

Corporate Governance Report

The Board is pleased to present this corporate governance report setting out a discussion of the corporate governance practices adopted and observed by the Group.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high corporate governance standards to safeguard the interests of its stakeholders. The Company has applied the principles in the Corporate Governance Code ("CG Code") in Part 2 of Appendix 14 of the Listing Rules by conducting its business by reference to the principles of the CG Code and emphasising such principles in the Company's governance framework. It is in the opinion of the Directors that the Company has complied with all the code provisions as set out in the CG Code during the year ended 31 December 2022 (the "Year").

THE BOARD

Board Compositions

During the Year and as at the date of this annual report, the composition of the Board is as follows:

Executive Directors

Mr Jinchu SHEN (Group Co-founder & Co-CEO)
Mr Stuart GIBSON (Group Co-founder & Co-CEO)

Non-executive Directors

Mr Jeffrey David PERLMAN (Chairman of the Board)
Mr Charles Alexander PORTES (Group Co-founder)
Mr Wei HU
Mr David Alasdair William MATHESON (retired at the annual general meeting (the "AGM") held on 1 June 2022)
Mr Hwee Chiang LIM (appointed on 20 January 2022)
Dr Kwok Hung Justin CHIU (appointed on 20 January 2022)
Mr Rajeev Veeravalli KANNAN (appointed on 20 January 2022)

Independent Non-executive Directors

Mr Brett Harold KRAUSE
The Right Honourable Sir Hugo George William SWIRE, KCMG (retired at the AGM held on 1 June 2022)
Mr Simon James MCDONALD
Ms Jingsheng LIU
Mr Robin Tom HOLDSWORTH (retired at the AGM held on 1 June 2022)
Ms. Serene Siew Noi NAH (appointed on 19 April 2022)
Ms. Wei-Lin KWEE (appointed on 25 May 2022)

The biographical details of the Directors are set out in the section of "Board of Directors" of this annual report.

There is no financial, business, family or other material or relevant relationship between members of the Board.

Chairman and Chief Executive

Mr Jeffrey David Perlman, the Chairman of the Board and Non-executive Director of the Company, is responsible for the formulation of strategic directions and for the high level oversight of the management and operations of the Group.

The role of chief executive is jointly assumed by Mr Jinchu Shen, the Executive Director, Group Co-founder and Co-CEO, and Mr Stuart Gibson, the Executive Director, Group Co-founder and Co-CEO. The Co-CEOs are responsible for the management and conduct of the Group's business, overall risk control and daily business operation.

There is a clear division of the management of the Board and the day-to-day management of business of the Company among the Chairman of the Board and the Co-CEOs, ensuring the existence of checks and balances mechanism in the exercise of power and decision-making process of the Board.

Term of Appointment of Non-executive Directors

Each of the Non-executive Directors and Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of three years unless terminated by one month's written notice.

The appointment of all the Directors is subject to the retirement by rotation requirements under article 108 of the Articles of Association of the Company. Any removal of the Directors are subject to the relevant provisions of the Companies Ordinance (Cap.622, Laws of Hong Kong) and also article 105 of the Articles of Association of the Company.

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

- A sufficient number of five Independent Non-executive Directors representing more than one-third of the Board have been appointed and all of them continue to devote adequate time contribution to the Company.
- All Independent Non-Executive Directors are required to confirm in writing annually their compliance of independence requirements as set out under Rule 3.13 of the Listing Rules.
- Annual meeting between the Chairman and all Independent Non-executive Directors without presence of other Directors providing an effective platform for the Chairman to listen to independent views on various issues concerning the Company.
- Independent professional advice would be provided to Independent Non-executive Directors upon reasonable request to assist them to perform their duties to the Company.
- Non-executive Directors receive fixed fee(s) for their role as members of the Board and Board Committee(s) as appropriate.
- Non-executive Directors' independence is assessed upon appointment, annually, and at any other time where the circumstances warrant reconsideration.
- All Directors are encouraged to express freely their independent views and constructive challenges during the Board/ Board Committees meetings.
- An Independent Board Committee consisting of independent Non-Executive Directors is established by the Board as and when required to manage any connected/related party transactions.

The Board has reviewed the mechanisms above and confirmed that they effectively ensure the Board has access to independent opinions and views.

Compliance in relation to Independent Non-executive Directors

During the Year and as at the date of this annual report, the Company has been in full compliance with rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. As at the date of this annual report, the Board currently comprised 13 Directors, five of which were Independent Non-executive Directors, representing more than one-third of the Board. At least one of the Independent Non-executive Directors has the professional qualifications or accounting or related financial management expertise required under rule 3.10(2) of the Listing Rules.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his/her independence according to the guidelines set out in rule 3.13 of the Listing Rules and is of the view that each of the Independent Non-executive Directors remains independent.

Corporate Governance Report

Meetings & Attendance Records

During the Year, the attendance records of each Director at the Board and Board Committee meetings and the general meeting of the Company held are set out in the table below. The Chairman of the Board had a meeting with all Independent Non-executive Directors without the presence of other Directors.

Name of Directors	Note	Attendance/Number of Meetings (percentage of attendance ^(Note 6))				Annual General Meeting
		Board	Audit Committee	Nomination Committee	Remuneration Committee	
Executive Directors						
Mr Jinchu SHEN (Group Co-founder, Co-CEO)		7/7 (100%)	N/A	N/A	N/A	1/1 (100%)
Mr Stuart GIBSON (Group Co-founder, Co-CEO)		6/7 (86%)	N/A	N/A	N/A	1/1 (100%)
Non-executive Directors						
Mr Jeffrey David PERLMAN (Chairman of the Board)	(1)	6/7 (86%)	N/A	N/A	3/3 (100%)	1/1 (100%)
Mr Charles Alexander PORTES (Group Co-founder)		7/7 (100%)	N/A	N/A	N/A	0/1 (0%)
Mr Wei HU		4/7 (57%)	N/A	N/A	N/A	0/1 (0%)
Mr David Alasdair William MATHESON	(2)	2/2 (100%)	N/A	N/A	N/A	0/1 (0%)
Mr Hwee Chiang LIM	(3)	6/7 (86%)	N/A	N/A	N/A	1/1 (100%)
Dr Kwok Hung Justin CHIU	(3)	5/7 (71%)	N/A	N/A	N/A	1/1 (100%)
Mr Rajeev Veeravalli KANNAN	(3)	6/7 (86%)	N/A	N/A	N/A	1/1 (100%)
Independent Non-executive Directors						
Mr Brett Harold KRAUSE		7/7 (100%)	4/4 (100%)	3/3 (100%)	3/3 (100%)	1/1 (100%)
The Right Honourable Sir Hugo George William SWIRE, KCMG	(2)	2/2 (100%)	N/A	3/3 (100%)	N/A	1/1 (100%)
Mr Simon James MCDONALD		7/7 (100%)	4/4 (100%)	N/A	3/3 (100%)	1/1 (100%)
Ms Jingsheng LIU		7/7 (100%)	N/A	3/3 (100%)	N/A	1/1 (100%)
Mr Robin Tom HOLDSWORTH	(2)	2/2 (100%)	1/1 (100%)	N/A	N/A	1/1 (100%)
Ms Serene Siew Noi NAH	(4)	5/6 (83%)	3/3 (100%)	1/1 (100%)	N/A	1/1 (100%)
Ms Wei-Lin KWEE	(5)	4/5 (80%)	N/A	N/A	2/2 (100%)	1/1 (100%)

Notes:

- Mr Jeffrey David Perlman recused himself for one of the meetings in accordance with our Articles of Associations.
- Mr David Alasdair William Matheson, The Right Honourable Sir Hugo George William Swire, KCMG and Mr Robin Tom Holdsworth retired at the AGM held on 1 June 2022.
- Mr Hwee Chiang Lim, Dr Kwok Hung Justin Chiu and Mr Rajeev Veeravalli Kannan were appointed as Non-executive Directors on 20 January 2022.
- Ms Serene Siew Noi Nah was appointed as Independent Non-executive Director on 19 April 2022 and she joined all the committees' meetings thereafter.
- Ms Wei-Lin Kwee was appointed as Independent Non-executive Director on 25 May 2022 and she joined all the committees' meetings thereafter.
- The average attendance by Directors was 90% in FY2022 and 92% in FY2021.

Induction and Continuous Training and Professional Development

All directors should participate in continuous professional development to develop and refresh their knowledge and skills in the hope that their contribution to the Board remains informed and relevant.

Every newly appointed Director of the Company received a comprehensive, formal and tailored induction upon his appointment. Based on the records provided by the Directors, the continuous professional development taken by each of the Directors during the year ended 31 December 2022 is summarised as follows:

Name of Director	Training Attended ^(Note 1)
Executive Directors	
Mr Jinchu SHEN (Group Co-founder, Co-CEO)	√
Mr Stuart GIBSON (Group Co-founder, Co-CEO)	√
Non-executive Directors	
Mr Jeffrey David PERLMAN (Chairman of the Board)	√
Mr Charles Alexander PORTES (Group Co-founder)	√
Mr Wei HU	√
Mr David Alasdair William MATHESON (retired at the AGM held on 1 June 2022)	N/A
Mr Hwee Chiang LIM (appointed on 20 January 2022)	√
Dr Kwok Hung Justin CHIU (appointed on 20 January 2022)	√
Mr Rajeev Veeravalli KANNAN (appointed on 20 January 2022)	√
Independent Non-executive Directors	
Mr Brett Harold KRAUSE	√
The Right Honourable Sir Hugo George William SWIRE, KCMG (retired at the AGM held on 1 June 2022)	N/A
Mr Simon James MCDONALD	√
Ms Jingsheng LIU	√
Mr Robin Tom HOLDSWORTH (retired at the AGM held on 1 June 2022)	N/A
Ms. Serene Siew Noi NAH (appointed on 19 April 2022)	√
Ms. Wei-Lin KWEE (appointed on 25 May 2022)	√

Note:

- 1 All the Directors received training and training materials, including from the Company's external legal advisor, about matters relevant to their duties as directors. They also kept abreast of matters relevant to their role as Directors by such means as attendance at seminars and conferences and/or reading materials about financial, commercial, economic, legal, regulatory and business affairs.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by Directors. The Company has adopted a code of conduct ("Code of Conduct and Business Ethics") regarding all Directors', officers and employees' securities transactions on terms no less exacting than the required standard set out in the Model Code.

Specific enquiries were made of all Directors, and all Directors confirmed that they had complied with all required standards set out in the Model Code during the Year.

Corporate Governance Report

Responsibilities, Accountabilities and Contributions of the Board and Management

The Company is governed by the Board, which is responsible for the leadership and control of the Company. The Board is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board's functions and duties include (without limitation) to the following:

- Providing strategic directions in the business development of the Group and scrutinising the Group's performance in achieving its operational and financial goals and objectives
- Making all major decisions, including but not limited to those decisions affecting the financial results, notifiable and connected transactions, dividend policies and information disclosure, of the Group
- Convening general meetings and reporting the work results to the Shareholders
- Devising policies for, and reviewing and monitoring the implementation of, the risk management and internal control systems and other policies of the Group
- Overseeing and reviewing the environment, social and governance issues of the Group
- Performing the corporate governance functions (as further explained in "Corporate Governance Functions" below)
- Exercising other power, duties and functions as conferred by applicable laws, the Listing Rules and the Articles of Association of the Company

Day-to-day management and execution of the operations of the Group are delegated to the Executive Directors and senior management team of the Company, whose performance are periodically reviewed by the Board. The Board also delegated certain powers to the Audit Committee, the Remuneration Committee and Nomination Committee, the details of which are set out below. The Board may also from time to time delegate any of its powers to committees as appropriate. The Board has established the Investment Strategy Committee consisting of certain directors and senior management to identify business directions and strategies, review and provide to the Board with investment and divestment strategy and prepare the annual budget for submission to the Board for approval.

Board Committees

Audit Committee

The Audit Committee of the Company was established by a Board resolution passed on 20 May 2019. The terms of reference are published on the websites of the Company and the Stock Exchange.

The main functions and duties of the Audit Committee include:

- (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
- (b) reviewing the Company's financial information and reporting system; and
- (c) oversight of the Company's risk management and internal control systems, including the whistleblowing arrangement for employees, customers and suppliers to raise concerns about possible improprieties in any matter related to the Company.

At the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr Brett Harold Krause, Mr Simon James McDonald (Chairman of the Audit Committee with the appropriate accounting and related financial management expertise as required under rule 3.10(2) of the Listing Rules) and Ms Serene Siew Noi Nah.

During the Year, the Audit Committee held four meetings in March, June, August and December 2022 for the review of the 2021 annual results and 2022 interim results of the Group respectively, and also including but not limited to review of the risk management and internal control systems and the review of the effectiveness of the Group's internal audit function.

Remuneration Committee

The Remuneration Committee of the Company was established by a Board resolution passed on 20 May 2019. The terms of reference are published on the websites of the Company and the Stock Exchange.

The major functions and duties of the Remuneration Committee include:

- (a) making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for development of the remuneration policy;
- (b) reviewing and approving of the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- (c) making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management.

At the date of this annual report, the Remuneration Committee currently comprises four Directors, including one Non-executive Director, namely Mr Jeffrey David Perlman, and three Independent Non-executive Directors, namely Mr Brett Harold Krause (Chairman of the Remuneration Committee), Mr Simon James McDonald and Ms Wei-Lin Kwee.

During the Year, the Remuneration Committee held three meetings in March and November 2022 for the determination of the policy for the remuneration of Executive Directors, assessment of the performance of Executive Directors, approval of the terms of Executive Directors' service contracts and appointment letters for the Independent Non-Executive Directors. For Executive Directors, their total remuneration includes variable components which are aligned to their performance targets. The Remuneration Committee also reviewed grants of options under the Post-IPO Share Option Scheme and awards under the Long Term Incentive Scheme during the Year. For the options and awards ("Grants") granted during the year with less than 12 months of vesting period, the Remuneration Committee considered it appropriate to award the Grants with vesting period of less than 12 months as those Grants would have been granted earlier but for administrative or compliance reasons, those were made in a subsequent batch with a view to putting the relevant grantees in the same position as they would have been in had the Grants been made earlier.

The remuneration packages are determined with reference to the experience, level of responsibilities, time commitment and contributions of each individual, the Company's financial and sustainability performance, prevailing market conditions, and taking into consideration that the remuneration levels are sufficient to attract and retain directors and management with the appropriate experience and expertise to manage the Company. Any discretionary bonus and other merit payments depend on the profit performance of the Group and individual performance of Directors, senior management and other employees.

The remuneration levels are sufficient to attract and retain directors to run the Company successfully without paying more than necessary. The Company reviews its remuneration policy on a regular basis.

The remuneration payable to members of senior management by band for the year ended 31 December 2022 is set out below:

	For the year ended 31 December	
	2022	2021
	Number of Individuals	Number of Individuals
Remuneration band (USD)		
Below US\$2,000,000	2	1
US\$2,000,001 to US\$4,000,000	—	2
US\$4,000,001 to US\$6,000,000	2	—

Particulars of remunerations of executive directors are set out in note 8 to the Consolidated Financial Statements.

Corporate Governance Report

Nomination Committee

The Nomination Committee of the Company was established by a Board resolution passed on 20 May 2019. The terms of reference are published on the websites of the Company and the Stock Exchange.

The key functions and duties of the Nomination Committee include:

- (a) reviewing the structure, size, composition and diversity of the Board at least once annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategies;
- (b) developing the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship;
- (c) ensuring the diversity of the Board members;
- (d) assessment of the independence of Independent Non-executive Directors; and
- (e) making recommendations to the Board on matters relating to the appointment, re-appointment and removal of Directors and succession planning for Directors.

At the date of this annual report, the Nomination Committee comprises three Independent Non-executive Directors, namely Mr Brett Harold Krause (Chairman of the Nomination Committee), Ms Jingsheng Liu and Ms Serene Siew Noi Nah.

During the Year, the Nomination Committee held 3 meetings attended by all the then members of the Nomination Committee in March, April and May 2022 for the review of the nomination policy, procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship.

The Board nomination policy, process and criteria adopted by the Nomination Committee are outlined below:

- (a) to use open advertising or the services of external advisers to facilitate the search, to consider candidates from a wide range of backgrounds with the Company's Board diversity policy ("Board Diversity Policy") in mind, and to consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the positions;
- (b) to conduct a background check against the biographical information and written confirmation provided by the candidate(s) and to take reasonable steps to seek clarification from the candidate(s), if needed;
- (c) to assess the independence of the candidate(s) to be appointed as an Independent Non-executive Director by reference to the independence requirements under the Listing Rules;
- (d) to consider the candidate(s)' ability to devote sufficient time to the Board if the candidate(s) will be holding his/her seventh (or more) listed company directorships;
- (e) to invite, if necessary, the candidate(s) to meet with members of the Nomination Committee to assist consideration of the proposed nomination or recommendation;
- (f) to convene a Nomination Committee meeting for consideration of the candidate(s);
- (g) to submit its nomination proposal to the Board for consideration and approval or to make recommendation to the shareholders for approval; and
- (h) in relation to re-appointment of Directors who will offer themselves for re-election at the Company's annual general meeting, to review the candidate(s)' profiles in consideration of strategy, structure, size and composition of the Company and their experience and skills.

The Company has adopted a Board Diversity Policy. In order to achieve a diversity of perspectives among members of the Board, the Board Diversity Policy provides that:

- (a) the Board shall include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive directors (including independent non-executive directors) shall be of sufficient caliber and number for their views to carry weight; and
- (b) the selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Recruitment and selection practices will be appropriately structured so that a diverse range of candidates are considered. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

In implementing the Board Diversity Policy, the Nomination Committee evaluates the composition of the Board and director candidates from time to time against objectives such as increasing gender diversity and broadening the cultural background, educational background, industry experience and professional experience of the members of the Board.

The Nomination Committee will consider setting measurable objectives to implement the Board Diversity Policy and regularly review such objectives to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Company has set the following measurable objectives in respect of the Board diversity:

- Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Recruitment and selection practices will be appropriately structured so that a diverse range of candidates are considered.
- The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.
- The Board's composition (including gender, ethnicity, age, length of service) will be disclosed in the Corporate Governance Report annually.

For the Financial Year FY2022, the Nomination Committee is of the view that the Board composition satisfied the objectives of the Board Diversity Policy. Given the enlarged size of the Board and the growth of the Company, it will conduct a review of the Policy on an annual basis to ensure continued effectiveness of the Policy in delivering its objectives. The Board targets to maintain at least the current level of female representation.

In considering the Board's succession and to ensure diversity at the Board level, the Nomination Committee will engage an executive search firm to help identify suitable candidates for consideration as Non-Executive Directors as and when appropriate. The Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

In terms of gender diversity in the workforce (including senior management), as at the date of this report, the Company's workforce (including senior management) had 42% female employees. The Board had targeted to achieve and had achieved at least 42% of female employees of the Company by 2025. Therefore, the Board considers that the above current gender diversity in the workforce (including senior management) has been achieved with reference to the current circumstances of the Company.

According to the terms of reference, the Nomination Committee shall meet at least once a year. The Nomination Committee shall strictly adhere to this requirement in the future.

Corporate Governance Functions

The Company adopted the CG Code as the policy for its corporate governance of the Company.

The responsibility for performing the corporate governance functions rests with the Board. The Board has performed the following duties:

- developed and reviewed the Company's policies and practices on corporate governance;
- reviewed and monitored the training and continuous professional development of directors and senior management.
- reviewed and monitored the issuer's policies and practices on compliance with legal and regulatory requirements;
- developed, reviewed and monitored the Code of Conduct and Business Ethics applicable to employees and Directors; and
- reviewed the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

COMPANY SECRETARY

Mr Richard Kin-sing Lee ("Mr Lee") was appointed as the Company Secretary of the Company on 22 February 2019. He is also the Group Legal Counsel (Capital Markets) of the Company and, thus, an employee of the Company having day-to-day knowledge of the Company's affairs.

Corporate Governance Report

Pursuant to rule 3.29 of the Listing Rules, Mr Lee undertook no less than 15 hours of relevant professional training in 2022.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Directors acknowledged their responsibility for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022. The statement by the auditors about their reporting responsibilities for the auditors' report on the financial statements is set out in the Independent Auditor's Report on pages 115 to 120 of this annual report.

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

External Auditor's Remuneration

The Group's external auditor is Ernst & Young. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguarding independence of the auditor. The Group evaluates the performance and independence of the external auditor on an annual basis before recommending their appointment or re-appointment in the AGM. Any decision to rotate auditors, considering factors such as expertise, quality of audit, and independence is made in consultation with the Audit Committee. Up to the date of this report, the Audit Committee has considered and approved the engagement of Ernst & Young as auditor of the Group for the reporting year and the corresponding audit fee estimation.

The remuneration paid or payable by the Group to Ernst & Young in respect of their audit and non-audit services relating to tax and transaction services; for the year ended 31 December 2022 amounted to approximately US\$2,594,000 and US\$762,000, respectively.

Internal controls and risk management

The Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving its strategies objectives and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems on an ongoing basis. This includes ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, as well as those relating to the Company's ESG performance and reporting.

Recognising and managing risks in a timely and effective manner is essential to the Company's business and protecting its stakeholders' interests and value. While acknowledging responsibility for the systems and reviewing their effectiveness, the Board recognises that the systems are designed to assist the Company in managing, rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Reporting to the Board, the Audit Committee is delegated with the authority and responsibility for ongoing monitoring and evaluation of the effectiveness of the relevant systems. The Audit Committee ensures that a robust risk management framework and sound system of internal controls is maintained by management.

Under its terms of reference, the Audit Committee's scope of duties and responsibilities is as follows:

- a) reviewing the risk management framework, including the processes and resources to identify, assess, monitor and report key risks;
- b) overseeing the design, implementation and monitoring of the risk management and internal control system;
- c) reviewing the adequacy of risk management practices for key risks, such as strategic, financial, compliance, operational and technology risks, on a regular basis, including reviewing the governance and process for effective risk management;
- d) overseeing the matters in the Corporate Governance Code; and
- e) considering and advising on risk matters referred to it by the Board or management.

The Company implemented the following risk management and internal control structures and measures to identify, assess, monitor and report key risks:

- Enterprise Risk Management (“ERM”) Framework is based on the ISO 31000 International Risk Management Standards, COSO Internal Control-Integrated Framework and the Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations for identifying, assessing, monitoring and reporting of risks. The Framework consists of tools such as risk governance, risk policies and risk parameters which are dynamic and adaptable to the changing business environment. It also provides a holistic and systematic approach for the identification, assessment, monitoring and reporting of key risks to management, Audit Committee and the Board.
- As the risk profile changes from time to time, management performs periodic risk assessment by monitoring risk changes and trends as well as the effectiveness of the related control mechanisms and/or control activities within the overall risk profile on an as-needed basis, or at least once a year to ensure that they remain relevant. In addition, the Group Risk Management department works closely with the management to review and enhance the risk management system in accordance with market practices and regulatory requirements, under the guidance and direction of the Audit Committee and the Board.
- The Company has an internal audit function to carry out an analysis and independent appraisal of the adequacy and effectiveness of the systems. Any material non-compliance or failure in internal controls and recommendations for improvements are reported to Audit Committee and the Board.
- Stringent internal policies and processes are in place to prevent the misuse of inside information and avoid conflicts of interest, including having a whistleblowing policy, information security policy and Conflicts of Interest (“COI”) policy in place.

To reinforce a culture of good business ethics and governance, the Company has adopted a whistleblowing policy, which allows employees and outside third parties that have business relationships with the Company to raise any concerns about improprieties, malpractices and misconduct through a well-defined and trusted channel. The objective of this policy is to encourage the reporting of such matters with confidence and employees or external parties making such reports will be treated fairly and be protected from reprisal. All whistleblowing reports will be reviewed by the Group Compliance Director and the General Counsel. The ensuing investigation reports will be sent to the Audit Committee for further action.

Refer to “Risk Management” on pages 64 to 69 of this annual report for further details of the Group’s risk management programme.

In addition, the Company has adopted a disclosure control policy which provides a general guide to Directors, management and employees on the handing and dissemination of inside information and responding to enquiries in accordance with the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance and the Listing Rules.

For the Year, the Board has conducted an annual review of the effectiveness of the Group’s risk management and internal control systems, which covered all material controls, including financial, operational, technology and compliance controls. The Board has received confirmation from the management on, and is satisfied with, the effectiveness and adequacy of the systems. No significant areas of concern are brought to the attention of the Board.

Internal Audit

The Group Internal Audit department is responsible for providing independent assurance regarding the existence of adequate and effective internal control environment adopted by the Company. The Group Internal Audit department has direct access to the Audit Committee and has free and unrestricted access to information and management of the Company when carrying out its duties. The Group Internal Audit department adopts a risk-based audit approach in reviewing and monitoring the adequacy and effectiveness of the Group’s risk management and internal control systems. An internal audit plan is discussed and approved by the Audit Committee on an annual basis, and a summary of major audit findings, recommendations and remediation are reported to the Audit Committee by the Group Internal Audit department on a regular basis. The internal audit findings and the remedial actions taken by the relevant departments form part of the Board’s assessment of the Group’s risk management and internal control systems.

Corporate Governance Report

CORPORATE CULTURE

Corporate culture is crucial to the realization of the Company's mission. The Board continues to maintain and ensure that the Company's goals, values and strategies are highly aligned with our corporate culture.

The Company continues to develop and enhance the corporate culture in different aspects, including but not limited to maintain a strong governance culture, reinforce culture of good business ethics and promote a diverse and inclusive culture.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Convening an Extraordinary General Meeting

In accordance with article 64 of the Articles of Association of the Company, one or more Shareholders holding, 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 may request for the convening of an extraordinary general meeting. A requisition requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition shall be made in writing to the Board or the Company Secretary at its principal place of business in Hong Kong at Suites 2905-06, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. 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 requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

Shareholders who wish to propose resolutions may make their request to the Company to convene a general meeting in accordance with article 64 of the Articles of Association as stated above.

A written notice of proposal(s) with detailed contact information of the Shareholders shall be lodged with the Company at its principal place of business in Hong Kong at Suites 2905-06, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, with a copy of the proposal delivered to the Company's Hong Kong branch share registrar.

Putting Forward Enquiries to the Board

Shareholders may submit their enquiries and concerns to the Board in writing with their detailed contact information and addressed to the Board or the Company Secretary at the Company's principal place of business in Hong Kong at Suites 2905-06, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. The Company will not normally deal with verbal or anonymous enquiries.

Voting Rights

The Company has only one class of shares, which are its ordinary shares. All holders of the Company's ordinary shares are entitled to vote on matters brought before the annual general meeting of shareholders in proportion to their respective shareholdings. Shareholders may vote in person at the meeting or by proxy.

Constitutional Documents

The Articles of Association of the Company was adopted on 12 October 2019 which became effective on the Listing Date. Since the Listing Date, no change was made to the Articles of Association of the Company.

Investor Relations

The Company is committed to keeping all its shareholders, other stakeholders, analysts and the media informed of its performance and any changes in the Group or its business which would likely materially affect the price or value of the Company's securities. This is performed on a timely and consistent basis to assist shareholders and investors in their investment decisions.

The Company has in place a Group Investor Relations department and a Group Corporate Affairs department, both of which facilitate effective communication with the Company's shareholders, investors, analysts, fund managers, the media and members of the public. The Company actively engages with its shareholders and has put in place a shareholders communication policy ("Shareholders Communication Policy") to promote continuous, effective and transparent communications with its shareholders. The Shareholders Communication Policy stipulates that the Board maintains an on-going dialogue with Shareholders and the investment community. Information is communicated to Shareholders and the investment community mainly through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website. Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times on the Group's performance and changes in business, which would materially affect the share price. During the year, the Company's senior management and the Investor Relations team actively engaged with shareholders and the investment community throughout Asia Pacific, Europe and United States through virtual and in-person conferences, non-deal roadshows and one-on-one investor updates, where these briefing materials are also timely released on the Stock Exchange and/or the Company's website. The Company's annual general meeting ("2022 AGM") was convened virtually and limited to a smaller capacity in its physical meeting in Hong Kong in June 2022. Attended by the Directors and senior management, the 2022 AGM provided virtual interaction with shareholders and their appointed proxies. Further details on the Shareholders Communication Policy are available on the Company's website at www.esr.com.

The Board reviewed the implementation and effectiveness of the Shareholders Communication Policy during 2022 and the results were satisfactory.

The Group has a formal policy on corporate disclosure controls and procedures to ensure that the Company complies with its disclosure obligations under the Listing Manual. To keep the Board abreast of investors' perceptions and concerns, the Investor Relations team also provides updates on analyst consensus estimates and views at the bi-annual Board meetings. This includes updates and analyses of the shareholder register, highlights of key shareholder engagements as well as market feedback. Such presentations and updates allow the Board to develop a good understanding of the progress of the Group's business as well as the prevailing issues and challenges facing the Group, and also promote active engagement with the key executives.

More information on the Company's investor relations efforts can be found in the Investor Relations section on pages 61 to 63 of this Annual Report.