

# Jinhui Holdings Company Limited

## Corporate Governance Report 2023

*(Extracted from Annual Report 2023)*

### **CORPORATE GOVERNANCE PRINCIPLES**

Jinhui Holdings is committed to promoting good corporate governance, with the objectives of the maintenance of responsible decision making; the improvement in transparency and disclosure of information to shareholders; the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of shareholders; and the improvement in management of risk and the enhancement of performance by the Group.

To this end, the Company has promulgated a set of Company Code which sets out the corporate standards and practices used by the Group to direct and manage its business affairs. It is prepared and updated by referencing to the principles, code provisions and recommended best practices as set out in Appendix C1 of the Listing Rules. In addition to formalizing existing corporate governance principles and practices, the Company Code also serves the purpose of assimilating existing practices and ultimately ensuring high transparency and accountability to the Company's shareholders.

The Company has complied with the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the year ended 31 December 2023, with deviations explained in this corporate governance report.

### **DIRECTORS**

#### **The Board**

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the success of the Company by directing and supervising the Company's businesses and affairs.

The Board meets regularly and board meetings are held at least four times a year at approximately quarterly intervals. Such board meetings involve the active participation, either in person or through electronic means of communication, of a majority of directors of the Company entitled to be present.

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All Directors are given the opportunity to include items in the agenda for regular board meetings. Sufficient and reasonable notices have been given to ensure Directors are given opportunity to attend. Minutes of board meetings and meetings of board committees are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director. Such minutes record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes are sent to all Directors for their comment and records respectively, within a reasonable time after the board meeting is held. Any Director may, in furtherance of his / her duties, take independent professional advice where necessary at the expense of the Company.

If 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 dealt with 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.

The Company has arranged for appropriate insurance cover for directors' and senior management's liabilities in respect of legal actions against its directors and senior management arising from corporate activities.

The logo for Jinhui Holdings Company Limited is a large, light purple watermark centered on the page. It features a stylized sun or moon symbol at the top, a vertical bar in the middle, and two curved shapes at the bottom. Below the graphic, the word "JINHUI" is written in a large, serif, all-caps font.

JINHUI

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The Board meets regularly over the Company's affairs and operations. The attendance records of each member of the Board and board committees at meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee held in 2023, and the 2023 Annual General Meeting as well as the participation of the training of the Directors are set out below:

	Number of meetings attended / held for the year 2023					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	2023 Annual General Meeting	Training <sup>1</sup>
<b>Executive Directors</b>						
Ng Siu Fai, <i>Chairman</i>	11/11	-	-	-	1/1	✓
Ng Kam Wah Thomas, <i>Managing Director</i>	11/11	-	-	-	1/1	✓
Ng Ki Hung Frankie	11/11	-	-	-	1/1	✓
Ho Suk Lin	11/11	-	-	-	1/1	✓
<b>Independent Non-executive Directors</b>						
Cui Jianhua	11/11	2/2	1/1	1/1	1/1	✓
Tsui Che Yin Frank	11/11	2/2	1/1	1/1	1/1	✓
William Yau	11/11	2/2	1/1	1/1	1/1	✓

*Note:*

- This includes attending courses or seminars relevant to the Company's business or directors' duties arranged by the relevant authorities and professional bodies, and perusing comprehensive papers focusing on the regulatory changes and corporate governance related matters published by relevant authorities and professional bodies.

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### Chairman and Chief Executive

**CG Code provision C.2.1** Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and the Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes deviation from code provision C.2.1 of the CG Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive.

As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Group. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company as one-third of the Board members are represented by the independent non-executive directors and the Board will meet regularly to consider major matters affecting the operations of the Group and all Directors are properly briefed on the matters arising at the Board meetings with adequate, complete and reliable information received in a timely manner. The current structure also allows flexibility and enhances the efficiency of decision making process in response to the constantly changing competitive environment.

As the Chairman's major responsibility is to manage the Board whereas the Managing Director's major responsibility is to manage the Group's businesses, the Board considers that the responsibilities of the Chairman and the Managing Director are clear and distinctive and hence written terms thereof are not necessary. Although the respective responsibilities of the Chairman and the Managing Director are not set out in writing, power and authority are not concentrated in any one individual and all major decisions are made in consultation with members of the Board and appropriate board committees, as well as senior management.

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Going forward, the Board will periodically review the effectiveness of this arrangement, the board composition as well as division of responsibilities to enhance best interests of the Company and its shareholders as a whole.

The Chairman ensures that all Directors are properly briefed on the issues arising at the Board meetings and all Directors receive adequate, complete and reliable information. Throughout the year, the Chairman provides leadership for the Board; ensures that the Board and board committees function effectively and perform their responsibilities; ensures that good corporate governance practices and procedures are established and ensures all directors act in the best interests of the Company by making full and active contribution to the Board's affairs. The Chairman holds annual meeting with the independent non-executive directors in respect of corporate governance improvements, effectiveness of the board, and any other issues they may wish to raise without the executive directors; and ensure necessary steps are taken to provide effective communication with shareholders and ensure constructive relations between executive and non-executive directors. The Board believes that Mr. Ng Siu Fai's appointment to the post of Chairman is beneficial to the business prospects and management of the Company.

### **Board composition**

The Board includes a balanced composition of executive and non-executive directors with a balance of skills and experience appropriate for the business of the Company.

The Board comprises a total of seven Directors, with four executive directors, Mr. Ng Siu Fai (Chairman), Mr. Ng Kam Wah Thomas (Managing Director), Mr. Ng Ki Hung Frankie and Ms. Ho Suk Lin; and three independent non-executive directors, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau.

Biographical details of the Directors and the relationships (including financial, business, family or other material or relevant relationships) among members of the Board are set out on pages 69 and 70 in JHH 2023 annual report.

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During the year, the Board is assisted by three board committees which are Audit Committee, Remuneration Committee and Nomination Committee. Their existence does not reduce the responsibility of the Board as a whole. Board committee meetings are convened to prepare matters for consideration and final decision by the Board as a whole. Material information that comes to the attention of board committees are also communicated to other members of the Board. As a general principle, the board committees have an advisory role to the Board. They assist the Board in specific areas and make recommendations to the Board. However, only the Board has the power to make final decisions.

During the year, the Board has at all times complied with the Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise and the independent non-executive directors of the Company represents more than one-third of the Board. Each of the independent non-executive director has made an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines as set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

All independent non-executive directors are expressively identified in all corporate communications that disclose the names of directors while a list of directors identifying their roles and functions is maintained on the websites of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.jinhuiship.com](http://www.jinhuiship.com).

### **Appointments and re-election of directors**

The independent non-executive directors of the Company are appointed for specific terms and subject to retirement by rotation at least once every three years and re-appointed at annual general meeting of the Company. Formal letters of appointment with specific terms with independent non-executive directors are arranged.

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**CG Code provision B.2.2** Under code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Articles of Association of the Company, all Directors other than the Chairman and the Managing Director shall be subject to retirement by rotation at least once every three years and any new directors appointed to fill casual vacancies or as an addition to the Board shall be subject to election by shareholders at the annual general meeting after their appointments.

As the Chairman and the Managing Director are not subject to retirement by rotation in accordance with the Articles of Association of the Company, this constitutes deviation from code provision B.2.2 of the CG Code. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group's business continuity and stability, and there should be planned and orderly succession for these offices. Since continuation is a key factor to the successful implementation of the Company's business plans and strategies, any Director holding the office as the Chairman or the Managing Director should therefore be exempted from the retirement by rotation and re-election at the Company's annual general meeting and the Board believes this arrangement is most beneficial to the Company and its shareholders.

### **Re-election of independent non-executive directors**

Where an independent non-executive director has served more than nine years, such director's further appointment will be subject to a separate resolution to be approved by Shareholders. A circular accompanying that resolution will state why the Board or the Nomination Committee believes that the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the Board or the Nomination Committee in arriving at such determination will be sent to Shareholders.

The Board currently comprises of four executive directors, including the Chairman and the Managing Director, and three independent non-executive directors. All the existing independent non-executive directors of the Company, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau, have served the Company for more than nine years, and their length of tenure are respectively more than thirty years, twenty-nine years and nineteen years.

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Mr. William Yau was subject to re-election as an independent non-executive director at the 2023 Annual General Meeting. Mr. William Yau has served as an independent non-executive director of the Company for more than nine years since 2004. The Board noted the positive contributions of Mr. Yau to the Board on the development of the Company's strategy and policies through his independent and constructive contributions supported by his skills, expertise and qualifications. His extensive experience gained from his management positions in various entities also contributes to the diversity of the Board. The nomination has been considered in accordance with the nomination policy and the objective criteria therein (including but not limited to skills, knowledge, experience, expertise, professional and educational qualifications), with due regard to the benefits of diversity as set out in the diversity policy of the Board. The nomination committee of the Company had assessed and was satisfied of the independence of Mr. Yau. The Board was of the view that Mr. Yau's independence was not affected by his long service with the Company. Mr. Yau met the independence guideline as set out in Rule 3.13 of the Listing Rules. He has been independent of the management and free from any business or other relationship or circumstances which would materially interfere with the exercise of his independent judgement. His further appointment which was subject to a separate resolution had been approved by Shareholders at the 2023 Annual General Meeting held on 30 May 2023. The details of the re-election of the independent non-executive director was stated in the circular dated 25 April 2023 which was sent to the Shareholders.

**CG Code provision B.2.4** Under code provision B.2.4 of the CG Code, where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting. The appointment of a new independent non-executive director requirement came into effect for the financial year commencing on or after 1 January 2023.

As at 31 December 2023, the Board comprised of three independent non-executive directors, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau, who have served the Company for more than nine years, and their length of tenure are respectively more than thirty years, twenty-nine years and nineteen years. Under this CG code, the Company should appoint a new independent non-executive director on the Board. The Company is still in the process of identifying suitable candidate to be appointed as a new independent non-executive director of the Company. The Company will use its best endeavours to ensure that suitable candidate is appointed as soon as practicable in order to ensure compliance with this CG Code. Further announcement will be made by the Company as and when appropriate.



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### **Nomination Committee**

The Nomination Committee was established on 1 January 2013, currently comprising three independent non-executive directors, Mr. Cui Jianhua (chairman of Nomination Committee), Mr. Tsui Che Yin Frank and Mr. William Yau.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors. The Nomination Committee has a board diversity policy to achieve diversity on the Company's board of directors. The diversity perspective in the board diversity policy has been considered from a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Group pursues a policy of gender equality. The Board currently consists of seven members, of whom six members are male and one member is female. The nomination procedures are carefully reviewed with due consideration to avoid gender discrimination and to ensure equal opportunities and rights in workplace. The Company also has a director nomination policy in place to assist the Board in making recommendations on the appointment of directors, and succession planning for directors. The nomination policy states that in assessing the suitability of the proposed candidate, the Nomination Committee shall consider a number of factors, including but not limited to the reputation for integrity, accomplishment, experience and reputation in the shipping industry and other relevant sectors, time commitment to the Company's business, diversity in various aspects, and the ability to assist and support management and make contributions to the Company. The appointment of any proposed candidate shall be made in accordance with the Company's Articles of Association and other applicable rules and regulations and the details of the procedures for shareholders to propose a person for election as a director of the Company are also available in the Company's website. When proposing an independent non-executive director candidate for election, Nomination Committee will set out (i) the process by which the candidate was identified, (ii) reasons why the candidate should be elected, (iii) reasons the candidate is independent, (iv) the perspectives, skills and experience the candidate brings, and (v) how the candidate will contribute to diversity of the board, and where an independent non-executive director candidate is nominated to a seventh (or more) listed company directorship, the board must explain why it believes the candidate will still be able to devote sufficient time to his / her role. A circular containing the above factors will be sent to the Shareholders. The Board's composition is included in the corporate governance report and the Nomination Committee shall meet at least once a year. The Nomination Committee is provided

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with sufficient resources to perform its duties and has access to independent professional advice if necessary. During the year, the Board with the assistance of the Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity and the Nomination Policy and considered that they are effective and appropriate for the Company. The Board considers its diversity of gender is appropriate.

The terms of reference of the Nomination Committee, explaining its roles and authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, there is no change to the Board's composition, nor any election of new director. The Nomination Committee held a meeting to review the structure, size and composition of the Board, and make recommendations to the Board.



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### **Responsibilities of directors**

A Guide on Directors' duties issued by the Companies Registry has been provided to each Director. A comprehensive induction package designed to provide a general understanding of the Group, its business, the operations of the Board and the main issues it faces, and, if appropriate, an overview of the additional functions and responsibilities of independent non-executive directors will be provided to newly appointed directors. To assist Directors bringing informed decisions in the best interests of the Company and the shareholders, an information package comprising the latest developments in the legislations and industry news are forwarded to each Director from the Company Secretary periodically.

Directors are aware sufficient time and attention could be given to the affairs of the Company and ensure that their contribution to the Board remains informed and relevant by participating in continuous professional development.

The Board has the responsibility of development and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risks. The Board is responsible for arranging appropriate insurance coverage and organizing the Group's wide risk reporting.

Independent non-executive directors have participated in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; they also take the lead where potential conflicts of interests arise; serve on the audit, remuneration, and nomination committees; and scrutinize the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting. They have given the board and committees on which they service the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They have also attended general meetings and developed a balanced understanding of the views of shareholders and have contributed to the development of the Company's strategy and policies through independent, constructive and informed comments.

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The Board is satisfied with continuous professional development undertaken by respective Directors. During the year, Mr. Ng Siu Fai, Mr. Ng Kam Wah Thomas, Mr. Ng Ki Hung Frankie, Ms. Ho Suk Lin, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau participated in continuous professional development by perusing comprehensive papers focusing on the regulatory changes and corporate governance related matters published by relevant authorities and professional bodies. In addition, Ms. Ho Suk Lin and Mr. Tsui Che Yin Frank, who have appropriate professional qualifications in accounting and related financial management expertise, further confirmed that they had attended adequate continuous professional development courses and seminars held by relevant authorities and professional bodies.

### **Securities transactions by directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the year ended 31 December 2023.

### **Supply of and access to information**

Directors are provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities. For regular board meetings, agenda and accompanying board papers are sent in a timely manner and at least three days before the intended date of a board or board committee meeting (or other agreed period). The board and individual directors have separate and independent access to the Company's senior management. All Directors are entitled to have access to board papers and related materials.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

#### Remuneration Committee

The Remuneration Committee was established on 25 August 2005, currently comprising three independent non-executive directors, Mr. Cui Jianhua (chairman of Remuneration Committee), Mr. Tsui Che Yin Frank and Mr. William Yau.

The roles and functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, and reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. It also makes recommendations to the Board on the remuneration packages of individual executive directors and senior management, including salaries, bonuses, benefits in kind, pension rights and compensation payments, and the remuneration of the independent non-executive directors. The Remuneration Committee should consider factors such as the performance of executive directors and senior management, the profitability of the Group, salaries paid by comparable companies, time commitment and responsibilities, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has to ensure that the Group is able to attract, retain and motivate a high-caliber team which is essential to the success of the Group. The Remuneration Committee shall meet at least once a year. The Remuneration Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary.

The terms of reference of the Remuneration Committee, explaining its roles and the authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, the Remuneration Committee held a meeting to review and assess the management's remuneration proposals with reference to the corporate goals and objectives, and to make recommendations to the Board regarding the remuneration to individual executive directors and senior management. Details of the emoluments of the Directors and remuneration to senior management by band for the year are set out in note 13 to the consolidated financial statements in JHH annual report 2023.

### **ACCOUNTABILITY AND AUDIT**

#### **Financial reporting**

It is the Board's responsibility to present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects. The Board presents such assessment in annual and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules, and for reports to regulators and information disclosed under statutory requirements

Management provides sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval. In this regard, the management provides all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details.

The Directors are responsible for preparing the consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. Appropriate accounting policies have also been used and applied consistently. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt on the Group's ability to continue as a going concern. A statement by the auditor of the Company about auditor's responsibility on the consolidated financial statements of the Group is set out in "Independent Auditor's Report" on pages 81 to 85 in JHH annual report 2023. A separate statement of the strategy and business model is included in "Strategies and Business Profile" on pages 5 to 8, and the Board is satisfied that these and the Group's culture are aligned. All Directors act with integrity, lead by example, and promote the desired culture. Such culture will instil and continually reinforce across the Group values of acting lawfully, ethically and responsibly. The Board also present a balanced, clear and understandable assessment of the Group's performance in its "Management Discussion and Analysis" on pages 55 to 68 in JHH annual report 2023.

#### **Risk management and internal control**

It is the Board's responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. Such risks include, amongst others, material risks relating to ESG. The Board also oversees management in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis, and management shall confirm to the Board on the effectiveness of these systems at least annually.

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The Board, through the assistance of Audit Committee, has conducted an annual review of the effectiveness of the Group's risk management and internal control systems, covering all material financial, operational and compliance controls. In particular, the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Group's accounting and financial reporting functions, as well as those relating to the Company's ESG performance and reporting, are reviewed. The annual review also covered the Group's significant and emerging risks (including ESG risks) in shipping business; the quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems; the extent and frequency of communication of monitoring results to the Audit Committee and the Board; whether there is any significant control failings or weaknesses identified and the effectiveness of the Group's processes for financial reporting and Listing Rules compliance. The Company engaged an external professional company, Prism Advisory Limited, to conduct a review on the effectiveness of the Group's risk management and internal control systems during the year. The review includes the identification of the weaknesses of the risk management and internal control systems and proposals for improvement. The findings are reviewed by the Audit Committee and reported subsequently at Board meetings to enable the Board to assess the Group's risk management and internal control systems and the Board is satisfied that such systems are effective and adequate and appropriate actions have been taken.

The risk management and internal control systems and accounting system of the Group are designed to identify and evaluate the Group's risk and formulate risk mitigation strategies, and to provide reasonable assurance that assets are safeguarded against unauthorized use or disposition, transactions are executed in accordance with management's authorization, and the accounting records are reliable for preparing financial information used within the business for publication, maintaining accountability for assets and liabilities and ensuring the business operations are in accordance with relevant legislation, regulations and internal guidelines, including guidelines for corporate social responsibility.

The Group has a defined organizational structure with clearly defined lines of responsibility and authority. Each business unit / department is accountable for its daily operations and is required to report to executive directors on a regular basis. Policies and procedures are set for each business unit / department, which includes approvals, authorization, verification, recommendations, performance reviews, assets security and segregation of duties. The key control procedures include establishing and maintaining effective policies to ensure proper management of risks to which the Group are exposed and taking appropriate and timely action to manage such risks, establishing a structure with defined authorities and proper segregation of duties; monitoring the strategic plan and performance; designing an effective accounting and information system; controlling price sensitive information; and ensuring swift actions and timely communication with

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our stakeholders. At least twice a year, the management will report to the Audit Committee on the effectiveness of risk management and internal control systems. The Audit Committee review how management designs, implements and monitors risk management and internal control procedures, findings and recommendations and follow-up procedures on the annual assessment; and the Audit Committee will report on the overall effectiveness of the risk management and internal control systems to the Board annually. The Group's risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives. With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has internal policy and procedures which strictly prohibit unauthorized use of inside information and has communicated to all staff; the Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and conducts the affairs with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs. Details of the Group's risk management policies are set out in "Management Discussion and Analysis" on pages 65 and 66 in JHH annual report 2023 and note 41 to the consolidated financial statements on pages 149 to 156 in JHH annual report 2023.

**CG Code provision D.2.5** Under code provision D.2.5 of the CG Code, the Group should have an internal audit function. Based on the size and simple operating structure of the Group as well as the existing internal control processes, the Board has decided not to set up an internal audit department for the time being. When necessary, the Audit Committee under the Board would carry out the internal audit function for reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

Except for the deviation of code provision D.2.5 of the CG Code, the Board considers that the Company has complied with the requirements under the Listing Rules regarding the risk management and internal control, and will continue to review, revise and strengthen its risk management and internal control from time to time so that practical and effective systems are implemented.



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### **Audit Committee**

The Audit Committee was established on 22 September 1998, currently comprises of three independent non-executive directors, Mr. Tsui Che Yin Frank (chairman of Audit Committee), Mr. Cui Jianhua and Mr. William Yau.

The primary duties of the Audit Committee include the review and monitor the Group's financial reporting, compliance with legal and regulatory requirements, the nature and scope of audit review as well as the effectiveness of the systems of risk management and internal control. The Audit Committee is also responsible for making recommendations in relation to the appointment, re-appointment and removal of the auditor, and reviewing and monitoring the auditor's independence and objectivity. In addition, the Audit Committee discusses matters raised by the auditor, professionals and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee shall meet at least twice a year. Minutes of Audit Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the meetings are sent to all Audit Committee members for their comment and records within a reasonable time after the Audit Committee meeting is held. The Audit Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary.

The terms of reference of the Audit Committee, explaining its roles and the authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, the Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the review of the Company's interim and annual reports before submission to the Board. The Audit Committee held two meetings in 2023. The Group's annual consolidated financial statements for the year ended 31 December 2022 and interim consolidated financial statements for the period ended 30 June 2023 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

### **DELEGATION BY THE BOARD**

#### **Management functions**

While the Board is entrusted with the overall responsibility for promoting the success of the Company by the strategic direction and governance of the Company's businesses and affairs, the functions of implementing the approved strategy and policies as well as managing the day-to-day operations are delegated to the management, comprises of executive directors and senior management of the Company. Management invites department heads or other colleagues to participate in management meetings periodically and through internal communication to convey the Company's strategies and policies to the staff and to collect views and opinions from the staff and reports to the Board. The Board will review the implementation and effectiveness of this mechanism on an annual basis.

The Company formalizes the functions reserved to the Board and those delegated to the management. Formal letters of appointment for Directors setting out the key terms and conditions of their appointments are arranged. Such arrangements are subject to periodically review to ensure they remain appropriate to the Company's needs.

The Board delegates aspects of its management and administration functions to the management and it gives clear directions as to the management's powers, in particular, where the management should report back and obtain prior Board's approval before making decisions or entering into any commitments on the Company's behalf.

The list of executive directors and senior management and their biographical details are set out on pages 69 and 70 in JHH annual report 2023.

#### **Board committees**

Board committees are established with clear specific terms of reference which deal clearly with their authority and duties that enable such committees to discharge their functions properly. Such terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee require such committees to report back to the Board on their decisions or recommendations.

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*(Extracted from Annual Report 2023)*

### Corporate governance functions

The Board is responsible for developing and reviewing the Company's policies and practices on corporate governance and performing the corporate governance duties as set out in CG Code provision A.2.1. The following is a non-comprehensive summary of the duties performed by the Board:

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

The logo watermark for Jinhui Holdings Company Limited is centered on the page. It features a stylized graphic above the word "JINHUI" in a serif font. The graphic consists of a vertical bar with a yellow circle at the top, and two curved shapes at the bottom that resemble a stylized 'H' or a pair of wings.

JINHUI

### **COMMUNICATION WITH SHAREHOLDERS**

#### **Effective communication**

The Board endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings or other general meetings to communicate with shareholders and encourage their participation. At each general meeting, a separate resolution is proposed by the chairman of that meeting and the resolutions are not bundled. All Directors, including the chairman of the Board and the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, and the auditor of the Company shall attend and answer questions at the annual general meetings. The Company's dividend policy is set out in "Directors' Report" on page 71 in JHH annual report 2023.

In order to further promote effective communication, the Company maintains a website to disseminate information electronically on a timely basis and the Board shall review the effectiveness of shareholders' communication policy on a regular basis. During the year, a review on the implementation and effectiveness of the shareholders' communication policy has been conducted and the Board is satisfied that such policy are effective and adequate and appropriate actions have been taken.

The 2023 Annual General Meeting was held on 30 May 2023 and the resolutions of: (1) receipt of the Financial Statements, the Directors' Report and the Independent Auditor's Report for the year ended 31 December 2022; (2) declaration of final dividend for the year ended 31 December 2022; (3) re-election of Directors; (4) authorizing the Board to fix Directors' remuneration; (5) re-appointment of Grant Thornton Hong Kong Limited as auditor of the Company and authorizing the Board to fix its remuneration; (6) granting a general mandate to allot shares of the Company; (7) granting a general mandate to buy back shares of the Company; and (8) adding the number of shares bought back under resolution 7 to the mandate granted to the Directors under resolution 6, were voted and approved by poll. The poll results and Directors' attendance at the 2023 Annual General Meeting are announced and posted on the websites of both of Hong Kong Exchanges and Clearing Limited and the Company.

The 2024 Annual General Meeting of the Company will be held on Monday, 27 May 2024. Notice of the 2024 Annual General Meeting will be published on the websites of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.jinhuiship.com](http://www.jinhuiship.com), and will be dispatched to shareholders of the Company in due course.

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*(Extracted from Annual Report 2023)*

The register of members of the Company will be closed from Wednesday, 22 May 2024 to Monday, 27 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2024 Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 21 May 2024.

### **Voting by poll**

Sufficient notice of shareholders meetings are given to the shareholders of the Company and they are entitled to attend shareholders' meeting in person or by proxy. The Company informs the shareholders of the procedures for voting by poll and ensures compliance with the requirements about voting by poll contained in the Listing Rules and the Articles of Association of the Company.

### **COMPANY SECRETARY**

Ms. Ho Suk Lin has been appointed by the Board as Company Secretary of the Company since 1991. The biographical details of Ms. Ho is set out on page 69 in JHH annual report 2023. Ms. Ho is responsible for advising the Board through the Chairman and / or the chief executive on governance matters and also facilitating induction and professional development of Directors. All Directors have access to the advice and services of the Company Secretary to ensure that all Board procedures and rules and regulations are followed. The selection, appointment or dismissal of the company secretary shall be dealt with by a physical board meeting rather than a written resolution.

### **AUDITOR'S REMUNERATION**

The performance of the auditor of the Company during the year has been reviewed by the Audit Committee. In 2023, the remuneration paid and payable to the auditor of the Company for the provision of the Group's audit services and other services were HK\$2,100,000 and HK\$343,000 respectively. The other services mainly include interim review and tax compliance services.

# Jinhui Holdings Company Limited

## Corporate Governance Report 2023

*(Extracted from Annual Report 2023)*

### INVESTOR RELATIONS

There is no change in the company's constitutional documents during the year. The Company proposes certain amendments to the Articles of Association in order to (i) align the Articles of Association with the applicable laws of Hong Kong, including the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Listing Rules; (ii) bring the Articles of Association to conform to the core shareholder protection standards set out in Appendix A1 to the Listing Rules; (iii) provide flexibility to the Company in relation to the conduct of general meetings, so that the Company may convene hybrid or virtual general meetings where shareholders of the Company may attend in person or by virtual meeting technologies; and (iv) incorporate certain housekeeping changes. A special resolution for these purposes will be proposed at the 2024 Annual General Meeting.

### SHAREHOLDERS' RIGHT

#### **Procedures for shareholders to call a general meeting**

For shareholder(s) of the Company who wish to call a general meeting, the shareholder(s) is / are requested to follow the requirements and procedures as set out in Section 566 of the Companies Ordinance.

Shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings can make a request to call a general meeting of the Company.

The request (a) must state the general nature of the business to be dealt with at the meeting; (b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting; (c) may consist of several documents in like form; (d) may be sent to the registered office of the Company in hard copy form or in electronic form; and (e) must be authenticated by the person or persons making it.

Pursuant to Section 567 of the Companies Ordinance, the Directors must call a general meeting within twenty one days after the date on which they become subject to the requirement and the meeting so called must be held on a date not more than twenty eight days after the date of the notice convening the meeting. If the Directors do not do so, the shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting pursuant to Section 568 of the Companies Ordinance, but the meeting must be called for a date not more than three months after the date on which the Directors become subject to the requirement to call a general meeting. The Company must reimburse any reasonable expenses incurred by the shareholders requesting the meeting by reason of the failure of the Directors duly to call a general meeting.

# Jinhui Holdings Company Limited

## Corporate Governance Report 2023

*(Extracted from Annual Report 2023)*

### **Procedures for shareholders to circulate a resolution for annual general meeting**

For shareholder(s) of the Company who wish to make a request to circulate a resolution for an annual general meeting, the shareholder(s) is / are requested to follow the requirements and procedures as set out in Section 615 of the Companies Ordinance.

Shareholder(s) can make a request to circulate a resolution for an annual general meeting pursuant to Section 615 of the Companies Ordinance if: (a) they represent at least 2.5% of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least fifty shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate.

The request (a) may be sent to the registered office of the Company in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than (i) six weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

### **Shareholders' enquiries**

The Chairman as well as the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, and all Directors are normally available at the annual general meeting to answer shareholders' enquiries, unless illness or another pressing commitment precludes them from doing so. Shareholders are also invited to ask questions during the meeting and have an opportunity to meet with Directors after the formal business of the meeting has been concluded. Shareholders could also direct their questions about their shareholdings to the Company's share registrar.

### **WORKFORCE DIVERSITY**

The employees are the Group's most important resource and are crucial to the Group's success in achieving its targets for long term value creation. The Group provides various resources for staff training and development. The Group remunerates its employees, including the Executive Directors, in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. As far as the Group is aware, it complies with all relevant applicable regulations concerning employment, social benefits and labour safety.

# Jinhui Holdings Company Limited

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*(Extracted from Annual Report 2023)*

The Group pursues a policy of gender equality. Workload and working hours depend on positions while promotion and recruitment depend on performance and experience. At 31 December 2023, the Group had 66 (2022: 65) full-time employees (including senior management), of whom 37 (2022: 35) employees, representing 56% (2022: 54%) were male and 29 (2022: 30) employees, representing 44% (2022: 46%) were female. At 31 December 2023, the Board consists of seven members, of whom six members are male and one member is female. Procedures regarding recruitment, promotion and salary review are carefully reviewed with due consideration to avoid gender discrimination. The Group aims to ensure equal opportunities and rights in workplace.

The Group has a sound and sufficient risk management and internal control measures in place. We understand the importance of anti-corruption and anti-money laundering and always uphold a high standard of corporate governance and maintain an ethical corporate culture. The Group's whistleblowing policies and internal ethical guidelines are stated in our staff handbooks. The whistleblowing policy can also be accessed on the Company's website at [www.jinhuiship.com](http://www.jinhuiship.com). Our employees or any person who deal with the Group can access the management or members of the Audit Committee to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Group or its employees. During the year, there was no report on any corrupt practices brought against the Group or its employees.

The Group maintains a good relationship with its employees and seafarers and has not experienced any disruption of its operation as a result of industrial disputes..

The logo for Jinhui Holdings Company Limited, featuring a stylized graphic above the word "JINHUI" in a serif font. The graphic consists of a central vertical bar with two curved shapes on either side, resembling a stylized 'J' and 'H' or a traditional architectural element. The entire logo is rendered in a light purple or grey color, serving as a watermark in the background of the text.