

# 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 (the "Code Provisions") as set out in the Corporate Governance Code (the "Code"), Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "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.

## BOARD RESPONSIBILITIES AND DELEGATION

The Board currently comprises ten Directors, including three executive Directors, three non-executive Directors and four independent non-executive Directors. The list of Directors is set out in this report under the section headed "Corporate Information". The 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.

The Board collectively determines the overall strategies and monitors the performance of the Group. The Chairman, Mr. Wong Chung Chong focuses on managing the Board issues and supervising the management team in adherence to the long term strategic development of the Group. The Chief Executive Officer, Mr. Wong Kai Chung, Kevin is responsible for the Group's overall operations. The Managing Director, Mr. Wong Kai Chi, Kenneth is responsible for the Group's business development and marketing functions. The Chairman plays a key role in driving corporate governance development and a leading role in the corporate governance function held by the Board. 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.

The daily management, operation and administration functions of the Company are delegated to the executive Directors and senior management. All the significant issues are reported to the Board on a regular basis.

There is a prescribed list of matters reserved for Board approval, including:

- i. long-term objectives and strategies;
- ii. audited financial statements and associated materials; review and approve interim and final results announcements and quarterly operational updates; convening general meetings;
- iii. recommendations as to dividend;
- iv. appointment, removal or re-designation of Directors;
- v. remuneration of non-executive Directors and changes in terms and conditions of employment of executive Directors;
- vi. material connected transactions;
- vii. material acquisitions, disposals or joint-venture arrangements;

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## BOARD RESPONSIBILITIES AND DELEGATION – CONTINUED

- viii. material raising of external finance;
- ix. appointment and removal of external auditors;
- x. annual capital expenditure budget;
- xi. matters involving a conflict of interest for a substantial shareholder or Director; and
- xii. create, issue, purchase, redeem or otherwise reorganize the Company's share capital.

For any matters that involve a conflict of interest for a substantial shareholder or Director, such matters are considered and approved by the full Board except those Directors who have conflict of interests in such matters.

Directors are provided at quarterly Board meetings with comprehensive reports on the management's strategic plans, updates on business, financial objectives, plans and actions.

## BOARD COMPOSITION

The composition of the Board represents a well-balanced mixture of skills and experience appropriate for the requirements of the business of the Company. Review of the Board composition is made regularly by the nomination committee of the Company.

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 list of names of Directors and their roles and functions is also published on the website of Hong Kong Exchanges and Clearing Limited (the "HKEx") and the Company's website.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

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.

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.

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.

## BOARD, BOARD COMMITTEE AND SHAREHOLDERS' MEETINGS

The Board held four regular meetings during the year ended 30 June 2019. Regular Board meetings are scheduled at least three months in advance to give Directors the opportunity to include matters in the agenda and at least 14 days formal notice is given before each regular Board meeting. The Board papers and related materials are circulated to Directors three days prior to Board meetings and Board committee meetings.

The 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 of the relevant meeting. The signed minutes are placed on record after the same have been reviewed and agreed amongst the Board members and are open for inspection at any time by Directors.

# CORPORATE GOVERNANCE REPORT

## BOARD, BOARD COMMITTEE AND SHAREHOLDERS' MEETINGS – CONTINUED

The Directors participate in Board meetings with open discussions and bring independent judgments and constructive comments to the Board. They at all times have full and timely access to all the information of the Group. The Directors will be able to seek independent professional advice in appropriate circumstances, at the expense of the Company for discharging their duties.

The attendance of the Directors at Board meetings, committee meetings and annual general meeting of the Company during the year ended 30 June 2019 were as follows:

	Number of meetings attended/eligible to attend				
	Board Meeting	Audit Committee Meeting	Compensation Committee Meeting	Nomination Committee Meeting	Annual General Meeting
<b>Executive Directors</b>					
Mr. Wong Chung Chong ( <i>Chairman</i> )*	4/4	–	–	1/1	1/1
Mr. Wong Kai Chung, Kevin ( <i>Chief Executive Officer</i> )	4/4	–	–	–	1/1
Mr. Wong Kai Chi, Kenneth ( <i>Managing Director</i> )	4/4	–	–	2/2	1/1
<b>Non-executive Directors</b>					
Mr. Fung Wai Yiu	3/4	–	–	2/2	0/1
Mr. Lucas A.M. Laureys <sup>#</sup>	0/4	–	–	–	0/1
Mr. Herman Van de Velde	3/4	–	2/2	2/2	0/1
<b>Independent Non-executive Directors</b>					
Mr. Chow Yu Chun, Alexander	4/4	2/2	–	2/2	1/1
Ms. Leung Churk Yin, Jeanny	4/4	2/2	2/2	2/2	1/1
Mr. Leung Ying Wah, Lambert	4/4	2/2	2/2	2/2	1/1
Mr. Lin Sun Mo, Willy*	2/4	2/2	1/1	2/2	0/1
Mr. Marvin Bienenfeld* ( <i>retired on 31 October 2018</i> )	1/1	1/1	1/1	1/1	0/1

\* Mr. Marvin Bienenfeld retired as an independent non-executive Director on 31 October 2018. Mr. Wong Chung Chong resigned as a member of Nomination Committee and Mr. Lin Sun Mo, Willy was appointed as the chairman of Compensation Committee on 31 October 2018.

<sup>#</sup> Mr. Lucas A.M. Laureys was absent from the meetings during the year for personal reasons.

### Board Committees

The Board has delegated some of its function to the Board committees, namely Audit Committee, Compensation Committee and Nomination Committee. All the Committees have been established with clear and specific terms of reference in accordance with the requirements of the Code and the terms of reference are available for review on the websites of the HKEx and the Company. Each Board committees reports to the Board their respective decisions and recommendations after the relevant meetings.

### Audit Committee

The Audit Committee currently consists of four independent non-executive Directors, Mr. Chow Yu Chun, Alexander, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy. Mr. Marvin Bienenfeld resigned as a member of Audit Committee on 31 October 2018.

Under its terms of reference, the Audit Committee reviews the Group's financial information and oversees the financial reporting system, risk management and internal control systems. The Committee also approves the scope of work of the Internal Audit Department and oversees the relationship with the external auditors.

# CORPORATE GOVERNANCE REPORT

## Audit Committee – continued

Two meetings have been held during the year ended 30 June 2019. The principal work performed by the Committee during the year ended 30 June 2019 included:

- review of the Company's financial statements for the year ended 30 June 2019 and for the six months ended 31 December 2018 and recommending such financial statements to the Board for their approval and adoption;
- discussions with the external auditors and reporting to the Board any significant matters arising from the interim review and annual audit;
- review of the audit reports submitted by Internal Audit Department regarding the systems of internal control and risk management;
- review and approval of the audit planning;
- review of the Continuing Connected Transactions; and
- recommending the re-appointment of KPMG as the auditors of the Company to the Board, subject to shareholders' approval at annual general meeting.

The Committee was satisfied as to the overall effectiveness of the internal controls and risk management process during the year under review.

## Compensation Committee

The Compensation Committee currently consists of one non-executive Director, Mr. Herman Van de Velde and three independent non-executive Directors, Ms. Leung Churk Yin, Jeanny, Mr. Leung Ying Wah, Lambert and Mr. Lin Sun Mo, Willy. Mr. Marvin Bienenfeld resigned as a chairman of Compensation Committee and Mr. Lin Sun Mo, Willy was appointed in place of his position on 31 October 2018.

The Compensation Committee has the responsibility delegated by the Board to review and make recommendations to the Board the remuneration packages of individual executive Directors and senior management, the policy and structure for all directors' and senior management's remuneration and the establishment of a formal and transparent procedure for developing remuneration policy.

The Compensation Committee reviews compensation policies of the Group on a regular basis. 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. The Committee ensures that no individual Director is involved in deciding his own remuneration.

The details of remuneration of Directors are disclosed on an individual basis in note 7(a) to the consolidated financial statements. In addition, pursuant to code provision B.1.5 of the Code, the remuneration paid to other member of the senior management by band for the year ended 30 June 2019 is set out below:

Remuneration by bands	Number of person(s)
HK\$1,000,001 - HK\$1,500,000	1
HK\$1,500,001 - HK\$2,000,000	1
HK\$2,000,001 - HK\$2,500,000	2
HK\$2,500,001 - HK\$3,000,000	1

The Compensation Committee held two meetings during the year ended 30 June 2019. During the year, The Compensation Committee has reviewed and made recommendations to the Board the remuneration of executive Directors and Non-executive Directors for approval. In addition, the Compensation Committee has reviewed and considered the incentive plan that is linked to the Group's performance and long term goals. The incentive plan is designed with the purpose to motivate and retain key executives and employees and align the long term interest of management with those of the Shareholders.

# CORPORATE GOVERNANCE REPORT

## Nomination Committee

The Nomination Committee currently comprises one executive Director, Mr. Wong Kai Chi, Kenneth, two non-executive Directors, Mr. Fung Wai Yiu and Mr. Herman Van de Velde and four independent non-executive Directors, 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. Mr. Wong Chung Chong and Mr. Marvin Bienenfeld resigned as a member of Nomination Committee on 31 October 2018.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors, identifying and nominating individuals suitably qualified to become board members and making recommendations to the board on the appointment or re-appointment of Directors and succession planning for Directors. The Committee is authorized by the Board to seek external legal or other independent professional advice where necessary.

The Nomination Committee held two meetings during the year ended 30 June 2019. The principal work performed by the Committee during the year ended 30 June 2019 included:

- to assess the independence of all independent non-executive Directors;
- to review the structure, size and composition of the Board, taking into account various diversity aspects set out in the Board diversity policy;
- to consider and make recommendations to the Board on the retirement and re-election of Directors at the annual general meeting;
- to consider and make recommendations to the Board on the proposed appointment of Chief Executive Officer, retirement of a director and changes in composition of the Board committees; and
- to review the nomination policy and make recommendation to the Board for approval and adoption.

The Board has received from each independent non-executive Director a written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules of Hong Kong Stock Exchange.

## BOARD DIVERSITY POLICY

A Board diversity policy has been adopted by the Nomination Committee in August 2013. 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. The Committee considers the benefits of all aspects of diversity, including but not limited to gender, age, cultural and educational background, professional and business experiences, skills, knowledge and length of service (the "Diversity Perspectives"), in order to maintain an appropriate balance of skills, experience and diversity perspectives of the Board. As at the date of this annual report, the Board comprises of nine male Directors and one female Director with different age, ethnicity, length of service, professional expertise, business experiences and knowledge which demonstrate diversity among the members of the Board.

# CORPORATE GOVERNANCE REPORT

## NOMINATION POLICY

During the year, a nomination policy has been adopted which set out the criteria and procedures when considering the candidates to be appointed or re-appointed as Directors of the Company. The Nomination Committee will consider the following factors when proposing a candidate for nomination as a Director of the Company or a Director for re-election:

- Diversity in all aspects, including but not limited the Diversity Perspectives as described above;
- The candidate or the re-elected Director is able to commit and devote sufficient time to carry out his/her duties;
- The potential or actual conflicts of interest of the candidate or the re-elected Director;
- In case of the appointment of an independent non-executive Director, compliance with the independence criteria set out in Rule 3.13 of the Listing Rules; and
- Other relevant factors considered by Nomination Committee on a case by case basis.

The nomination policy set out the nomination procedures for appointing a new Director. The Nomination Committee shall identify candidates pursuant to the criteria set out in the nomination policy, evaluate the candidates and recommend to the Board the appointment of Director. The Board is provided with the profiles of candidates and shall decide the appointment based upon the recommendation of the Nomination Committee. Regarding the re-election of the retiring Directors at the general meeting, the Nomination Committee shall review and assess if the retiring Directors meet the criteria set out in the policy and make recommendation to the Board in respect of the proposed re-appointment of Directors.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has an internal audit function. The Head of Internal Audit Department has direct access to the Chairman of the Audit Committee. The audit plan of the Internal Audit Department focuses on those areas of the Group's activities that have impacts in achieving the business objectives of the Group 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.

The Board, with the support of Audit Committee and Internal Audit Department, has overall responsibility for establishing and maintaining appropriate risk management and internal control systems of the Group and reviewing their effectiveness.

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. 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.

The Group's internal control system includes a defined management structure with limits of authority and is designed to further the achievement of business objectives. The Group also formulated a set of internal company policies to establish standards in areas including finance, human resources, operations, health and safety and information technology. These policies aim to 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, promote efficient and effective operations and ensure compliance with relevant legislation and regulations.

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. The management adopts a hands-on approach to the operations of the business and delegation of authority is clearly defined.

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROLS – CONTINUED

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 management. In addition, monthly operational review meetings of various operating plants are held. The Chief Executive Officer and the Managing Director play leading roles in these meetings.

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.

The Audit Committee and the Board have reviewed annual review on the risk management and internal control systems of the Group and were satisfied as to the effectiveness and adequacy of the risk management and internal control systems of the Group during the year under review.

## DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of the consolidated financial statements that 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 and are in accordance with Hong Kong Financial Reporting Standards published by the Hong Kong Institute of Certified Public Accountants and requirements of the Companies Ordinance. The Directors annually acknowledge their responsibility for preparing the financial statements of the Group.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them on a consistent basis, making judgments and estimates that are prudent, fair and reasonable;
- state the reasons for any significant departure from accounting standards; and
- 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.

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. The 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.

The management provides the Directors with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospect in sufficient detail to enable the Directors to discharge their duties.

The statement by the external auditor of the Company regarding their responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 40 to 44 of this annual report.

# CORPORATE GOVERNANCE REPORT

## ACCOUNTING, INTERNAL AUDIT AND FINANCIAL REPORTING FUNCTIONS

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.

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.

## DIVIDEND POLICY

The Board has adopted a dividend policy during the year pursuant to which the Board has the discretion to determine the declaration and payment of dividends to the Shareholders. The Board will take into account the following factors when considering the declaration and payment of dividends to the Shareholders:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of Group;
- the current and future operations, liquidity position and capital requirements of the Group;
- economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- the Group's business strategies, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;
- contractual restrictions on the payment of dividends by the Company to the Shareholders or by the subsidiaries to the Company, if any; and
- other factors that the Board deems relevant.

## CONTINUOUS PROFESSIONAL DEVELOPMENT

On appointment to the Board, each Director receives a comprehensive induction package to ensure sufficient awareness of director's duties, responsibilities and obligations under the Listing Rules and other relevant regulatory requirements. The induction package shall cover the statutory and regulatory obligations as a director and the Group's business and operations.

During the year, all Directors have complied with the code provision in relation to continuous professional development. The Directors' knowledge and skills are continuously developed and refreshed by reading materials, webcast and guidelines on subjects relating to directors' role in corporate governance and the corporate governance updates as well as the Board's leadership role in Environmental, Social and Governance matters. The Company Secretary from time to time provided all Directors with relevant Directors' guides for their discharge of duties and updates on changes of relevant rules and regulations.

# CORPORATE GOVERNANCE REPORT

## CONTINUOUS PROFESSIONAL DEVELOPMENT – CONTINUED

The records of the Directors' training during the year ended 30 June 2019 are as follows:

	<b>Type of Training</b>
<b>Executive Directors</b>	
Mr. Wong Chung Chong ( <i>Chairman</i> )	A
Mr. Wong Kai Chung, Kevin ( <i>Chief Executive Officer</i> )	A
Mr. Wong Kai Chi, Kenneth ( <i>Managing Director</i> )	A
<b>Non-executive Directors</b>	
Mr. Fung Wai Yiu	A
Mr. Lucas A.M. Laureys	A
Mr. Herman Van de Velde	A
<b>Independent non-executive Directors</b>	
Mr. Chow Yu Chun, Alexander	A
Ms. Leung Churk Yin, Jeanny	A
Mr. Leung Ying Wah, Lambert	A
Mr. Lin Sun Mo, Willy	A
Mr. Marvin Bienenfeld ( <i>retired on 31 October 2018</i> )	A

A: Reading Materials, Webcast and Guidelines

## AUDITOR

For the year ended 30 June 2019, the external auditor, KPMG, received HK\$1,900,300 for audit services and HK\$174,700 for non-audit services. The non-audit services represented tax compliance services.

## INSURANCE FOR DIRECTORS' AND OFFICERS' LIABILITY

There is in place appropriate insurance coverage on directors' and officers' liability in respect of legal action against Directors and officers of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for Directors' dealings in securities of the Company.

Having made specific enquiries, the Company confirmed that each of the Directors has complied with the required standards during the year.

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.

# CORPORATE GOVERNANCE REPORT

## INTERNAL PROCEDURES AND CONTROLS FOR DISSEMINATION OF INSIDE INFORMATION

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 Securities and Futures Ordinance. 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.

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.

## COMPANY SECRETARY

The Company Secretary is an employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and Chief Executive Officer and assists in the Company's issues.

The Company Secretary is responsible for ensuring that Board procedures are complied with and advises the Board on corporate governance and compliance matters.

The Directors have direct access to the Company Secretary. The selection, appointment or dismissal of the Company Secretary is approved by the Board.

The Company Secretary has taken no less than 15 hours of relevant professional training during the year under review.

## 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 of Conduct") 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.

# CORPORATE GOVERNANCE REPORT

## BUSINESS INTEGRITY – CONTINUED

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 of Conduct;
- 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; and
- 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 of Conduct 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 Chief Executive Officer and the Chief Financial Officer have the prime responsibility for these activities, with the Chief Executive Officer taking the lead in the period immediately following the interim and final results announcements. The Company endeavours to be responsive to the Company or business related matters.

## COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

During the year under review, one annual general meeting (the "2018 AGM") was held at which, the Chairman of the Board, the Chief Executive Officer, the Managing Director, the chairman or the members of respective Board committees and the external auditor attended the 2018 AGM and were available to answer questions from shareholders of the Company (the "Shareholders").

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.

# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS – CONTINUED

Under the Company's Bye-laws and the relevant policies and procedures of the Group, the Shareholders have, among others, the following rights:

### **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 a 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, a 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 a 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 set out in the Corporate Information of this report.

### **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 2019. The aforesaid constitutional document is available for public inspection at the Company's Website.