



Corporate Governance Report

The Company is dedicated to achieve and maintain a high standard of corporate governance to maximize the Company's and the stakeholders' value, with continuous review and evaluation of the various systems and procedures are carried out to ensure their effectiveness. During 2022, the Company had organised an in-house Directors' training in corporate governance for the Directors and senior management of the Company. The Strategy and Investment Committee has reviewed and assessed its responsibility to cover evaluation of significant investment and disposal proposals. Other work done in relation to corporate governance during 2022 is delineated in this report.

The Company has complied with all the code provisions as stipulated in the Corporate Governance Code (the "Code") under Appendix 14 in the Listing Rules throughout the year ended 31 December 2022.

THE BOARD

Board Composition

As at the date of this report, there are nine Board members comprising, six Executive Directors and three INEDs, with different gender, culture, professional background and/or extensive expertise and experience in the Group's business related industries.

Biographical details of the Directors are set out under the section headed "Biographical details of Directors and Senior Management" of this annual report on pages 46 to 50.

Mr. Zhu Gongshan and Mr. Zhu Yufeng are beneficiaries of the Zhu Family Trust which is a controlling shareholder of the Company. Mr. Zhu Yufeng is the son of Mr. Zhu Gongshan. Each of Mr. Zhu Zhanjun, Ms. Sun Wei and Mr. Yeung Man Chung, Charles holds management positions in the companies controlled by the Zhu Family Trust.

Save for the above and to the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board and the substantial shareholders of the Company.

Each of the three INEDs has made a written confirmation to the Company of his independence with reference to the criteria and guidelines as set out in Rule 3.13 of the Listing Rules. Each Director has declared to the Company of his/her interests in any material contracts or other interest in the business of the Group or in any competing business with the Group. During the year ended 31 December 2022, the Company complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules which require the minimum number of INEDs and at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

Appropriate insurance to cover against liability of the Directors and officers of the Company has been arranged and renewed annually.

BOARD PROCESS AND EFFECTIVENESS

The Board is responsible for leading the Group's activities by determining strategic directions and business plan, exercising a number of reserved powers to oversee the operations and monitor the financial performance of the Group by determination of the annual budget, approving significant capital investment, ensuring the integrity of the Group's accounting and financial reporting system and to oversee management in the design, implementation and monitoring of the risk management and internal control systems of the Group.



CORPORATE GOVERNANCE REPORT (CONTINUED)

The management is responsible to implement the Board's decision within the delegated authority, to make investment proposal, report their performance regularly to the Board and ensure by continuous monitoring that the Group's risk management and internal control systems are effective. Key features of Board process:

- at least four regular Board meetings will be held each year, with additional meetings to be held as and when required. In 2022, there were four regular meetings and 32 non-regular meetings held by the Board;
- in respect of regular meetings, at least 14 days' notice is given to all Directors to give them an opportunity to attend. For all other meetings, reasonable notice is given;
- proposed agenda has been given to all Directors at least 14 days prior to the regular meetings to give them an opportunity to include matters in the agenda and the board papers were sent to all Directors at least 3 days before the meetings;
- all Directors are able to access to the advice and services of the Company Secretary, management and external professionals with a view to ensuring that board procedures, all applicable rules and regulations, are followed;
- minutes of all board meetings and committee meetings have been sent to all Directors for their comments and records respectively, within a reasonable time after the meetings are held; and
- a procedure has been adopted by the Company to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense.

BOARD INDEPENDENCE EVALUATION

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximize strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The INEDs are appointed for a specific term of office for three years. All Directors, including the INEDs, are subject to retirement by rotation and eligible for re-election at annual general meetings in accordance with the Company's Articles of Association, provided that every Director shall be retired at least once every three years. At the annual general meeting held on 31 May 2022. Mr. Lan Tianshi, Ms. Sun Wei, Mr. Yeung Man Chung, Charles, Mr. Zheng Xiongjiu and Mr. Yip Tai Him had been retired and re-elected as Directors at such meeting. Mr. Lan Tianshi has been appointed as an executive Director and a Joint CEO of the Company and Mr. Zhu Zhanjun has been appointed as the Vice Chairman and re-designated as a Joint CEO of the Company with effect from 21 February 2022. Mr. Wong Man Chung, Francis has resigned an independent non-executive Director of the Company with effect from 31 May 2022. Mr. Zheng Xiongjiu has resigned as an executive Director of the Company with effect from 18 August 2022.



NOMINATION OF DIRECTOR

Where vacancies arise at the Board or whenever any qualified professionals or individuals with relevant expertise and experience is likely to be invited to join the Board, the age, cultural background, gender, qualifications, experience and awards (if any) of the proposed candidate(s) will be put forward to the Nomination Committee for its consideration and decision whether to make recommendation to the Board. A nomination policy has been adopted by the Company.

RESPONSIBILITIES OF DIRECTORS

During the year, the Directors had performed their responsibilities by attending and participating in various committees meetings, board meetings and general meetings. In order to encourage the Director's active participation in the meetings, meeting materials will be and had been dispatched to the Directors in advance of the meetings (for all regular meetings, at least three days in advance) to allow them to have the chance to read and understand the issues to be discussed at the meetings. The Company will also circulate a monthly report to the Directors to keep them up-to-date of the status and position of the Group.

There were 36 Board meetings held during the year, including 1 annual general meeting and 3 extraordinary general meetings. The attendance of such meetings is shown in the table below:

Members of the Board	Number of Board meetings attended/held	Number of general meetings attended/held
Executive Directors		
Zhu Gongshan (<i>Chairman</i>)	21/36	4/4
Zhu Yufeng (<i>Vice Chairman</i>)	29/36	4/4
Zhu Zhanjun (<i>Vice Chairman and Joint CEO</i>)	33/36	4/4
Lan Tianshi (<i>Joint CEO</i>)	29/31	4/4
Sun Wei	32/36	4/4
Yeung Man Chung, Charles	36/36	4/4
Zheng Xiongjiu (resigned on 18 August 2022)	6/23	3/3
Independent Non-executive Directors		
Ho Chung Tai, Raymond	36/36	4/4
Yip Tai Him	36/36	4/4
Shen Wenzhong	36/36	4/4
Wong Man Chung, Francis (resigned on 31 May 2022)	14/15	3/3



DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Upon the appointment of new Directors, a comprehensive directors' handbook, which sets out the Company's business and a summary of the applicable laws, rules and regulations and key governance issues, will be and had been provided to each newly appointed Directors. A training regarding the rules and regulations applicable to directors of listed companies to observe during their services on Board will also be provided to each of the newly appointed Directors. During the year, the Company had organised an in-house Directors' training for the Directors and the senior management of the Company to attend.

Ongoing updating the Directors and senior management of the Company on further developments and requirements of any applicable rules, regulations and laws or refreshing their knowledge and skills by providing briefings or arrangement of seminars had been adopted by the Company during the year. In addition, understanding the business and operations of the Group is also important for the Directors to discharge their responsibilities.

The Directors acknowledged the importance of updating their professional development and refreshing their knowledge and skills. The Company encouraged the Directors to participate in any seminar or forum organised by professional bodies, independent auditors, solicitors, chambers and business organisations as well as reading relevant articles. Below is a table in accordance with the records maintained by the Company indicating the Directors had received the following training in compliance with code provision A.6.5 of the Code during the year:

Directors	Corporate Governance/Updates on Laws, Rules & Regulations/ Accounting/Financial/Management or Other Professional Skills	
	Read Materials	Attend Seminars/ Briefings
Executive Directors		
Zhu Gongshan (<i>Chairman</i>)	√	√
Zhu Yufeng (<i>Vice Chairman</i>)	√	√
Zhu Zhanjun (<i>Vice Chairman and Joint CEO</i>)	√	√
Lan Tianshi (<i>Joint CEO</i>)	√	√
Sun Wei	√	√
Yeung Man Chung, Charles	√	√
Independent Non-executive Directors		
Ho Chung Tai, Raymond	√	√
Yip Tai Him	√	√
Shen Wenzhong	√	√



CHAIRMAN AND JOINT CHIEF EXECUTIVE OFFICER

Mr. Zhu Gongshan had been the Chairman of the Board since September 2009, and since 1 April 2016, Mr. Zhu Zhanjun was appointed as CEO of the Company. Mr. Zhu Zhanjun has been appointed as the Vice Chairman of the Board and re-designated as a Joint Chief Executive Officer; and Mr. Lan Tianshi has been appointed as an executive Director and a Joint CEO since February 2022. Mr. Zhu Yufeng has been appointed as the Vice Chairman of the Board since September 2022. The primary responsibilities of the Chairman are to provide leadership to the Board in setting corporate goals of the Company, overseeing the performance and effectiveness of the Board, ensuring the compliance of rules and regulations and taking a lead to ensure that the Board acts in the best interest of the Company and shareholders as a whole. In particular, the Chairman should ensure that Board meetings are effectively conducted, including all Directors to receive timely, adequate, accurate, complete and reliable information. The Chairman also takes the primary responsibility for ensuring that good corporate governance practices and procedures are established. The Vice Chairman is responsible for assisting the Chairman in daily management of the Board.

The Joint CEO is responsible for strategic planning and management of the Company's daily operation, including financial management, technology and brand development.

The Chairman will meet with the non-executive Directors to discuss with them of any issues concerning the Company, without the presence of the executive Directors. During the year, a meeting had been held among the Chairman and the INEDs.

DELEGATION BY THE BOARD

The Board delegates certain responsibilities to various committees which are discussed below. Each of these committees has its respective terms of reference, all of them are posted on the Stock Exchange's and the Company's websites.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profits and cash flows of the Group in accordance with International Financial Reporting Standards, disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. In preparing the financial statements for the year ended 31 December 2022, the Directors have selected suitable accounting policies and applied them consistently; made judgements and estimates which are reasonable and have prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position, results of operations, cash flows and changes in equity of the Group. The Independent Auditor's Report relating to their reporting responsibilities on the financial statements of the Company is set out from pages 100 to 101 of this annual report.



AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely Mr. Yip Tai Him, Ir. Dr. Ho Chung Tai, Raymond and Dr. Shen Wenzhong. Mr. Yip Tai Him, who is a practicing accountant in Hong Kong and a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom, possesses extensive accounting experience and serves as the chairman of the committee.

The terms of reference of the Audit Committee, which has been updated on 4 January 2016, setting out the operation, authorities and responsibilities of the committee is available on the websites of the Company and the Stock Exchange. The major responsibilities of the Audit Committee includes:

- monitoring integrity of the financial statements, annual report and interim report;
- monitoring and assessing the risk management and internal control systems (including the adequacy of resources, qualifications and experience of accounting and financial reporting staff);
- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;
- considering any major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- monitoring the independence of an external auditor;
- monitoring and assessing the performance of the external auditor, proposing to the Board the appointment or removal of the external auditor, and facilitating the communication between external auditor and internal audit function;
- reviewing any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control, management's response and the Board's timely response; and
- acting as key representative body for overseeing the Company's relations with the external auditor.

12 Audit Committee meetings were held in 2022 and the attendance is set out in the following table:

Members of Audit Committee	Number of meetings attended/eligible to attend
Yip Tai Him (<i>Chairman</i>)	12/12
Ho Chung Tai, Raymond	10/12
Shen Wenzhong	12/12
Wong Man Chung, Francis (resigned on 31 May 2022)	6/7



The following work was performed by the Audit Committee during the year ended 31 December 2022 and up to the date of this report:

- i. reviewed and approved the audit fees;
- ii. assessed the independence of the external auditors;
- iii. approved the scope of audit for the year ended 31 December 2022;
- iv. reviewed the reports from the Auditor for the interim and year end;
- v. reviewed the 2022 audited financial statements and the results announcement;
- vi. reviewed the report on the continuing connected transactions for the financial year ended 31 December 2022 and six months ended 30 June 2022;
- vii. reviewed the interim and year end internal audit reports and concluded that the Group has effective risk management and internal control systems and the qualifications and experience of the Company's accounting staff and resources for financial reporting function are adequate;
- viii. reviewed the corporate governance review report (including the compliance status of provisions in relation to risk management and internal audit under Appendix 14 of the Listing Rules) prepared by Internal Controls Consultant and reported to the Board of its conclusion and recommendation;
- ix. recommended the election of the proposed external auditors at the forthcoming annual general meeting; and
- x. reviewed and approved certain non-audit services provided by the auditor.

The Audit Committee monitors the audit and non-audit services rendered to the Group by its external auditors and ensures that their engagement in other non-audit services will not impair their audit independence.

For the year ended 31 December 2022, the total remuneration paid to the Crowe (HK) CPA Limited is analysed as follows:

Nature of Service	Fees (RMB'000)
Audit services	
— 2022 Annual audit	10,150
Non-audit services	
— 2022 Interim review	2,000
— Others	1,300



Risk Management and Internal Control

With assistance of the Corporate Governance Committee and the Audit Committee, the Board of the Company is responsible for monitoring and reviewing the effectiveness of the risk management and internal control systems of the Group (the “Systems”) on an ongoing basis. The Systems implemented by the management and relevant parties of the Group aims to manage rather than eliminate risks of failure to achieve the following business objectives, and to only provide reasonable, but not absolute, assurance against material misstatement or loss:

- efficiency and effectiveness of operation
- reliability of financial reporting
- compliance with applicable laws and regulations
- effectiveness of risk management

Members of the Board and the management of the Company actively engage in the risk assessment, the review of response measures and the discussion with respect to major issues.

The Company has an internal audit department in place to be responsible for the implementation of risk management and internal control policies. In performing its responsibilities, the internal audit department has organized and coordinated the Company to identify and assess the risks exposed to the Group for the Board’s consideration and motivate the management to design, implement and manage suitable internal control and risk management systems to facilitate policies adopted by the Board. In addition to the Internal Audit Department, all employees are accountable for the implementation of risk management and internal control under each of scope of their responsibilities.

Systems Overview

Each business unit of the Group adopts the Systems during the ordinary course of business. The risk management portion within the Systems aims to provide clear and effective management procedures for each business units to identify, review and prioritize risks for the purpose of efficient resource allocation in conducting corresponding risk management. The management can also have an understanding of the significant risks exposed to the Group through the Systems, make and implement decisions on risk mitigation accordingly, in which enable its business to achieve a better performance. Further, the internal control portion within the Systems aims to offer a clear guidelines for each business unit to clarify the internal control objectives of each key business process and conduct regular review of the effectiveness of control activities adopted to achieve the control objectives.



Systems Structure and Communication Mechanism

The Board of the Company has been establishing the Audit Committee, which is currently comprised of 3 independent non-executive directors. Members of the Audit Committee have extensive experiences in the industry and ensure their full independence. The Company has also established and published the Terms of Reference for the Audit Committee, which expressly specifies the authorities and responsibilities of the Audit Committee, in accordance with the Listing Rules.

The Company has been adopting risk management and internal control systems at different levels of the Board, the senior management, the management center and its subsidiaries. The internal audit department is responsible for the overall planning and arrangement to carry out appraisal of the adequacy and effectiveness of internal control and risk management systems performed by the management center and the subsidiaries. Positions in relation to risk management and internal control are in place in some subsidiaries, which are responsible for organizing and carrying out specific work in risk management and internal control.

For the purpose of continuous monitoring of risk management and internal control by the Board and the management, the Company has established various communication channels, ensuring that relevant information is circulated in a timely and accurate manner among the Board and the management, and providing the Board with confirmation of implementation status on the Systems from the management:

- The internal audit department conducts risk assessment semi-annually. A comprehensive risk assessment questionnaire is completed by senior personnel of major business units respectively. Each risk assessment questionnaire is submitted to the internal audit department for consolidation, analysis and preparation of a risk assessment report. Major risk items are reported to the Board and management on a regular basis for oversight of the risk management; and
- The internal audit department reports regularly to the management, the Audit Committee and the Board with respect to risk management and internal control, ensuring the Board having known sufficient information for the fulfillment of its continuous responsibility for supervision.

Review Procedure for Systems Effectiveness

The Audit Committee of the Company, on behalf of the Board, makes a comprehensive assessment of the effectiveness of risk management and internal control systems at least semi-annually. The Audit Committee has strictly implemented the supervision function of risk management and internal control during the year ended 31 December 2022 (the “Year”) in the following specific procedures:

- reviewed financial controls, internal control and risk management systems of the Company;
- discussed the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective internal control and risk management systems. The discussion included whether the resources, staff qualification and experience, training and relevant budget of the Company in accounting, internal audit, and financial reporting functions, as to whether their relevant employee is sufficient or not;



CORPORATE GOVERNANCE REPORT (CONTINUED)

- considered major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and research on the management's response to these findings;
- ensured coordination between the internal and external auditors, and also ensure the internal audit function is sufficiently resourced and properly in place inside the Company, and review and supervise its effectiveness; and
- reported to the Board in relation to matters regarding code provision D.3 of the Corporate Governance Code.

The management of the Company takes responsibilities for implementing risk management and internal control systems on an on-going basis and reporting the implementation position to the Audit Committee and the Board at least semi-annually. The management has primarily conducted the following works in relation to risk management and internal control during the Year:

- The Company has been establishing an internal audit policy to clearly define the scope, duties and responsibilities, as well as reporting protocol of its internal audit function;
- The Company has established a unified risk framework and completed risk pool, and carried out internal risk examination and risk assessments on a regular basis;
- The Company has carried out relevant activities to analyze and monitor the major risks, in terms of strategic, operational, financial, marketing, technological and compliance aspects, in responses to the recent changes in the policies of the photovoltaic industry in mainland China;
- The Company has carried out quantitative risk management regularly with the aim of optimising quantitative risk measurement indexes to support the risk assessment and risk monitoring procedures;
- The Company has conducted review of internal control system through combination of quantitative self-assessment by the business units and qualitative evaluation by the internal audit department, so as to continuously monitored the operation of the internal control system;
- The Company has established risk-oriented internal audit work, effectively carried out the annual internal audit in accordance with the approved internal audit plan, regularly communicated with, and reported to, the management and the Audit Committee about significant findings from the annual internal audit; and
- The Company has appointed an independent professional consultant (the "External Consultant") to assist the Audit Committee and the Board in conducting an independent review of the risk management and internal control systems of the Group for the Year.

The Audit Committee and the Board performed analysis and appraisal of the effectiveness and adequacy of the risk management and internal control systems of the Group through the outcome of the abovementioned review performed by the internal audit department and the External Consultant, considered and were of the opinion that the Group has maintained adequate and effective risk management and internal control systems for the Year.



Significant Risks and Management Program

During the Year, the Company has performed overall risk assessment, updated risk register and analyzed changes in risk result in previous year. Significant risks were identified below which need constant attention. Part of the mitigation measures adopted by the Group in relation to significant risks are set forth below:

- To cope with keen market competition in the photovoltaic industry, the Group would continuously promote low-energy-consumption granular silicon products, create a low-carbon industrial ecology, improve the quality and cost control of granular silicon, optimize the technical process of large-size silicon wafers, and sign long-term contracts with customers to strengthen the competitiveness of its own products;
- To cope with the pressure on revenue supporting large production capacity, the Group would develop oversea market vigorously and improve quality of product in response to customer's need promptly; and
- To cope with the risk of core technicians poached by opponents, the Group would continue to offer competitive staff welfare so as to attract university graduates as well as provide training align with the international business development of the Group so as to improve the technical skills of core technicians.

Internal Controls for Handling Inside Information

An inside information committee has been set up since November 2012, which is currently comprises all executive Directors. The committee's principal function is to determine whether any confidential information arises from time to time is inside information or not. If the committee recognizes that the information constitutes inside information, it will report to the Board and recommend timely disclosure of such information pursuant to the relevant provisions under the Securities and Futures Ordinance and the Listing Rules. A monthly report of potential inside information, where appropriate, will be provided to the committee for continuous monitoring. A policy of inside information has been provided to the senior management of the Group for implementation. The senior management are encouraged to report to their superiors or the committee directly, in case of any incidents or information that constitutes as potential inside information when performing their duties.



REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT REMUNERATION COMMITTEE

The Remuneration Committee comprises two INEDs and one executive Director, namely Ir. Dr. Ho Chung Tai, Raymond (chairman of the committee), Mr. Yip Tai Him and Mr. Zhu Yufeng. The Board resolved to adopt that the Remuneration Committee has the duty to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Remuneration Committee is available at the Company's and the Stock Exchange's websites.

The primary responsibilities of the Remuneration Committee include:

- determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management;
- making remuneration recommendations of non-executive Directors to the Board;
- recommending the remuneration policy and structure for all Directors and senior management to the Board for approval;
- reviewing and approving the compensation arrangement to executive Directors and senior management for any loss or termination of officer appointment to ensure that it is consistent with contractual terms and is fair and not excessive; and
- reviewing and approving matters relating to share schemes under chapter 17 of the Listing Rules.

Five meetings were held by the Remuneration Committee during the year 2022 and the attendance is set out in the following table:

Members of Remuneration Committee	Number of meetings attended/held
Ho Chung Tai, Raymond (<i>Chairman</i>)	5/5
Yip Tai Him	5/5
Zhu Yufeng	5/5

The Remuneration Committee had performed the following work during the year ended 31 December 2022 and up to the date of this report:

- reviewed and recommended the Board on the remuneration policy of the executive Directors and senior management of the Company;
- reviewed, considered and approved the remuneration package of the existing executive Directors;
- approved the adjustment of remuneration of the executive Directors; and
- reviewed and made recommendation to the Board on the granting of share awards to the executive Director and employee.



NOMINATION COMMITTEE

The Nomination Committee comprises two INEDs, namely Mr. Yip Tai Him (chairman of the committee) and Ir. Dr. Ho Chung Tai, Raymond, and an executive Director, namely Mr. Yeung Man Chung, Charles. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Nomination Committee is available at the Company's and the Stock Exchange's websites.

The duties of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board, identifying and making recommendations to the Board on the selection of individual nominated for directorships, assessing the independence of INEDs, and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

Three meetings were held by the Nomination Committee during the year 2022, the attendance is set out in the following table:

Members of Nomination Committee	Number of meetings attended/held
Yip Tai Him (<i>Chairman</i>)	3/3
Ho Chung Tai, Raymond	3/3
Yeung Man Chung, Charles	3/3

During the meeting, the committee had reviewed, assessed or made recommendations to the Board (where suitable) on (i) the independence of the INEDs against the criteria and guidelines as set out in Rule 3.13 of the Listing Rules and concluded that all INEDs had complied with the criteria; (ii) the composition of the existing Board members with reference to their age, sex, experience, qualification and expertise against the business scope of the Company and (iii) succession plan.

NOMINATION POLICY

The Company adopted a nomination policy (the "Nomination Policy") and board diversity policy ("Board Diversity Policy"), with effect from 1 January 2019. A summary of the Nomination Policy is set out as follows:

1. Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- Reputation for integrity
- Accomplishment and experience relevant in the principal activities of the group or photovoltaic and related industry
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.



2. Nomination Procedures

- 1 The Secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.
- 2 For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval.
- 3 Until the issue of the Members' circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

BOARD DIVERSITY POLICY

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. 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.

A summary of the Board Diversity Policy is set out as follows:

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. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing, on a single diversity aspect. The Company will not consider diversity to be achieved for a single gender board.

- The Board would ensure that appropriate balance of gender diversity is achieved with the ultimate goal of bringing the Board to gender parity. The Board shall include at least one female director. The Board's composition (including but not limited to gender, ethnicity, cultural, age, educational background, professional experience, or length of service) will be disclosed in the Corporate Governance Report annually.
- The Board focuses on the capability of operation judgment, operation management and crisis management, so more than two-thirds of the Board be capable of the ability of relevant core businesses.
- The Company should arrange continuing diversified development for directors so as to improve their decision-making quality, fulfill their supervisory responsibilities, and strengthen the functions of the Board.
- In addition to the Board level, the Company also advocates gender diversity across the workforce (including senior management). A plans or measurable goals to achieve an appropriate balance between the composition of men and women should be established.

The Company considers that the current composition of the Board, one out of its nine members being female, is characterised by diversity, whether considered in terms of gender, cultural, professional background and skills. The current Directors have extensive experience and skills relevant to the business of the Company.



The Board targets to maintain at least one female member, with the ultimate goal of achieving a diversity gender senior management. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

The Company will continue to take steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. At the date of this report, the total workforce of the Group comprised approximately 78.41% male and 21.59% female. Further details of gender ratio and labour force, please refer to “Environmental, Social and Governance Report”.

The Nomination Committee will review this Policy annually, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee will monitor the implementation of this Policy by conducting review of the Board’s composition at least once annually taking into account the benefits of all relevant diversity aspects, and adhering to this Policy when making recommendation on any Board appointments. The Nomination Committee will also ensure that Board diversity is considered as part of the evaluation of the Board’s effectiveness.

OTHER COMMITTEE

Strategy and Investment Committee

During the year, the Strategic and Investment Committee comprised six members, three INEDs (Ir. Dr. Ho Chung Tai, Raymond (who is also the chairman of the committee), Mr. Yip Tai Him and Dr. Shen Wenzhong) and three executive Directors (Mr. Zhu Gongshan, Mr. Zhu Zhanjun and Mr. Yeung Man Chung, Charles). A copy of the terms of reference setting out the operation, authorities and responsibilities of such committee is available at the Company’s and the Stock Exchange’s websites.

The primary responsibilities of the Strategy and Investment Committee include:

- reviewing long-term strategic development plans;
- reviewing the annual performance of the Company and assessing implementation and progress of the long term strategic development plans;
- reviewing and recommending to the Board on opportunities of upgrading the facilities, expansion, mergers and acquisitions;
- reviewing and recommending to the Board with regard to the political, social and economic development in the PRC affecting or potentially affecting the business activities of the Group;
- reviewing and monitoring the relationship of the Company with its key strategic joint-venture partners or the relationship building with these partners; and
- reviewing, evaluation and recommendation to the Board of any significant investment and disposal proposals.

During the year, the Strategy and Investment Committee (i) reported to the Board and reviewed the long-term strategic development plan of the Group; and (ii) reviewed certain investment proposals and reported to the Board of its conclusion at the Board meeting from time to time.



CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee comprises two INEDs, namely Ir. Dr. Ho Chung Tai, Raymond (chairman of the committee) and Mr. Yip Tai Him and an executive Director, namely Mr. Yeung Man Chung, Charles. A copy of the terms of reference setting out the operation, authorities and responsibilities of the Corporate Governance Committee is available at the Company's website.

The duties of the Corporate Governance Committee includes:

- developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct applicable to employees and Directors; and
- reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report.

Six meetings were held by the committee during the year 2022 and up to the date of this report, the attendance is set out in the following table:

Members of Corporate Governance Committee	Number of meetings attended/held
Ho Chung Tai, Raymond (<i>Chairman</i>)	6/6
Yip Tai Him	6/6
Yeung Man Chung, Charles	6/6

The committee had reviewed and evaluated the effectiveness of (i) the performance of certain policies and practices adopted by the Company, including the whistle-blowing policy, the inside information policy and discloseable transaction policy and connected transaction policy; (ii) the Board committees, including the Audit Committee, Remuneration Committee, Nomination Committee, Strategy and Investment Committee and Environmental, Social and Governance Committee; (iii) the policy in relation to the training and continuous professional development of Directors and senior management; (iv) the constitution, authority and responsibilities of the Strategy and Investment Committee which mainly deals with the investment proposals and make recommendations to the Board; and (v) the report on whistle-blowing policy. The committee concluded the adopted policies are effective.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Environmental, Social and Governance Committee comprises three INEDs, namely Dr. Shen Wenzhong (chairman of the committee), Ir. Dr. Ho Chung Tai, Raymond, Mr. Yip Tai Him and an executive Director namely Mr. Yeung Man Chung, Charles. A copy of the terms of reference setting out the operation, authorities and responsibilities of Environmental, Social and Governance Committee is available at the Company's and the Stock Exchange's websites.

The duties of the Environmental, Social and Governance Committee includes:

- recommending and reviewing the Group's ESG management policies, vision, strategies and goals for the Board's approval;
- determining the criteria of selecting material ESG factors, identifying and continuously reviewing the list of material ESG factors, and determining the risks and opportunities that material ESG factors will bring to the Group (the "Materiality Assessment") with the assistance of the ESG Working Group. When conducting the Materiality Assessment, the Committee shall fully consider the Group's strategies and current market conditions;
- monitoring the ESG Working Group to develop and implement external stakeholder engagement plans, as well as review and conduct the Materiality Assessment on the basis of investors' and stakeholders' opinions;
- approving ESG-related policies and practices drafted by the Company;
- reviewing and monitoring the Group's policies and practices in relation to material ESG topics and ensure that they are appropriate in the context of the size, business nature and scope of the Group; and
- evaluating and reviewing the applicability of policies related to material ESG topics of the Group once a year or as and when required, report to and provide amendment suggestions for the Board to ensure that they remain relevant and fit for purpose and compliant with the applicable legal and regulatory requirements and international standards.

A meeting was held by the Environmental, Social and Governance Committee during the year 2022 and up to the date of this report, the attendance is set out in the following table:

Members of Environmental, Social and Governance Committee	Number of meetings attended/held
Shen Wenzhong (<i>Chairman</i>)	1/1
Ho Chung Tai, Raymond	1/1
Yip Tai Him	1/1
Yeung Man Chung, Charles	1/1



CORPORATE GOVERNANCE REPORT (CONTINUED)

The committee had reviewed and evaluated the effectiveness of (i) the Group's ESG management policies, vision, strategies and goals with the assistance of management; (ii) provided advice on the actions to be taken to enhance the effectiveness of ESG management; and (iii) reviewed the annual ESG Report (the "ESG Report") to ensure that the ESG Report has properly disclosed ESG risks faced by the Group, the measures taken and the progress of goals achieved in compliance with the Listing Rules, and make recommendation to the Board for the approval of the ESG Report.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). The Board would consider the following factors before declaring or recommending dividend to the Shareholders from time to time:

- (a) financial results of the Company;
- (b) Shareholders' interests;
- (c) general business conditions, strategies and future expansion needs;
- (d) the Company's capital requirements;
- (e) the payment of cash dividends to the Company from its subsidiaries;
- (f) possible effects on liquidity and financial position of the Company; and
- (g) the amount of profit can be distributed under applicable accounting standards and other factors that the Board may deem relevant and appropriate.

Any dividend declared by the Company shall be conducted in accordance with the Cayman Islands Companies Law, the Memorandum and Articles of the Company and other applicable laws and regulations, and shall not affect the normal operation of the Company and its subsidiaries.

The Board will review the Dividend Policy, as appropriate, which will include an assessment of the effectiveness of the Dividend Policy and approve any amendments thereto if necessary.

COMPLIANCE WITH MODEL CODE

The Board has adopted the model code with terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules as its own model code of conduct regarding Directors' securities transactions (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2022.



INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of communication with shareholders and has adhered to its established communication policy. The general communication policy includes timely dispatch full and accurate information to shareholders and investment public by announcement, financial reports and circulars through the website of the Stock Exchange and the Company's website; maintain dialogue with shareholders by disclosing the way of communication to the Board and in relation to share registration matters, the contact of the share registrar in Hong Kong; and by convening the general meetings (if any) and annual general meeting. On 31 May 2022, the Company convened an annual general meeting. At the meeting, the Directors, members and/or chairman of the Board committees had attended and answer questions raised by the shareholders.

Directors and our Investor Relations team also communicated from time to time with analysts, fund managers, institutional shareholders and media while keeping the stringent standard of not disclosing inside information to any selective group. The Directors, executives together with our Investor Relations team held/participated in meetings, presentations and conference with them. Details of investor relations activities were further described under the section headed "Major Investor Relations Activities" of this report.

The Company's Articles of Association was amended during the year. A copy of the Articles of Association is available at the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

Procedures for members to convene extraordinary general meeting ("EGM") and putting forward proposals

The following procedures are subject to the Company's Articles of Association and applicable legislation and regulation.

1. Pursuant to Article 58 of the Articles of Association of the Company, any one or more members 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 EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.
2. If within twenty-one 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.
3. The requisitionist(s) shall deposit his/their requisition together with the proposals to be considered at such meeting at the principal place of business of the Company at Unit 1703B-1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time and for the attention of the Chairman of the Board and the Company Secretary.



CORPORATE GOVERNANCE REPORT (CONTINUED)

4. If the requisition is in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the requirements under the Articles of Association to all the registered members. On the contrary, if the requisition is invalid, the members concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.
5. The notice period to be given to all the registered members for consideration of the proposal raised by the member(s) concerned at an EGM varies according to the nature of the proposal, as follows:
 - at least twenty-one (21) clear days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and
 - at least fourteen (14) clear days' and not less than ten (10) clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

Members who have enquiries about the above procedures may write to the Company Secretary at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time.

Procedures for a Member to Propose a Person for Election as a Director

The following procedures are subject to the Company's Articles of Association and applicable legislation and regulation.

1. If a member, who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the member himself/herself) for election as a director at that meeting, he/she can deposit a written notice at the Company's principal office at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, or at any address notified by the Company from time to time for the attention of the Company Secretary of the Company.
2. In order for the Company to inform all members of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the member concerned and that person indicating his/her willingness to be elected.
3. The period for lodgment of such a written notice will commence on the day after the despatch of the notice of the general meeting and end no later than seven (7) clear days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting (twenty (20) business days in case of annual general meeting), the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the members at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting (twenty (20) business days in case of annual general meeting).



Members who have enquiries about the above procedures may write to the Company Secretary at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time.

ENQUIRIES TO THE BOARD

No procedure set in the Articles of Association of the Company is available for any member to put forward an enquiry to the Board. A member may, of course, at any time write to the board of directors of the Company at the Company's principal office at Unit 1703B–1706, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong or at any address notified by the Company from time to time. In relation to share registration matters in Hong Kong, a member shall contact the branch share registrar in Hong Kong, namely Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.