

# CORPORATE GOVERNANCE REPORT

The board of directors (the “Board”) of SSY Group Limited (the “Company”) is pleased to present this corporate governance report for the year ended 31 December 2021 (the “Corporate Governance Report”).

The Board is committed to maintaining a high standard of corporate governance. The Board believes that good corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders’ interests. The Board reviews its corporate governance practices from time to time in order to meet the stakeholders’ expectations and comply with the latest regulatory requirements, and to fulfill its commitment to a high standard of corporate governance.

## CORPORATE GOVERNANCE PRACTICES

The Company has complied with all applicable code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2021, except for the deviation from code provision C.2.1 of the CG code as follows:

Under code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Qu Jiguang has been appointed as the chairman of the Board, who has the principal role of providing the leadership for and effective running of the Board. In view of the present composition of the Board and the in-depth knowledge of Mr. Qu Jiguang in the Company’s operations and pharmaceutical industry, Mr. Qu Jiguang has also assumed the role as the chief executive officer of the Company, who was delegated with the responsibilities to lead the management implementing the business strategies of the Group. The Board believes that it is in the best interest of the Company to vest both roles in Mr. Qu Jiguang, which allows for more effective planning and execution of business strategies. As all major decisions are made in consultation with members of the Board, the Company believes that there is adequate balance of power and authority in place.

## BOARD OF DIRECTORS

As at 31 December 2021, the Board comprises four executive Directors, namely, Mr. Qu Jiguang (Chairman), Mr. Su Xuejun, Mr. Meng Guo and Mr. Chow Hing Yeung, one non-executive Director, namely Mr. Feng Hao and three independent non-executive Directors, namely, Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai (the “Directors”).

The Board is responsible for leadership and control of the Company and oversees the Group’s businesses, strategic direction and performance. All policy matters of the Group, material transactions or transactions where there is conflict of interests are reserved for the Board’s decisions. The Board is also responsible for reviewing and monitoring the training and continuous professional development of directors and senior management, the policies and practices on compliance with legal and regulatory requirements of the Company, the code of conduct applicable to employees and the Directors, the Company’s compliance with the CG code as well as the Company’s disclosure in the Corporate Governance Report.

The Board appointed Mr. Qu Jiguang as the Chairman, who has the principal role of providing the leadership for and effective running of the Board. Other roles and responsibilities of the Chairman include approving the agenda of board meetings, ensuring all Directors are properly briefed on issues arising at board meetings and have received information which is adequate, accurate and complete in a timely manner, ensuring good corporate governance and effective shareholder communication practices and procedures, encouraging all Directors to make full and active contributions to the Board’s affairs as well as promoting a culture of openness for contribution by non-executive Directors.

# CORPORATE GOVERNANCE REPORT

## **BOARD OF DIRECTORS** *(Continued)*

The Board has delegated the day-to-day responsibility for the management of the Group's business to the management. The Board has given clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. As explained above under the heading "CORPORATE GOVERNANCE PRACTICES", Mr. Qu Jiguang, the Chairman of the Board, also assumed the role as the chief executive officer of the Company who was delegated with the responsibilities to lead the management implementing the business strategies of the Group.

In addition, the Board has also delegated various responsibilities to the Nomination Committee, the Remuneration Committee and the Audit Committee of the Company (the "Board Committees"). Further details of the Board Committees, among others, their roles and functions are set out in the later parts of this report. The Company reviews the appropriateness of these delegation arrangements periodically in view of the Company's needs.

The Directors are considered to have a balance of skill and experience appropriate for the requirements of the business of the Company and have devoted sufficient time and make contributions to the Company based on their roles and responsibilities, details of the Directors are shown under the section headed "Biographical Details of Directors and Senior Management". There are sufficient numbers of independent non-executive Directors in the Company, among which, Mr. Chow Kwok Wai is a certified public accountant and Mr. Leung Chong Shun is a qualified solicitor in Hong Kong.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

Appropriate directors' and officers' liability insurance has been arranged for the Directors and Officers of the Company.

There are no financial, business, family and other material or relevant relationships among members of the Board.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS (Continued)

During the year ended 31 December 2021, a total of five board meetings, one annual general meeting (“AGM”) and one extraordinary general meeting (“EGM”) were held and the attendance of each Director was in the table below. All the independent non-executive Directors, being the chairmen of the Board Committees, and the non-executive Director have attended the general meetings held during the year.

Name of Director	Number of meetings attended/ held within Director’s service period		
	Board meetings	AGM	EGM
<i>Executive Directors</i>			
Mr. Qu Jiguang (Chairman)	5/5	1/1	1/1
Mr. Su Xuejun	5/5	0/1	0/1
Mr. Meng Guo (appointed on 27 August 2021)	2/2	0/0	0/0
Mr. Chow Hing Yeung (appointed on 27 August 2021)	2/2	0/0	0/0
Mr. Wang Xianjun (resigned on 27 August 2021)	2/3	1/1	1/1
<i>Non-executive Director</i>			
Mr. Feng Hao	5/5	1/1	1/1
<i>Independent non-executive Directors</i>			
Mr. Wang Yibing	5/5	1/1	1/1
Mr. Leung Chong Shun	5/5	1/1	1/1
Mr. Chow Kwok Wai	5/5	1/1	1/1

During the year, Mr. Qu Jiguang, the Chairman of the Board, held one meeting with all independent non-executive Directors without the presence of other directors.

The Company ensures that all Directors are participating in board proceedings in a meaningful and effective manner. Notice of at least 14 days are served to all Directors of a regular board meeting. For all other board meetings and committee meetings, reasonable notice is generally given. Agendas and accompanying board papers and related materials are normally sent to all Directors at reasonable time before the intended date of meetings to enable them to make informed decisions and perform their duties. All Directors are given the opportunity to contact the Company Secretary to include matters in the agenda for regular board meeting, and have separate and independent access to the senior management of the Company whenever necessary.

Minutes of board meetings and meetings of board committees (i.e. Nomination Committee, Remuneration Committee and Audit Committee) of the Company were kept by Company Secretary and such minutes are open for inspection at reasonable time and on reasonable notice by any Director. Such minutes were recorded in sufficient detail the matters considered by the board and decisions reached. Draft and final versions of such minutes were sent to all directors for their comment and record respectively within a reasonable time after the board meeting was held.

All directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed. The Company has a procedure to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company’s expense.

# CORPORATE GOVERNANCE REPORT

## **BOARD OF DIRECTORS** *(Continued)*

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be discussed by a physical board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interest in the transaction shall be present at such Board meeting.

## **NOMINATION, APPOINTMENTS AND RE-ELECTION OF DIRECTORS**

The appointment and re-election of Directors shall be made in accordance with the Company's Articles of Association and other applicable rules and regulations, including but not limited to the Listing Rules. In addition, the Company has established a nomination policy with the objectives of setting out the key selection criteria, principles and procedures of appointments and re-election of directors. The factors used as reference by the Nomination Committee in assessing the suitability of a proposed candidate includes reputation for integrity, skills and knowledge, experience in pharmaceutical industry, commitment in respect of available time as well as age, culture, ethnicity and gender diversity of the Board. The candidate to be nominated as an independent non-executive Director must satisfy the independence criteria set out in the Listing Rules. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated for filling the office of an independent non-executive Director. All these criteria are for reference only and are not meant to be exhaustive or decisive, and the Board shall take into consideration the board diversity policy of the Company when selecting Board candidates. The Nomination Committee will monitor the implementation of and from time to time review the nomination policy, as appropriate, to ensure the effectiveness of it.

Regarding nomination procedures, the Company Secretary shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members. After the Nomination Committee makes its recommendations to the Board, the Board has the authority on approving the nomination of the candidate and the appointment of Directors. Details of the candidate including the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information should be provided for consideration by the Nomination Committee, the Board and/or the shareholders in the general meeting. For shareholders' nomination of any proposed person for election as a Director, shareholders should lodge a notice with the Company proposing a person for election as a Director at a general meeting and please refer its procedures to the section headed "Shareholders' Rights" in this report.

Subject to the requirement of retirement from office by rotation pursuant to the Articles of Association of the Company as set out in the next paragraph, each of non-executive Director and independent non-executive Directors has entered into a service contract with the Company for a term of three years, and executive Directors has entered into a service contract with the Company for a specific term (usually three years) which may be extended as each Director and the Company may agree. Key terms and conditions of the Director's appointment are set out in the service contract or formal letter of appointment for the Director.

At each annual general meeting, one-third of the Directors (including non-executive Director and independent non-executive Directors) for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that each Director shall be subject to retirement at least once every three years. Also, the Directors appointed as an addition to the Board shall be subject to re-election by the shareholders at the first general meeting after their appointment.

# CORPORATE GOVERNANCE REPORT

## NOMINATION, APPOINTMENTS AND RE-ELECTION OF DIRECTORS *(Continued)*

During the year ended 31 December 2021, a Nomination Committee meeting and a Board meeting were held in resolving the appointment of Mr. Meng Guo and Mr. Chow Hing Yeung as executive Directors with effect from 27 August 2021. Mr. Meng Guo and Mr. Chow Hing Yeung will be subject to re-election by the shareholders at the forthcoming general meeting.

As at 31 December 2021 and up to date of this Corporate Governance Report, all the independent non-executive Directors have served more than nine years on the Board. The Board is aware of the requirement effective for the financial year commencing on or after 1 January 2023 to appoint a new independent non-executive Directors pursuant to Code Provision B.2.4(b) of the CG Code if all the independent non-executive Directors have served more than nine years on the Board. The Board will take appropriate actions to address the above and/or make relevant disclosures as and when appropriate pursuant to the Listing Rules.

## TRAINING FOR DIRECTORS

All Directors have participated in continuous professional development to develop and refresh their knowledge and skills. Each year, the Company provided all Directors materials and directors training seminar for updates on the latest developments regarding corporate governance, the Listing Rules and other applicable regulatory requirements. The Directors also have opportunities to attend other seminars, conferences or briefings, and conduct site visits to the operation base of the Group. For newly appointed directors, a comprehensive induction on appointment and subsequent continuous professional development are arranged to ensure that they properly understand the Group's business and their responsibilities. For the year ended 31 December 2021, all Directors are requested to provide records of training they received to the Company Secretary of the Company (the "Company Secretary"). According to the record maintained by the Company Secretary, the participation by each Director of the Company in the continuous professional development was as follows:

Name of Director	Reading materials	Attending seminars/ conferences/ briefings	Site visits
<i>Executive Directors</i>			
Mr. Qu Jiguang ( <i>Chairman</i> )	✓	✓	✓
Mr. Su Xuejun	✓	✓	✓
Mr. Meng Guo	✓	✓	✓
Mr. Chow Hing Yeung	✓	✓	—
<i>Non-executive Director</i>			
Mr. Feng Hao	✓	✓	—
<i>Independent non-executive Directors</i>			
Mr. Wang Yibing	✓	✓	—
Mr. Leung Chong Shun	✓	✓	—
Mr. Chow Kwok Wai	✓	✓	—

## COMPANY SECRETARY

All directors have access to the advice and services of the Company Secretary who is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. During the year, the Company Secretary had taken no less than 15 hours of relevant professional training requirement, in compliance with Rule 3.29 of the Listing Rules.

# CORPORATE GOVERNANCE REPORT

## BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. Pursuant to the policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

Taking into account the characteristics of the pharmaceutical industry, the Group's current situation and the feasibility of measurable objectives related to various factors, the Board has set the following measurable objectives:

1. the Board comprises directors who have professional qualifications or relevant experience in each of the following fields: accounting, legal and China pharmaceutical industry; and
2. the Board comprises executive director, non-executive director and independent non-executive director.

At present, all of the above measurable objectives have been achieved.

As at 31 December 2021 and up to date of this Corporate Governance Report, the Company has a single gender board. The Board is aware of the requirement under Rule 13.92 of the Listing Rules for issuers with a single gender board to appoint a director of a different gender no later than 31 December 2024. The Company will consider and take appropriate actions to address the single gender Board issue including but not limited to revisiting its board diversity policy with measurable objectives. The Company will make relevant disclosures in amongst others, its corporate governance report, as and when appropriate pursuant to the Listing Rules. Such disclosures may include but are not limited to the measures to be taken by the Board to achieve greater gender diversity, proposed targets and timelines and the Company's succession plan as regards gender diversity.

To ascertain the progress made towards achieving the objective of Board diversity, the Nomination Committee reviews the board diversity policy from time to time to ensure its continued effectiveness and its compliance with all applicable rules and regulations, including but not limited to the Listing Rules. The Board reviews the implementation and effectiveness of the board diversity policy, including but limited to ensuring the measurable objectives' appropriateness and considering any new measurable objectives, from time to time with at least once a year.

## NOMINATION COMMITTEE

The Board has established the Nomination Committee. The Nomination Committee is chaired by Mr. Wang Yibing and with committee members of Mr. Leung Chong Shun and Mr. Chow Kwok Wai, all of them being independent non-executive Directors. The terms of reference of the Nomination Committee are available at the Company's website and the website of The Stock Exchange of Hong Kong Limited.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board taking into account the Company's board diversity policy, making recommendations on any proposed changes to the Board, identifying candidates and/or making recommendations to the Board on candidates nominated for directorships taking into account the Company's nomination policy as well as reviewing the Company's board diversity policy and nomination policy from time to time to ensure their continued effectiveness and their compliance with all applicable rules and regulations.

# CORPORATE GOVERNANCE REPORT

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

Meeting of the Nomination Committee shall be held at least once a year. One meeting was held during the year ended 31 December 2021. Appointment of Mr. Meng Guo and Mr. Chow Hing Yeung as executive Directors was discussed and recommended to the Board, and the Board composition, the Company's board diversity policy and nomination policy were reviewed. The attendance of each member was as follows:

<b>Name of committee members</b>	<b>Number of meetings attended/held</b>
Mr. Wang Yibing	1/1
Mr. Leung Chong Shun	1/1
Mr. Chow Kwok Wai	1/1

## **REMUNERATION COMMITTEE**

The Board has established the Remuneration Committee, chaired by Mr. Leung Chong Shun and with committee members of Mr. Wang Yibing and Mr. Chow Kwok Wai, all of them being independent non-executive Directors. The terms of reference of the Remuneration Committee are available at the Company's website and the website of The Stock Exchange of Hong Kong Limited.

The principal roles and functions of the Remuneration Committee is the formulation, review and recommendation 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 policy on their remuneration.

Other roles and functions of the Remuneration Committee include consulting the Chairman of the Board about their remuneration proposals for other executive Directors and senior management, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives, making recommendations to the Board on the remuneration packages of individual executive Director and senior management (including benefits in kind, pension rights and compensation payments), making recommendations to the Board on the remuneration of non-executive Directors, approving and making recommendations to the Board on the terms of the Directors' service agreements and compensation arrangement relating to termination, dismissal or removal of the Directors, and ensuring that no Director or his/her associates is involved in deciding that Director's own remuneration.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION COMMITTEE *(Continued)*

Meeting of the Remuneration Committee shall be held at least once a year. Two meeting had been held during the year ended 31 December 2021. During the meetings, remuneration paid to the Directors (including the resigned Director and the newly appointed Directors) and the remuneration policy of the Directors and senior management of the Company have been reviewed. The attendance of each member was as follows:

<b>Name of committee members</b>	<b>Number of meetings attended/held</b>
Mr. Leung Chong Shun	2/2
Mr. Wang Yibing	2/2
Mr. Chow Kwok Wai	2/2

The overriding objective of the remuneration policy of executive Directors and senior management is to provide the packages needed to attract, retain and motivate executive Directors and senior management of the quality required to run the Company successfully, without paying more than necessary. The remuneration policy of executive Directors and senior management are reviewed and recommended for the Board's approval by the Remuneration Committee. In addition, share options may be granted under the Share Option Scheme and shares may be granted under the Restricted Share Award Scheme to the executive Directors and senior management. The remuneration package is reviewed with reference to the Board's corporate goals and objectives, prevailing market practice, duties and responsibilities of the individual executive Director or senior management and his/her contribution to the Group. Remuneration packages of executive Directors comprise base salary, performance bonus and fringe benefits including the provident fund, medical insurance and other miscellaneous benefits. All the Directors are entitled to participate in the Share Option Scheme. The emolument payable to Directors depends on their respective contractual terms under the service contract with the Company, and as recommended by the Remuneration Committee. Details of the remuneration of the Directors, individuals with highest emoluments in senior management by band and other remuneration related matters are set out in note 8 and note 9 to the financial statement respectively.

The objective of remunerating non-executive Directors is to ensure that they are remunerated sufficiently but not excessively for their efforts and time dedicated to the Company. Every of the non-executive Directors has entered into a service contract with the Company for an initial term of 3 years commencing from the appointment date. The annual emolument is HK\$228,000 for the non-executive Director, namely Mr. Feng Hao, and each of the independent non-executive Directors, namely Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai.

## AUDIT COMMITTEE

The Board has established the Audit Committee and its terms of reference are available at the Company's website and the website of The Stock Exchange of Hong Kong Limited. In compliance with Rule 3.21 of the Listing Rules, the Audit Committee comprises three independent non-executive Directors. The Audit Committee is chaired by Mr. Chow Kwok Wai who is a certificated public accountant and the committee members are Mr. Wang Yibing and Mr. Leung Chong Shun. No member of the Audit Committee is a member of the former or the existing auditor of the Company.

The principal roles and functions of the Audit Committee are to provide the Board an independent oversight of the financial reporting, internal control and risk management systems of the Group and to maintain an appropriate relationship of the Company's external auditors.



# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE *(Continued)*

Other roles and functions of the Audit Committee include reviewing the Group's financial information, financial controls as well as the internal control and risk management systems, making recommendations to the Board on the appointment, reappointment and removal of the external auditor, reviewing and monitor the external audit and internal control review processes, and developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

According to its terms of reference, meetings of the Audit Committee shall be held at least twice a year. Two meetings had been held during the year ended 31 December 2021. The attendance of each member was as follows:

<b>Name of committee members</b>	<b>Number of meetings attended/held</b>
Mr. Chow Kwok Wai	2/2
Mr. Leung Chong Shun	2/2
Mr. Wang Yibing	2/2

During the above meetings and throughout the year ended 31 December 2021 in performing its duties, the work performed by the Audit Committee included:

- (a) reviewed, among other things, the report by the internal control consultant and the financial statements, significant accounting policies and judgements of the Group contained in the Annual Report and the Interim Report with liaison with the Company's senior management and/or the external auditor before submission to the Board;
- (b) met with the external auditor to discuss the audit approach and audit findings twice a year; and
- (c) reviewed the external auditor's independence and effectiveness of its audit service, and recommended to the Board, for the approval by shareholders, of the re-appointment of the external auditor and approval of its remuneration.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities (as set out in page 63 of this Annual Report under the section headed "Independent Auditor's Report") for overseeing the preparation of the financial statements of the Group that give a true and fair view of the state of affairs of the Group and of the financial results and cash flows for that reporting period. The management provides to the Board monthly updates of the Group's financial position and any other supplementary information giving a balanced and understandable assessment of the Group's performance, position and prospects so as to enable the Board to discharge its duties. The management also provides to the Board sufficient explanation and information so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the auditor about their reporting responsibilities is included in the Independent Auditor's Report.

# CORPORATE GOVERNANCE REPORT

## AUDITOR'S REMUNERATION

The fees paid and payable to the Company's auditor, KPMG, in respect of audit services and non-audit services for the year ended 31 December 2021 amounted to approximately HK\$2,870,000 and HK\$nil respectively.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for overseeing the risk management and internal control systems of the Group. The systems include a defined management structure with limits of authority, and are designed to enable the Board to identify, evaluate and manage significant risks (including ESG risks) so as to manage rather than eliminate the risk of failure to achieve its business objectives, provide reasonable but not absolute assurance against material misstatement or loss, safeguard its assets and shareholders' interests, and ensure compliance with applicable laws and regulations. The Group has established policies which set out internal control procedures in respect of inside information (as set out below under the heading "HANDLING OF INSIDE INFORMATION"), connected transactions/continuing connected transactions and other key risk areas. Detailed policies and/or procedures in individual departments and functions are established for, including but limited to budgeting, information reporting, performance monitoring, whistleblowing by employees and stakeholders as well as anti-corruption and fraud prevention, so as to implement the Group's risk and internal control systems and achieve their objectives.

The Board conducts annual review of the effectiveness of the risk management and internal control systems of the Company and its subsidiaries and, in particular, ensures the adequacy of financial and human resources in performance and reporting of the Company's accounting, financial and ESG functions. Having assessed the current situation of the Group including the changes in its operation size, business nature, industry environment and other significant risks (including ESG risks) since last annual review, and resources required for setting up in-house internal audit, the Board considered so far the engagement of Morison Heng CPA Limited, an external professional firm as internal control consultant is in the best interests of the Company. A risk management plan is set up by the internal control consultant. The significant risks of the Group are then identified, assessed and documented, which are taken into consideration by the internal control consultant in the design of internal control system review. The review covers all material controls of the Group, including financial, operational and compliance controls. Results of the review are reported to the Audit Committee for making recommendation to the Board on the effectiveness of the risk management and internal control systems. Suggestions proposed in the review are also considered by the Board for improving the Company's internal control measures and resolve material internal control defects, if any.

For the year ended 31 December 2021, a review on the effectiveness of the risk management and internal control systems of the Company has been conducted by the Board. Based on the information provided by the internal control consultant and its own observations and assessments, the Board concluded that the risk management and internal control systems are effective and adequate.

## HANDLING OF INSIDE INFORMATION

The Group has established policy and procedures on handling and dissemination of inside information which sets out guidelines to the directors, officers and all relevant employees of the Group to ensure inside information of the Company is to be disseminated to the public in equal and timely manner in accordance with the Securities and Futures Ordinance, the Listing Rule and all other applicable laws and regulations. The Company has established written guidelines to the directors, officers and all relevant employees of the Company and its subsidiaries on assessing whether material information that comes to their knowledge is inside information and escalating such information for the attention of the Board promptly. The Company discloses information and publish announcements in compliance with the Listing Rules and other relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, accurate and complete.

# CORPORATE GOVERNANCE REPORT

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2021.

The Company has also established written guidelines to the directors, officers and all relevant employees of the Company and its subsidiaries on securities transactions by those who may possess or have access to inside information of the Company.

## SHAREHOLDERS' RIGHTS

### (1) Procedures for shareholders to convene an EGM

In accordance with the Company's Article 58, the shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting ("EGM") to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionists and deposit it to the Board or the Company Secretary at the Company's principal place of business in Hong Kong at Rooms 4902-03, 49th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionists concerned at EGM varies according to the nature of the proposal, as follows:

- At least 14 clear days' notice in writing if the proposal constitutes an ordinary resolution of the Company;
- At least 21 clear days' notice in writing if calling for an AGM or the proposal constitutes a special resolution of the Company at EGM.

If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

### (2) Procedures for putting forward proposals at shareholders' meeting

Shareholders are welcomed to make enquires and suggestions to the Board in the general meeting. Shareholders who wish to put forward a proposal, including nomination of directors, should convene an EGM by submitting a written requisition to move a resolution at EGM. The requirements and procedures are set out in "(1) Procedures for shareholders to convene an EGM" above.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS *(Continued)*

### (3) Procedures for sending shareholders' enquiries to the Board

Shareholders may send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Mailing address: Rooms 4902-03, 49th Floor Central Plaza, 18 Harbour Road, Wanchai, Hong Kong  
E-mail: henrychow@ssygroup.com.hk  
Fax: (852) 2787 3338

Shareholders may also direct their questions about their shareholdings to Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar.

## DIVIDEND POLICY

The Company has adopted a dividend policy in which the Board considers paying dividends twice a year, which are interim dividend and final dividend. From time to time, the Board may declare interim dividend. Under normal business conditions, and subject to the approval by the shareholders in a general meeting, the Board may recommend final dividend to maintain a stable dividend payout ratio (defined as the aggregated amount of interim dividend and final dividend in each financial year divided by the Group's audited net profits attributable to the shareholders in that year) but there is no assurance that dividends will be paid in any particular amount for any given period. The Board may also declare special dividends in addition to such dividends, or consider the issuance of bonus shares on a basis permitted by the applicable laws and regulations as it considers appropriate.

## COMMUNICATIONS WITH INVESTORS

The Company believes that effective communication is essential for enhancing investor relations and investors' understanding of the Group. The Company also recognises the importance of transparency and timely disclosure of its corporate information, which enables shareholders and potential investors to make informed decisions.

The Company has established a mechanism of using a number of channels for communications with its shareholders, investors and other stakeholders to ensure independent views and input are available to the Board. These include the AGM and the general meetings, annual and interim reports and quarterly statements, announcements, circulars to shareholders, press releases, investors meetings and the Company's website [www.ssygroup.com.hk](http://www.ssygroup.com.hk). The Board reviews the implementation and effectiveness of such mechanism from time to time with at least once a year.

## CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2021, there was no change in the Company's constitutional documents.

The Board resolved on 29 March 2022 to seek approval of the shareholders of the Company at the forthcoming annual general meeting scheduled to be convened and held on 23 May 2022 (the "forthcoming AGM") to adopt a new amended and restated articles of association of the Company (the "New Articles of Association") in order to (i) bring the existing amended and restated articles of association of the Company (the "Existing Articles of Association") in line with relevant requirements of the Listing Rules (in particular the core standards set out in Appendix 3 thereto) and the laws of the Cayman Islands; and (ii) make other consequential and housekeeping amendments to the Existing Articles of Association. The existing memorandum of association of the Company remains unchanged. The proposed adoption of the New Articles of Association is subject to the approval of the shareholders of the Company by way of a special resolution at the forthcoming AGM. Please refer to the Company's announcement dated 29 March 2022 for the full particulars of the proposed amendments to the Existing Articles of Association.