

# CORPORATE GOVERNANCE REPORT

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company strives to maintain a high standard of corporate governance, and strictly complies with the requirements under the Listing Rules in respect of corporate governance and other areas. The Company uphold the principles of a systematic, scientific, open and efficient corporate governance in establishing and implementing a comprehensive set of corporate governance structure and governance measures, to ensure compliance with the rules in implementing any company policies under the supervision of the Board.

The Directors believe that the Company complied with the code provisions of the “Corporate Governance Code” (the “Code Provisions”) as set out in Appendix C1 to the Listing Rules for the year ended 31 December 2023.

## CORPORATE STRATEGY AND CULTURE

The Company’s corporate vision is to build itself into a “leading international integrated public utilities service company” focused on the principal businesses of gas, water, environment and brewery, as it steps up with low-carbon green transformation and upgrade in persistent adherence to the principle of sustainable development to achieve the mission of facilitating better urban life through energy conservation, emission reduction, pollution reduction, and carbon reduction. For details of the Company’s strategic initiatives and key measures for implementing its objectives and vision, please refer to the “Chairman’s Statement” and “Management Discussion and Analysis” in this Report.

The Company has always been greatly invested in cultivating our corporate culture and team spirit and also encouraging staff growth. We strive to nurture a corporate value with “trust, innovative, steadfast and understanding” as its core and build a humanistic, motivated corporate culture with easy and harmonious human contacts. We make great efforts in sharing the fruits of corporate development with our staff to realise the simultaneous growth in our staff and company value.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for securities transactions by the Directors. All the Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2023.

## THE BOARD

### Board Diversity Policy

The Board has adopted a Board Diversity Policy, which is reviewed annually by the Nomination Committee. With the aim of enhancing Board effectiveness and corporate governance level as well as achieving our Group’s business objectives, the Company sees increasing diversity at the Board level as an essential element in supporting its 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, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard to the benefits of Board diversity.

# CORPORATE GOVERNANCE REPORT

## **THE BOARD** *(Continued)*

### **Board Diversity Policy** *(Continued)*

Having reviewed the Board composition, the Board recognises the importance and benefits of gender diversity at the Board level and has taken initiatives to identify female candidate(s) to enhance the gender diversity among the Board members. The Company has appointed a female representative in our Board on 1 September 2022. The Board's objective is to maintain at least one female representative on the Board.

During the reporting period, the Company has a solid slate of Directors with diverse perspectives, and varied educational background and professional qualifications. All of the Directors have accumulated experience in their respective field of expertise, and made use of their talent and experience to drive the industry so as to bring sustainable growth to the Company.

### **Composition and Role**

The principal focus of the Board is on the overall strategic development of the Group, while the management is principally responsible for the Group's business operations. The Board provides guidance on business plans and monitors the results of such plans implemented by the management; reviews and approves the Company's financial objectives, plans and major financial activities; establishes the internal control system and the risk management system of the Company and discusses with the management regularly to ensure that such systems are operating effectively. The Board promotes a culture of integrity at the Company and requires all Directors and the management to comply with guidance related to integrity and ethics, including conflicts of interest, related party transactions and the treatment of confidential information. There is no relationship (including financial, business, family or other material/relevant relationships) among the Directors. All Board members can exercise own independent judgement.

The Company has complied with Rule 3.10(1) of the Listing Rules to appoint at least three Independent Non-executive Directors. In addition, at least one Independent Non-executive Director possesses appropriate professional accounting qualifications or financial management expertise in accordance with Rule 3.10(2) of the Listing Rules. The Board considers that all Independent Non-executive Directors meet the specific independence criteria as required by the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors to be independent.

The Company has implemented a mechanism to ensure access to independent perspectives and opinions for the Board, including the provision of sufficient resources for the performance of its duties. Directors may seek the assistance of the Company Secretary of the Company and consult external professional consultants for independent opinion where necessary at the cost of the Company. Directors shall not vote or be counted in the quorum in respect of Board resolutions on any transactions, contracts or arrangements in which they or any of their close associates have a material interest. The Board has reviewed the implementation and effectiveness of the aforementioned mechanism and is of the view that the aforementioned mechanism is able to ensure the access to independent perspectives and opinions for the Board.

# CORPORATE GOVERNANCE REPORT

## THE BOARD *(Continued)*

### Composition and Role *(Continued)*

During the year, the attendance of board meetings and general meetings is set out below:

Name	Attendance <sup>1</sup>						
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Investment Committee Meeting	Annual General Meeting	Extraordinary General Meeting
<b>Executive Directors</b>							
YANG Zhichang <sup>2</sup>	1/1		0/0	0/0	0/0	0/0	0/0
JIANG Xinhao	6/6				0/0	1/1	0/1
XIONG Bin	6/6					1/1	1/1
GENG Chao <sup>3</sup>	3/3					0/0	1/1
TAM Chun Fai	6/6					1/1	1/1
DAI Xiaofeng <sup>4</sup>	5/5		1/1	2/2	0/0	1/1	1/1
<b>Independent Non-executive Directors</b>							
WU Jiesi	6/6	3/3	1/1			1/1	1/1
LAM Hoi Ham	6/6	3/3	1/1		0/0	1/1	1/1
YU Sun Say	6/6	3/3		2/2		1/1	1/1
CHAN Man Ki Maggie	5/6			2/2	0/0	1/1	1/1

Notes:

<sup>1</sup> During the year, no meeting was attended by any Director's alternate.

<sup>2</sup> Appointed on 26 October 2023.

<sup>3</sup> Appointed on 8 July 2023.

<sup>4</sup> Resigned on 26 October 2023.

### Directors' Training

It has been the Board's policy that every newly appointed Director is given a comprehensive, formal and tailored-made induction on appointment pursuant to Code Provision C.1.1. Also, from time to time, Directors are provided with briefings and trainings to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under relevant statutes, laws, Listing Rules and other regulations.

Pursuant to Code Provision D.1.2, Directors are provided with monthly reports updates which give a balanced and understandable assessment of the Company's performance and financial position to enable the Directors to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

# CORPORATE GOVERNANCE REPORT

## THE BOARD *(Continued)*

### Directors' Training *(Continued)*

During the year, the Company organised an in-house seminar and provided reading materials for the Directors to ensure that they have participated in continuous professional development to develop and refresh their knowledge and skills. A summary of training received by Directors during the year according to the records provided by the Directors is as follows:

Name	Attend seminars/ Read training materials
<b><i>Executive Directors</i></b>	
YANG Zhichang (appointed on 26 October 2023)	✓
JIANG Xinhao	✓
XIONG Bin	✓
GENG Chao (appointed on 8 July 2023)	✓
TAM Chun Fai	✓
DAI Xiaofeng (resigned on 26 October 2023)	N/A
<b><i>Independent Non-executive Directors</i></b>	
WU Jiesi	✓
LAM Hoi Ham	✓
YU Sun Say	✓
CHAN Man Ki Maggie	✓

### Chairman and CEO

Mr. YANG Zhichang is the Chairman of the Board, and Mr. XIONG Bin is the CEO. During the year, the Company has complied with Code Provision C.2.1 which stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

### Non-executive Directors

Non-executive Directors (during the year, all non-executive Directors of the Company are Independent Non-executive Directors) serve the relevant function of bringing independent judgment on the development and performance, etc. of the Group. They have the same duties of care and skill and fiduciary duties as executive Directors.

# CORPORATE GOVERNANCE REPORT

## THE BOARD *(Continued)*

### Non-executive Directors *(Continued)*

The Company has entered into letters of appointment with all non-executive Directors (during the year, all non-executive Directors of the Company are Independent Non-executive Directors) for a term of three years. Their term of appointment is as follows:

Name	Term of appointment
WU Jiesi	3 years from 1 April 2021
LAM Hoi Ham	3 years from 1 April 2021
YU Sun Say	3 years from 31 March 2023
CHAN Man Ki Maggie	3 years from 1 September 2022

Like all other Directors, the Non-executive Directors (during the year, all non-executive Directors of the Company are Independent Non-executive Directors) are subject to retirement by rotation and shall offer themselves for re-election in general meetings in accordance with the Articles of Association.

### Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and Senior Management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- (e) to review the Company's compliance with the Code Provisions and the disclosures in the Corporate Governance Report.

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

The current members of the Audit Committee are:

Mr. LAM Hoi Ham – Committee Chairman  
Mr. WU Jiesi  
Dr. YU Sun Say

All Audit Committee members are Independent Non-executive Directors. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management on the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules. The Audit Committee is primarily responsible for overseeing the Company's financial reporting system, risk management and internal control systems of the Company. The Company has adopted the written terms of reference which describe the authority and duties of the Audit Committee in accordance with Code Provision D.3.3. A copy of the terms of reference is posted on the Company's website. The Audit Committee meets regularly to review the reporting of financial and other information to Shareholders, the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the Company's auditor in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditor.

During the year, the work performed by the Audit Committee included: reviewed and approved the Company's annual results and interim results; reviewed the external auditor's scope of services, including audit work and non-audit work, and monitored their independence; reviewed the 2022 continuing connected transactions of the Company; reviewed with the management the Company's accounting principles and practices; discussed with the Company's management the effectiveness of its risk management and internal control systems; and discussed and accepted the external auditor's audit plan for 2023.

## REMUNERATION COMMITTEE

The current members of the Remuneration Committee are:

Mr. WU Jiesi – Committee Chairman  
Mr. YANG Zhichang  
Mr. LAM Hoi Ham

The majority of the Remuneration Committee members are Independent Non-executive Directors. The Company has adopted the written terms of reference which describe the authority and duties of the Remuneration Committee in accordance with Code Provision E.1.2. A copy of the terms of reference is posted on the Company's website. The major duties of the Remuneration Committee include: advises the Board on the Company's overall remuneration policy and structure as well as remuneration packages for Directors and Senior Management; and ensures that no Director or any of his associate is involved in deciding his own remuneration.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION COMMITTEE *(Continued)*

The objective of the remuneration policy of the Company is to provide an equitable and competitive remuneration package so as to attract and retain the best employees to serve corporate needs. The remuneration package for each employee is structured to include: basic salary which is fixed to commensurate with market rate and each individual's experience and ability; share options granted with reference to an individual employee's position, performance and ability to contribute to the overall corporate success (the granting of share options is subject to shareholders' mandates as required and the applicable laws and regulations of relevant jurisdictions); and other customary and/or mandatory benefits to employees, such as retirement fund scheme, insurance and paid holiday, with reference to prevailing practices in relevant jurisdictions. The Company does not grant equity-based remuneration (such as share options or grants) with performance-related elements to the Independent Non-executive Directors.

In evaluating the remuneration packages for Directors and Senior Management, the Remuneration Committee takes into consideration various factors such as salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group. During the year, the Remuneration Committee advised the Board on the Company's overall remuneration policy and structure as well as remuneration packages for Directors and Senior Management; and considered the amendments to the Terms of Reference for Remuneration Committee.

## NOMINATION COMMITTEE

The current members of the Nomination Committee are:

Mr. YANG Zhichang – Committee Chairman

Dr. YU Sun Say

Ms. CHAN Man Ki Maggie

The majority of the Nomination Committee members are Independent Non-executive Directors. The Company has adopted the written terms of reference which describe the authority and duties of the Nomination Committee in accordance with Code Provision B.3.1. A copy of the terms of reference is posted on the Company's website. The major duties of the Nomination Committee include: to review the structure, size and diversity of the Board; to formulate and uphold the Nomination Policy; to formulate and uphold the Board Diversity Policy; to make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of Independent Non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO.

During the year, the Nomination Committee reviewed the structure, size, composition and diversity of the Board; assessed the independence of the Independent Non-executive Directors; considered and recommended to the Board the re-appointment of the retiring Directors; and considered and recommended to the Board for the appointments of the Chairman of the Board and Executive Directors.

# CORPORATE GOVERNANCE REPORT

## **NOMINATION COMMITTEE** *(Continued)*

The Nomination Committee has adopted a Nomination Policy which sets out the criteria and procedures for nomination of Directors, a summary of which is as follows:

### **Nomination Criteria:**

In determining the suitability of a candidate, the Nomination Committee shall consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence, age, culture, ethnicity and gender diversity. The Nomination Committee shall consider a number of factors in making nominations, including but not limited to the following:

- (a) **Skills and Experience:** The candidate should possess the skills, knowledge and experience which are relevant to the business of the Group.
- (b) **Diversity:** Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the Board Diversity Policy of the Company and the balance of skills and experience in board composition.
- (c) **Availability:** The candidate shall be willing to devote adequate time for discharging the duties of a member of the Board and other director position.
- (d) **Character and integrity:** The candidate must satisfy the Board and HKSE that he/she is a person of integrity and honesty, and has the character, experience and integrity commensurate with the relevant position as a Director.
- (e) **Independence:** The candidate to be nominated as an Independent Non-executive Director must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

### **Nomination Procedures:**

- (1) If the Board determines that an additional or replacement Director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate.
- (2) The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a Shareholder as a nominee for election to the Board.
- (3) Upon considering a candidate suitable for the position of Director, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment.
- (4) On making recommendation, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate as Director to fill a casual vacancy or as an addition to the Board or recommend such candidate to Shareholders for election or re-election (where appropriate) at the general meeting.

# CORPORATE GOVERNANCE REPORT

## INVESTMENT COMMITTEE

The current members of the Investment Committee are:

Mr. YANG Zhichang – Committee Chairman  
Mr. JIANG Xinhao  
Mr. LAM Hoi Ham  
Ms. CHAN Man Ki Maggie

The Investment Committee was established with the aims to strengthen the Company's ability in decision making for investments through assessing its major development plans and transactions, etc. The majority of the Investment Committee members are Independent Non-executive Directors. During the year, the Investment Committee did not hold any meeting as the Group did not have any important investment to assess important investments.

## AUDITOR'S REMUNERATION

During the year ended 31 December 2023, fees paid and payable by the Company to the external auditor of the Company and the external auditor of an associate are analysed as follows:

	<i>RMB'000</i>
Annual audit service fees paid and payable to:	
Auditor of the Company	9,640
Auditor of an associate	5,045
Non-audit service fees paid and payable to auditor of the Company*	6,623
	21,308

\* Such non-audit services include an agreed-upon procedures engagement in connection with the Group's interim financial report, procedures relating to offering circular for bond issuance and tax compliance services, etc.

## DIRECTORS' AND AUDITOR'S RESPONSIBILITY STATEMENTS

The Directors acknowledged responsibility for reviewing the accounts of the Company prepared by the Executive Directors for the year ended 31 December 2023 and ensuring the accounts are prepared in accordance with the HKFRSs. A statement by the auditor about their reporting responsibilities is contained in the Independent Auditor's Report.

The Board confirmed that it has taken the same view from that of the Audit Committee regarding the appointment of the external auditor.

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has developed the Group's internal control, risk assessment and management systems and has overall responsibility for reviewing and maintaining adequate and effective risk management and internal control systems to safeguard the interests of the Shareholders and the assets of the Group. The review covers all material controls, including financial, operational and compliance controls. It evaluates the effectiveness of the systems at least annually to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.

### Responsibilities of the Board for the Risk Management and Internal Control Systems

The Board understands that it is responsible for evaluating and determining the nature and extent of the risks it is willing to take and ensuring that the Group has established and maintained appropriate and effective risk management and internal control systems. The Board is also responsible for overseeing its risk management and internal control systems on an ongoing basis and reviewing the effectiveness of the risk management and internal control systems at least annually. The Board understands that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

### Main Features of the Risk Management and Internal Control Systems

The Board has adopted a bottom-up approach for identification, assessment and mitigation of risk at all business unit levels and across functional areas.

An ongoing risk management approach is adopted by the Group for identifying and assessing the key inherent risks that affect the achievements of its objectives.

The Group has established a risk management framework with three lines of defense. Each department and subsidiary of the Company form the front line of defense. They take up the responsibility of business risks control by integrating the risk management ideas and risk control measures into daily business operations. The middle line of defense was formed by the Company's management team, risk management task group and internal risk management department who organise and promote the implementation of risk management. The Board, the Audit Committee and Internal Audit Department form the back line of defense by overseeing the effectiveness of the risk management.

### Process Used to Identify, Evaluate and Manage Significant Risks

After interviewing major process owners of each of our departments and our major subsidiaries, we have documented the risks, identified the risk owners and the risk control measures in the risk registers. We have also assessed the risks in accordance of the risk assessment criteria.

# CORPORATE GOVERNANCE REPORT

## **RISK MANAGEMENT AND INTERNAL CONTROL** *(Continued)*

### **Process Used to Review the Effectiveness of the Risk Management and Internal Control Systems and to Resolve Material Internal Control Defects**

The Internal Audit Department has conducted a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2023 and reported the review results to the Audit Committee.

The Board has supervised the management in the design, implementation and monitoring of the risk management and internal control systems and evaluated the effectiveness of the Group's risk management and internal control systems during 2023. The yearly review covers all material controls, including financial, operational and compliance controls and the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit and financial reporting functions.

The Board considers the risk management and internal control systems of the Group of the reporting year are effective and adequate.

### **Procedures and Internal Controls for the Handling and Dissemination of Inside Information**

The Board has already established a policy on the procedures and internal controls for the handling and dissemination of inside information. The policy stipulated the duty and responsibility of inside information announcement, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemption and waiver to the disclosure of inside information, and also compliance and reporting procedures. Every Senior Management must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company from time to time. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Chief Financial Officer of the Company, who will notify the Board accordingly for taking the appropriate action promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding recurrence.

## **COMPANY SECRETARY**

The Executive Director, Mr. TAM Chun Fai, has been the Company Secretary of the Company since 1997. During the year 2023, Mr. Tam took no less than 15 hours of relevant professional training as required by Rule 3.29 of the Listing Rules.

## **SHAREHOLDERS' RIGHTS**

### **To Convene an Extraordinary General Meeting ("EGM") by Shareholders**

Pursuant to Section 566 of the Companies Ordinance, Shareholder(s) holding at least 5% of the total voting rights of all the Shareholders having a right to vote at EGMs can submit a written requisition to convene an EGM.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS *(Continued)*

### To Convene an Extraordinary General Meeting ("EGM") by Shareholders *(Continued)*

The written requisition:

1. must state the general nature of the business to be dealt with at the meeting;
2. may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;
3. may consist of several documents in like form;
4. may be sent to the Company in hard copy form or in electronic form; and
5. must be authenticated by the person or persons making it.

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

### To Make Enquiries to the Board

1. Shareholders should direct their questions about their shareholdings to the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or call its customers service hotline at (852) 2980 1333.
2. Enquiries made to the Board may be deposited at the Company's registered office at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the attention of the company secretary.

### To Put forward Proposals at an AGM

Shareholder(s) can submit a written requisition to move a resolution at an AGM pursuant to Section 615 of the Companies Ordinance if they:

1. represent at least 2.5% of the total voting rights of all the Shareholders who have a right to vote on the resolution at the AGM to which the requests relate; or
2. represent at least 50 Shareholders who have a right to vote on the resolution at the AGM to which the requests relate.

# CORPORATE GOVERNANCE REPORT

## **SHAREHOLDERS' RIGHTS** *(Continued)*

### **To Put forward Proposals at an AGM** *(Continued)*

The written requisition:

1. may be sent to the Company in hard copy form or in electronic form;
2. must identify the resolution of which notice is to be given;
3. must be authenticated by the person or persons making it; and
4. must be received by the Company not later than:
  - (i) 6 weeks before the AGM to which the requests relate; or
  - (ii) if later, the time at which notice is given of that meeting.

### **Circulating a Statement at an AGM or at a General Meeting**

Shareholder(s) can pursuant to Section 580 of the Companies Ordinance request the Company to circulate to 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 to be dealt with at that meeting or other business to be dealt with at that meeting, if such Shareholder(s):

1. represent at least 2.5% of the total voting rights of all Shareholders who have a relevant right to vote; or
2. at least 50 Shareholders who have a relevant right to vote.

The request –

1. may be sent in hard copy form or in electronic form to the Company's registered office;
2. must identify the statement to be circulated;
3. must be authenticated by the person or persons making it; and
4. must be received by the Company at least 7 days before the meeting to which it relates.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS *(Continued)*

### To Propose a Person other than a Director for Election as a Director at any General Meeting

Pursuant to article 111 of the Articles of Association, if a Shareholder wishes to propose a person, other than a retiring Director or a person recommended by the Directors, for election as a Director at a general meeting, such Shareholder, who is duly qualified to attend and vote at such general meeting, should lodge a written and signed notice of nomination and a notice signed by the person to be proposed of his willingness to be elected at the Company's registered office or at the Company's share registrar. The notices should be given within the period commencing on the day after dispatch of the notice of the general meeting appointed for such election and ending no later than 7 days prior to the date of such general meeting and such period shall be at least 7 days.

## DIVERSITY

With a strong emphasis on staff diversity at workplace, the Company strictly prohibits discrimination or harassment in relation to factors such as gender, religion, age or disability in the management process of recruitment, remuneration, training and promotion and ensures the absence of any gender-based differentiated treatment, as it seeks to enhance its management standard in staff diversity and foster an equal and friendly workplace. As at 31 December 2023, the Group had a staff gender ratio of 71.4% male and 28.6% female (including Directors, Senior Management and other staff).

## COMMUNICATION WITH SHAREHOLDERS

The Board places a strong emphasis on effective and appropriate communication with Shareholders and is of the view that the timely disclosure of corporate information is very important for Shareholders and investors when they make investment decisions. The Company has adopted a shareholder communication policy that aims to ensure all Shareholders to obtain in a timely manner Company information that is comprehensive, identical and easily comprehensible, such that Shareholders are able to exercise their rights in an informed manner and communication between Shareholders and investors and the Company could be enhanced. The Company has conducted review on the implementation and effectiveness of its shareholder communication policy and, taking into account its existing multiple channels for shareholder communication and participation, is of the view that the policy has been implemented in an appropriate and effective manner during the year.

The Company disseminates information on the Group to Shareholders via numerous official channels, including the interim and annual reports, announcements and circulars published in accordance with the Listing Rules. Such published documents as well as latest corporate information are also available for inspection on the Company's website ([www.behl.com.hk](http://www.behl.com.hk)).

During the year, the Company also responded to the requests and enquiries of members of the investing community such as Shareholders, analysts and the media via results presentations, briefings, roadshows, emails and phone calls.

# CORPORATE GOVERNANCE REPORT

## CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2023, there was no significant change in the Company's constitutional documents.

## DIVIDEND POLICY

The Company aims at providing stable and sustainable returns to Shareholders and is committed to gradually improving shareholders returns to the industry average. In deciding whether to propose a dividend and in determining an appropriate basis and method for dividend distribution, the Board will take into account, inter alia, the reasonable return in investment of the investors and the Shareholders, the actual and expected financial conditions, business plans, future operations and earnings, capital requirements and expenditure plans of the Company, any restrictions on payment of dividends that may be imposed by the Company's lenders, the general market sentiment and circumstances and any other factors the Board deems appropriate. Any dividend declared by the Company shall not exceed the amount proposed by the Board.

The Board always recognises the close relationship between shareholders' returns and the high quality and sustainable development of the Company. In order to proactively reward investors and build a long-term, stable, mutual trust and mutually beneficial relationship with Shareholders, the Company has formulated a dividend distribution plan for the years 2023-2025 in July 2023 and updated the dividend distribution plan for the years 2024-2026 in April 2024. Having fully considered the Company's current development stage, future capital expenditure plans, cash flow position, and based on adequate communication with the subsidiaries and subject to the provisions of the Articles of Association and dividend policy, it is expected that the dividend per share of the Company for the years 2024-2026 will be not less than 35% of the recurring earnings per share and the dividend per share for the years 2024-2026 will be not less than HK\$1.6. The Company may propose a further optimised dividend distribution plan from time to time based on the growth of the financial results of the Company.