



CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE

The Company is committed to developing a positive and progressive culture across the organization, allowing the Company's employees to meet their potential and enabling the Company to attain sustainable growth and success.

It is the Board's role to foster a corporate culture and to ensure its alignment and consistency with the purpose, vision and values of the Group as defined and established by the Board. The Board ensures the effectiveness and adequacy of the corporate governance system. The management of the Group communicates the Company's values and culture to all level of staff through effective engagement and clear communication of the Group's strategy and business developments. All staff work together to build the Group's culture.

The Group continues to strive to maintain a high standard of business ethics and corporate governance across the organisation. The Directors, management and staff are all required to act lawfully, ethically and responsibly when they conduct the Company's business affairs.

The Group's corporate culture and values are reflected in the Group's practice and/or written policies or guidelines, including but not limited to whistleblowing policy and anti-corruption policy.

The Board is satisfied that the purpose, value and strategic directions of the Group were aligned with its culture during the year ended 31 March 2023. The Board ensure the Group will from time to time to review the policies and practice ensuring the corporate culture and value are aligned with objectives of the Group. In the long run, the Group believes that shareholder value will be maximised and the employees will benefit as well.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining the highest standards of corporate governance practice emphasising transparency, independence and accountability. The Board believes that good corporate governance practices better safeguard the assets and protect the interests of the shareholders of the Company.

The Company has devised and adopted its own code of practice which follows all Code Provisions and some of the Recommended Best Practices under the Corporate Governance Code (“the Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the deviations described below.

Save for the exceptions set out below, the Company has complied with all Code Provisions of the Code throughout the year ended 31 March 2023 and up to the latest practicable date prior to the publication of this annual report:

1. The Group has not designated any chief executive. Generally, prior approvals by all executive directors are required for all strategic decisions and are confirmed in formal board meetings or via written board resolutions. The Group believes that the existing organisation and decision making procedures are adequate for the Group to cope with the ever-changing economic environment; and
2. The Group has not arranged insurance cover in respect of legal action against its directors as the Board considers that there is prudent management policy currently in place. However, the need for insurance policy will be reviewed from time to time.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Specific enquiries were made of all directors and the directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2023.

BOARD OF DIRECTORS

The Board comprises two executive directors (one of whom is the Chairman of the Board), three non-executive directors and three independent non-executive directors. Biographical details of the directors and the familial relationship between the directors are set out in the section headed “Directors and Senior Management” on pages 44 to 45 of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

The Board is responsible for formulation of the Group's strategy, overseeing the management of the business and affairs of the Company. The Board has delegated the following responsibilities to the management of the Group which is overseen and led by the two executive directors. These responsibilities include implementation of the decisions of the Board; supervision and monitoring of daily operations; monitoring and safeguarding the Group's assets, and making recommendations for the Group's development. As per the Company's general practice, prior approvals by all executive directors are required for all strategic decisions such as acquisitions and disposals of the Group's assets. The major decisions are then confirmed in formal board meetings or under written resolutions. The management reports to the Board on their work and business decisions in regular meetings. The key and important decisions including approval of interim and annual results, directors' report, corporate governance report, environmental, social and governance report, dividend policy and nomination of directors are fully discussed at board meetings. Other issues reserved to the full board for decision include any matters involving a conflict of interest for a substantial shareholder or director, major transactions involving acquisition or disposals of assets, investment and capital projects, treasury policies, risk management policies and key human resources issues.

Regarding the full board meetings held during the year, the directors received at least 14 days prior written notice of the relevant meeting and an agenda with supporting paper(s) no less than three days prior to the meeting. With respect to other ad hoc meetings, the directors will be given as much notice as is reasonable and practicable in the circumstances.

During the year ended 31 March 2023, four full board meetings were held with 97% attendance rate. Individual attendance of directors is shown in the following table:

Table – Number of board meetings, committee meetings and AGM attended by each director during the year ended 31 March 2023

	Scheduled board meetings(i)	Audit committee meetings(ii)	Remuneration committee meeting	Nomination committee meeting	Corporate governance committee meeting	AGM 2022 (ii)
Executive directors						
Mr. Ng Tai Wai (Chairman)	5/5	N/A	1/1	N/A	1/1	1/1
Mr. Ng Tai Yin, Victor	4/4	N/A	N/A	1/1	N/A	1/1
Non-executive directors						
Mr. So Kwok Leung	3/4	N/A	N/A	N/A	1/1	1/1
Mr. So Kwok Wai, Benjamin	4/4	2/2	N/A	N/A	N/A	1/1
Ms. Ng Kwok Fun	4/4	N/A	N/A	N/A	1/1	1/1
Independent non-executive directors						
Dr. Ng Chi Yeung, Simon	5/5	2/2	1/1	1/1	1/1	1/1
Ms. Chan Suit Fei, Esther	5/5	2/2	1/1	1/1	1/1	1/1
Mr. Heng Pei Neng, Roy	5/5	2/2	1/1	1/1	1/1	1/1

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(Continued)*

- (i) Included one meeting held by the Chairman and independent non-executive directors without the attendance of executive directors in February 2023.
- (ii) External auditors also attended the meetings.
- (iii) 4/4 denotes attendance of four out of a total of four meetings, and so on.
- (iv) N/A – not applicable

BOARD INDEPENDENCE

Currently, there are three independent non-executive directors in the Board, which represents more than one-third of the Board members and at least one of the independent non-executive directors has appropriate professional qualifications, or accounting or related financial management expertise.

As at 31 March 2023, two long-serving independent non-executive directors, namely Dr. Ng Chi Yeung Simon and Ms. Chan Suit Fei, Esther, have served the Board for more than nine years. Save for their roles as independent non-executive directors, they do not hold any executive or management role and are not involved in the daily management of the Company and the Group, nor do they have any relationship, nor are there any circumstances which would interfere with the exercise of their independent judgement. The Board is satisfied that they meet the independence requirements of the Listing Rules notwithstanding the length of their service with the Company.

The Company has received confirmations from each of the independent non-executive directors as regards their independence with respect to the Company for the year and considers that each of the independent non-executive directors is independent from the Company. The Board is satisfied that they meet the independence requirements of the Listing Rules.

MECHANISMS ENSURING INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD

The Company has established mechanisms to ensure independent views and input are available to the Board.

The Company reviews, from time to time, if the Company meets the minimum threshold of the total number of independent non-executive directors as required under the Listing Rules. The recruitment process of the Company shall strictly adhere to the Nomination Policy. When considering the new appointment or re-appointment of independent non-executive directors, the Company shall take into account the factors as set out in the section of “Selection criteria and board diversity” under the section headed “Nomination Policy” in this Corporate Governance Report. The Board (and the Nomination Committee) shall assess the independence of independent non-executive directors reference to the independence criteria as set out in the Listing Rules on an annual basis to ensure that they can continually exercise independent judgement. Each independent non-executive director is also required to inform the Company as soon as practicable if there is any change in his/her personal particulars that may materially affect his/her independence. It shall be mandatory for the Company to appoint a new independent non-executive director if all existing independent non-executive directors have served the Company for more than nine years under the Listing Rules.

At the time of new appointment, all independent non-executive directors are invited and appointed as chairman or member of all the Board Committees of the Company. The Board believes that independent views and input can be made available to each board committee and subsequently referred to the Board. Occasions may arise when Directors consider that they need professional advice in the furtherance of their duties as a director. The independent non-executive directors (as other directors) can seek advice from external professional advisers to discharge his/her duty at the Company’s expense, where necessary. Also, the Chairman of the Board shall at least annually hold a meeting with independent non-executive directors without the presence of other directors to discuss major issues and any concerns. Each member of the Board (including independent non-executive directors) is required to ensure that he/she can give sufficient time and attention to the affairs of the Company and contribute to the development of the Company’s strategy and policies through independent, constructive and informed comments.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(Continued)*

MECHANISMS ENSURING INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD *(Continued)*

The Board believes that this mechanism ensuring independent views and input are available is in place to allow strong independent elements on the Board.

The Board has reviewed the implementation and effectiveness of this mechanism on an annual basis and the Board considered the mechanism was effective during the year ended 31 March 2023.

DEVELOPMENT AND TRAINING

Development and training of the directors is an ongoing process to ensure that the directors are able to perform their duties appropriately. The company secretary regularly circulates details of training courses and other regulatory updates which are related to the Company's business. All directors are encouraged to attend relevant training courses.

The Board has received the training record of all directors. Details of continuous professional development are set out below:

	Attending expert briefings/ seminars/webinars/ conferences/forums relevant to the business or directors' duties	Reading regulatory updates, journals/articles/materials, etc
Mr. Ng Tai Wai <i>(Chairman)</i>		✓
Mr. Ng Tai Yin, Victor		✓
Mr. So Kwok Leung		✓
Mr. So Kwok Wai, Benjamin		✓
Ms. Ng Kwok Fun		✓
Dr. Ng Chi Yeung, Simon	✓	✓
Ms. Chan Suit Fei, Esther	✓	✓
Mr. Heng Pei Neng, Roy	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE

Mr. Ng Tai Wai is the Chairman of the Board and none of the directors has been designated as chief executive during the year ended 31 March 2023.

During the year ended 31 March 2023, the Chairman directed the company secretary to draw up the agenda for each board meeting. With the assistance of the directors and the company secretary, the Chairman ensured that all directors were properly briefed on the issues discussed at the Board meetings and all directors received adequate, complete and reliable information in a timely manner.

The role of chief executive was jointly performed by the two executive directors. The responsibilities include: leading the management; implementing and reporting to the Board on the Company's strategy; monitoring the performance of day-to-day management; establishing, maintaining and periodically reviewing proper internal controls, disclosures and procedures; and discharging the duties delegated by the Board.

CORPORATE GOVERNANCE REPORT

NON-EXECUTIVE DIRECTORS

In accordance with the Company's article of association, the non-executive and independent non-executive directors of the Company are not subject to specific terms of appointment as they are subject to retirement by rotation and re-election at the annual general meeting of the Company.

REMUNERATION COMMITTEE

The remuneration committee, consisting of three independent non-executive directors and one executive director, has been established since 15 December 2004. The terms of reference of the remuneration committee align with the code provisions of the Code and are available on the Exchange's and the Company's websites. The main duties of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. The committee also reviews the existing remuneration packages of the executive directors, non-executive directors and senior management, and makes appropriate recommendations to the Board. Staff remuneration is determined by the Group's management by reference to their qualification, work experience, performance and prevailing market conditions.

The chairman of the remuneration committee is Dr. Ng Chi Yeung, Simon and the committee members are Ms. Chan Suit Fei, Esther, Mr. Heng Pei Neng, Roy and Mr. Ng Tai Wai.

During the year ended 31 March 2023, one committee meeting was held at which there was a 100% attendance rate. Individual attendance of each committee member is shown on page 14 of this annual report under the section headed "Board of directors".

The work performed by the remuneration committee during the year ended 31 March 2023 included the following:

- reviewing the policy for the remuneration of executive directors;
- reviewing the terms of the directors' appointment letters;
- assessing performance of executive directors; and
- making recommendation on the salary for all executive directors and senior management of the Group.

EMOLUMENT POLICY

The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is commensurate with each individual's skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive directors are also determined by reference to the Company's performance and profitability, remuneration level in the industry, the prevailing market conditions and the performance and contribution from each director. The emolument policy for non-executive directors is to ensure that the non-executive directors are adequately compensated for their efforts and the time dedicated to the Company's affairs, including their participation in the Board committees. Individual directors and senior management are not involved in the determination of their own remuneration.



CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The nomination committee, consisting of three independent non-executive directors and one executive director, has been established since 13 March 2012. The terms of reference of the nomination committee align with the code provisions of the Code and is available on the Exchange's and the Company's website. The main duties of the Nomination Committee include formulating the nomination policy for the Board's consideration and implementing and regularly reviewing such policy and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

The chairman of the nomination committee is Ms. Chan Suit Fei, Esther and the committee members are Dr. Ng Chi Yeung, Simon, Mr. Heng Pei Neng, Roy and Mr. Ng Tai Yin, Victor.

During the year ended 31 March 2023, one meeting of the committee was held with 100% attendance rate. Individual attendance of each committee member is shown on page 14 of this annual report under the section headed "Board of directors".

The work performed by the nomination committee during the year ended 31 March 2023 included the following:

- reviewing of the structure, size and composition of the Board;
- assessing the independence of the independent non-executive directors and reviewing of their annual confirmations on their independence; and
- making recommendation to the Board for re-election of the retiring directors at the annual general meeting for the year ended 31 March 2022.

Taking into account the measurable objectives under the Board's diversity policy, the Board and the nomination committee are of the view that the current mix of our Board members is balanced and diverse (including with respect to gender diversity).

NOMINATION POLICY

The Company's Nomination Policy was formally written and adopted in March 2019. The Nomination Committee makes recommendation to the Board on the appointment or re-appointment of directors and succession planning for directors. The policy sets out process and procedures which govern the nomination of directors of the Board applicable to both new appointments and re-appointments.

In accordance with the Article 115 of Company's Articles of Association, all newly appointed directors are subject to election by shareholders at the next following annual general meeting ("AGM") after appointment.

In accordance with the Article 110 of Company's Articles of Association, at each AGM, one-third of the directors (if the number is not multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and are eligible for re-election.

CORPORATE GOVERNANCE REPORT

NOMINATION POLICY *(Continued)*

SELECTION CRITERIA AND BOARD DIVERSITY

In considering the new appointment or re-appointment of directors, the Board will base its decision on criteria such as integrity, independence, experience, skill and the ability to commit time and effort to carry out his/her duties and responsibilities, etc. On 1 September 2013, the Company adopted its own “Board Diversity Policy”. This policy has been implemented since June 2014. The Company considers that maintaining or increasing diversity at the Board level will benefit the Company’s overall sustainable development. In designing the Board’s composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional skills, knowledge or length of service. All board appointments will be based on merits, and candidates will be considered against objective criteria, with due regard to the benefits of diversity on the Board.

The measurable objectives are as follows:

- Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional skills, knowledge or length of service;
- The Board should ensure the balance of skills and experience to ensure an optimum Board and efficient stewardship;
- The Board should ensure that it comprises Directors who are sufficiently experienced and independent in character and judgement; and
- The final decision will be based on merits and their potential contribution that the selected candidates will bring to the Board.

The current composition of the Board is six male directors and two female directors, which is a mixed gender board. The Board believes that gender diversity in the Board would introduce viewpoints from different but complementary perspectives of the two genders. The Board further believes gender diversity will promote effective decision making and enhance corporate governance. To achieve gender diversity at Board level, the Board aims to maintain the level of the female representation on the Board at “at least one female director” or “female director ratio of 25%”, whichever is lower. In considering the Board’s succession, the Nomination Committee would first identify and consider potential candidates from senior management and employees of the Group, which currently has a gender ratio of 1:1. In considering the hiring of new employees of the Group (including senior management), the Company evaluates the candidates based on their experience, skill and their duties and responsibilities, etc. Consideration of “gender diversity” is relatively unimportant. The current gender ratio in the workforce (including senior management) will provide the overall view of gender diversity achieved by the Company. This would be a pathway for better succession planning for the Company.



CORPORATE GOVERNANCE REPORT

NOMINATION POLICY *(Continued)*

NOMINATION PROCEDURES FOR APPOINTMENT AND RE-APPOINTMENT

APPOINTMENTS BY THE BOARD

The Nomination Committee has been delegated authority to identify potential candidates for appointment to the Board through different means, including recommendations from existing directors or any other means that it deems appropriate.

Once a candidate has been identified, the Company Secretary, on behalf of the Nomination Committee, will request the candidate to provide his/her biographical information and other additional information and documents deemed necessary, including but not limited to (i) information on his/her interests in the securities of the Company (if any); (ii) his/her consent to act as a Member and disclosure of information relating to his/her proposed appointment; and (iii) for an independent non-executive director candidate, his/her declaration of independence in accordance with the criteria under the Listing Rules.

The Nomination Committee will review and take reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination Committee may, at its discretion, invite the candidate to meet with the Committee members in order to assist them in their consideration of the proposed nomination or recommendation. The Nomination Committee will then make recommendations for the Board's consideration and approval.

APPOINTMENTS BY THE SHAREHOLDERS AT A GENERAL MEETING

For the procedures of shareholders' nomination of any proposed candidate for election as a director, please refer to the "Procedure for Nomination of Directors by Shareholders", which is available on the Company's website.

RE-APPOINTMENT AT A GENERAL MEETING

The Nomination Committee will review the profile of the existing directors who have offered themselves for re-appointment to consider their suitability in the light of the Group's corporate strategy, the structure, size and composition of the Board at that time. The Nomination Committee will then make recommendations for the Board's consideration and the Board will, at its discretion, make recommendations to the Shareholders.

For those existing independent non-executive directors, who have offered themselves for re-appointment and serve the Company more than 9 years, the Nomination Committee shall consider the reason why they are still independent and therefore eligible for re-election. The Nomination Committee will then make recommendations for the Board's consideration and the Board will make recommendations to the Shareholders.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee has been established since 13 March 2012. It currently consists of three independent non-executive directors, one executive director and two non-executive directors. The terms of reference of the corporate governance committee align with the code provisions of the Code and is available on the Company's website. The main duties of the corporate governance committee include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board in this regard.

The chairman of the corporate governance committee is Mr. Heng Pei Neng, Roy and the committee members are Dr. Ng Chi Yeung, Simon, Ms. Chan Suit Fei, Esther, Mr. Ng Tai Wai, Mr. So Kwok Leung and Ms. Ng Kwok Fun.

During the year ended 31 March 2023, one meeting of the committee was held with 100% attendance rate. Individual attendance of each committee member is shown on page 14 of this annual report under the section headed "Board of directors".

The work performed by the corporate governance committee during the year ended 31 March 2023 included the following:

- reviewing company's policies and practices on corporate governance and compliance with legal and regulatory requirements;
- reviewing the training and continuous professional development of directors and senior management; and
- reviewing the Company's compliance with the code and disclosure in the Corporate Governance Report for the year ended 31 March 2023.

AUDIT COMMITTEE

The audit committee currently consists of three independent non-executive directors and one non-executive director. The terms of reference of the audit committee align with the code provisions of the Code and is available on the Exchange's and the Company's website. The main duties of the Audit Committee include considering the appointment of the external auditor and the audit fee, reviewing the annual report and accounts and the half-year report before submission to the Board, and reviewing the Company's financial controls, internal control and risk management systems.

The chairman of the audit committee is Mr. Heng Pei Neng, Roy and the committee members are Dr. Ng Chi Yeung, Simon, Mr. So Kwok Wai, Benjamin, and Ms. Chan Suit Fei, Esther.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE *(Continued)*

During the year ended 31 March 2023, two meetings of the committee were held with 100% attendance rate. Attendance of individual member is shown on page 14 of this annual report under the section headed "Board of directors".

The work performed by the audit committee during the year ended 31 March 2023 included the following:

- reviewing and discussing with the management the accounting principles and practices adopted by the Group and other financial reporting matters;
- reviewing the annual and interim results and reports for the completeness, accuracy and truth and fairness of the financial statements of the Group;
- reviewing the results of external audit and discussion with the external auditors on any significant audit findings and issues;
- reviewing and discussing with the management the effectiveness of the financial control, internal controls and risk management systems of the Group; and
- review of the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting function.

AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services, which included taxation and other review, provided by the auditors and any entity under common control, ownership or management of the auditors during the year ended 31 March 2023 is as follows:

	HK\$
Audit fee	408,000
Other non-audit services	
Interim review	58,000
	58,000
Other non-audit professional services provided by affiliated company of the auditors	
Taxation service	52,400
	52,400
Total	518,400

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it has the overall responsibility for the Group's risk management and internal control systems, including evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, ensuring the Company establishes and maintains appropriate and effective risk management and internal control systems and reviewing the effectiveness of such systems.

RISK GOVERNANCE STRUCTURE

- 1st line defence
- The risk management team comprises one executive director and one accountant. The team identifies, analyses, evaluates, and manage the Group's financial risk and non-financial risk on an ongoing process.
 - The qualified accountant monitors internal control measures on an ongoing basis and provides oversight of the risk management. The qualified accountant annually submits the in-house report on risk management and internal control issue for the Audit Committee's review and assists the independent professional advisor (the "IPA") to conduct independent risk management and internal control review.
- 2nd line defence
- The IPA provides independent and objective assurance on the overall effectiveness of the risk management and internal control system using risk-based approach.
- 3rd line defence
- The board, through the Audit Committee, reviews the effectiveness of the Group's risk management and internal control system. The Audit Committee oversees financial reporting and review the in-house and independent report on risk management and internal control system.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Group has engaged an IPA to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group and in performing the internal audit functions for the Group. The scope of the annual internal audit review by IPA is based on the Group's key business process or risky areas as recommended by the Audit Committee. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Any significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken. The independent report on risk management and internal control review are submitted to the Audit Committee and the Board at least once a year. The Board, through the Audit Committee, had performed an annual review on the effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2023, including capability to respond to changes in business and external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work by the IPA; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The independent report on risk management and internal control review, with no material weakness was being found, was submitted to the Audit Committee for review. No significant area of concern has been identified. The Board considers the Group's risk management and internal control systems were effective and adequate during the year. The risk management and internal control systems of the Group 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.



CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

PROCEDURE AND INTERNAL CONTROL FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company complies with requirements of the Securities and Futures Ordinance (“SFO”) and the Listing Rules in disclosing inside information. The Company discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Company ensures the information is kept strictly confidential. If the Company believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Company would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements is not false or misleading as to a material fact, or false or misleading through the omission of a material fact. The information presented shall be in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

ACCOUNTABILITY

The directors acknowledge their responsibility for preparing the financial statements of the Company which give a true and fair view in accordance with Hong Kong Financial Reporting Standards. The directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the Board and management with an appropriate consideration of materiality.

The directors, having made appropriate enquires, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company’s ability to continue as going concern. Accordingly, the directors have prepared the financial statements of the Company on a going concern basis.

The board has conducted a review of the effectiveness of the system of internal controls, including financial, operational and compliance controls and risk management functions.

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary, Ms. Mimoona Ma. She is an employee of the Company and is appointed by the Board. The company secretary supports the chairman, the Board and the Board committees by ensuring good information flow within the Board and that the Board policy and procedures are followed. She reports to the Chairman on board governance matters and facilitates the induction and professional development of directors. The company secretary is also responsible for facilitating communications among directors as well as shareholders and management. Biographical details of the company secretary are set out in the section headed “Directors and Senior Management” on page 45 of this annual report. During the year ended 31 March 2023, the company secretary undertook over 15 hours of professional training to update her skills and knowledge.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT

THE PROCEDURE FOR SHAREHOLDERS TO CONVENE AND PUT FORWARD PROPOSALS AT MEETING

The procedures for shareholders to convene and put forward proposals at meeting are subject to the provisions under the Companies Ordinance, further details of which are set out below:

CONVENING AN ANNUAL GENERAL MEETING (AGM)

Pursuant to section 610(1) of the Companies Ordinance, a company must, in respect of each financial year of the company, hold a general meeting as its AGM within 6 months after the end of its accounting reference period by reference to which the financial year is to be determined. If the company fails to hold an AGM under section 610(1) of the Companies Ordinance, any shareholder can pursuant to section 610(7) of the Companies Ordinance apply to the court in Hong Kong, and the court may then call or direct the calling of an AGM and give such ancillary or consequential direction. Usually, the Company holds AGM in every August or September.

Pursuant to section 615(2) of the Companies Ordinance, shareholders holding at least 2.5% of the total voting rights of all shareholders who have a right to vote on resolution at the AGM to which the requests relate; or at least 50 shareholders who have a right to vote on the resolution at the AGM to which the requests relate, can submit a written request to move a resolution at the AGM.

The request shall state the resolution of which notice is to be given. The request shall be signed by the said shareholder(s) (or 2 or more copies which between them contain the signatures of all the said shareholders) and shall be deposited at the Company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary not less than 6 weeks before the AGM to which the requests relate; or if later, the time at which notice is given of that meeting. The request will be verified with the Company's Share Registrar. Once the request is verified as proper and in order, the company secretary will ask the Board of Directors to include the resolution in the agenda for the AGM. On the contrary, if the request has been verified as not in order, the said shareholders will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM.

Pursuant to section 616 of the Companies Ordinance, the company that is required under section 615 to give notice of a resolution must send a copy of it at the company's own expense to each shareholder of the company entitled to receive notice of the AGM in the same manner as the notice of the meeting; and at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

If the proposal relates to the election of a person other than a director of the company retiring at the AGM, at least 7 days' notice commencing no earlier than the day after the dispatch of the notice and ending no later than 7 days prior to the date of the meeting shall be given. "Procedure for Nomination of Directors by Shareholders" is published in the Company's corporate website.

CIRCULATION OF STATEMENT AT AGM/GENERAL MEETING (GM)

Pursuant to section 580 of the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all shareholders who have a relevant right to vote at the meeting; or at least 50 shareholders who have a relevant right to vote at the meeting may request the company to circulate, to shareholders of the company entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to the matter mentioned in a proposed resolution to be dealt with at that meeting or other business to be dealt with at that meeting.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT *(Continued)*

CIRCULATION OF STATEMENT AT AGM/GENERAL MEETING (GM) *(Continued)*

The proposed statement must be signed by the said shareholder(s) (or 2 or more copies which between them contain the signatures of all the said shareholders) and shall be deposited at the company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary at least 7 days before the meeting to which the request relates. The request will be verified with the company's Share Registrar. Once the request is verified as proper and in order, the company will circulate the statement to each shareholder of the company entitled to receive notice of the meeting provided that:

- (1) if the request relates to an AGM, the proposed statement is received in time to enable the company to send a copy of the statement when the notice of AGM is dispatched. Otherwise, the said shareholder(s) have to deposit a sum reasonably sufficient to meet the company's expenses in circulating the statement submitted by the said shareholders not later than 7 days before the AGM.
- (2) if the request relates to a GM, the said shareholders have to deposit a sum reasonably sufficient to meet the company's expenses in circulating the statement submitted by the said shareholders not later than 7 days before the GM.

On the contrary, if the request has been verified as not in order, not received in time for the company to include a copy of the proposed statement in the notice of AGM or the said shareholders have failed to deposit sufficient money to meet the company's expenses for the said purposes, the said shareholders will be advised of this outcome and accordingly, the proposed statement will not be circulated to shareholders who entitle to receive notice of the meeting.

CONVENING A GENERAL MEETING ("GM")

Pursuant to section 566 of the Companies Ordinance, the directors are required to call a general meeting if the company has received requests to do so from shareholders of the company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings.

Subject to the Companies Ordinance, the written request shall state the objects of the meeting, shall be signed by the said shareholder(s) (which may be contained in one document or in several documents in like form) and shall be deposited at the company's registered office at 501-2, 5/F, Lee Kiu Building, 51 Jordan Road, Kowloon, for the attention of the company secretary. The request will be verified with the company's Share Registrar. Once the request is verified as proper and in order, the company secretary will ask the Board of Directors to convene an extraordinary general meeting ("EGM")/GM by serving sufficient notice in accordance with the statutory requirement. On the contrary, if the request has been verified as not in order, the said shareholder(s) will be advised of this outcome and accordingly, the EGM/GM will not be convened as requested.

If the directors do not within 21 days from the date of the deposit of the request proceed duly to convene a meeting on a day not more than 28 days after the date on which the notice convening the meeting is given, the said shareholder(s) or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

ENQUIRIES TO THE BOARD

The Company convenes its AGM every year. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Shareholders may also direct enquires to the Board via email at ir@winfairinvestment.com.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

CONSTITUTIONAL DOCUMENT

There were no changes to the Company's constitutional documents during the year ended 31 March 2023.

SHAREHOLDERS' COMMUNICATION POLICY

The shareholders' communication policy aims to provide the shareholders and the investment community with ready, equal and timely access to balanced and understandable information about the Company, in order to enable them to make informed assessments of the Company, and to allow Shareholders and the investment community to engage actively with the Company. The Company ensure the information be timely and effectively disseminated to Shareholders and the investment community mainly through the Company's announcements, results announcements, annual and interim reports, annual general meeting and other general meeting that may be convened, as well as by making available all disclosures submitted to The Stock Exchange of Hong Kong Limited ("HKEX") and the Company's website (www.winfairinvestment.com). This shareholders' communication policy is available on the Company's website. The shareholders may make enquiries to the Board through the Company's Investor Relations via email at ir@winfairinvestment.com and on phone at (852) 2332 2343 or attend the AGM. Enquiries related to shareholdings matters, shareholders may directly contact Computershare Hong Kong Investor Services Limited, the Company's Registrar via email or phone.

The board reviews the implementation and effectiveness of the shareholders' communication policy on an annual basis. During the year, the board had reviewed if relevant information (including results announcement, dividend announcement, annual and interim reports, notice of AGM, poll results of AGM, profit warning and other announcements) was timely and effectively disseminated through the websites of the HKEX and the Company. The board is satisfied that the shareholders' communication policy was properly implemented and effective during the year ended 31 March 2023.



CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company considers stable and sustainable returns to the shareholders of the Company to be our goal.

The Company continues to adopt a stable dividend policy. It is our intention that the Company follows a policy of paying a fixed amount of dividend per Ordinary Share and dividends will be declared and paid twice per year. Subject to consideration being given to the matters described in paragraph 4 in this section, which is extracted from the Company's dividend policy, the Company intends to pay 2 HK cents per Ordinary Share for interim dividend and pay 12 HK cents per Ordinary Share for final dividend, and provided that there is sufficient distributable reserve pursuant to the relevant provisions of the Companies Ordinance.

The Board may evaluate "special dividend" on a case by case basis especially generating substantial capital gain on disposal of the Company's or the Group's assets.

When determining the amount of dividend to be paid to Shareholders, the Board shall take into account the following:

- the financial results of the Company and its subsidiaries (collectively known as "the Group");
- the general financial position of the Group;
- the actual and future operations and liquidity position of the Group;
- the earnings trend and potential growth;
- the future capital commitments;
- the future investment plans;
- the future loan repayment and other obligations;
- the shareholders' and investors' expectation and industry's norm;
- the retained profits and distributable reserves of the Company and the Group;
- the general market conditions; and
- any other factors that the Board deems appropriate.

A decision to declare and pay any dividend requires the approval of the Board at its discretion, subject to the Companies Ordinance and the Articles of Association of the Company. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an AGM and must not exceed the amount recommended by the Board.

The Board may from time to time review the dividend policy and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.