement by rotation or taken into account in determining the number of Directors to retire in each year. In the opinion of the Board, it is important for the stability and growth of the Company that there is, and is seen to be, continuity of leadership in the role of Chairman and, in consequence, the Board is of the view that the Chairman should not be subject to retirement by rotation or hold office for a limited term at the present time.

The Board is pleased to present the key corporate governance principles and practices followed by the Company during the year.

Code Ref.	Code Provisions	Corporate Governance Practices Compliance adopted by the Company
A	<b>DIRECTORS</b>	
A.1	<b>The Board</b> <b>Code Principle</b> The Board should assume responsibility for leadership and control of the issuer; and be responsible for directing and supervising the company’s affairs. The Board should take decisions objectively in the best interests of the issuer, and should regularly review the contribution required from a director to perform his responsibilities to the Company.	

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A.1.1	<ul style="list-style-type: none"> <li>Regular board meetings at least four times a year.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Board held four regular meetings during the year ended 30 June 2017.</li> <li>Details of Directors' attendance records are set out below: <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Executive Directors</u></th> <th style="text-align: right;"><u>Attendance</u></th> </tr> </thead> <tbody> <tr> <td>Wong Chung Chong (Chairman)<sup>(Note 1)</sup></td> <td style="text-align: right;">4/4</td> </tr> <tr> <td>Wong Kai Chi, Kenneth (Managing Director)<sup>(Note 1)</sup></td> <td style="text-align: right;">4/4</td> </tr> <tr> <td>Wong Kai Chung, Kevin (Vice Chairman)<sup>(Note 1)</sup></td> <td style="text-align: right;">4/4</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2"><u>Non-executive Directors</u></td> </tr> <tr> <td>Fung Wai Yiu</td> <td style="text-align: right;">3/4</td> </tr> <tr> <td>Lucas A.M. Laureys<sup>(Note 2)</sup></td> <td style="text-align: right;">0/4</td> </tr> <tr> <td>Herman Van de Velde</td> <td style="text-align: right;">4/4</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2"><u>Independent Non-executive Directors</u></td> </tr> <tr> <td>Marvin Bienenfeld</td> <td style="text-align: right;">2/4</td> </tr> <tr> <td>Chow Yu Chun, Alexander</td> <td style="text-align: right;">4/4</td> </tr> <tr> <td>Leung Churk Yin, Jeanny</td> <td style="text-align: right;">3/4</td> </tr> <tr> <td>Leung Ying Wah, Lambert</td> <td style="text-align: right;">4/4</td> </tr> <tr> <td>Lin Sun Mo, Willy</td> <td style="text-align: right;">4/4</td> </tr> </tbody> </table> </li> </ul> <p><i>Notes:</i></p> <ol style="list-style-type: none"> <li>Mr. Wong Chung Chong is the father of Mr. Wong Kai Chi, Kenneth and Mr. Wong Kai Chung, Kevin. Mr. Wong Kai Chi, Kenneth is the elder brother of Mr. Wong Kai Chung, Kevin.</li> <li>Mr. Lucas A.M. Laureys was absent from the meetings during the year for personal reasons.</li> </ol>	<u>Executive Directors</u>	<u>Attendance</u>	Wong Chung Chong (Chairman) <sup>(Note 1)</sup>	4/4	Wong Kai Chi, Kenneth (Managing Director) <sup>(Note 1)</sup>	4/4	Wong Kai Chung, Kevin (Vice Chairman) <sup>(Note 1)</sup>	4/4	 		<u>Non-executive Directors</u>		Fung Wai Yiu	3/4	Lucas A.M. Laureys <sup>(Note 2)</sup>	0/4	Herman Van de Velde	4/4	 		<u>Independent Non-executive Directors</u>		Marvin Bienenfeld	2/4	Chow Yu Chun, Alexander	4/4	Leung Churk Yin, Jeanny	3/4	Leung Ying Wah, Lambert	4/4	Lin Sun Mo, Willy	4/4
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A.1.2	<ul style="list-style-type: none"> <li>All directors be given an opportunity to include matters in the agenda for regular board meetings.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Regular Board meetings are scheduled at least 3 months in advance to give Directors the opportunity to include matters in the agenda.</li> </ul>																																

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A.1.3	<ul style="list-style-type: none"> <li>Notice of at least 14 days be given for regular board meetings.</li> </ul>	✓	<ul style="list-style-type: none"> <li>At least 14 days formal notice is given before each regular meeting.</li> </ul>
A.1.4	<ul style="list-style-type: none"> <li>Minutes of board meetings and board committee meetings should be kept by a duly appointed secretary of the meeting and open for inspection by directors.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company Secretary is responsible for taking minutes of Board meetings and Board Committee meetings. Such minutes are open for inspection by Directors.</li> </ul>
A.1.5	<ul style="list-style-type: none"> <li>Minutes of board meetings and board committee meetings should record in sufficient detail the matters considered and decisions reached.</li> <li>Draft and final versions of minutes should be sent to all directors for comments within a reasonable time.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Minutes recorded the matters considered and decisions reached in sufficient detail.</li> <li>Directors are given an opportunity to comment on draft Board minutes and minutes of board committee meetings which are sent to Directors within a reasonable time frame (generally within 14 days) of the relevant meeting.</li> <li>The signed Board minutes and minutes of board committee meetings are placed on record after the same have been reviewed and agreed amongst the Board members.</li> </ul>
A.1.6	<ul style="list-style-type: none"> <li>Agreed procedure for directors to seek independent professional advice at the company's expense.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company if the Company Secretary considers that such seeking of advice is necessary and appropriate.</li> </ul>
A.1.7	<ul style="list-style-type: none"> <li>If a substantial shareholder or a director has a conflict of interest in a material matter, a physical board meeting be held.</li> <li>Independent non-executive directors who have no material interest in the transaction be present at such meeting.</li> </ul>	✓	<ul style="list-style-type: none"> <li>There is a prescribed list of matters reserved for Board decision which includes matters involving a conflict of interest for a substantial shareholder or Director. The Company's Bye-laws provide for voting and quorum requirements conforming with the Code Provisions.</li> <li>Such matters are considered and approved by the full Board except those Directors who have conflict of interests in such matters.</li> </ul>
A.1.8	<ul style="list-style-type: none"> <li>Appropriate insurance cover in respect of legal action against directors.</li> </ul>	✓	<ul style="list-style-type: none"> <li>There is in place appropriate insurance cover for Directors' and Officers' liability.</li> </ul>

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Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
A.2	<p><b>Chairman and Chief Executive</b></p> <p><b>Code Principle</b></p> <p>There should be a clear division of responsibilities between the Chairman and the Chief Executive of the issuer to ensure a balance of power and authority.</p>		
A.2.1	<ul style="list-style-type: none"> <li>Roles of chairman and chief executive should be separated and performed by separate individuals.</li> <li>Division of responsibilities between chairman and chief executive should be clearly established and set out in writing.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The positions of the Chairman, the Managing Director and the Vice Chairman are held by Mr. Wong Chung Chong, Mr. Wong Kai Chi, Kenneth and Mr. Wong Kai Chung, Kevin respectively.</li> <li>The Chairman focuses on managing the Board issues and supervising the management team in adherence to the long term strategic development of the Group. The Managing Director is responsible for the Group's business development and marketing functions. The Vice Chairman is responsible for the Group's overall corporate functions and operations.</li> </ul>
A.2.2	<ul style="list-style-type: none"> <li>The chairman should ensure that all directors are properly briefed on issues arising at board meetings.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Chairman, with the support of the Managing Director, the Vice Chairman and the Company Secretary, has a clear responsibility to provide the whole Board with all the information that is relevant to the discharge of the Board's responsibilities.</li> <li>Board meetings are structured to encourage open discussion and frank debate.</li> </ul>
A.2.3	<ul style="list-style-type: none"> <li>The chairman should be responsible for ensuring that directors receive adequate information, which is accurate, clear, complete and reliable in a timely manner.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Board papers are normally sent to Directors at least three days before Board meetings.</li> </ul>

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A.2.4 to A.2.9	<p>Important roles for chairman including:</p> <ul style="list-style-type: none"> <li>• Drawing up and approving agenda for each board meeting.</li> <li>• Ensuring establishment of good corporate governance practices and procedures.</li> <li>• Encouraging all directors to make a full and active contribution to Board affairs, voice their concerns with different views and ensure the board decisions fairly reflected board consensus.</li> <li>• Holding meeting with non-executive directors and promoting a culture of openness and debate by facilitating effective contribution of non-executive directors.</li> <li>• Ensuring effective communication between the Board and shareholders.</li> </ul>		<ul style="list-style-type: none"> <li>• The Chairman, together with the Company Secretary, draws up agenda for each Board meeting after consultation with the relevant parties. The Chairman will also include in the agenda any matters proposed by other Directors.</li> <li>• The Chairman plays a key role in driving corporate governance development and a leading role in the corporate governance function held by the Board.</li> <li>• A Board calendar of meeting dates is normally planned prior to the beginning of a fiscal year. All Directors take active interest in Company affairs and participate in Board meetings with open discussions for contribution to the Company.</li> <li>• The Chairman meets with Non-executive Directors (including Independent Non-executive Directors) at least annually. They participate in Board meetings with open discussions and bring independent judgments and constructive comments to the Board.</li> <li>• General meetings are held at least once a year in which the Chairman, the Managing Director and the Vice Chairman will be present to answer any questions from shareholders. During the year under review, two general meetings were held at which, the Chairman, the Managing Director, the Vice Chairman and majority of Board members were present to answer questions from shareholders. Shareholders can also access the Company's latest information by visiting the Company's website (<a href="http://www.topformbras.com">www.topformbras.com</a>). The Company has also set up procedures whereby shareholders can send enquiries and concerns to the Board and such procedures and other policies concerning communication with shareholders and shareholders' rights of the Company are available on the Company's website (<a href="http://www.topformbras.com">www.topformbras.com</a>).</li> </ul>

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Code Ref. Code Provisions		Corporate Governance Practices adopted by the Company	
A.3	<p><b>Board Composition</b></p> <p><b>Code Principle</b></p> <p>The board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business of the issuer and shall include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that independent elements can effectively be exercised.</p>		
A.3.1	<ul style="list-style-type: none"> <li>Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The composition of the Board represents a well-balanced mixture of skills and experience appropriate for the requirements of the business of the Company.</li> <li>Review of the Board composition is made regularly by the nomination committee.</li> <li>The composition of the Board by category is disclosed in all corporate communications and the updated biographical details of the Directors are set out in annual reports under the section headed "Biographical Details of Directors and Senior Management" and on the website of the Company (<a href="http://www.topformbras.com">www.topformbras.com</a>).</li> </ul>
A.3.2	<ul style="list-style-type: none"> <li>Maintain on the website an updated list of directors identifying their role and function and whether they are independent non-executive directors.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Biographies and designations of Directors are set out in annual reports under the section headed "Biographical Details of Directors and Senior Management" and also published on the Company's website and are updated when required. A list of names of Directors and their roles and functions is also published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") and the Company's website.</li> </ul>
A.4	<p><b>Appointments, Re-election and Removal</b></p> <p><b>Code Principle</b></p> <p>These should be a formal, considered and transparent procedure for the appointment of new directors and plans in place for orderly succession for appointments to the Board. All directors should be subject to re-election at regular intervals.</p>		
A.4.1	<ul style="list-style-type: none"> <li>Non-executive directors should be appointed for a specific term and subject to re-election.</li> </ul>	<i>Deviation explained</i>	<ul style="list-style-type: none"> <li>Non-executive Directors are not appointed for a specific term. They are, however, subject to retirement by rotation and re-election at least once every three years in accordance with the Company's Bye-laws.</li> </ul>

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A.4.2 <ul style="list-style-type: none"> <li>All directors appointed to fill a casual vacancy should be subject to election by shareholders at the next general meeting after their appointment.</li> </ul>		<ul style="list-style-type: none"> <li>In accordance with the Company's Bye-laws, newly appointed Directors to fill casual vacancies are required to offer themselves for re-election at the next general meeting following their appointments.</li> </ul>
<ul style="list-style-type: none"> <li>Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.</li> </ul>	<i>Deviation explained</i>	<ul style="list-style-type: none"> <li>Under the Company's Bye-laws, at each annual general meeting one-third of the Directors for the time being or, if the number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office. The Chairman shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year.</li> </ul> <p>In the opinion of the Board, it is important for the stability and growth of the Company that there is, and is seen to be, continuity of leadership in the role of Chairman and, in consequence, the Board is of the view that the Chairman should not be subject to retirement by rotation or hold office for a limited term at the present time.</p>
A.4.3 <ul style="list-style-type: none"> <li>Election of an independent non-executive director serving more than nine years. Include reason why considered to be independent and why should be re-elected.</li> </ul>		<ul style="list-style-type: none"> <li>Each of the Independent Non-executive Directors of the Company confirms annually his/her independence pursuant to Rule 3.13 of the Listing Rules of Hong Kong Stock Exchange.</li> <li>Ms. Leung Churk Yin, Jeanny and Mr. Lin Sun Mo, Willy, Independent Non-executive Directors of the Company since 19 September 2008 and 3 May 2006 respectively, will be subject to retirement by rotation and offer themselves for re-election at the forthcoming annual general meeting ("AGM"). The Board has expressed its view on the independence of Ms. Leung and Mr. Lin in a circular in relation to, among other matters, the re-election of retiring Directors at the AGM for shareholders' consideration.</li> </ul>

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A.5	<b>Nomination Committee</b>																														
A.5.1 to A.5.3	<ul style="list-style-type: none"> <li>The Company should establish a nomination committee which is chaired by the Chairman of the Board or an independent non-executive director and comprises a majority of independent non-executive directors. Written terms of reference specifying its authority and duties should be published on the HKEx's and the Company's website.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company established a Nomination Committee in February 2012 which is currently comprising Mr. Wong Chung Chong, Mr. Wong Kai Chi, Kenneth, Mr. Fung Wai Yiu, Mr. Herman Van de Velde, Mr. Marvin Bienenfeld, Mr. Chow Yu Chun, Alexander, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy, representing a majority of Independent Non-executive Directors.</li> <li>Written terms of reference which follows closely the requirements of the Code Provisions have been adopted by the Board and are available for review on the HKEx's website and the Company's website.</li> <li>During the year under review, one nomination committee meeting was held on 25 May 2017 to assess the independence of the independent non-executive directors and review the structure, size and composition of the Board.</li> <li>Details of their attendance records at the meetings during the year ended 30 June 2017 are set out below: <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><u>Executive Directors</u></th> <th style="text-align: right;"><u>Attendance</u></th> </tr> </thead> <tbody> <tr> <td>Wong Chung Chong</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>Wong Kai Chi, Kenneth</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <th style="text-align: left;"><u>Non-executive Directors</u></th> <th></th> </tr> <tr> <td>Fung Wai Yiu</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>Herman Van de Velde</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <th style="text-align: left;"><u>Independent Non-executive Directors</u></th> <th></th> </tr> <tr> <td>Marvin Bienenfeld</td> <td style="text-align: right;">0/1</td> </tr> <tr> <td>Chow Yu Chun, Alexander (Chairman)</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>Leung Churk Yin, Jeanny</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>Leung Ying Wah, Lambert</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>Lin Sun Mo, Willy</td> <td style="text-align: right;">1/1</td> </tr> </tbody> </table> </li> </ul>	<u>Executive Directors</u>	<u>Attendance</u>	Wong Chung Chong	1/1	Wong Kai Chi, Kenneth	1/1	 		<u>Non-executive Directors</u>		Fung Wai Yiu	1/1	Herman Van de Velde	1/1	 		<u>Independent Non-executive Directors</u>		Marvin Bienenfeld	0/1	Chow Yu Chun, Alexander (Chairman)	1/1	Leung Churk Yin, Jeanny	1/1	Leung Ying Wah, Lambert	1/1	Lin Sun Mo, Willy	1/1
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A.5.4	<ul style="list-style-type: none"> <li>Nomination committee should be provided with sufficient resources to perform its duties and should seek independent professional advice at the issuer's expense where necessary.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Committee is authorized by the Board to seek outside legal or other independent professional advice where necessary. It may also secure the attendance of outsiders with relevant experience if it considers appropriate.</li> </ul>
A.5.5	<ul style="list-style-type: none"> <li>A proposal for election of an individual as independent non-executive director at the general meeting, the issuer should include in a circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting the reason why such individual to be considered as independent.</li> </ul>	✓	<ul style="list-style-type: none"> <li>No appointment of independent non-executive director during the year under review.</li> </ul>
A.5.6	<ul style="list-style-type: none"> <li>The nomination committee should have a policy of board diversity.</li> </ul>	✓	<ul style="list-style-type: none"> <li>A Board Diversity Policy has been adopted by the Nomination Committee in August 2013.</li> <li>The main objective of the policy is to provide a guideline to the Nomination Committee in selecting candidates in terms of their merits and business and professional backgrounds to the Board with reference to the Company's existing and future business development needs.</li> </ul>

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<p>A.6 <b>Responsibilities of Directors</b> <b>Code Principle</b> Every director must always know his responsibilities as a director of an issuer and its conduct, business activities and development. Non-executive directors have the same duties of care and skill and fiduciary duties as executive directors.</p>		
<p>A.6.1</p> <ul style="list-style-type: none"> <li>• Every newly appointed director should receive a comprehensive, formal induction to ensure that he has a proper understanding of the issuer's operations and business; his responsibilities under the listing rules, applicable regulatory requirements, business and governance policies of the issuer.</li> </ul>		<ul style="list-style-type: none"> <li>• The Chairman and Company Secretary will usually brief the newly appointed Director for the duties and responsibilities he/she may perform as a Director of the Company and other regulatory requirements he/she may observe.</li> <li>• Directors are provided at quarterly Board meetings with comprehensive reports on the management's strategic plans, updates on business, financial objectives, plans and actions.</li> <li>• The Company Secretary is responsible for keeping all Directors updated on Listing Rules and other statutory requirements.</li> </ul> <p>Memos or emails are issued from time to time to keep Directors up to date with changes in Listing Rules and other regulations relevant to Directors in the discharge of their duties.</p>
<p>A.6.2</p> <ul style="list-style-type: none"> <li>• Function of non-executive directors include: <ul style="list-style-type: none"> <li>— participate in board meetings and bring an independent judgment to the board.</li> <li>— take the lead where potential conflicts of interest arise.</li> <li>— serve on board committees if invited.</li> <li>— scrutinise the issuer's performance.</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• Non-executive Directors participated actively in the affairs of the Company by attending the Board meetings and give independent advice and judgement on matters being discussed. If considered necessary, they will seek guidance and direction from the Chairman, the Managing Director and the Vice Chairman on the future business direction and strategic plans so as to gain a comprehensive understanding of the business of the Company to exercise their independent judgment.</li> <li>• Non-executive Directors review the financial information and operational performance of the Group on a regular basis.</li> <li>• The Audit Committee of the Company is wholly composed of Independent Non-executive Directors. The Compensation Committee is wholly composed of Non-executive Directors, with the majority being Independent Non-executive Directors. The Nomination Committee is composed of all categories of Directors, with the majority being Independent Non-executive Directors.</li> </ul>

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A.6.3	<ul style="list-style-type: none"> <li>Directors should ensure that they can give sufficient time and attention to the affairs of the issuer.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Except for absence of Mr. Lucas A.M. Laureys (a Non-executive Director) due to personal reason for relevant meetings, there was satisfactory attendance for Board and Board Committee meetings during the year.</li> </ul> <p>Please refer to A.1.1, A.5.1, B.1.2, C.3.3 and C.3.4 for details.</p>
A.6.4	<ul style="list-style-type: none"> <li>Directors must comply with the Model Code.</li> <li>Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules (“Model Code”) as its own code for Directors’ dealings in securities of the Company.</li> </ul> <p>Having made specific enquiries, the Company confirmed that each of the Directors has complied with the required standards during the year.</p> <ul style="list-style-type: none"> <li>Employees who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.</li> </ul>
A.6.5	<ul style="list-style-type: none"> <li>Directors should participate in continuous professional development and refresh their knowledge and skills, with appropriate emphasis on the roles, functions and duties of a listed company director.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company Secretary has provided all Directors with relevant directors’ guides for their discharge of duties and updates on changes of relevant rules and regulations.</li> <li>During the year, the Directors’ knowledge and skills are continuously developed and refreshed by reading materials, webcast and guidelines on subjects relating to duties of directors and role and function of Board Committees as well as the Environmental, Social and Governance Reporting guide.</li> </ul>

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			<p>Records of the Directors' training during the year ended 30 June 2017 under review are as follows:</p> <p style="text-align: right;"><u>Reading Materials and Guidelines</u></p> <p><u>Executive Directors</u></p> <p>Wong Chung Chong (Chairman) ✓</p> <p>Wong Kai Chi, Kenneth (Managing Director) ✓</p> <p>Wong Kai Chung, Kevin (Vice Chairman) ✓</p> <p><u>Non-executive Directors</u></p> <p>Fung Wai Yiu ✓</p> <p>Lucas A.M. Laureys ✓</p> <p>Herman Van de Velde ✓</p> <p><u>Independent Non-executive Directors</u></p> <p>Marvin Bienenfeld ✓</p> <p>Chow Yu Chun, Alexander ✓</p> <p>Leung Churk Yin, Jeanny ✓</p> <p>Leung Ying Wah, Lambert ✓</p> <p>Lin Sun Mo, Willy ✓</p>
A.6.6	<ul style="list-style-type: none"> <li>Directors should disclose at the time of appointment (and at subsequent times) all offices held in other public companies and other significant commitments.</li> </ul>	✓	<ul style="list-style-type: none"> <li>On appointment, Directors have disclosed all relevant information to the Board. They will disclose any change of such information to the Company in a timely manner and such information is updated in annual reports and the Company's website.</li> </ul>
A.6.7	<ul style="list-style-type: none"> <li>Directors should ensure regular attendance and active participation at board, board committee and general meetings through which to demonstrate their skills, expertise and varied backgrounds and qualifications.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Except for absence of Mr. Lucas A.M. Laureys (a Non-executive Director) due to personal reason for relevant meetings, there was satisfactory attendance for Board meetings, Board Committee meetings and general meeting during the year. Please refer to A.1.1, A.5.1, B.1.2, C.3.3 and C.3.4 for details.</li> <li>During Board and Board Committee meetings, there were open discussions amongst the Board and Board Committee members and constructive advice was given to the Board. Directors and chairmen of respective Board Committees were available at general meeting to answer questions from shareholders.</li> </ul>
A.6.8	<ul style="list-style-type: none"> <li>Non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Details on the roles and functioning of as well as the work performed by Non-executive Directors (including Independent Non-executive Directors) are set out above.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
A.7	<p><b>Supply of and Access to Information</b></p> <p><b>Code Principle</b></p> <p>Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and to perform their duties and responsibilities.</p>		
A.7.1	<ul style="list-style-type: none"> <li>Board papers should be sent to all directors at least three days before regular board or board committee meetings.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Board papers are circulated no less than three days before regular Board or Board Committee meetings.</li> </ul>
A.7.2	<ul style="list-style-type: none"> <li>Management has an obligation to supply the board and its committees with adequate information in a timely manner to enable it to make informed decisions. The information supplied must be complete and reliable.</li> <li>Each director should have separate and independent access to senior management for making further enquiries where necessary.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Chief Financial Officer (also acting as the Company Secretary) attended all regular Board and Board Committee meetings to advise on corporate governance, statutory compliance, accounting and financial matters.</li> <li>Senior management is from time to time brought into formal and informal contact with the Board at Board meetings and other events to provide briefings and advices on matters discussed at the meetings.</li> </ul>
A.7.3	<ul style="list-style-type: none"> <li>Directors are entitled to have access to board papers and related materials; queries raised by directors should be responded promptly and fully.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Board papers and related materials are circulated to Directors three days prior to Board meetings and Board Committee meetings and are made available for inspection at any time by Board members and Committee members.</li> <li>The Executive Directors, with the support of the Chief Financial Officer (also acting as the Company Secretary), play a leading role in ensuring that queries are answered promptly and fully.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
B	<b>REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION</b>		
B.1	<b>The Level and Make-up of Remuneration and Disclosure</b> <i>Code Principle</i> A formal and transparent procedure should be established for setting policy on executive director remuneration and remuneration packages for all directors. No director should be involved in deciding his own remuneration.		
B.1.1	<ul style="list-style-type: none"> <li>The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and have access to independent professional advice if necessary.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company established a Compensation Committee in 2001.</li> <li>There is close liaison and consultation between the Committee and the Chairman on all human resource issues.</li> <li>Committee members are aware that access to professional advice is available if considered necessary.</li> </ul>
B.1.2	<ul style="list-style-type: none"> <li>Terms of reference of the remuneration committee to include:                             <ul style="list-style-type: none"> <li>— make recommendations to the board on policy and structure for remuneration of all directors and senior management.</li> <li>— review and approve management's remuneration proposals with reference to the Board's corporate goals and objectives.</li> </ul> </li> </ul>	✓	<ul style="list-style-type: none"> <li>The terms of reference of the Compensation Committee follow closely the requirements of the Code Provisions that have been adopted by the Board.</li> <li>The Compensation Committee has the responsibility delegated by the Board to review and assess the remuneration packages of individual executive directors and senior management and make recommendations to the Board.</li> <li>During the year ended 30 June 2017, members of the Committee had held one meeting at which the remuneration of Non-executive Directors was reviewed and recommendations were made to the Board for approval.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company												
	<ul style="list-style-type: none"> <li>— either to determine, with delegated responsibility, specific remuneration packages of individual executive directors and senior management; or to make recommendations to the Board for this purpose.</li> <li>— make recommendations to the Board on remuneration of non-executive directors.</li> <li>— consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group.</li> <li>— review and approve the compensation payable to executive directors and senior management for loss or termination of office or appointment or relating to dismissal or removal of directors for misconduct.</li> <li>— ensure that no director or any of his associates is involved in deciding his own remuneration.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• The Committee comprises the following members and details of their attendance records at the meeting held during the year ended 30 June 2017 are set out below:               <table style="margin-left: 20px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Independent Non-executive Directors</u></th> <th style="text-align: left;"><u>Attendance</u></th> </tr> </thead> <tbody> <tr> <td>Marvin Bienenfeld (<i>Chairman</i>)<sup>(note)</sup></td> <td style="text-align: right;">0/1</td> </tr> <tr> <td>Leung Churk Yin, Jeanny</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>Leung Ying Wah, Lambert</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td colspan="2" style="padding-top: 10px;"><u>Non-executive Director</u></td> </tr> <tr> <td>Herman Van de Velde</td> <td style="text-align: right;">1/1</td> </tr> </tbody> </table> <p style="margin-left: 20px;"><i>Note:</i> Mr. Marvin Bienenfeld has designated Mr. Leung Ying Wah, Lambert to chair the meeting.</p> </li> <li>• The Committee reviews compensation policies of the Group on a regular basis.</li> <li>• The compensation policy of the Group is designed to reflect performance, complexity and responsibility with a view to attracting, motivating and retaining high performing individuals.</li> <li>• The Group's compensation policy for Non-executive Directors is designed to ensure that they are sufficiently but not excessively compensated for their efforts and time dedicated to the Group.</li> <li>• No individual Director is involved in deciding his own remuneration.</li> </ul>	<u>Independent Non-executive Directors</u>	<u>Attendance</u>	Marvin Bienenfeld ( <i>Chairman</i> ) <sup>(note)</sup>	0/1	Leung Churk Yin, Jeanny	1/1	Leung Ying Wah, Lambert	1/1	<u>Non-executive Director</u>		Herman Van de Velde	1/1
<u>Independent Non-executive Directors</u>	<u>Attendance</u>														
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Leung Ying Wah, Lambert	1/1														
<u>Non-executive Director</u>															
Herman Van de Velde	1/1														
B.1.3	<ul style="list-style-type: none"> <li>• The remuneration committee should make available its terms of reference and the authority delegated to it by the board.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• The terms of reference of the Compensation Committee are available for review on the HKEx's website and the Company's website.</li> </ul>												
B.1.4	<ul style="list-style-type: none"> <li>• The remuneration committee should be provided with sufficient resources to perform its duties.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• Independent professional advice will be brought to supplement internal resources where appropriate.</li> </ul>												

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company														
B.1.5	<ul style="list-style-type: none"> <li>Details of remuneration to senior management should be disclosed by band in annual reports.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Details of remuneration paid to members of senior management for the year ended 30 June 2017 are as follows:</li> </ul> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">HK\$</td> </tr> <tr> <td>Salaries and other benefits</td> <td style="text-align: right;">6,618,709</td> </tr> <tr> <td>Retirement benefit scheme contributions</td> <td style="text-align: right;">72,000</td> </tr> <tr> <td></td> <td style="text-align: right;">Number of individuals</td> </tr> <tr> <td>HK\$1,000,001 to HK\$1,500,000</td> <td style="text-align: right;">1</td> </tr> <tr> <td>HK\$1,500,001 to HK\$2,000,000</td> <td style="text-align: right;">2</td> </tr> <tr> <td>HK\$2,000,001 to HK\$2,500,000</td> <td style="text-align: right;">1</td> </tr> </table>		HK\$	Salaries and other benefits	6,618,709	Retirement benefit scheme contributions	72,000		Number of individuals	HK\$1,000,001 to HK\$1,500,000	1	HK\$1,500,001 to HK\$2,000,000	2	HK\$2,000,001 to HK\$2,500,000	1
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<b>Recommended Best Practices</b>																	
B.1.7	<ul style="list-style-type: none"> <li>A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Details of remuneration of Executive Directors are disclosed on an individual basis in the annual report. A significant proportion of the compensation of Executive Directors and senior management is based on individual performance and the financial performance of the Group.</li> </ul>														
C	<b>ACCOUNTABILITY AND AUDIT</b>																
C.1	<b>Financial Reporting</b>																
	<b>Code Principle</b>																
	The Board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.																
C.1.1	<ul style="list-style-type: none"> <li>Management to provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put forward to the board for approval.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Directors are provided with a review of the Group's major business activities and detailed financial information on a quarterly basis.</li> </ul>														
C.1.2	<ul style="list-style-type: none"> <li>Management to provide monthly updates to the Board in sufficient details for its assessment of the issuer's performance, position and prospect.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Management provides monthly accounts or updates to Board members, whenever necessary, facilitating a balanced and understandable assessment and appraisal of the Company's performance, position and prospect.</li> </ul>														

# CORPORATE GOVERNANCE REPORT

Code Ref. Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
<p>C.1.3</p> <ul style="list-style-type: none"> <li>The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts.</li> <li>A Statement by the auditors regarding their reporting responsibilities in the auditors' report on the financial statements.</li> <li>Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary.</li> </ul>		<ul style="list-style-type: none"> <li>The Directors annually acknowledge their responsibility for preparing the financial statements of the Group.</li> <li>The Companies Ordinance requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of their respective profit or loss for the year then ended. In preparing the financial statements, the Directors are required to: <ul style="list-style-type: none"> <li>select suitable accounting policies and apply them on a consistent basis, making judgments and estimates that are prudent, fair and reasonable;</li> <li>state the reasons for any significant departure from accounting standards; and</li> <li>prepare the financial statements on a going concern basis, unless it is not appropriate to assume that the Company and the Group will continue in business for the foreseeable future.</li> </ul> <p>The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention of fraud and other irregularities.</p> <li>The Auditor's Report states auditors' reporting responsibilities.</li> <li>Directors are not aware of any matters and uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.</li> </li></ul>

# CORPORATE GOVERNANCE REPORT

Code Ref. Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
C.1.4 <ul style="list-style-type: none"> <li>Director should include in a separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the issuer generates or preserves value over the longer term (business model) and the strategy for delivering such objectives.</li> </ul>		<ul style="list-style-type: none"> <li>This information is stated in the "Chairman's Statement" and "Management Discussion and Analysis" sections in annual reports.</li> </ul>
C.1.5 <ul style="list-style-type: none"> <li>The board should present a balanced, clear and understandable assessment in annual/interim reports and other financial disclosures required under the Listing Rules and other statutory requirements.</li> </ul>		<ul style="list-style-type: none"> <li>The Board aims to present a clear, balanced and understandable assessment of the Group's performance and financial position in all shareholder communications.</li> <li>The Board is aware of the requirements under the Listing Rules about timely disclosure of inside information regarding the Company and will arrange to issue and publish such announcements as and when the occasions arise. The Company Secretary will consult and seek legal advice on the materiality and sensitivity of certain material and connected transactions and advise the Board accordingly.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref. Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
<p>C.2 <b>Risk Management and Internal Controls</b> <b>Code Principle</b> The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the issuer's strategic objectives, and ensuring that the issuer establishes and maintains appropriate and effective risk management and internal controls systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the board on the effectiveness of these systems.</p>		
<p>C.2.1</p> <ul style="list-style-type: none"> <li>The board should oversee the issuer's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the risk management and internal control systems of the issuer and its subsidiaries has been conducted at least annually and report that they have done so in their Corporate Governance Report.</li> <li>The review should cover all material controls, including financial, operational and compliance controls.</li> </ul>		<ul style="list-style-type: none"> <li>The Board, with the support of Internal Audit Department, has overall responsibility for establishing and maintaining appropriate risk management and internal control systems of the Group and reviewing their effectiveness.</li> <li>The Internal Audit Department conducts reviews on the adequacy and effectiveness of the Group's risk management and internal control systems and reports their findings to the Audit Committee. The review covers financial, operational and compliance control in accordance with an annual audit plan reviewed and endorsed by the Audit Committee at the beginning of each financial year. The Internal Audit Department provides independent assurance to the Audit Committee and the Board on the adequacy and effectiveness of the risk management and internal control systems for the Group during the year under review.</li> <li>The Board has reviewed and is satisfied as to the effectiveness and adequacy of the risk management and internal control systems of the Group during the year under review.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
C.2.2	<ul style="list-style-type: none"> <li>The annual review should ensure the adequacy of resources, qualifications and experience of staff, training programmes and budget of the issuer's accounting, internal audit and financial reporting functions.</li> </ul>		<ul style="list-style-type: none"> <li>There have been sufficient resources put in place within the Group to perform the accounting, internal audit and financial reporting functions.  The finance team, led by the Chief Financial Officer, with the support of a group of accounting professionals, is responsible for the oversight of the Group's finance and control functions. Adequate training is provided to the finance team and relevant staffs. In addition to the "On-the-job" and internal training, senior staff will regularly attend seminars with topics of relevance to them in discharging their duties, updating their professional knowledge as well as coaching their subordinates.</li> <li>The Board has reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget during the year under review and considered that the Group has adequate of staff resources with qualifications and experience necessary for the effective performance of the Group's accounting, internal audit and financial reporting functions.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref. Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
<b>Recommended Best Practices</b>		
<p>C.2.3</p> <ul style="list-style-type: none"> <li>• The board’s annual review should, in particular consider:               <ul style="list-style-type: none"> <li>— the changes since the last annual review in the nature and extent of significant risks, and the issuer’s ability to respond to changes in its business and the external environment.</li> <li>— the scope and quality of management’s ongoing monitoring of risks and of internal control systems, and where applicable, the work of its internal audit function and other assurance providers.</li> <li>— the extent and frequency of communication of monitoring results to the board which enables it to assess control of the issuer and the effectiveness of risk management.</li> <li>— significant control failings or weaknesses that have been identified during the period.</li> <li>— the effectiveness of the issuer’s processes for financial reporting and Listing Rule compliance.</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• The annual review by the Board considered all these matters.</li> <li>• There were no significant control failings or weakness identified.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref. Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
<p>C.2.4</p> <ul style="list-style-type: none"> <li>• Narrative statement on compliance with code provisions on risk management and internal control including:               <ul style="list-style-type: none"> <li>— process used to identify, evaluate and manage significant risks.</li> <li>— the main features of the risk management and internal control systems.</li> <li>— acknowledgement by the board that it is responsible for the risk management and internal control systems and reviewing their effectiveness. It should also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.</li> <li>— process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects.</li> <li>— procedures and internal controls for the handling and dissemination of inside information.</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• The Board has overall responsibility for risk management and internal control systems of the Group and reviewing their effectiveness.</li> <li>• The Group has in place the risk management and internal control systems which are designed in light of the nature of business as well as the organization structure.</li> <li>• The Group has adopted a holistic approach to identify, assess, mitigate, report and monitor the risks. The management assessed the likelihood of risk occurrence, provide mitigation plans and monitor the risk management progress. Findings and recommendations are reported regularly to the Audit Committee and the Board.</li> <li>• The Group's system of internal control includes a defined management structure with limits of authority and is designed to further the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or publication, and ensure compliance with relevant legislation and regulations.</li> <li>• The risk management and internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.</li> <li>• The management adopts a hands-on approach to the operations of the business and delegation of authority is limited.</li> <li>• Detailed operational and financial budgets are prepared and reviewed by the responsible Directors prior to being adopted.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref. Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
		<ul style="list-style-type: none"> <li>• Robust controls are in place for the recording of complete, accurate and timely accounting and management information. Comprehensive monthly management accounts are prepared, reviewed with, and distributed to appropriate senior managers. In addition, monthly operational review meetings of various operating plants are held. The Chairman, the Managing Director and the Vice Chairman play leading roles in these meetings.</li> <li>• There are internal procedures and controls for the handling and dissemination of inside information. The Group has adopted and implemented a Continuous Disclosure Policy since 22 February 2013. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbors as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcement or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.</li> </ul>
<p>C.2.5 The issuer should have an internal audit function. Issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.</p>		<ul style="list-style-type: none"> <li>• The Group has an internal audit function. The Head of Internal Audit Department has direct access to the Chairman of the Audit Committee. The work plan of the Internal Audit Department focuses on those areas of the Group's activities with the greatest perceived risk and the plan is reviewed and approved by the Audit Committee. The results of internal audit reviews and corresponding remedial actions taken are reported to the Executive Directors and Audit Committee periodically.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company												
C.3	<p><b>Audit Committee</b></p> <p><b>Code Principle</b></p> <p>The board should establish formal and transparent arrangements for considering how it applies the financial reporting and internal controls principles and for maintaining an appropriate relationship with the company's auditors. The audit committee should have clear terms of reference.</p>														
C.3.1	<ul style="list-style-type: none"> <li>Minutes should be kept by a duly appointed secretary and sent to all committee members within a reasonable time.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Minutes are prepared by the Company Secretary and sent to members of the Audit Committee within 14 days of each meeting.</li> </ul>												
C.3.2	<ul style="list-style-type: none"> <li>A former partner of existing auditing firm shall not act as a member of the committee for 1 year after he ceases to be a partner of or to have any financial interest in the firm, whichever is the later.</li> </ul>	✓	<ul style="list-style-type: none"> <li>No member of the Audit Committee is a partner of or has financial interest in the existing auditing firm of the Company.</li> </ul>												
C.3.3 and C.3.4	<ul style="list-style-type: none"> <li>The terms of reference of the audit committee should include:                             <ul style="list-style-type: none"> <li>— relationship with the issuer's external auditors.</li> <li>— review of the issuer's financial information.</li> <li>— oversight of the issuer's financial reporting system, risk management and internal control systems.</li> </ul> </li> <li>The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company established an audit committee in 1998 and all of its members are Independent Non-executive Directors.</li> <li>The terms of reference of the Audit Committee follow closely the requirements of the Code Provisions that have been adopted by the Board and are available for review on the HKEx's website and the Company's website.</li> <li>Under its terms of reference, the Committee reviews the Group's financial information and oversees the financial reporting system, risk management and internal control systems; it also approves the scope of work of the Internal Audit Department and oversees the relationship with the external auditors.</li> <li>The Audit Committee currently consists of the following members and two meetings have been held during the year ended 30 June 2017. Details of committee members' attendance records are set out below:                             <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><u>Independent Non-executive Directors</u></th> <th style="text-align: left;"><u>Attendance</u></th> </tr> </thead> <tbody> <tr> <td>Leung Ying Wah, Lambert (Chairman)</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Marvin Bienenfeld</td> <td style="text-align: right;">1/2</td> </tr> <tr> <td>Chow Yu Chun, Alexander</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Leung Churk Yin, Jeanny</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Lin Sun Mo, Willy</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> </li> </ul>	<u>Independent Non-executive Directors</u>	<u>Attendance</u>	Leung Ying Wah, Lambert (Chairman)	2/2	Marvin Bienenfeld	1/2	Chow Yu Chun, Alexander	2/2	Leung Churk Yin, Jeanny	2/2	Lin Sun Mo, Willy	2/2
<u>Independent Non-executive Directors</u>	<u>Attendance</u>														
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# CORPORATE GOVERNANCE REPORT

Code Ref. Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
		<ul style="list-style-type: none"> <li>• The principal work performed by the committee during the year ended 30 June 2017 included:               <ul style="list-style-type: none"> <li>— review of the Company's financial statements for the year ended 30 June 2017 and for the six months ended 31 December 2016 and recommending such financial statements to the Board for their approval and adoption;</li> <li>— discussions with the external auditors and reporting to the Board any significant matters arising from the interim review and annual audit;</li> <li>— review of the audit reports submitted by Internal Audit Department regarding the systems of internal control and risk management;</li> <li>— review and approval of the audit planning; and</li> <li>— review of the Continuing Connected Transactions.</li> </ul> </li> </ul> <p>The Committee was satisfied as to the overall effectiveness of the internal controls and risk management process during the year under review.</p>
<p>C.3.5</p> <ul style="list-style-type: none"> <li>• If Audit Committee disagrees with the Board's view on the selection, appointment, resignation or dismissal of external auditors, a statement from the audit committee explaining its recommendation and reason for such disagreement should be included in the Corporate Governance Report.</li> </ul>		<ul style="list-style-type: none"> <li>• The Audit Committee recommended to the Board, subject to shareholders' approval at the AGM to re-appoint KPMG as the external auditors of the Company until the conclusion of next annual general meeting.</li> </ul> <p>For the year ended 30 June 2017, the external auditors received HK\$1,821,935 for audit services and HK\$183,900 for non-audit services. The non-audit services represented tax compliance services and salary tax advisory services.</p>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
C.3.6	<ul style="list-style-type: none"> <li>The audit committee should be provided with sufficient resources to perform its duties.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Independent professional advice will be brought to supplement internal resources where appropriate.</li> </ul>
C.3.7	<ul style="list-style-type: none"> <li>Terms of reference should include:               <ul style="list-style-type: none"> <li>— review of arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal controls or other matters.</li> <li>— to act as the key representative body for overseeing the issuer's relation with the external auditor.</li> </ul> </li> </ul>	✓	<ul style="list-style-type: none"> <li>The terms of reference updated with these items have been adopted by the Board.</li> <li>The Audit Committee oversees the relationship with the external auditors.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref. Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
<p>D <b>DELEGATION BY THE BOARD</b>            D.1 <b>Management Functions</b>  <b>Code Principle</b>            An issuer should have a formal schedule of matters specifically reserved for board approval. The board should give clear directions to management on the matters that must be approved by it before decisions are made on behalf of the issuer.</p>		
<p>D.1.1 and D.1.2</p> <ul style="list-style-type: none"> <li>• Board must give clear directions as to the powers of management, including where management should obtain prior board approval before making decisions or entering into any commitments on behalf of the issuer.</li> <li>• Formalize the functions reserved to the board and those delegated to management; and review those arrangements periodically to ensure that they remain appropriate to the needs of the company.</li> </ul>		<ul style="list-style-type: none"> <li>• The daily management, operation and administration functions of the Company are delegated to the management. The reporting system is designed to ensure that significant issues are reported to the Board on a regular basis.</li> <li>• There is a defined schedule of matters reserved for full Board approval, including:               <ul style="list-style-type: none"> <li>— long-term objectives and strategies;</li> <li>— audited financial statements and associated materials; review and approve interim and final results announcements and quarterly operational updates; convening general meetings;</li> <li>— recommendations as to dividend;</li> <li>— appointment, removal or re-designation of Directors;</li> <li>— remuneration of Non-executive Directors and changes in terms and conditions of employment of Executive Directors;</li> <li>— material connected transactions;</li> <li>— material acquisitions, disposals or joint-venture arrangements;</li> <li>— material raising of external finance;</li> <li>— appointment and removal of external auditors;</li> <li>— matters involving a conflict of interest for a substantial shareholder or Director; and</li> <li>— Create, issue, purchase, redeem or otherwise reorganize the Company's share capital.</li> </ul> </li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
D.1.3	<ul style="list-style-type: none"> <li>An issuer should disclose the respective responsibilities, accountabilities and contributions of the board and management.</li> </ul>	✓	<ul style="list-style-type: none"> <li>As set out in D.1.1 and D.1.2.</li> </ul>
D.1.4	<ul style="list-style-type: none"> <li>Issuers should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment.</li> </ul>	✓	<ul style="list-style-type: none"> <li>A formal appointment letter setting out the key terms and conditions relative to their appointment will be prepared for each newly appointed Director.</li> </ul>
D.2	<p><b>Board Committees</b> <b>Code Principle</b> Board committees should be formed with specific written terms of reference that deal clearly with the committees' authority and duties.</p>		
D.2.1	<ul style="list-style-type: none"> <li>Clear terms of reference to enable proper discharge of committees functions.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Three Board committees, Audit Committee, Compensation Committee and Nomination Committee have been established with clear and specific terms of reference.</li> </ul> <p>Please refer to A.5.1 to A.5.3, B.1.2, C.3.3 and C.3.4 for details.</p>
D.2.2	<ul style="list-style-type: none"> <li>The terms of reference should require committees to report their decisions and recommendations to the board.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Each Board Committee reports to the Board after the relevant meeting.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
D.3	<b>CORPORATE GOVERNANCE FUNCTIONS</b>		
D.3.1	<ul style="list-style-type: none"> <li>• The terms of reference should include:               <ul style="list-style-type: none"> <li>— developing and reviewing policies and practices on corporate governance and make recommendations to the board.</li> <li>— reviewing and monitoring training and continuous professional development of directors and senior management.</li> <li>— reviewing and monitoring policies and practices on legal and regulatory compliance issues.</li> <li>— developing, reviewing and monitoring the code of conduct applicable to employees and directors.</li> <li>— reviewing c o d e and disclosure of the Company in the Corporate Governance Report.</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• The terms of reference adopted by the Board follow closely the Code Provision D.3.1.</li> </ul>
D.3.2	<ul style="list-style-type: none"> <li>• The board should be responsible for performing corporate governance duties set out in D.3.1 or it may delegate the responsibilities to a committee.</li> </ul>		<ul style="list-style-type: none"> <li>• Corporate governance functions of the Company are held by the Board with Chairman of the Board playing a leading role. The Board places emphasis on good corporate governance practices and has reviewed the Group's corporate governance practices and code of conduct and compliance matters during the year.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company																																
E	<b>COMMUNICATION WITH SHAREHOLDERS</b>																																		
E.1	<b>Effective Communication</b> <i>Code Principle</i> The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.																																		
E.1.1	<ul style="list-style-type: none"> <li>A separate resolution be proposed by the chairman for each substantially separate issue.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Separate resolutions are proposed at the general meeting on each substantially separate issue, including the election of individual Directors.</li> </ul>																																
E.1.2	<ul style="list-style-type: none"> <li>The chairman of the board should attend the annual general meeting and invite the chairman of the audit, remuneration, nomination committees (as appropriate) or in the absence of the chairman of such committees, another members of the committees to attend and be available to answer questions at the annual general meeting.</li> <li>The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. An issuer's management should ensure that the external auditor attends the annual general meeting to answer questions.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Chairman of the Board chaired the 2016 annual general meeting held during the year and was available to answer questions from shareholders.</li> <li>The Chairman or members of respective Board Committees also attended the 2016 annual general meeting and were available to answer questions from shareholders.</li> <li>Details of Directors' attendance records at the 2016 annual general meeting are as follows: <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Executive Directors</u></th> <th style="text-align: right;"><u>Attendance</u></th> </tr> </thead> <tbody> <tr> <td>Wong Chung Chong (<i>Chairman</i>)</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Wong Kai Chi, Kenneth (<i>Managing Director</i>)</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Wong Kai Chung, Kevin (<i>Vice Chairman</i>)</td> <td style="text-align: right;">✓</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2"><u>Non-executive Directors</u></td> </tr> <tr> <td>Fung Wai Yiu</td> <td style="text-align: right;">✗</td> </tr> <tr> <td>Lucas A.M. Laureys</td> <td style="text-align: right;">✗</td> </tr> <tr> <td>Herman Van de Velde</td> <td style="text-align: right;">✓</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2"><u>Independent Non-executive Directors</u></td> </tr> <tr> <td>Marvin Bienenfeld</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Chow Yu Chun, Alexander</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Leung Churk Yin, Jeanny</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Leung Ying Wah, Lambert</td> <td style="text-align: right;">✓</td> </tr> <tr> <td>Lin Sun Mo, Willy</td> <td style="text-align: right;">✓</td> </tr> </tbody> </table> </li> <li>The external auditor attended the annual general meeting to answer questions from shareholders.</li> </ul>	<u>Executive Directors</u>	<u>Attendance</u>	Wong Chung Chong ( <i>Chairman</i> )	✓	Wong Kai Chi, Kenneth ( <i>Managing Director</i> )	✓	Wong Kai Chung, Kevin ( <i>Vice Chairman</i> )	✓	 		<u>Non-executive Directors</u>		Fung Wai Yiu	✗	Lucas A.M. Laureys	✗	Herman Van de Velde	✓	 		<u>Independent Non-executive Directors</u>		Marvin Bienenfeld	✓	Chow Yu Chun, Alexander	✓	Leung Churk Yin, Jeanny	✓	Leung Ying Wah, Lambert	✓	Lin Sun Mo, Willy	✓
<u>Executive Directors</u>	<u>Attendance</u>																																		
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# CORPORATE GOVERNANCE REPORT

Code Ref. Code Provisions	Compliance	Corporate Governance Practices adopted by the Company																												
		<ul style="list-style-type: none"> <li>During the year, a special general meeting (“SGM”) was held to approve the continuing connected transactions.</li> </ul> <p>The Chairman of the board and majority of members of Independent Board Committee attended the SGM and were available to answer questions from shareholders.</p> <ul style="list-style-type: none"> <li>Details of Directors’ attendance records at the SGM are as follows:</li> </ul> <table border="0"> <thead> <tr> <th data-bbox="839 808 1054 837"><u>Executive Directors</u></th> <th data-bbox="1262 808 1394 837"><u>Attendance</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="839 837 1054 898">Wong Chung Chong (Chairman)</td> <td data-bbox="1366 875 1394 898">✓</td> </tr> <tr> <td data-bbox="839 898 1054 958">Wong Kai Chi, Kenneth (Managing Director)</td> <td data-bbox="1366 936 1394 958">✓</td> </tr> <tr> <td data-bbox="839 958 1054 1019">Wong Kai Chung, Kevin (Vice Chairman)</td> <td data-bbox="1366 996 1394 1019">✓</td> </tr> <tr> <td colspan="2" data-bbox="839 1061 1102 1090"><u>Non-executive Directors</u></td> </tr> <tr> <td data-bbox="839 1090 1054 1120">Fung Wai Yiu</td> <td data-bbox="1366 1090 1394 1120">✓</td> </tr> <tr> <td data-bbox="839 1120 1054 1149">Lucas A.M. Laureys</td> <td data-bbox="1366 1120 1394 1149">✗</td> </tr> <tr> <td data-bbox="839 1149 1054 1178">Herman Van de Velde</td> <td data-bbox="1366 1149 1394 1178">✗</td> </tr> <tr> <td colspan="2" data-bbox="839 1220 1246 1249"><u>Independent Non-executive Directors</u></td> </tr> <tr> <td data-bbox="839 1249 1054 1279">Marvin Bienenfeld</td> <td data-bbox="1366 1249 1394 1279">✗</td> </tr> <tr> <td data-bbox="839 1279 1054 1308">Chow Yu Chun, Alexander</td> <td data-bbox="1366 1279 1394 1308">✓</td> </tr> <tr> <td data-bbox="839 1308 1054 1337">Leung Churk Yin, Jeanny</td> <td data-bbox="1366 1308 1394 1337">✓</td> </tr> <tr> <td data-bbox="839 1337 1054 1366">Leung Ying Wah, Lambert</td> <td data-bbox="1366 1337 1394 1366">✓</td> </tr> <tr> <td data-bbox="839 1366 1054 1395">Lin Sun Mo, Willy</td> <td data-bbox="1366 1366 1394 1395">✓</td> </tr> </tbody> </table>	<u>Executive Directors</u>	<u>Attendance</u>	Wong Chung Chong (Chairman)	✓	Wong Kai Chi, Kenneth (Managing Director)	✓	Wong Kai Chung, Kevin (Vice Chairman)	✓	<u>Non-executive Directors</u>		Fung Wai Yiu	✓	Lucas A.M. Laureys	✗	Herman Van de Velde	✗	<u>Independent Non-executive Directors</u>		Marvin Bienenfeld	✗	Chow Yu Chun, Alexander	✓	Leung Churk Yin, Jeanny	✓	Leung Ying Wah, Lambert	✓	Lin Sun Mo, Willy	✓
<u>Executive Directors</u>	<u>Attendance</u>																													
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# CORPORATE GOVERNANCE REPORT

Code Ref.	Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
E.1.3	<ul style="list-style-type: none"> <li>At least 20 clear business days' notice should be given for annual general meetings and at least 10 clear business days' notice should be given for all other general meetings.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company complies with this requirement.</li> </ul>
E.1.4	<ul style="list-style-type: none"> <li>Board should establish a shareholders' communication policy and review it regularly.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company has established a Shareholders' Communication Policy which can be viewed at the Company's website.</li> <li>Information of shareholders' rights including (i) the way in which shareholders can convene a special general meeting; (ii) procedures with contact details that shareholders can send enquiries to the Board; (iii) procedures for putting forward proposals at general meetings; and (iv) procedures shareholders can use to propose a person for election as a director, is available at the Company's website.</li> </ul>
E.2	<p><b>Voting by Poll</b>  <b>Code Principle</b>                      The issuer should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</p>		
E.2.1	The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.	✓	<ul style="list-style-type: none"> <li>The Chairman explains the detailed procedures for conducting a poll at the outset of the annual general meeting and any general meetings and answers questions from shareholders.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Code Ref. Code Provisions	Compliance	Corporate Governance Practices adopted by the Company
<p>F</p> <p><b>COMPANY SECRETARY</b></p> <p><b>Code Principle</b></p> <p>Company Secretary plays an important role in supporting the board by ensuring good information flow within the board and that board policy and procedures are followed. The Company Secretary is responsible for advising the board through the chairman and/or the chief executive on governance matters and facilitates induction of directors.</p>		
<p>F.1.1 to F.1.4</p> <ul style="list-style-type: none"> <li>The company secretary should be an employee of the company and have day- to-day knowledge of the company's affairs.</li> <li>The board should approve the selection, appointment or dismissal of the company secretary.</li> <li>The company secretary should report to the board chairman and/or the chief executive.</li> <li>All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.</li> </ul>		<ul style="list-style-type: none"> <li>The Company Secretary is an employee of the Company and has day-to-day knowledge of the Company who is assisting and reporting to the Chairman on the Company's issues.</li> <li>The selection, appointment or dismissal of the Company Secretary is approved by the Board.</li> <li>The Company Secretary is responsible for ensuring that Board procedures are complied with and advises the Board on corporate governance and compliance matters.</li> <li>Directors have direct access to the Company Secretary.</li> <li>The Company Secretary has taken no less than 15 hours of relevant professional training during the year under review.</li> </ul>



# CORPORATE GOVERNANCE REPORT

## Business Integrity

Maintaining the highest professional and ethical standards is central to the Group's core operating philosophy. The Group has formally adopted a Code of Conduct (the "Code") addressing guiding principles governing conduct of Directors, management and employees. The Code is intended to establish standards of conduct encompassing the areas in which the business operates.

In summary, executives and employees of the Group are expected to:

- Conduct business of the Group in full compliance with both the letter and spirit of the Law and of the Code.
- Maintain the highest possible standards in the way we operate and the way we treat our employees in order to satisfy the expectations of both the business and social communities.
- Use confidential information properly.
- Recognize and avoid conflicts of interest.
- Protect the ownership of property of the Group, including information, products, rights and services.
- Conduct outside activities in a way which does not compromise the individual or the Group.

There is a reporting system for any code violations. The Board reviews the Code and monitors its effective implementation periodically. There are also systems in place for risk assessment, risk identification and management, and timely corrective measures for sustainability and to nourish improvement for the business of the Group.

## Communications with the Investment Community

The Company is committed to maintaining a continuing open dialogue with institutional investors and analysts to facilitate understanding of the group's management, financial position, operations, strategy and plans.

The Vice Chairman and the Chief Financial Officer have the prime responsibility for these activities, with the Vice Chairman taking the lead in the period immediately following the interim and final results announcements.

Regular one-on-one meetings are held with the financial community which, in a number of instances, involve visits to production facilities.

The Company endeavours to be responsive to all media requests.



# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company has adopted a "Shareholders Communication Policy", which is available on the Company's website, setting out the Company's procedures in providing the Shareholders and the investment community with ready, equal and timely access to balanced and understandable information about the Company, with a view to enabling the Shareholders to exercise their rights in an informed manner and to allow the Shareholders and the investment community to engage actively with the Company.

### Procedures for shareholders to convene a special general meeting ("SGM")

Shareholders holding not less than one-tenth of the paid-up capital of the Company can deposit a written request to the Board at both the principal office and registered office, for the attention of the Company Secretary, to convene a SGM.

The written request by shareholders must state the purposes of the meeting, signed by the shareholders concerned and may consist of several documents in like form, each signed by one or more of those shareholders.

The request will be verified with the Company's Branch Share Registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board of Directors to convene an SGM by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, an SGM will not be convened as requested.

The notice period to be given to all the registered shareholders for consideration of the proposal raised by the shareholders concerned at an SGM varies according to the nature of the proposal. Details of procedures are set out in the Company's website.

### Procedures for sending enquiries to the Board

The enquiries must be in writing with the detailed contact information of the requisitionists and deposited with the Board or the Company Secretary at the Company's principal office as mentioned above.

### Procedures for shareholders to put forward proposals at general meetings

Shareholders holding not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or not less than 100 shareholders holding shares in the Company, can submit a written request to move a resolution at the meeting.

The request will be verified with the Company's Branch Share Registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board of Directors to include the resolution in the agenda for the meeting provided that the Shareholders concerned have deposited a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders. Details of procedures are set out in the Company's website.

## CONSTITUTIONAL DOCUMENT

There is no change in the Memorandum of Association and Bye-laws of the Company during the year ended 30 June 2017. The aforesaid constitutional document is available for public inspection at the Company's Website.