

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Company and its board (the “Board”) of Directors strongly believes that strict adherence to the highest governance standards is vital to fulfilling its corporate responsibilities as a listed company. The Directors and employees all endeavor to uphold and nurture accountability, transparency, fairness and integrity in all aspects of the Group’s operations. We are committed to the highest governance standards by regularly reviewing and enhancing our governance practices.

The principles set out in the Corporate Governance Code (“CG Code”) in Appendix 14 to the Listing Rules have been adopted to shape our corporate governance structure. This corporate governance report (“Corporate Governance Report”) describes how the principles of the CG Code were applied during the Year under different aspects.

CORPORATE GOVERNANCE CODE COMPLIANCE

Except otherwise stated herein, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not, at any time during the Year, in compliance with the Corporate Governance Code. Code provision A.6.7 provided that, the independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. The attendance of each Director, by name, at the board, committees’ and general meetings is set out in the subsection headed “Meetings” under Corporate Governance Report.

Code Provision C.1.2

Under Code Provision C.1.2, management should provide all members of the board with monthly updates on the issues, performance, position, and prospects, which may include monthly management accounts and materials between projections and actual results. During the year, although management accounts were not circulated to board members on a monthly basis, regular verbal reports were given by management to Directors from time to time, which Directors consider to be sufficient and appropriate in the circumstances in giving a balanced and understandable assessment of the Company’s performance and enable Directors to discharge their duties.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a “Policy for Director and Employee Dealings in the Company’s Securities” which supplements the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 of the Listing Rules. It is also a regular practice of the Company to remind all Directors of the black out period and the Model Code immediately before the commencement of each black out period.

All Directors have confirmed that they have fully complied with the Model Code and the aforesaid internal policy regarding Directors’ securities transactions throughout the Year.

Directors’ and Chief Executive’s interests and/or short positions in shares and underlying shares of the Company or any associated corporation are shown in the section headed “Directors’ and Chief Executive’s Interests and/or Short Positions in the Shares and Underlying Shares of the Company or Any Associated Corporations” under Directors’ Report.



CORPORATE GOVERNANCE REPORT

THE BOARD

Composition

The Board currently comprises five members. One of them is executive Director and the remaining four members are independent non-executive Directors (“INEDs”) who are either legal professional, or accounting or financial experts.

The Board’s constitution is governed by Article 105 of the Articles of Association of the Company (the “Articles”) under which the number of Directors shall not be less than two and Rules 3.10 and 3.10A of the Listing Rules under which every board of Directors of a listed issuer must include at least three independent non-executive Directors, at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise, and an issuer must appoint independent non-executive Directors representing at least one-third of the board. Its composition also ensures that there is a balance of skills and experience appropriate to the requirements of the business of the Group and a balance of executive and non-executive Directors (including INEDs) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. There is no relationship (including financial, business, family or other material relationship) among members of the Board.

The list of Directors and their biographies (including their roles and functions at the Company) are set out in the Biographical Details of Directors and Senior Management section of this Annual Report, and are available on the Company’s website.

Board Diversity Policy

The Board adopted its Board Diversity Policy in August 2013. A summary of the policy is as follows:

Board diversity can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience appropriate to the Company’s business model and specific needs. The Nomination Committee will: (i) discuss, agree and review annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption; (ii) report annually, in the Corporate Governance Report of the Company’s annual report, a summary of the policy, the measurable objectives set for implementing the policy, and the progress made towards achieving those objectives; and (iii) review the policy, as appropriate, to ensure the effectiveness of the policy and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Responsibilities

The overall management of the Group’s business is vested in the Board, which assumes responsibility for leadership and control of the Group and is collectively responsible for promoting success of the Group by directing and supervising its affairs. All Directors make decisions objectively in the best interests of the Group. The Board takes the responsibility for all major matters of the Company including: the preparation of the accounts, the approval and monitoring of all policy matters, overall strategies, risk management and internal control systems, appointment and retirement of Directors and other significant financial and operational matters. It will regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time to perform his duties. The executive Directors are responsible for overseeing the day-to-day management of the Group’s operations and implementation of the strategies set by the Board. The independent non-executive Directors will participate in board meetings and serve on the audit, remuneration, nomination and corporate governance committees to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments, standards of conduct and potential conflicts of interests, if any. As the Company is an investment company, investment management services have been delegated to the investment manager; the custodian services have been delegated to the custodian. The delegated functions and performance are reviewed periodically by the Board.

CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer of the Company are Dr. Liu Zhiwei and Dr. Zhu Xianzhong respectively.

There is a clear division of the management of the Board and the day-to-day management of business of the Group between the roles of the Chairman and the Chief Executive Officer to ensure that power is not concentrated in any one individual. The Chairman is mainly responsible for providing leadership for the Board and ensuring that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. The Chief Executive Officer is mainly responsible for implementing the strategies and policies approved by the Board, monitoring the performance and managing the day-to-day operation of the Group. There is no relationship (including financial, business, family or other material relationship) between the Chairman and the Chief Executive Officer.

Independence of Independent Non-executive Directors

To determine the independent non-executive Directors' independence, assessments are carried out upon appointment, annually and at any time where the circumstances warrant reconsideration. Each of the INEDs is appointed for a term from their appointment until the conclusion of the next general meeting. They are also subject to retirement by rotation of at least once every 3 years in accordance with Article 113 of the Articles and the CG Code. If an INED serves more than 9 years, his further appointment will be subject to a separate resolution to be approved by shareholders of the Company ("Shareholders") in accordance with the CG Code. The Company confirms that it has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the INEDs are independent in character and judgement, and fulfill the independence guidelines.

Prof. He Jia has been appointed as INED since 2002 and Mr. Wang Xiaojun has been appointed as INED since 2004. As they have been serving more than 9 years, their further appointments shall be approved by the Shareholders at the annual general meeting. Each of Prof. He Jia and Mr. Wang Xiaojun will offer themselves for re-election at the forthcoming annual general meeting. In assessing the independence of Prof. He Jia and Mr. Wang Xiaojun, the Board and the Nomination Committee have taken into account the following factors: 1) they do not hold any issued share of the Company; 2) they have never received any interest in any securities of the Company as a gift, or by means of other financial assistance, from a core connected person or the Company itself; 3) they are not employee, director, partner or principal of any professional adviser which provides services to the Company, its holding company or any of their respective subsidiaries or core connected persons, or any controlling shareholder, chief executive or director; 4) they do not have any material interest in any principal business activity of or are involved in any material business dealings with the Company, its holding company or their respective subsidiaries or with any core connected persons of the Company; 5) they are not on the board specifically to protect the interests of any entity whose interests are not the same as those of the shareholders as a whole; and 6) they are not connected with any director, chief executive or substantial shareholder of the Company. There is no evidence that their tenure has had any impact on their independence. Therefore, the Board and the Nomination Committee believe that both Prof. He Jia and Mr. Wang Xiaojun continue to demonstrate the attributes of an INED and their detailed knowledge and experience of the Group's business and their external experience continue to be of significant benefit to the Company.



CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Independence of Independent Non-executive Directors (continued)

Mr. Chen Yuming and Dr. Fu Weigang have been re-designated from non-executive Directors to independent non-executive Directors with effect from 15 July 2019. Since their appointment as Non-executive Directors on 29 June 2018, they have not held any management or executive role in the Company other than holding the office of Non-executive Directors and attending Board meetings. They and their immediate family members are not connected with any Director, chief executive or substantial shareholder of the Company. They and their immediate family members did not have any material interest in any business activity of or were involved in any business dealings with the Company, its holding company or any of their subsidiaries or with any core connected persons of the Company. They and their immediate family members are not financially dependent on the Company, its holding company or any of their subsidiaries or core connected persons of the Company. As at the date of this report and within the meaning of Part XV of the SFO, Mr. Chen Yuming and Dr. Fu Weigang do not have any interests in the shares of the Company.

Other than the above, the Board is satisfied that none of the factors set out in Rule 3.13 of the Listing Rules applies to their re-designation as independent non-executive Directors. Accordingly, the board is satisfied and has demonstrated to the satisfaction of the Stock Exchange that they are independent to act as independent non-executive Directors pursuant to Rule 3.14 of the Listing Rules.

Continuous Professional Development

All Directors should keep abreast of their responsibilities as Directors and the Company's business and activities. The company secretary continuously updates all Directors on the latest developments regarding Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors. All Directors are also encouraged to attend relevant training courses and seminars that may require keeping abreast with the latest changes in laws, regulations and the business environment. Pursuant to Code Provision A.6.5, Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Year, all Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business, corporate governance, the latest development of the industry or the Directors' duties and responsibilities. Each Director has confirmed that he has participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations. During the Year, Mr. Zhou Tao David, the Company Secretary, undertook no less than 15 hours of relevant professional training.

CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Meetings

Each Director makes every effort to contribute to the formulation of strategy, policy and decision-making by attending each meeting, whether in person or by telephonic conference, and each of them is prepared to contribute to the Group's business.

All Directors are also encouraged to attend general meetings and develop a balanced understanding of the views of the Shareholders. Besides general meetings, regular Board and committee meetings are held for reviewing, discussing, considering and approving the financial and operating performance, the overall strategies and policies of the Company.

There were 4 full Board meetings, 3 Audit Committee's meetings, 1 Remuneration Committee's meetings, 2 Nomination Committee's meetings, 2 CG Committee's meetings and 2 general meeting for the Year.

The attendance record of each Director was as follows:

Name of Directors	General (Note)	Regular Board (Note)	Meetings attended/held				CG Committee (Note)
			Audit Committee (Note)	Remuneration Committee (Note)	Nomination Committee (Note)		
Executive Directors							
Mr. Zhang Zhi Ping (resigned on 16 December 2020)	0/2	0/3	–	–	–	0/2	
Mr. Zhang Gaobo (resigned on 16 December 2020)	2/2	3/3	–	–	2/2	2/2	
Dr. Liu Zhiwei	1/2	3/3	–	–	–	–	
Non-executive Director							
Dr. Wu Zhong (retired on 31 August 2020)	0/1	2/2	–	–	–	–	
Independent non-executive Directors							
Prof. He Jia	0/2	4/4	3/3	1/1	2/2	2/2	
Mr. Wang Xiaojun	1/2	4/4	3/3	1/1	2/2	2/2	
Mr. Chen Yuming	0/2	4/4	3/3	1/1	2/2	2/2	
Dr. Fu Weigang	0/2	4/4	–	–	–	–	

Note: The attendance figure represents actual attendance/the number of meetings a director is entitled to attend throughout the Year.

Performance Evaluation

The executive Board conducts an evaluation of the Board's performance on an annual basis with the aim of ensuring continuous improvement in the functioning of the Board. The evaluation will focus on the Board structure, culture, decision-making processes, proceedings of meetings as well as the performance of the Board as a whole, with a view towards recommending areas for further improvement. The results of the evaluation will be presented to all Directors, including the INEDs, for review. The executive Board has conducted an evaluation for the Year which revealed that the Board performed well with a strong composition. The Board continued to operate efficiently and was well aligned with the Group's overall objectives.



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

A total of 4 Board Committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the CG Committee (collectively referred to as the “Committees”) have been formed, each of which has specific roles and responsibilities delegated by the Board.

The Committees’ terms of reference are reviewed and updated regularly to ensure they continue to be at the forefront of best practice, and they are available on the Company’s website. Each Committee’s membership is also reviewed by the Board annually.

The member lists of the Committees are set out below in this Corporate Governance Report.

Audit Committee

The Audit Committee comprises three INEDs, namely, Mr. Chen Yuming, Prof. He Jia and Mr. Wang Xiaojun. Mr. Chen Yuming is the chairman of the Audit Committee.

The major role and function of the Audit Committee are to review the interim and annual results and risk management and internal control systems of the Company and perform other duties under the CG Code. More details of its duties are set out in its terms of reference.

During the Year, the Audit Committee has performed the following duties:

- made recommendations to the Board on the reappointment of the external auditor, the remuneration and terms of engagement of the external auditor;
- reviewed and monitored the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussed with the external auditor the nature and scope of the audit and reporting obligations;
- made recommendations on the engagement of the external auditor to supply non-audit services;
- monitored integrity of the Company’s financial statements, annual report and interim report and reviewed significant financial reporting judgements contained in them;
- held two meetings with the external auditor;
- held one meeting with the internal auditors;
- reviewed and discussed the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems; and
- reviewed and discussed the adequacy of resources, staff qualification and experience of the Company’s accounting and financial reporting function.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (continued)

Remuneration Committee

The Remuneration Committee comprises three INEDs, namely, Mr. Wang Xiaojun, Prof. He Jia and Mr. Chen Yuming. Mr. Wang Xiaojun is the chairman of the Remuneration Committee.

The major role and function of the Remuneration Committee are to review and provide recommendations on the policy for the remuneration of all Directors and senior management. It will make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. More details of its duties are set out in its terms of reference.

During the Year, the Remuneration Committee has performed the following duties:

- made recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management for the Year; and
- reviewed the Company's existing remuneration policy. The remuneration of the members of the senior management by band for the Year is set out in the section headed "Directors and Senior Management's Emoluments" under Notes to the Consolidated Financial Statements.

Nomination Committee

The Nomination Committee currently comprises one executive Director, Dr. Liu Zhiwei and three INEDs, namely, Mr. Chen Yuming, Prof. He Jia and Mr. Wang Xiaojun. Dr. Liu Zhiwei is currently the chairman of the Nomination Committee.

The major role and function of the Nomination Committee are to review and provide recommendations on the policy for the nomination of directors. More details of its duties are set out in its terms of reference.

The Nomination Committee has also reviewed the structure, size and composition of the Board, assessed the independence of INEDs and made recommendations on the re-appointment of retiring Directors to the Board. Save and except that Dr. Wu Zhoug retired at the AGM on 31 August 2020, re-appointments were approved by the Shareholders at the AGM held on 31 August 2020.

Corporate Governance Committee

The Corporate Governance Committee currently comprises three INEDs, namely, Mr. Chen Yuming, Prof. He Jia and Mr. Wang Xiaojun. Prof. He Jia is the chairman of the Corporate Governance Committee.

The major role and function of the Corporate Governance Committee are to review and provide recommendations on the policy for the corporate governance of the Company. More details of its duties are set out in its terms of reference.

During the Year, the Corporate Governance Committee has reviewed the Company's policy and practices on corporate governance, training and continuous professional development of Directors and senior management, compliance with the Corporate Governance Code and relevant disclosure in the annual report for the year ended 31 March 2020 and the interim report for the period from 1 April 2020 to 30 September 2020. Except for the Company's non-compliance with Code Provision C.1.2 of the CG Code, which have been disclosed in this Corporate Governance Report, the Corporate Governance Committee concluded that the Company has complied with other requirements of the Corporate Governance Code and all other Directors have fully complied with the Model Code during the Year. The disclosure in this Corporate Governance Report has also been reviewed by the Corporate Governance Committee.



CORPORATE GOVERNANCE REPORT

NOMINATION POLICY

1. Criteria for the selection and recommendation of candidates for directorship

The Nomination Committee should consider the following criteria when selecting and recommending candidates for directorship:

- (i) Experience and expertise: whether the candidates have the professional qualifications, skills, knowledge, expertise and experience relevant to the business development of the Company.
- (ii) Integrity and character: whether the candidates are a person of honesty, integrity and have a good reputation.
- (iii) Time commitment: whether the candidates can provide sufficient time to discharge their duties as a director, including attending board meetings, participating in director training and other matters of the Company.
- (iv) Diversity policy: whether the candidates satisfy the Board Diversity Policy of the Company, including but not limited to gender, age, cultural and educational background.
- (v) Independence: whether the candidates for independent non-executive Director satisfy the independence requirements of the Listing Rules, have a conflict of interest with the Company, are independent in character and judgment, and able to act on behalf of and in the best interests of the shareholders of the Company as a whole.
- (vi) Other factors that the Board or the Nomination Committee may further consider from time to time.

2. Nomination procedures

(1) Appointment of new director or replacement of director

- (i) Upon receipt of the proposal on appointment of new director or replacement of director, the Nomination Committee identifies and selects candidates through various channels, including but not limited to shareholders, Directors, management, the Company's human resources department and external headhunting companies.
- (ii) The Nomination Committee may evaluate candidates in such manner as they think fit, including but not limited to face-to-face interviews, background checks, and third-party verification.
- (iii) The Nomination Committee submits the list of shortlisted candidates to the Board for consideration. The Board, after consideration, makes the final decision on the appointment of the candidate based on the recommendation by the Nomination Committee.

(2) Re-election of director and nomination by shareholder

- (i) The Board should review the contribution of the retiring director to the Company and his/her level of participation and performance on the Board. The independence and the year of service should also be considered for the retiring non-executive director. Where a retiring director, being eligible, offers himself for re-election, and the Board considers appropriate, the Board shall recommend such retiring director to stand for re-election at a general meeting. A circular containing the information on such retiring director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.
- (ii) No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during a period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days before the date of such meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's accounts for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the consolidated financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

AUDITOR'S REMUNERATION

During the Year, the Audit Committee reviewed with the external auditors, ZHONGHUI ANDA CPA Limited, of the Group with regard to their independence, their appointment, the scope of their audit, their fees, and the scope and appropriate fees for any non-audit services provided by them.

During the Year, the fees paid/payable to ZHONGHUI ANDA CPA Limited and PricewaterhouseCoopers in respect of audit services and non-audit services amounted to HK\$1,350,000 and HK\$330,000 respectively.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report".

COMPANY SECRETARY

The Company Secretary, Zhou Tao David, is responsible for facilitating the Board process, as well as communication among the Board members, with the Shareholders and management of the Company. Mr. Zhou resigned on 16 June 2021.

Ms. NG Sau Lai was appointed as the Company Secretary on 16 June 2021 in place of Mr. Zhou.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting

Pursuant to Article 79 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of:

- any two or more members of the Company; or
- any one member of the Company which is a recognized clearing house (or its nominee) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitioner, and such requisitioner shall hold as at the date of deposit of the requisition not less than 10% of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitioner(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to them by the Company.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (continued)

Convening of Extraordinary General Meeting (continued)

Pursuant to Article 80(a) of the Articles, subject to section 578 of the Companies Ordinance, an annual general meeting shall be called by notice in writing of at least 21 clear days (or such longer period as may be required by the Listing Rules), and a general meeting other than an annual general meeting shall be called by notice in writing of at least 14 clear days (or such longer period as may be required by the Listing Rules), which notice shall be given in the manner prescribed by these Articles to all members, to the Directors and to the Auditor. Notice of a general meeting shall be given to such persons as are, under these Articles, entitled to receive such notices from the Company. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in Article 82) the general nature of that business. The notice convening an annual general meeting shall specify the meaning as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution.

Further details of the procedures for shareholders to convene general meetings and put forward proposals at a general meeting are set out in the Company's Articles which is available on the Company's website.

Shareholder Communication Policy

The Board is accountable to the Shareholders for the Company's performance and activities. It recognizes the importance of promoting mutual understanding between the Company and the Shareholders through ongoing engagement and communication.

The Company also maintains an ongoing dialog with the Shareholders, for example, through annual general meeting or other general meetings to communicate with them and encourage their participation. The Board always ensures that the Shareholders' and other stakeholders' views are heard and welcomes their questions and concerns relating to the Group's management and governance.

The Shareholders and other stakeholders may at any time send their enquiries and concerns to the Company by addressing them to the Company Secretary or the Investor Relations Officer by post or email at ir@oriental-patron.com.hk. The contact details of the Investor Relations Officer are set out in the Company's website.

Details of the Company's "Shareholder Communication Policy" are available on the Company's website.

INVESTOR RELATIONS

Change of Company Name and Constitutional Documents

The English name of the Company has been changed from "OP Financial Limited" to "Wealthking Investments Limited", and "華科資本有限公司" has been adopted as the Chinese name of the Company from 8 December 2020. There was no other change in the constitutional documents during the Year.

General Meetings

A general meeting is an important forum where communications with the Shareholders can be effectively conducted. During the Year, an annual general meeting and an extraordinary general meeting were held at the principal place of business of the Company on 31 August 2020 and 5 November 2020 respectively. Details of the poll results were posted on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group is committed to set up and maintain an effective risk management and internal control systems which is devised to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage and minimize rather than eliminate the risks of failure in the Group's operational systems.

The Board is responsible for maintaining a sound and effective risk management and internal control systems particularly in respect of the controls on financial, operational, compliance and risk management, to achieve the Group's business strategies and business operations and safeguard the Shareholders' investment and the Group's assets.

During the Year, the outsourced internal auditor, Cheng & Cheng Risk Advisory Services Limited, was responsible for the review and appraisal on the effectiveness of risk management and internal control system. The objective of this internal audit service was to assist the Audit Committee and the Board of Directors in carrying out their responsibilities in accordance with Code Section C.2 of the Corporate Governance Code ("Code" — Appendix 14 Main Board Listing Rules) to conduct a review of the effectiveness of the Group's risk management and internal control systems and to report the findings in the Corporate Governance Report. Such review is based on the Integrated Framework of the Committee of Sponsoring Organisation of the Treadway Commission ("COSO") Framework and the Internal Control and Risk Management, and covered all material controls, including financial, operational and compliance controls and risk management functions. The internal auditor's reports concluded that there was no material defect and mistake in risk management and internal control system.

The Audit Committee accepted the reports and then report to the Board. After discussion with the Audit Committee, the Board was of the view that the existing risk management and internal control systems were generally effective to the Group, but the Group should consider the internal auditor's recommendations regarding risk management and internal control to support the growth of the Group.