

Corporate Governance Report

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 March 2022.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions set out in the CG Code as the basis of the Company's corporate governance practices.

In the opinion of the Directors, throughout the year ended 31 March 2022, the Company has complied with all code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for Directors in their dealings in the securities of the Company. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the requested standards set out in the Model Code throughout the year ended 31 March 2022.

The Company has also established written guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the businesses, strategic decisions and performance of the Group and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises fourteen Directors, consisting of two executive Directors, seven non-executive Directors and five independent non-executive Directors as follows:

Executive Directors

Mr. NG Chun Man
Dr. LI Zhuang

Non-executive Directors

Mr. XIE Hui (*Chairman*)
Mr. JIN Liang
Mr. YAN Jun
Ms. LI Yanmei
Ms. LEE Wing Yee Loretta
Ms. WONG Ling Fong Lisa
Mr. ZHOU Wenjie

Independent non-executive Directors

Mr. FAN Chiu Tat Martin
Dr. GUAN Yuyan
Mr. HONG Kam Le
Mr. LEUNG Siu Hong
Ms. RU Tingting



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The biographical information of the Directors are set out in the section headed “Directors and Senior Management” on pages 15 to 23 of this annual report.

Save as disclosed in this annual report, to the best knowledge of the Company, there has been no financial, business, family, or other material/relevant relationship(s) among the Directors.

Board and Board Committees Meetings and Directors’ Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Chairman also held a meeting with independent non-executive Directors only without the presence of other Directors during the year ended 31 March 2022.

During the year ended 31 March 2022, four regular Board meetings, two Audit Committee meetings, one Remuneration Committee meeting, one Nomination Committee meeting and one annual general meeting were held.

A summary of the attendance records of the Directors at the Board meetings, the respective Board committees meetings and general meeting(s) held during the year ended 31 March 2022 is set out below:

Name of Director	Attendance/Number of Meeting(s)				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Mr. CHEUNG Kam Chiu ¹	4/4	–	–	–	1/1
Mr. SZETO Wing Tak ¹	4/4	–	–	–	1/1
Ms. XU Jili ²	4/4	–	–	–	1/1
Ms. LI Yanmei	4/4	–	–	–	1/1
Mr. XIE Hui	4/4	–	–	–	1/1
Mr. YE Ning ²	4/4	–	–	–	1/1
Ms. LEE Wing Yee Loretta	4/4	–	–	–	1/1
Ms. WONG Ling Fong Lisa	4/4	–	–	–	1/1
Mr. ZHOU Wenjie	4/4	–	–	–	1/1
Mr. FAN Chiu Tat Martin	4/4	2/2	–	–	1/1
Dr. GUAN Yuyan	4/4	–	1/1	1/1	1/1
Mr. HONG Kam Le	4/4	–	–	1/1	1/1
Mr. LEUNG Siu Hong	4/4	2/2	1/1	–	1/1
Ms. RU Tingting	4/4	1/2	0/1	1/1	1/1

Notes:

¹ resigned on 1 April 2022

² resigned on 6 June 2022

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Chairman and Chief Executive Officer(s)

The position of the Chairman was held by Ms. XU Jili and the positions of co-chief executive officers were held by Mr. CHEUNG Kam Chiu and Mr. SZETO Wing Tak during the year ended 31 March 2022.

Mr. CHEUNG Kam Chiu and Mr. SZETO Wing Tak have resigned from the position of executive Directors with effect from 1 April 2022, and as the co-chief executive officers with effect from 1 July 2022. Mr. NG Chun Man was appointed as an executive Director with effect from 1 April 2022, and as the chief executive officer with effect from 1 July 2022. Dr. LI Zhuang was appointed as an executive Director and the vice president both with effect from 1 April 2022.

Ms. XU Jili has resigned from the position of a non-executive Director and the chairman of the Board with effect from 6 June 2022. Mr. XIE Hui was appointed as the chairman of the Board with effect from 6 June 2022.

The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officers focus on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the year ended 31 March 2022, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

The executive Directors are appointed for a specific term of three years, subject to termination in certain circumstances as stipulated in their respective service agreement or letter of appointment and retirement and re-election provisions in accordance with the Articles of Association.

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of two years, subject to termination on certain circumstances as stipulated in their respective letter of appointment and retirement and re-election provisions in accordance with the Articles of Association.

Mr. NG Chun Man, Dr. LI Zhuang, Mr. XIE Hui, Mr. JIN Liang, Mr. YAN Jun, Ms. LI Yanmei, Ms. WONG Ling Fong Lisa, Mr. LEUNG Siu Hong and Ms. RU Tingting are subject to retirement by rotation and re-election at the 2022 AGM. Under the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. The Articles of Association also provides that all Directors appointed to fill a casual vacancy shall hold office until the first general meeting of the Company after the appointment and be subject to re-election at such shareholders meeting. The retiring Directors shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

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The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to management team.

The Company has arranged appropriate liability insurance on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials/updates on relevant topics would be provided to Directors where appropriate.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

According to the records maintained by the Company, during the year ended 31 March 2022, all Directors had participated in appropriate continuous professional development activities by ways of attending training sessions, briefings, seminars, conferences and workshops etc, and/or reading articles, newspapers, journals, magazines and/or updates relevant to the Group's businesses or to the Directors' duties and responsibilities, and corporate governance.

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The training records of the Directors for the year ended 31 March 2022 are summarized as follows:

Directors	Type(s) of Training <small>Note</small>
Executive Directors	
Mr. CHEUNG Kam Chiu#	A & B
Mr. SZETO Wing Tak#	A & B
Non-executive Directors	
Ms. XU Jili*	A & B
Ms. LI Yanmei	A & B
Mr. XIE Hui	A & B
Mr. YE Ning*	A & B
Ms. LEE Wing Yee Loretta	A & B
Ms. WONG Ling Fong Lisa	A & B
Mr. ZHOU Wenjie	A & B
Independent non-executive Directors	
Mr. FAN Chiu Tat Martin	A & B
Dr. GUAN Yuyan	A & B
Mr. HONG Kam Le	A & B
Mr. LEUNG Siu Hong	A & B
Ms. RU Tingting	A & B

Notes:

Types of Training

- A: attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: reading relevant articles, newspapers, journals, magazines and relevant publications
- # resigned as an executive Director with effect from 1 April 2022
- * resigned as a non-executive Director with effect from 6 June 2022

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BOARD COMMITTEES

The Board has established three committees, namely, Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 7 to 8 of this annual report.

Audit Committee

The Audit Committee consists of three Independent non-executive Directors, namely Mr. FAN Chiu Tat Martin, Ms. RU Tingting and Mr. LEUNG Siu Hong. Mr. FAN Chiu Tat Martin is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditor, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 March 2022, the Audit Committee has reviewed the interim financial results and report and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor and engagement of non-audit services and relevant scope of works, the adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function department, and their training plans and budgets.

The Company's annual results announcement and annual report have been reviewed by the Audit Committee.

The Audit Committee held two meetings during the year ended 31 March 2022 and the attendance of each member is listed under section headed "Board and Board Committees Meetings and Directors' Attendance Records".

The Audit Committee also met the external auditor twice without the presence of the executive Directors.

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. LEUNG Siu Hong, Dr. GUAN Yuyan and Ms. RU Tingting. Mr. LEUNG Siu Hong is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include determining or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/ her own remuneration.

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During the year ended 31 March 2022, the Remuneration Committee reviewed the remuneration policy and the remuneration packages of the executive Directors and senior management, and recommended them to the Board for adoption.

The Remuneration Committee held one meeting during the year ended 31 March 2022 and the attendance of each member is listed under section “Board and Board Committees Meetings and Directors’ Attendance Records”.

Details of the remuneration of the senior management by band are set out in note 15(b) to the consolidated financial statements.

Nomination Committee

The Nomination Committee consists of three members, namely Ms. RU Tingting, Dr. GUAN Yuyan and Mr. HONG Kam Le. Ms. RU Tingting is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company’s Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate’s relevant criteria as set out in the Company’s Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 March 2022, the Nomination Committee reviewed the structure, size and composition of the Board and the independence of the independent non-executive Directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

The Nomination Committee held one meeting during the year ended 31 March 2022 and the attendance of each member is listed under section headed “Board and Board Committees Meetings and Directors’ Attendances Records”.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board to ensure independent views and inputs are available to the Board and sees increasing diversity at the Board level as an essential element in maintaining the Company’s competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will report annually on the Board’s composition under diversified perspectives and monitor the implementation of the Board Diversity Policy. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to talent, skills, professional experience, independence and knowledge.



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In designing the Board's composition and selection of candidates, Board diversity has been considered from a range of diversity perspectives, including but not limited to talent, skills, professional experience, independence and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

For the year ended 31 March 2022, female and male representation at Board is about 42.85% and 57.15% respectively.

The Nomination Committee will review annually the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to consider candidates from a wide range of backgrounds and consider candidates on merit and against objective criteria taking care that the candidates possess skills, knowledge and experience relevant to the operations of the Company, have enough time available to devote to the position and, in case of independent non-executive director, the independence requirements set out in the Listing

Rules, and take into account various aspects set out in the Board Diversity Policy of the Company including but not limited to gender, age, cultural and educational background, or professional experience, as well as the Company's business model and specific needs. The candidate must satisfy the Board that he/she has the character and integrity and is able to demonstrate a standard of competence commensurate with the relevant position as a director of the Company.

The Nomination Policy also sets out the procedures for the selection and appointment of new directors and re-election of directors at general meetings. During the year ended 31 March 2022, there was no change in the composition of the Board.

The Nomination Committee will review the structure, size, composition (including skills, knowledge and experience) of the Board on a regular basis at least annually and diversity of the Board to ensure that it has a balance of expertise, skills and experience and diversity of perspective appropriate to the complement the Company's corporate strategy.

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

As no corporate governance committee has been established, the Board is responsible for, among other things, formulating and reviewing the policies and practices on corporate governance of the Group and making recommendations, monitoring the compliance of legal and regulatory requirements, reviewing and monitoring the training and continuous professional development of Directors and senior management, and reviewing the Group's compliance with the CG Code and the disclosures in the annual report. The corporate governance report has been reviewed by the Board in the discharge of its corporate governance function.

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To the best knowledge of the Directors, during the year ended 31 March 2022, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading management team and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The systems of internal control covers the areas of financial, accounting, operational, compliance and risk management of the Group's business. Management is responsible for implementing the internal control systems to manage risks.

The key elements of the Company's risk management and internal control structure are as follows:

- Well-defined organisational structure with appropriate segregation of duties, limit of authority, reporting lines and responsibilities to minimise risk of errors and abuse;
- Clear and written policies and procedures have been established and regularly reviewed for major functions and operations;
- Important business functions or activities are managed by experienced, qualified and suitably trained staff; and
- Continuous monitoring of the key operating data and performance indicators, timely and up-to-date business and financial reporting, immediate corrective actions are taken where necessary.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security and report relevant findings to Audit committee and the Board. In mitigation of identified risks, the management, in coordination with department heads, actively assesses the effect of changes in situation(s), and worked closely with internal and external parties taking proper actions, if necessary, to avoid or mitigate their adverse impacts.



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The following principal risks of the Group were identified and classified into strategic risks, operational risks, financial risks and compliance risks:

Risk Area	Principal Risk and Response
Strategic Risk	<p data-bbox="469 642 935 670"><u>Economic factors and market competition</u></p> <p data-bbox="469 676 1431 739">Hong Kong's economy is adversely affected by epidemic of COVID-19 and the Group is facing keen competition in the environmental hygiene service industry as well.</p> <p data-bbox="469 782 1431 1015">In order to maintain the market leadership in the environmental hygiene service industry and further enhance competitiveness during the economic downturn, the Group is continuously (i) building and sustaining the reputation as high-quality and customized environmental hygiene service provider; (ii) increasing operational efficiency and service excellence to enhance customer experience; and (iii) introducing more innovative technology and equipment to increase the quality and efficiency of our environmental hygiene service.</p>
Operational Risk	<p data-bbox="469 1058 679 1086"><u>Tender and pricing</u></p> <p data-bbox="469 1093 1431 1187">The Group's revenue is derived from service contracts awarded through tendering processes or quotations submissions and there is no guarantee of success of new tenders or renewal of existing services contracts.</p> <p data-bbox="469 1231 1431 1468">In response to the tender risk, the Group has established a relatively broad customers base ranging from various government departments in Hong Kong to non-government sectors customers such as property management companies and educational institutions etc. Besides, for business diversification and maintaining our competitiveness in the market, the Group has been actively developing its garbage logistics business and distribution agency business for distributing innovative technological products and equipment pertaining to environmental hygiene services.</p> <p data-bbox="469 1511 671 1539"><u>Infectious disease</u></p> <p data-bbox="469 1545 1431 1640">The epidemic of COVID-19 has caused severe impacts on the workforce and economy of Hong Kong. If our employees are infected with the COVID-19, the Groups' services may be affected and there is a possibility of service disruption.</p> <p data-bbox="469 1683 1431 1880">To address the threat of infectious diseases and ensure the safety of our frontline employees, the Group has taken actions, including educating frontline employees on how they shall protect themselves and strengthen the promotion on epidemic prevention by providing safety work guidelines. We also strive to provide frontline employees with adequate personal protective equipment, disinfection tools and supplies for routine cleaning and disinfection.</p>

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Risk Area	Principal Risk and Response
Operational Risk (Continued)	<p data-bbox="469 547 667 571"><u>Health and safety</u></p> <p data-bbox="469 584 1431 745">The Group's operations inevitably put frontline employees in a position where their health are exposed to risks, and accidents may happen to our employees during their work as well. The Group is exposed to claims risks for work-related accidents and injuries and public liability for physical injuries and property damages, which may have an impact on the Group's reputation and finances.</p> <p data-bbox="469 791 1431 952">To protect the occupational health and safety of our employees, the Group had implemented a range of occupational safety measures to safeguard employees' interests, including but not limited to providing all necessary training and guidance for employees. Besides, in order to address the claims risks, the Group has purchased insurance with insurance companies as a risk transfer.</p> <p data-bbox="469 998 608 1021"><u>Recruitment</u></p> <p data-bbox="469 1034 1431 1265">The environmental hygiene service market exhibits a long-standing shortage of labour and high turnover rate. In response to the risks, (i) employees' remuneration packages are reviewed regularly for competitiveness; (ii) internal manpower rotation plans are developed to match existing and future human resources needs; (iii) budget (including manpower budget) is prepared for projects; and the Group continuously (iv) introducing advance automation equipment to reduce the need for manpower; and (v) improving employer branding to attract and retain talents.</p> <p data-bbox="469 1310 612 1334"><u>Supply chain</u></p> <p data-bbox="469 1347 1431 1440">The quality of the cleaning and disinfection products provided by the suppliers will directly affect the service quality of the Group and the health and safety of our employees.</p> <p data-bbox="469 1485 1431 1614">In order to ensure the quality of suppliers are monitored, the Group has compiled relevant internal control procedures for the selection of suppliers. In addition, the Group maintained business relationships with various existing suppliers to avoid over-reliance on a single supplier.</p> <p data-bbox="469 1660 831 1683"><u>Information system management</u></p> <p data-bbox="469 1696 1431 1826">Information system play a significant role in the Group's business operations and financial reporting cycle. The Group's operations may be affected by system failure and any improper use of data stored in the information system may cause a damage on the Group's reputation and finances.</p> <p data-bbox="469 1871 1431 1959">In order to address the information system risk, the Group has adopted information security guidelines to (i) prevent unauthorised access to our information system; and (ii) maintain a regular systematic data backup.</p>

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Risk Area	Principal Risk and Response
Compliance Risk	<p data-bbox="469 547 1110 573"><u>Compliance with the Listing Rules and other relevant laws</u></p> <p data-bbox="469 582 1431 814">The Group is required to comply with various regulations in Hong Kong, such as laws related to employment and labour practices, laws related to occupational safety and health (“OSAH”) and relevant tax law. In addition, the Group is required to comply with Listing Rules after listing on the Main Board of the Stock Exchange in October 2019. Failure to comply with the Listing Rules and other relevant laws may result in damages to the Group’s corporate image and expose it to the risks of investigation, operational disruption, suspension and/or director liability.</p> <p data-bbox="469 862 1431 1021">In order to address the compliance risk, the Group has adopted various internal guidelines to ensure the Group’s operation complied with relevant labour law, OSAH law and tax law. In addition, the Group has hired various professional parties as consultants to deal with the requirements of the listing regulations, especially in terms of financial disclosure and corporate governance.</p>
Financial Risk	<p data-bbox="469 1069 1431 1129">Please refer to note 6 to the consolidated financial statements for the financial risks facing by the Group.</p>
<p data-bbox="162 1155 783 1629">The internal control review function of the Group works with the external independent consultant to review the internal control systems and procedures of the Company in assessing the adequacy of the internal control. In the course of its reviews, the internal control review function together with the independent consultant conducted interviews with the designated responsible personnel and examined relevant documents to identify the deficiencies in the Company’s internal control procedures and develop recommendations for the improvement. The Company has formulated plans to implement the measures to improve its internal control systems with reference to those recommendations.</p>	<p data-bbox="810 1155 1431 1496">The Board, as supported by the Audit Committee as well as the management report and the internal control review findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 March 2022, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.</p>
<p data-bbox="162 1673 783 1802">The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 March 2022.</p>	<p data-bbox="810 1539 1431 1703">Whistleblowing policy and system is in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.</p>

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The Company has developed its inside information policy which provides a written guidelines to the Directors, the Company's senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2022.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 51 to 55.

AUDITOR'S REMUNERATION

The remuneration paid to the Company's external auditor of the Company in respect of audit services and non-audit services for the year ended 31 March 2022 amounted to HK\$890,000 and HK\$312,000 respectively. An analysis of the remuneration paid to the external auditor of the Company, RSM Hong Kong, in respect of audit services and non-audit services for the year ended 31 March 2022 is set out below:

Service Category	Fees Paid/ Payable (HK\$)
Audit Services	
– Annual audit services	890,000
Non-audit Services	
– Review of 2021/2022 interim results	280,000
– Taxation services	32,000
	1,202,000

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COMPANY SECRETARY

Dr. LI Zhuang and Ms. LEE Mei Yi have been appointed as the Company's joint company secretaries. Ms. LEE Mei Yi is an executive director of Corporate Services Department of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Dr. LI Zhuang, one of the joint company secretaries, has been designated as the primary contact person of the Company which would work and communicate with Ms. LEE Mei Yi on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 March 2022, Dr. LI Zhuang and Ms. LEE Mei Yi have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2022, there was no change in the constitutional documents of the Company.

SHAREHOLDERS' RIGHTS

The Company engages with the Shareholders through various communication channels.

To safeguard Shareholders' interests and rights, separate resolution(s) should be proposed for each substantially separate issue at general meetings, including the election of individual director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting at the Request of Shareholders

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, as at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

Putting Forward Proposals at General Meetings by Shareholders

There is no provision allowing the Shareholders to put forward new resolutions at general meetings under the Cayman Companies Law or the Articles of Association. Shareholders who wish to put forward a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company, the contact details of which are contained on the website of the Company (www.johnsonholdings.com).

Corporate Governance Report

For the avoidance of doubt, the Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor's understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meeting and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

Policies relating to Shareholders

The Company has in place a Shareholder Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed.

The Shareholders' Communication Policy sets out various communication channels with the Shareholders. The annual general meeting and other general meetings of the Company are the primary channel for the Company to communicate with the Shareholders. At every annual general meeting, the Directors present an annual report containing information for Shareholders about the Company's business performance and strategy(ies). Chairman of the Board, appropriate members of the Board committees and the external auditor of the Company will attend the annual general meeting and answer questions raised by the Shareholders.

The Company's website (www.johnsonholdings.com) contains information about the Company including contact details, Shareholders' communications, Company's announcements, circulars, notice(s) of general meeting(s) and other information which in compliance with the applicable laws, rules and regulations. Shareholders and the public may forward any enquiries or their views to the Company and the Company's investor relations team will respond promptly to the queries, concerns and understand the views of its shareholders and stakeholders and direct the queries to management where appropriate.

The Shareholders' Communication Policy is regularly reviewed by the Board to ensure its effectiveness.

The Company has adopted a Dividend Policy. The Company does not have a fixed dividend payment ratio and may distribute dividends by way of cash or by other means that the Directors consider appropriate. A decision to distribute any interim dividend or recommend any final dividend would require the approval of the Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to the Shareholders' approval. The Board will review the Company's dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:

- our financial results
- Shareholders' interests
- general business conditions, strategies and future expansion needs
- the Group's capital requirements
- the payment by its subsidiaries of cash dividends to the Company
- possible effects on liquidity and financial position of the Group
- other factors the Board may deem relevant