

WINNING TOWER GROUP
Corporate Governance Policy

Date of Policy: 30/06/2017

Issue Number: CGP-01

Approved By: Board of Directors

1. INTRODUCTION

[Winning Tower Group Company] (the “Company”), together with its subsidiary companies (together as the “Group”) are firmly committed to compliance of statutory and regulatory corporate governance standards and adherence to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness. The Board of Directors (the “Board”) of the Company will review the corporate governance practices from time to time to ensure alignment of interests and expectations from our shareholders, the investing public and the other stakeholders.

2. BOARD OF DIRECTORS

2.1 Objectives

The general management of the Company’s business is vested in the Board. The Board is committed to the Company’s mission to creating value for shareholders. The Board is responsible for developing the strategic directions for the Company and continuous monitoring of the performance of the general management of the Company.

2.2 Board Composition

The Board, through its Remuneration and Nomination Committee, will act in response to the needs of business development and policies of the Company, reviewing the composition of the Board, the diversity of skills, knowledge and experience required by the executive, non-executive and independent non-executive directors.

The number of independent non-executive directors of the Company should be at least one-third of the Board or such proportion as required by the Listing Rules from time to time.

The category, position and brief biographical information of each Director are included in the Company’s annual report. An updated list containing the names of the Directors and their roles and functions is also published on the websites of the Company and The Stock Exchange of Hong Kong Limited.

2.3 Roles of Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer of the Company are separate. The Chairman is responsible for providing leadership in the Board to set strategies to achieve the Group’s goals. The Chief Executive Officer is responsible for overall strategic planning, business development and general management of the Group’s operations.

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2.4 Board Meetings

The Board meets regularly and the Board meetings will be held at least four times a year to discuss and approve the overall business strategies, to review and monitor the financial and operating performance of the Company and its subsidiaries (the “Group”) and its business units respectively, and to consider and approve the annual budget for the Group.

Notice and board papers will be distributed in advance of a Board meeting. Directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings and any Director who is interested in the proposed transaction, shall abstain from voting.

2.5 Availability of Information and Access to Independent Professional Advice

All Directors will have full and timely access to all relevant information in relation to the Company. There are established procedures for Directors to seek independent professional advice for them to discharge their duties and responsibilities, where appropriate, at the Company’s expenses.

Chief Executive Officer shall provide every Board member with regular periodic (at least quarterly) management updates, giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail to enable the Board and each Director to discharge their duties.

2.6 Appointment and Re-election

The appointment of a new Director is made on the recommendation by the Remuneration and Nomination Committee of the Company or by shareholders in a general meeting. Shareholders may propose a candidate for election as Director in accordance with the Articles of Association of the Company and the Director Nomination Policy. The procedures for nomination by shareholders are published on the website of the Company. Any person who is appointed by the Board, either to fill a casual vacancy or as an addition to the Board, shall retire at the next General Meeting.

Under the letter of appointment of Non-executive Director, all the Non-executive Directors of the Company shall be appointed for a specific term of not more than three years subject to re-election. Pursuant to the Company’s Articles of Association, all Directors shall be subject to retirement by rotation at least every three years and one-third (or the number nearest to but not exceeding one-third) of Directors shall retire from office every year at the Company’s Annual General Meeting.

Induction programs shall be arranged for the newly appointed Directors on the general business of the Company. On appointment, new Directors will also be given an induction program kit advising them of their responsibilities and duties as Directors under various regulatory requirements and the Board procedures, including the Company’s Memorandum and Articles of Association, Schedules of Matters to be determined by the Board and Terms of Reference of the Board Committees.

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2.7 Directors' Training

All Directors should participate in continuous professional development placing an appropriate emphasis on the roles, functions and duties of a listed company director to develop and refresh their knowledge and skills. The Company Secretary is responsible for informing Directors any continuous professional development courses/seminars provided by external professional bodies and statutory bodies. Directors are also encouraged to participate in self-directed studies, attending and/giving speeches at conferences, preparing and giving seminars and article writing etc.

2.8 Disclosure Compliance Mechanism

The Board reviews and monitors from time to time the appropriateness and effectiveness of the Group's disclosure compliance systems and procedures and to ensure any material information which comes to the knowledge of the Company's Senior Management be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure. This would require a timely and structured flow to the Board of information arising from the development or occurrence of events and circumstances so that the Board can decide whether disclosure is necessary.

3. BOARD COMMITTEES

The Board has established a Remuneration and Nomination Committee and an Audit with specific terms of reference.

3.1 Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee shall be appointed by the Board consisting of a majority of independent non-executive directors whose terms shall run concurrently with their terms as directors. Three members shall constitute a quorum provided that at least a majority of independent non-executive directors shall be present throughout each meeting. The chairman of the Committee shall be an independent non-executive director.

The Remuneration and Nomination Committee is mainly responsible for reviewing and approving the remuneration packages of Executive Directors and Senior Management of the Group, including salaries, benefits in kind and bonuses; bonus schemes and other long-term incentive schemes, including share option and other plans. The Remuneration and Nomination Committee also reviews the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and recommends to the Board on appointments of Directors.

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3.2 Audit Committee

Members of the Audit Committee shall be appointed by the Board consisting of a majority of independent non-executive directors whose terms shall run concurrently with their terms as directors. Two members shall constitute a quorum provided that at least one independent non-executive director shall be present throughout each meeting. The chairman of the Committee shall be an independent non-executive director.

The Audit Committee is mainly responsible for liaising and communicating with the External Auditors, reviewing and monitoring the financial reporting procedures and internal control of the Company, conducting an annual review of the adequacy of staffing of the financial reporting functions, reviewing arrangements the employees of the Company can use, in confidence, to raise concerns about the possible improprieties in financial reporting, internal control or other matters; ensuring proper arrangements are in place for fair and independent investigation of those matters and for appropriate follow up action.

The Audit Committee is also responsible for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

4. INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's system of internal control should include a defined management structure with limits of authority, be designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations.

Directors, through the Audit Committee, should have conducted an annual review of the effectiveness of the system of internal control of the Group to cover all material controls, including financial, operational and compliance controls and risk management functions.

5. INTERNAL AUDIT

The Internal Audit Department/Officer should carry out annual risk assessment on auditable aspect of the Group's business. Service from relevant external service provider in relation to the Group's internal audit is allowed upon the approval from the Board. In addition to its scheduled reviews, the Internal Audit Department/Officer should also conduct other ad hoc reviews whenever deemed necessary. The results of significant internal audit reviews (and as applicable, agreed rectification plans) should be reported to the Company's senior executives and Audit and Corporate Governance Committee periodically. The Internal Audit Department/Officer should also follow up the rectification actions to ensure that satisfactory controls are maintained.

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6. EXTERNAL AUDITORS

The Audit Committee is responsible for considering the appointment of the external auditors and also reviews any non-audit functions performed by the external auditors for the Group. The appointment of external auditors shall be approved by shareholders in the annual general meeting. The management should ensure the external auditors attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

The Audit Committee must meet, at least thrice a year, with the external auditors regarding the review of the Company's financial statements.

7. SHAREHOLDERS' RIGHTS

The Board and Senior Management shall ensure the shareholders of the Company enjoy their rights and all shareholders are treated equitably and fairly. The shareholders should have the rights to obtain all available information of the Company, make proposals at general meetings, nominate a person for election as a director, and make enquiries about the Company.

8. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board has adopted a formal Communication Policy to ensure that shareholders are provided with ready, equal and timely access to the Company's information. The Communication Policy is posted on the Company's website.

Diversified company information and announcements are available on the Company's website ensuring the effective and timely dissemination of information to the shareholders. The Company's Annual General Meeting is one of the important forums to communicate with its shareholders. Separate resolutions in respect of each substantial issue, including the appointment and re-election of Directors shall be proposed by the Chairman at the Annual General Meeting and be voted by poll.

9. SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

The Board recognises its corporate and social responsibilities to its shareholders, customers, suppliers, employees and other stakeholders and is strongly committed to the safety, health and well being of the employees, the communities and the environment in which the Company operate. The Board aims to achieve our business objectives in a caring and responsible manner which achieves sustainable growth whilst fulfilling legal and moral obligations.

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10. COMPLIANCE WITH CODE OF CONDUCT, RULES AND REGULATIONS

The Company's Directors, Senior Management and employees are required to comply with all laws and regulations applicable to the Company's business in the areas where they operate. Furthermore, they are expected to observe the code of conduct and compliance manual applicable to the Directors and employees so as to uphold the highest ethical standards.

10.1 Code for Securities Transactions by Directors and Relevant Employees

The Company adopts on the required terms and standards set out in the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Listing Rules.

10.2 Code of Conduct

The Company has adopted a code of conduct outlining the responsibilities of or proper practices for the Company, its Directors and employees.

Directors shall act honestly and in a bona fide manner under the common law duties to act in the best interests for the Company and in so doing and they shall exercise reasonable skill and diligence based on their experience in the performance of their duties. Directors and employees of the Company shall avoid any conflict of interest and must place the interests of the Company above their personal interest in the performance of their duties.

Each employee has a responsibility for protecting the Company's interest and reputation for integrity by engaging in fair and honest dealings with customers, suppliers, agents, contractors during the course of the business.

All employees shall strictly avoid engaging any activity which could be construed as a bribery. Employees shall preserve the confidentiality of information obtained in their performance of duties.

All employees and applicants for employment are to be treated fairly and equally. The Company will provide equal employment opportunity on the basis of ability and aptitude without regard to nationality, sex, age, national origin, disability, family status or other protected group. The Company shall use its best endeavours to ensure equal employment opportunity in all matters covering recruitment, promotion, demotion, transfers, dismissal, compensation, fringe benefits and selection for training and development.

11. REVIEW OF THE POLICY

This policy provides a framework for the Company's policies, guidelines, practices manual on corporate governance. The Audit and Corporate Governance Committee is responsible for reviewing this Policy and make any recommended changes to the Board for formal adoption