

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE CODE

The Board is committed to achieving and maintaining a high standard of corporate governance for the enhancement of Shareholders' value and safeguarding interests of Shareholders and other stakeholders, and reviews corporate governance practices and procedures of the Group from time to time.

CORPORATE GOVERNANCE PRACTICES

The Company has made detailed disclosures in relation to the accounting period covered in this report in compliance with the requirements of the Corporate Governance Report as set out in the CG Code. In the opinion of the Board, the Company has complied with all the principles and applicable code provisions of the CG Code during the year ended 31 December 2021, except for the following deviation from code provision A.6.7 of the CG Code:

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. During the year, Messrs. Kan Wai Wah and Qu Jinping, both non-executive Directors, and Mr. Ho Wei Sem, the then independent non-executive Director, and Mr. Huang Zhi Wei, an independent non-executive Director, had other business engagements. They were unable to attend the court meeting and extraordinary general meeting of the Company held on 18 June 2021, and annual general meeting of the Company held on 24 June 2021. However, the Company considered that the presence of the chairman of each of Nomination Committee, Remuneration Committee and Audit Committee, and other executive Directors at the said meetings, which were sufficient for addressing the queries from the attending Shareholders.

企業管治守則

董事會致力達致及維持高水準之企業管治，以提升股東價值及維護股東和其他持份者的權益，以及不時檢討本集團企業管治常規和程序。

企業管治常規

本公司已按照《企業管治守則》之企業管治報告的要求，詳細列載所涵蓋會計期間應披露的資料於本報告內。根據董事會之意見，於截至二零二一年十二月三十一日止年度，本公司已遵守《企業管治守則》中所有原則及適用之守則條文，惟偏離以下《企業管治守則》守則條文第A.6.7條除外：

《企業管治守則》之守則條文第A.6.7條規定獨立非執行董事及非執行董事應出席股東大會，以對公司股東的意見有全面、公正的了解。於年內，兩名非執行董事簡衛華先生和瞿金平先生，以及一名時任獨立非執行董事何偉森先生和一名獨立非執行董事黃志煒先生因有其他公務，彼等均未能出席本公司於二零二一年六月十八日舉行之法院會議和股東特別大會及於二零二一年六月二十四日舉行之股東周年大會。然而，本公司認為提名委員會主席、薪酬委員會主席和審核委員會主席，及其他執行董事已出席該等會議，足以回答與會股東的提問。

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a CMEL Code on terms no less exacting than the required standard of the Model Code as the Company's code of conduct and rules governing dealing by all Directors and relevant employees in the securities of the Company. The Board will revise the CMEL Code from time to time in order to keep it in line with the changes brought upon by the relevant amendments to the applicable laws, rules and regulations.

All Directors have confirmed, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code and CMEL Code for the year ended 31 December 2021.

THE BOARD Composition

The Board currently consists of seven members, including two executive Directors (namely Messrs. Tang To and Tang Yu, Freeman), two non-executive Directors (namely Messrs. Kan Wai Wah and Qu Jinping) and three independent non-executive Directors (namely Ms. Yeung Shuk Fan, Messrs. Cheng Tak Yin and Huang Zhi Wei). The Directors' biographical details and the relationships among the Board members, if any, are set out on pages 26 to 29 under the section "Directors and Senior Management's Biographies" of this annual report.

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules. Although all independent non-executive Directors, Ms. Yeung Shuk Fan, Messrs. Cheng Tak Yin and Huang Zhi Wei have been serving the Board for more than nine years, they have not engaged in any executive management of the Group. Their familiarity and extensive experience with the Group's businesses place them in a better position to contribute independent views to the Company. Taking into consideration of their independent scope of works when performing duties as independent non-executive directors over the past years, there is no evidence that length of tenure is having an adverse impact on their independence. Therefore, the Company considered all independent non-executive Directors are independent throughout the year under review.

董事證券交易

本公司已採納一套《大同企業守則》，作為本公司監管全體董事及相關僱員買賣本公司證券的操守準則和規則，而《大同企業守則》不比《標準守則》所訂明的要求寬鬆。為使《大同企業守則》能反映有關法律、規則及規定的修改，董事會將不時修改《大同企業守則》。

經本公司特定查詢後，全體董事已確認彼等於截至二零二一年十二月三十一日止年度內，一直遵守《標準守則》及《大同企業守則》所載之規定標準。

董事會 組成

董事會現由七名成員組成，包括兩名執行董事（即鄧燾先生及鄧愚先生）、兩名非執行董事（即簡衛華先生及瞿金平先生）及三名獨立非執行董事（即楊淑芬女士、鄭達賢先生及黃志輝先生）。董事之簡歷及董事會成員之間的關係（如有）詳情載於本年報第26至29頁之「董事及高級管理人員簡歷」之章節內。

根據《上市規則》第3.13條規定，本公司已收到每名獨立非執行董事有關其獨立性之年度確認書。雖然全體獨立非執行董事楊淑芬女士、鄭達賢先生及黃志輝先生服務董事會至今已超過九年，但彼等概無參與本集團任何行政管理工作，而對本集團業務之熟悉及資深經驗有助向本公司提供較佳之獨立意見。經考慮彼等於過往年度工作之獨立範疇及所履行的獨立非執行董事職責後，並無任何證據顯示服務年資對彼等獨立性產生負面影響。因此，本公司認為全體獨立非執行董事於本年度回顧內均為獨立人士。

Furthermore, all Directors, including independent non-executive Directors, should retire from office by rotation and, if eligible, be re-elected at least once every three years at the annual general meeting of the Company and the reasons the Nomination Committee and the Board believe that each independent non-executive Directors to be independent are set out in the relevant circulars. In addition to the disclosure in the section "Directors and Senior Management's Biographies" of this report, to the best knowledge of the Directors, there is no financial, business, family or other material/relevant relationship among members of the Board.

The Board has adopted a Board diversity policy. The Company maintains that Board appointment will take into account gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of the selected candidates, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board will review and monitor from time to time to ensure its effectiveness that diversity of the Board is maintained.

Other than the elements of board diversity, in considering the nomination of new directors, the members of the Nomination Committee will be subject to the nomination policy of a Director (the "Nomination Policy") which was recommended by the Nomination Committee and approved by the Board, and adopted on 29 November 2018.

再者，所有董事（包括獨立非執行董事）須至少每三年一次輪值退任，並（如符合資格）在本公司股東周年大會上重選，以及提名委員會和董事會認為各獨立非執行董事乃屬於獨立人士的原因，已列載於有關通函內。除於本年報之「董事及高級管理人員簡歷」章節中的披露外，就董事所知，各董事會成員之間概無任何財務、業務、家族或其他重大／相關關係。

董事會已採納一套董事會成員多元化政策。本公司委任董事時，會考慮有關人選的性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務任期，以及董事會不時認為相關及適用於達致董事會成員多元化之任何其他因素。最終將按有關人選的長處及可為董事會作出的貢獻而作決定。董事會將不時檢討及監察以確保維持多元化董事會之有效性。

除考慮董事會多元化的元素外，在考慮提名新董事時，提名委員會成員亦會依據提名董事的政策（「提名政策」）作考慮，提名政策於二零一八年十一月二十九日由提名委員會建議及經董事會批准後獲得採納。

The Nomination Policy is summarized as follows:

- state the objectives of the Nomination Policy, including ensuring the Board members have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's businesses;
- set out the procedure for the selection, appointment and reappointment of Directors;
- set out selection criteria, including but not limited to qualifications, skills, experience in assessing the suitability of a proposed candidate and the requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates for independent non-executive Directors would be considered independence with reference to the independence criteria or guidelines set out in the Listing Rules; and
- list out the nomination of Directors applicable laws and procedures.

The Nomination Committee then put forward the recommendation in respect of the above factors, where appropriate, to the Board for consideration and adoption according to the Nomination Policy.

提名政策概述如下：

- 列明提名政策的目標，包括確保董事會成員俱備切合本集團業務所需的技巧、經驗及多元化觀點；
- 列出甄選、委任及重新委任董事的程序；
- 附有甄選準則，包括但不限於考慮建議候選人的資歷、技巧及經驗，以及要求董事會根據《上市規則》委任獨立非執行董事及參考《上市規則》所載之獨立準則或指引考慮獨立非執行董事候選人是否被視為獨立；及
- 列出委任董事適用的法律和程序。

提名委員會將根據提名政策就以上因素（如合適）提出建議給董事會考慮及採納。

During the year under review, the Nomination Committee made recommendations on re-appointment of retiring Directors and assessed the independence of all the independent non-executive Directors, and approved by the Board. The Board considered all independent non-executive Directors are independent throughout the year under review.

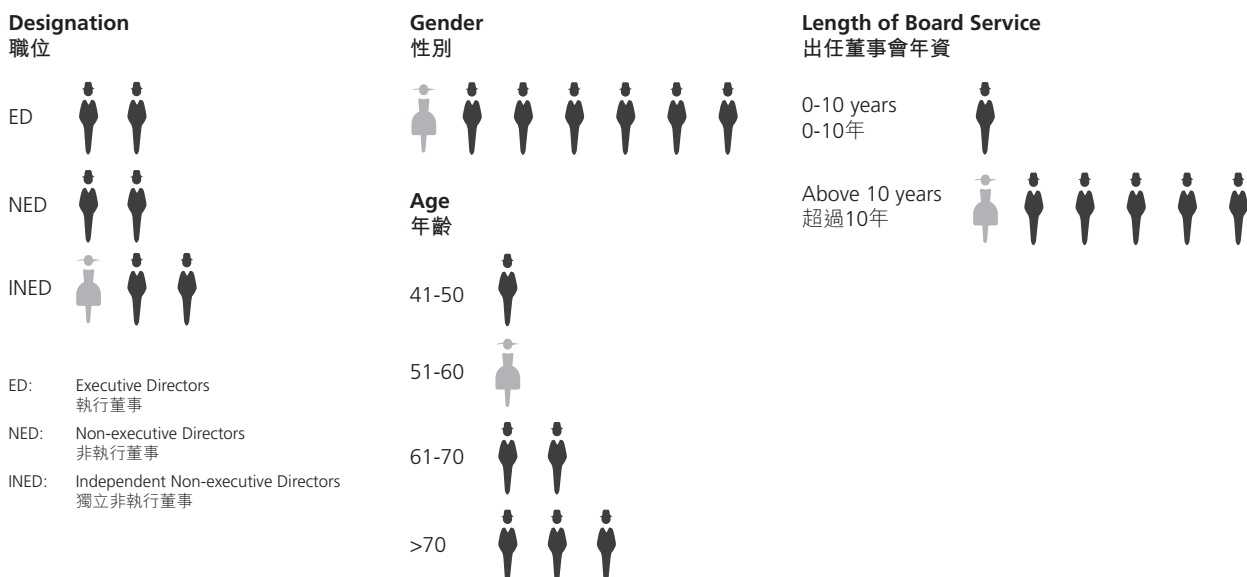
On 30 March 2022, after taking into account the Board's composition, the Board considered the nomination of Messrs. Tang Yu, Freeman (executive Director), Qu Jinping (non-executive Director) and Huang Zhi Wei (independent non-executive Director) who shall retire from office by rotation and will be eligible and willing to offer themselves for re-election at the forthcoming annual general meeting. The nomination and proposed re-election were made in accordance with the Nomination Policy. Each of the above Directors has abstained from voting on his own nomination when it was being considered.

An analysis of the Board's current composition is set out as follows:

於本年度回顧內，提名委員會就退任董事之續任提供建議，亦評估所有獨立非執行董事之獨立性，並經董事會批准。董事會認為所有獨立非執行董事於本回顧年度內均為獨立人士。

於二零二二年三月三十日，董事會經檢討其組成後考慮提名鄧愚先生（執行董事）、瞿金平先生（非執行董事）及黃志煒先生（獨立非執行董事）在即將舉行之股東周年大會上輪值退任及膺選連任。有關提名及重選建議乃根據提名政策而作出。上述各董事於董事會考慮其提名事宜時，並沒有參與表決。

現時董事會成員組成分析如下：



Attendance Record of Directors at Meetings held during the Year

The details of Directors' attendance at the meetings (including the Board meetings, Audit Committee meetings, Nomination Committee meetings, Remuneration Committee meetings and general meetings) held during the year are set out in the following table:

董事於本年度舉行的會議出席紀錄

下表列示董事於本年度舉行的會議(包括董事會會議、審核委員會會議、提名委員會會議、薪酬委員會會議及股東大會)之出席情況:

Name of Director	董事姓名	Attendance/number of meetings entitled to attend 出席次數/有權出席的會議次數				
		Board Meetings 董事會會議	Audit Committee Meetings 審核委員會會議	Nomination Committee Meetings 提名委員會會議	Remuneration Committee Meetings 薪酬委員會會議	General Meetings 股東大會
Tang To	鄧 燾	5/5	N/A 不適用	2/2	3/3	3/3
Tang Yu, Freeman	鄧 愚	5/5	N/A 不適用	2/2	N/A 不適用	3/3
Kan Wai Wah	簡衛華	4/5	N/A 不適用	N/A 不適用	N/A 不適用	0/3
Qu Jinping	瞿金平	3/5	N/A 不適用	N/A 不適用	N/A 不適用	0/3
Yeung Shuk Fan	楊淑芬	5/5	5/5	2/2	3/3	3/3
Cheng Tak Yin	鄭達賢	5/5	5/5	2/2	3/3	3/3
Ho Wei Sem ^(Note 1)	何偉森 ^(附註1)	2/2	2/2	N/A 不適用	1/1	0/3
Huang Zhi Wei ^(Note 2)	黃志煒 ^(附註2)	5/5	3/3	2/2	2/2	0/3

Notes:

- (1) Mr. Ho Wei Sem resigned as an independent non-executive Director, and ceased to be a member of each of Audit Committee, Nomination Committee and Remuneration Committee with effect from 1 August 2021.
- (2) Mr. Huang Zhi Wei appointed as a member of each of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 1 August 2021.

附註:

- (1) 何偉森先生由二零二一年八月一日起辭任獨立非執行董事，並不再擔任審核委員會成員、提名委員會成員及薪酬委員會成員。
- (2) 黃志煒先生由二零二一年八月一日起獲委任為審核委員會成員、提名委員會成員及薪酬委員會成員。

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

Every newly appointed Director (if any) receives a comprehensive, formal and tailored induction package to ensure that he/she is sufficiently aware of his/her duties, responsibilities and obligations as a Director under the Companies Ordinance, Listing Rules and other regulatory requirement and ensure he/she has a proper understanding of the Company's operations and business.

The Company provides all Directors with relevant reading materials from time to time on the latest changes and development in the industry, legal, regulatory in which the Group operates its business to ensure the contribution of all Directors to the Board remains relevant. In addition, all Directors are encouraged to attend external seminar or training on relevant topics for their continuous professional development. Certain Directors have attended external trainings and seminars during the year.

The individual training record of each Director who held office during the year ended 31 December 2021 is set out below:

董事持續專業發展

每名新任命的董事(如有)均會接受全面、正式及為其而設的入職培訓,以確保他/她充分知悉《公司條例》、《上市規則》及其他法規規定下的董事職責、責任及義務,並確保他/她對本公司的營運和業務均有適當的了解。

本公司不時向全體董事提供相關閱讀文件,讓彼等知悉本集團經營的業務在行業、法律及監管之最新變動及發展,以確保所有董事能為董事會作出恰當貢獻。此外,我們鼓勵全體董事出席與彼等的持續專業發展相關之外部研討會或培訓,部份董事於本年度有參加外部培訓及研討會。

截至二零二一年十二月三十一日止年度每位董事之個人培訓記錄如下:

Name of Director	董事姓名	Area 範圍	
		Legal, Regulatory and Corporate Governance update 法律、法規及企業管治更新	The Group's Policies/Businesses 本集團的政策/業務
Executive Directors			
Tang To	鄧 燾	✓	✓
Tang Yu, Freeman	鄧 愚	✓	✓
Non-executive Directors			
Kan Wai Wah	簡衛華	✓	✓
Qu Jinping	瞿金平	✓	✓
Independent Non-executive Directors			
Yeung Shuk Fan	楊淑芬	✓	✓
Cheng Tak Yin	鄭達賢	✓	✓
Ho Wei Sem <i>(Note)</i>	何偉森 <i>(附註)</i>	✓	✓
Huang Zhi Wei	黃志煒	✓	✓

Note: Mr. Ho Wei Sem resigned as an independent non-executive Director with effect from 1 August 2021.

附註: 何偉森先生辭任獨立非執行董事,由二零二一年八月一日生效。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer are separate and performed by different individuals to reinforce their independence and accountability. Mr. Tang To is the chairman and Mr. Tang Yu, Freeman serves as the chief executive officer. Mr. Tang To was responsible for providing leadership to and overseeing the functioning of the Board to ensure that it acts in the best interest of the Group; while Mr. Tang Yu, Freeman, who is the chief operating decision maker, was responsible for managing the business of the Group, attending to the formulation and implementation of the Group's policies and strategic operating plans, and assuming full accountability to the Board for the Group's operations.

NON-EXECUTIVE DIRECTORS

Non-executive Directors (including independent non-executive Directors) are appointed for a term of three years. Their terms of office are: (i) Mr. Kan Wai Wah (non-executive Director) and Ms. Yeung Shuk Fan (independent non-executive Director), who were appointed for a term commencing from 1 January 2020 and expiring on 31 December 2022; (ii) Mr. Qu Jinping (non-executive Director), who was appointed for a term commencing from 8 September 2021 and expiring on 7 September 2024; (iii) Mr. Huang Zhi Wei (independent non-executive Director), who was appointed for a term commencing from 2 November 2021 and expiring on 1 November 2024; and (iv) Mr. Cheng Tak Yin (independent non-executive Director), who was appointed for a term commencing from 30 January 2022 and expiring on 29 January 2025. They are all subject to retirement by rotation and re-election at least every three years at annual general meeting in accordance with the Articles.

主席及行政總裁

為加強主席與行政總裁的獨立性及問責性，主席與行政總裁之角色已區分，並由不同人士擔任。鄧燾先生為主席，而鄧愚先生擔任行政總裁。鄧燾先生負責領導董事會的運作，確保董事會以符合本集團最佳的利益方式行事；而鄧愚先生是主要營運決策者，負責管理本集團的業務，以及制訂和實施本集團的政策及策略性營運計劃，並就本集團整體營運向董事會負有全責。

非執行董事

非執行董事(包括獨立非執行董事)以為期三年任期委任，彼等之任期為：(i)簡衛華先生(非執行董事)及楊淑芬女士(獨立非執行董事)，彼等的指定任期為由二零二零年一月一日起至二零二二年十二月三十一日止；(ii)瞿金平先生(非執行董事)，其指定任期為由二零二一年九月八日起至二零二四年九月七日止；(iii)黃志煒先生(獨立非執行董事)，其指定任期為由二零二一年十一月二日起至二零二四年十一月一日止；及(iv)鄭達賢先生(獨立非執行董事)，其指定任期為由二零二二年一月三十日起至二零二五年一月二十九日止。彼等均須根據章程細則規定至少每三年一次在股東周年大會上輪席退任及膺選連任。

BOARD COMMITTEES

The Board has established various board committees, namely committee of executive Directors, Audit Committee, Nomination Committee and Remuneration Committee to manage particular aspects of the Company's affairs and aid in sharing the responsibilities of the Board. Except the committee of executive Directors, all committees have their specific written terms of reference in accordance with the requirements of the CG Code. All resolutions passed by the committees will be reported to the Board at the forthcoming Board meeting.

No corporate governance committee has been established but respective board committees (as disclosed below) are responsible for performing corporate governance functions set out in the terms of reference in code provision D.3.1 of the CG Code.

Committee of Executive Directors

A committee of executive Directors of the Company was established on 15 August 1997 which comprises all executive Directors. They meet frequently and are responsible for the management of day-to-day business operation of the Group.

Nomination Committee

The Nomination Committee was established on 29 March 2012 and consists of five members with a majority of independent non-executive Directors. They are:

Executive Directors

Mr. Tang To (*Chairman*)

Mr. Tang Yu, Freeman

Independent Non-executive Directors

Mr. Cheng Tak Yin

Mr. Huang Zhi Wei

Ms. Yeung Shuk Fan

The terms of reference of the Nomination Committee is posted on the websites of the Stock Exchange and the Company respectively.

董事會轄下委員會

董事會已成立多個董事委員會，分別為執行董事委員會、審核委員會、提名委員會及薪酬委員會，藉以處理本公司特定範疇的事務及協助分擔董事會之職責。除執行董事委員會外，所有委員會已根據《企業管治守則》規定設有其特定職權範圍。委員會通過的所有決議案均須於下次董事會會議上向董事會匯報。

本公司並沒有成立企業管治委員會，但個別董事委員會(如下文所述)已負責履行根據《企業管治守則》之守則條文D.3.1條所列表載的企業管治職能的職權範圍。

執行董事委員會

本公司執行董事委員會於一九九七年八月十五日成立，由全體執行董事組成，彼等經常會面，負責管理本集團的日常業務運作。

提名委員會

提名委員會於二零一二年三月二十九日成立，並由五名成員組成，而其中大部份為獨立非執行董事，彼等為：

執行董事

鄧燾先生(主席)

鄧愚先生

獨立非執行董事

鄭達賢先生

黃志煒先生

楊淑芬女士

提名委員會之職權範圍已分別登載於聯交所及本公司網站。

During the year, the Nomination Committee performed the duties and responsibilities under the terms of reference and other duties as required under the CG Code.

During the year under review, two Nomination Committee meetings were held and the main works performed by the Nomination Committee during the year included (i) review of current structure, size and diversity of the Board; (ii) assessment and review of the independence of independent non-executive Directors; (iii) review of the Board diversity policy; (iv) recommendations on the renewal of letters of appointment of a non-executive Directors and two independent non-executive Directors; and (v) review of terms of reference of the Nomination Committee.

The attendance record of the Nomination Committee members is set out in the heading "Attendance Record of Directors at Meetings held during the Year" on page 57 of this report.

Remuneration Committee

The Remuneration Committee was established on 27 June 2005 and consists of four members with a majority of independent non-executive Directors. They are:

Independent Non-executive Directors

Mr. Cheng Tak Yin (*Chairman*)
Mr. Huang Zhi Wei
Ms. Yeung Shuk Fan

Executive Director

Mr. Tang To

The terms of reference of the Remuneration Committee is posted on the websites of the Stock Exchange and the Company respectively.

During the year, the Remuneration Committee performed the duties and responsibilities under the terms of reference and other duties as required under the CG Code.

於本年度，提名委員會已執行職權範圍內的職務及責任，以及《企業管治守則》所規定的其他職務。

於本回顧年度內，本公司曾舉行兩次提名委員會會議，本年度提名委員會之主要工作包括(i)檢討現時董事會的結構、人數及多元化；(ii)評核和審閱獨立非執行董事的獨立性；(iii)檢討董事會多元化政策；(iv)建議更新一名非執行董事及兩名獨立非執行董事的委任書；及(v)檢討提名委員會職權範圍。

提名委員會成員之出席會議紀錄已列載於本報告第57頁內之「董事於本年度舉行的會議出席紀錄」標題內。

薪酬委員會

薪酬委員會於二零零五年六月二十七日成立，並由四名成員組成，而其中大部份為獨立非執行董事，彼等為：

獨立非執行董事

鄭達賢先生 (主席)
黃志煒先生
楊淑芬女士

執行董事

鄧燾先生

薪酬委員會之職權範圍已分別登載於聯交所及本公司網站。

於本年度，薪酬委員會已執行職權範圍內的職務及責任，以及《企業管治守則》所規定的其他職務。

During the year under review, three Remuneration Committee meetings were held and the main works performed by the Remuneration Committee during the year included: (i) consideration and review of the remuneration package of executive Directors; (ii) review of directors' fees of non-executive Directors (including independent non-executive Directors); (iii) consideration of the directors' fees of a non-executive Director and two independent non-executive Directors during their re-appointment period; and (iv) review of terms of reference of Remuneration Committee.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to individual performance, the Group's performance and profitability, and remuneration benchmark in the industry and prevailing market condition. The Directors do not participate in the determination of their own remuneration.

Details of Directors' emoluments for the year ended 31 December 2021 are set out in note 10A to the consolidated financial statements.

The attendance record of the Remuneration Committee members is set out in the heading "Attendance Record of Directors at Meetings held during the Year" on page 57 of this report.

Audit Committee

The Audit Committee was established on 30 October 1998 and consists of three members, and all of them are independent non-executive Directors. They are:

Ms. Yeung Shuk Fan (*Chairman*)
Mr. Cheng Tak Yin
Mr. Huang Zhi Wei

The terms of reference of the Audit Committee is posted on the websites of the Stock Exchange and the Company respectively.

During the year, the Audit Committee performed the duties and responsibilities under the terms of reference and other duties as required under the CG Code.

於本回顧年度內，本公司曾舉行三次薪酬委員會會議，本年度薪酬委員會之主要工作包括(i)考慮及檢討執行董事之薪酬待遇；(ii)檢討非執行董事包括獨立非執行董事的董事袍金；(iii)考慮一名非執行董事及兩名獨立非執行董事於續任期間的董事袍金；及(iv)檢討薪酬委員會職權範圍。

董事之酬金乃由薪酬委員會參照董事之個人表現、本集團之業績表現及盈利狀況，以及業界指標及當時市場狀況而定。董事並不參與釐定其本身的薪酬。

截至二零二一年十二月三十一日止年度的董事酬金詳情列載於綜合財務報表附註10A。

薪酬委員會成員之出席會議紀錄已列載於本報告第57頁內之「董事於本年度舉行的會議出席紀錄」標題內。

審核委員會

審核委員會於一九九八年十月三十日成立，並由三名成員組成，全體均為獨立非執行董事，彼等為：

楊淑芬女士 (*主席*)
鄭達賢先生
黃志煒先生

審核委員會之職權範圍分別登載於聯交所及本公司網站。

於本年度，審核委員會已執行職權範圍內的職務及責任，以及《企業管治守則》所規定的其他職務。

During the year under review, five Audit Committee meetings were held and the main works performed by the Audit Committee during the year included: (i) review of the final results of the Group for the year ended 31 December 2020; (ii) review of the interim results of the Group for the six months ended 30 June 2021; (iii) review of the progress and completion level of the internal audit plan for 2021; (iv) review of the internal audit plan for 2022; (v) recommendation to the Board on re-appointment of external auditor for Shareholders' approval and review its audit fees; and (vi) review of terms of reference of Audit Committee.

The Audit Committee meets with the financial controller and external auditor of the Company, where applicable to discuss their respective audit findings, the accounting principles and practices adopted by the Group, legal and regulatory compliance, internal control and risk management systems, and financial reporting matters (including annual financial statements before recommending them to the Board for approval). The Audit Committee also meets with the head of Internal Audit Department separately without the presence of management. The Audit Committee assists the Board in meeting its responsibilities for maintaining effective risk management and internal control systems. It reviews the Group's annual internal audit plan together with their resource requirements and considers the report submitted by the head of Internal Audit Department to the Audit Committee on the results of risk assessment and effectiveness of internal controls in the business operations of the Group.

The attendance record of the Audit Committee members is set out in the heading "Attendance Record of Directors at Meetings held during the Year" on page 57 of this report.

Whistleblowing Policy

A whistleblowing policy has been adopted on 28 March 2019 for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about the possible improprieties in any matters related to the Company.

於本回顧年度內，本公司曾舉行五次審核委員會會議，本年度審核委員會之主要工作包括(i)審議本集團截至二零二零年十二月三十一日止年度的末期業績；(ii)審議本集團截至二零二一年六月三十日止六個月的中期業績；(iii)審閱二零二一年的內部審核計劃進度及完成度；(iv)審閱二零二二年的內部審核計劃；(v)向董事會提出續聘外聘核數師之建議供股東批准及審閱其審計費用；及(vi)審閱審核委員會職權範圍。

審核委員會與本公司財務總監及外聘核數師會面，討論各自的審核發現、本集團採納的會計原則及實務、法例及規例的遵守、內部監控和風險管理系統，以及財務報告事項（包括提呈予董事會批核前的全年財務報表）。審核委員會亦會在管理層避席的情況下與內部審核部門主管會面。審核委員會協助董事會達到維持有效的風險管理和內部監控機制之責任。審核委員會與內部審核部門主管審閱本集團的年度內部審核計劃和所需的資源，並審議由內部審核部門主管就本集團業務營運的風險管理和內部監控成效向審核委員會所提交的報告。

審核委員會成員之出席會議紀錄已列載於本報告第57頁內之「董事於本年度舉行的會議出席紀錄」標題內。

舉報政策

本公司已於二零一九年三月二十八日採納舉報政策，讓僱員及其他與本公司有往來者（如客戶及供應商）可暗中向審核委員會提出其對任何可能關於本公司的不當事宜的關注。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems on an ongoing basis and reviews their effectiveness by the Audit Committee at least annually with the assistance of the Internal Audit Department. The Group's risk management and internal control systems, are systems of process performed by the Board and management to provide reasonable and not absolute assurance on the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding assets of the Group, providing reliable financial reporting, and complying with applicable laws and regulations. The purpose of the risk management and internal control systems is to identify and manage various risks which are categorised as strategic, operational, compliance and financial risks of the Group so as to reduce, mitigate, transfer or avoid them. However, these systems are designed to manage rather than eliminating risk of failure in operational system, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Internal Audit

To comply with the CG Code in relation to the requirements of the establishment of internal audit function and appropriate and effective risk management and internal control systems, the Internal Audit Department is responsible for preparing an annual internal audit plan with use of appropriate risk-based methodology, evaluating the effectiveness of risk management and internal control processes through a systematic and disciplined approach, reviewing financial, operational and compliance controls and risk management functions, and reporting the findings with recommendations to the Audit Committee. The Audit Committee takes the responsibility to review the effectiveness of risk management and internal control systems, and ensure the internal audit function and its duties are in compliance with the CG Code.

The internal audit function is carried out by the Internal Audit Department and its purpose, authority, roles and responsibilities were formalized under internal audit charter adopted by the Audit Committee.

風險管理及內部監控

董事會確認有責任持續監督本集團風險管理及內部監控系統，而審核委員會在內部審核部門的協助下至少每年一次檢討其成效。本集團風險管理及內部監控系統由董事會及管理層負責執行，藉以合理而非絕對的保證營運有效及具效率地達致已確立的企業目標、保護本集團資產、提供可靠的財務報告，以及遵守適用的法例及規定。風險管理及內部監控系統的目的是為了辨認及管理本集團各類型風險，包括：策略、營運、合規及財務風險，從而減少、減輕、轉移或避免上述風險。然而，該等系統旨在管理而非消除未能維持營運制度之風險，並僅可就重大錯誤陳述或損失提供合理而非絕對保證。

內部審核

為符合《企業管治守則》有關建立內部審核功能和合適及有效的風險管理及內部監控系統之要求，內部審核部門負責使用適當的風險評估法來制定年度內部審核計劃，通過具系統性及規範性的方法評估風險管理和內部監控流程的有效性，檢討財務、營運及合規監控以及風險管理功能，並將檢討結果及建議提交至審核委員會。審核委員會負責審查風險管理及內部監控系統的有效性，以及確定內部審核功能及其職責遵守《企業管治守則》。

內部審核功能由內部審核部門負責，其目的、權限、角色及責任已確立於由審核委員會通過的內部審核章程內。

Confronting the temporary travel restrictions and quarantine measures implemented by the PRC and Hong Kong governments, the Internal Audit Department continuously improve on remote auditing by accelerating adoption of agile audit techniques, necessitating the greater use of technology, collaborative working and video conferencing. It includes the prioritization of operational resilience and assessment of any emerging risks that support the provision of reasonable assurance. The Internal Audit Department conducted reviews remotely on the selected business unit situated in the PRC for maintaining a sound and effective risk management and internal control systems of the Group to enhance and protect the organizational value by providing risk-based and objective assurance.

Internal Audit Department prepares an annual internal audit plan based on a risk assessment methodology upon the Audit Committee's approval. Internal audit works are carried out pursuant to the approved audit plan. Internal audit reports with audit findings and recommendations are prepared for the Audit Committee's review and discussion from time to time.

Risk Management

Our risk management process is embedded in our daily operations, financial activities, compliance, strategy development and business planning, investment decision and external factors. The risk management process includes:

Risk Identification

- identifying the risks through department heads and general manager of each business;
- identifying the risks that may have a potential to negatively affect the business strategic plan of the Group;
- considering the materiality of the impact of the risk; and
- accessing the relevancy to the business strategic plan and the level of potential impact of the delivery of the business strategic plan.

面對中國和香港政府實施的臨時旅遊限制和檢疫措施，內部審核部門通過加快採用靈活審計技術和增加使用科技、協同工作和視訊會議，以不斷改進遠程審計方法，包括優先考慮運營彈性，並評估任何新興風險以提供合理保證。內部審核部門對位於中國選定的業務單位進行遠程審計，並通過提供基於風險的客觀保證，維持本集團的風險管理及內部監控系統健全有效來提高和保護企業價值。

內部審核部門以風險評估法制定年度內部審核計劃，並交由審核委員會批准。內部審核工作乃按經批准之審核計劃進行。內部審核部門將載有審核結果及建議的內部審核報告不時呈交至審核委員會審閱及討論。

風險管理

我們之風險管理過程融入我們日常營運、財務活動、合規、策略發展及業務規劃、投資活動及外部因素。風險管理過程包括：

識別風險

- 由部門主管和各業務總經理識別風險；
- 識別可能對本集團業務策略計劃有不利影響之風險；
- 考慮風險所產生之影響是否重大；及
- 評估對業務策略計劃之相關程度及對執行業務策略計劃之潛在影響幅度。

Risk Analysis

- conducting a quantity measurement to evaluate the risk level;
- assessing the risk severity according to its level of consequence and the likelihood of the risk event becoming actual event; and
- determining the risk severity with reference to the historical data, industry norms and own judgment.

Risk Evaluation

- identifying the risks and assess the options available to accept, mitigate, transfer or avoid the risks; and
- deciding the appropriate response in terms of its effectiveness and establishing the priorities.

Risk Treatment

- selecting the risk treatment options; and
- preparing and implementing risk treatment plans and reporting to Audit Committee regularly.

Internal Control

The internal control system consists of a set of rules, policies and procedures and organizational structures which aims to:

- ensure the corporate strategies are properly implemented;
- achieve the effective and efficient corporate processes;
- safeguard the value of corporate assets;
- ensure the reliability and integrity of accounting and management data; and
- ensure the business operations comply with laws, rules, policies and regulations.

分析風險

- 對風險程度進行量化分析；
- 根據風險後果及風險事件成為真實事件之可能性，而評估風險的嚴重程度；及
- 參考過往數據、行業常態及自身判斷，釐定風險的嚴重程度。

評估風險

- 識別風險及評估可供選取之做法，以接受、減輕、轉移或避免風險；及
- 根據有效性，決定適當之回應，然後設立回應風險之次序。

處理風險

- 挑選處理風險的選擇；及
- 編製及實施處理風險計劃，並定期向審核委員會匯報。

內部監控

內部監控系統包含一套規則、政策和程序及組織架構，旨在：

- 確保企業策略妥當執行；
- 達致有效及高效的企業程序；
- 保障企業資產的價值；
- 確保會計及管理數據的可靠性和完整性；及
- 確保業務營運符合法律、規則、政策及規定。

Review of Risk Management and Internal Control, and Corporate Governance Compliance

The Board, through the Audit Committee, has concluded a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2021, covering all material financial, operational, compliance controls and risk management functions, and therefore considered that such systems were effective and adequate. In addition, the Audit Committee also reviewed the adequacy of resources, staff qualifications and experience of staff and the training programs and budget of the Company's accounting and financial reporting function. During the reporting period, the Audit Committee was not informed of any audit findings that indicated material weaknesses in the internal control system or the risk management system.

Procedures for handling and dissemination of inside information

With a view to identifying, handling and disseminating inside information in compliance with the Listing Rules, SFO and other regulatory requirements, the Company has adopted a policy on disclosure of inside information (the "Inside Information Disclosure Policy") to regulate procedures and internal controls in handling of inside information. The Directors and senior management of the Company are obliged to take all reasonable measures stipulated in the said policy to ensure that proper safeguards exist to prevent the Company from breaching the statutory disclosure requirement. The Inside Information Disclosure Policy covers the following:

- setting out the processes for identifying and assessing potential inside information, and convening a board meeting to consider and discuss potential inside information;
- setting out the responsibilities of officers in preserving the confidentiality of inside information; and
- identifying who the Company's authorized spokespersons are and their responsibilities for communications with the stakeholders of the Company.

檢討風險管理及內部監控，以及遵守企業管治

董事會已透過審核委員會檢討截至二零二一年十二月三十一日止年度本集團風險管理及內部監控成效，包括所有重大財務、營運、合規監控及風險管理職能，並確認該等系統有效及足夠。此外，審核委員會已檢討本集團在會計及財務匯報職能方面是否有充足的資源、僱員資歷及經驗，以及僱員所接受充足的培訓課程及有關預算。報告期內，審計委員會未獲悉在內部控制系統或風險管理系統中存在任何重大缺陷的審計結果。

處理及披露內幕消息的程序

為遵守《上市規則》、《證券及期貨條例》及其他監管規定識別、處理及發佈內幕消息，本公司已採納一套內幕消息披露政策（「內幕消息披露政策」），以規管程序及內部監控處理內幕消息。董事及本公司高級管理人員有責任按該政策採取一切合理措施，以確保有妥善的預防措施，防止本公司違反法定披露之規定。內幕消息披露政策涵蓋以下內容：

- 說明識別和評估潛在的內幕消息，以及召開董事會會議以考慮及商討潛在的內幕消息之程序；
- 說明高級職員保密內幕消息的責任；及
- 識別本公司授權的發言人及其與本公司持份者溝通的責任。

The Board considers that the Company's existing measures are effective and compliance mechanisms are appropriate to safeguard the Company and its officers in discharging their disclosure obligations in respect of inside information.

External Auditor's Remuneration

During the year ended 31 December 2021, the fee paid/payable to the external auditor in respect of audit and non-audit services provided by the external auditor to the Group were as follows:

董事會認為本公司現有措施屬有效，及合規機制足以保障本公司及其高級職員履行內幕消息的披露責任。

外聘核數師酬金

於截至二零二一年十二月三十一日止年度，有關已付／應付外聘核數師為本集團提供核數及非核數服務之酬金如下：

		Fee paid/payable 已付／應付費用 HK\$'000 千港元
Services rendered	所提供服務	
Audit services	核數服務	2,848
Non-audit services	非核數服務	-
<hr/>		
Total	合計	2,848

RESPONSIBILITY FOR PREPARATION AND REPORTING OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting and financial reporting standards to enable the presentation of these financial statements that are free from material misstatement, whether due to fraud or error. The Directors will subject to statutory requirements and applicable accounting standards, select suitable accounting policies and apply them consistently, make prudent, fair and reasonable judgements and estimates and prepare the financial statements on a going concern basis.

編製及呈報財務報表之責任

董事知悉彼等有責任根據法定要求及適用會計及財務報告準則編製本集團綜合財務報表，以確保此等財務報表不會因欺詐或錯誤而出現重大錯誤陳述。董事將受制於法定要求及適用之會計準則下，選擇並貫徹運用合適的會計政策，作出審慎、公平及合理之判斷及估算，並按持續經營基準編製財務報表。

COMPANY SECRETARY

Ms. Wong Lai Tong acts as the sole company secretary of the Company. She is a full-time employee of the Group and reports to the chairman and/or chief executive officer. During the year, she has duly complied with the relevant professional training requirement under rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company has opportunities to directly communicate with Shareholders at various annual general meetings and other general meetings where Shareholders are encouraged to actively attend. In addition, the chairman of the Board and the chairman of each of Nomination Committee, Remuneration Committee and Audit Committee were present to answer any attending Shareholder's questions at the annual general meeting. The auditor had also attended the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

Furthermore, the Company provides information in its annual reports and interim reports, and announcements. All Shareholders' communications are also available on the Company's website at <http://www.cosmel.com>.

Convening of a general meeting

Pursuant to section 566 of the Companies Ordinance, Shareholder(s) representing at least 5% of the total voting rights of all Shareholders having a right to vote at general meetings can request the directors to call a general meeting. The request must state the general nature of the business to be dealt with at the general meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such request must be authenticated by the person(s) making it and sent to the Company at its registered office in hard copy form or in electronic form to ir@cosmel.com for the attention of the company secretary.

公司秘書

王勵瑋女士擔任本公司唯一公司秘書。彼為本集團之全職僱員及需向主席及／或向行政總裁匯報。於本年度，彼已遵守《上市規則》第3.29條有關專業培訓之規定。

股東權利

本公司於股東周年大會及其他股東大會有機會與股東直接溝通，並鼓勵他們積極參與。另外，於股東周年大會上，董事會主席，以及提名委員會、薪酬委員會及審核委員會主席，均有出席解答任何與會股東之提問。而核數師亦有出席股東周年大會以回答有關審計工作、編製核數師報告及其內容、會計政策，以及核數師的獨立性問題。

此外，本公司在其年報、中期報告，以及公告中提供資料。所有股東通訊亦載列於本公司網站<http://www.cosmel.com>。

舉行股東大會

根據《公司條例》第566條，佔全體有權在股東大會上表決的股東總表決權的最少5%的股東，可要求董事召開股東大會。該要求須述明有待在有關股東大會上處理的事務的一般性質及可包含可在該股東大會上恰當地動議並擬在股東大會上動議的決議的文本。該要求須經提出要求的人士認證及以印本形式送交本公司註冊辦事處，或以電子形式發送至ir@cosmel.com列明收件人為公司秘書。

Shareholders' Power to Request Circulation of Statement

Pursuant to section 580 of the Companies Ordinance, Shareholder(s) representing at least 2.5% of the total voting rights of all Shareholders or at least 50 Shareholders who have a relevant right to vote at a general meeting, may request the Company to circulate to the Shareholders entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that meeting. The request (i) must identify the statement to be circulated; (ii) must be authenticated by the person(s) making it; and (iii) may be sent to the Company at its registered office in hard copy form or in electronic form to ir@cosmel.com for the attention of the company secretary at least 7 days before the meeting to which it relates.

Procedures for Shareholders to put forward proposals at an annual general meeting

Pursuant to section 615 of the Companies Ordinance, Shareholder(s) representing at least 2.5% of the total voting rights of all Shareholders of the total voting rights of all Shareholders who have a right to vote on the resolution at annual general meeting or at least 50 shareholders who have a right to vote on the resolution at an annual general meeting to which the request relate, may request the Company to give to the Shareholders notice of a resolution that may properly be moved and is intended to be moved at that meeting. The request (i) must identify the resolution of which notice is to be given; (ii) must be authenticated by the person(s) making it; and (iii) may be sent to the registered office of the Company in hard copy form or in electronic form to ir@cosmel.com for the attention of the company secretary no later than 6 weeks before the annual general meeting; or if later, the time at which notice of the meeting is given.

股東有權力傳閱陳述書

根據《公司條例》第580條，佔全體在股東大會上表決的股東總表決權的最少2.5%的股東或最少50名在股東大會上有相關表決權利的股東，可要求本公司向股東傳閱有待在該股東大會上處理的、某被提出的決議所述的事宜；或其他有待在該股東大會上處理的事務，而字數不多於1,000字的陳述書。該要求(i)須指出將予傳閱的陳述書；(ii)須經所有提出該要求的人認證；及(iii)須在該要求所關乎的股東大會前最少七日以印本形式送交本公司註冊辦事處，或以電子形式發送至ir@cosmel.com列明收件人為公司秘書。

股東在股東周年大會提呈動議的程序

根據《公司條例》第615條，佔全體有權在該求所關乎的股東周年大會上表決的股東總表決權的最少2.5%的股東，或最少50名有權在該股東周年大會就決議表決的股東可要求本公司向股東發出關於可在股東周年大會上恰當地動議並在該大會上動議的決議的通知。該要求(i)須指出有待發出通知所關乎的決議；(ii)須經所有提出該要求的人認證；及(iii)須在提呈該要求所關乎的股東周年大會舉行前六個星期之前或(如在前述時間之後送抵本公司的話)有關會議通知發出之時以印本形式送交本公司註冊辦事處，或以電子形式發送至ir@cosmel.com列明收件人為公司秘書。

Procedure for Shareholders and other stakeholders to send enquiries and concerns to the Board

Shareholders and other stakeholders are invited to access the Company's website at <http://www.cosmel.com> for up-to-date information of the Company. They are advised to send enquires and concerns to the Board:

- (i) by post at the registered office of the Company; or
- (ii) by email to ir@cosmel.com; and

for the attention of the company secretary.

The Board has adopted a revised shareholders' communication policy of the Company on 28 March 2019 which is available on the Company's website. Shareholders and other stakeholders can read the said policy at the Company's website for details.

DIVIDEND POLICY

A dividend policy of the Company (the "Dividend Policy") has been adopted by the Board on 28 November 2018. The Dividend Policy sets out the factors in determination of dividend payment of the Company, the frequency and form of dividend payments.

When considering the decision on dividend declaration, the Board will take into account, among other things, the following factors:

- (i) financial performance and financial conditions of the Group;
- (ii) cash flows position of the Group;
- (iii) capital requirements for business plans of the Company;
- (iv) investment opportunities available with the Company;
- (v) borrowing capacity of the Company so as to capture any growth opportunities;
- (vi) expected commitment of the research and development on new products and technology; and

股東及其他持份者向董事會提出查詢與關注的程序

誠邀股東和其他持份者瀏覽本公司網站 <http://www.cosmel.com>，獲取本公司的最新資料。建議股東和其他持份者可將有關對董事會的查詢與關注：

- (i) 郵寄至本公司註冊辦事處；或
- (ii) 電郵至 ir@cosmel.com；並

列明收件人為公司秘書。

董事會已於二零一九年三月二十八日採納經修訂的本公司之股東通訊政策，並已載於本公司網站。股東及其他持份者可在本公司網站上查閱該政策了解詳情。

股息政策

本公司已於二零一八年十一月二十八日獲董事會採納股息政策（「股息政策」）。股息政策載明釐定本公司派付股息的因素、股息支付的次數及形式。

在決定宣派股息時，董事會會考慮以下（其中包括）因素：

- (i) 本集團之財務業績及財務狀況；
- (ii) 本集團之現金流；
- (iii) 本公司業務計劃的資本要求；
- (iv) 本公司的投資機會；
- (v) 本公司的借貸能力以抓住其他增長機會；
- (vi) 預期研發新產品及技術的承諾；及

(vii) future outlook of the macro economic environment that have an impact on the business or financial performance and position of the Group.

The dividend shall be paid in the form of (i) cash; or (ii) a scrip dividend; or (iii) a combination of partly in (i) and partly in (ii) above.

The Board may declare interim dividends at its absolute discretion in line with the Dividend Policy and may recommend final dividend payable to the Shareholders who are qualified to attend the annual general meeting in line with the Dividend Policy, subject to the approval of the Shareholders in the annual general meeting. The Company may recommend a special dividend in special circumstances.

The Dividend Policy would be subject to revision and amendment under the Articles and the Hong Kong law, including the Companies Ordinance and the Listing Rules from time to time.

CONSTITUTIONAL DOCUMENTS

During the year, there is no significant change in the Company's constitutional documents.

(vii) 對宏觀經濟環境之未來展望，對本集團的業務或財務業績及狀況產生之影響。

股息應以(i)現金；或(ii)以股代息；或(iii)部份按上列(i)項與部份按上列(ii)項之組合。

董事會可根據股息政策行使絕對酌情權派發中期股息。經股東於股東周年大會上批准，董事會可根據股息政策建議應付末期股息予合資格出席股東周年大會的股東。本公司亦可能會在特殊情況下建議派發特別股息。

股息政策可根據章程細則及香港法律(包括《公司條例》及《上市規則》)不時修改及修訂。

組織章程文件

本公司的組織章程文件於年內並無重大變動。