

# Corporate Governance Report

The Company strikes for high standard corporate governance to promote sustainable development and enhance shareholders' interests. A quality board of directors (the "Board") for effective internal controls and leadership, as well as accountability and transparency to all shareholders are essential to the Company. The Board reviewed the codes and practices of corporate governance and the disclosure of this Corporate Governance Report, from time to time, to improve the Company's corporate governance practices with regards to the latest developments on all applicable laws, rules and regulations.

## Compliance with the Corporate Governance Code

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Corporate Governance Code") throughout the year ended December 31, 2019, save that none of the Directors are appointed for a specific term since they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Under Article 107(A) of the Articles of Association of the Company, one-third of the Board must retire by rotation at each general meeting of the Company, and if eligible, offer themselves for re-election.

The Company has also voluntarily complied with a number of the recommended best practices set out in the Corporate Governance Code, aimed at further enhancement of the Company's corporate governance standard as well as promotion of the best interests of the Company and shareholders as a whole.

## Corporate Governance Policy

Corporate governance is vital to the development of the Company. The Board continuously reviews, monitors and develops the corporate governance policies and practices to ensure compliance with the Company's Articles of Association and the laws, rules and regulatory requirements governing the Group. The corporate governance function performed by the Board through, but not limited to, the following:

- monitor and review the Directors' and the senior management's training and continuous professional development.
- review compliance of the Corporate Governance Code and the disclosure set out in this Corporate Governance Report.
- review and monitor the compliance of the Model Code for Securities Transactions by Directors, the Code for Securities Transactions by Relevant Employees and other codes of conduct of the Company.

## Board of Directors

### Roles and Responsibilities

The Board is collectively responsible for supervising, leading and setting directions and strategies for the affairs of the Group with effective corporate governance framework to strike for long term success of the Company. The principal responsibilities of the Board include, but are not limited to, the following:

- oversee the Company's financial performance and operations through determination of the annual budget and continuous review of performance results.
- consider matters covering appointment of Directors, senior management and external auditors, major acquisitions and disposals, as well as other significant operational matters.
- review and monitor the Company's policies and practices on corporate governance.
- monitor and review risks and changes in local and international business communities in order to enhance shareholders' value.
- develop overall mid-term and long-term strategy and direction of the Company.

The Board continuously monitors the delegation and reservation for decision and consideration of specifically identified matters, with specific functions are delegated to Board Committees and senior management of the Group. Formal written procedures which are reviewed regularly have been adopted by the Company for the governance of delegation and reservation of responsibilities of the Board.

## Board Composition

As at the date of this report, the Board consists of five Group Executive Directors, two Non-executive Directors and five Independent Non-executive Directors. An analysis of the current composition of the Board of the Company is set out below:

### Group Executive Directors

Mr Horst Julius Pudwill (Chairman)  
Mr Stephan Horst Pudwill (Vice Chairman)  
Mr Joseph Galli Jr (Chief Executive Officer)  
Mr Kin Wah Chan (Operations Director)  
Mr Chi Chung Chan (Group Chief Financial Officer)

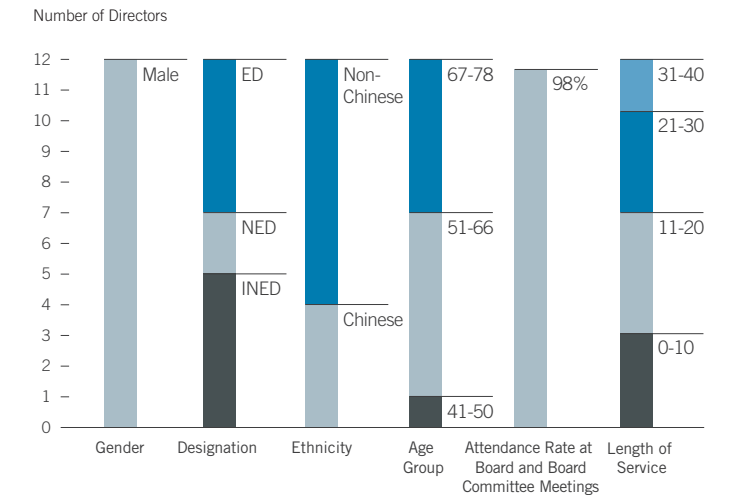
### Non-executive Directors

Prof Roy Chi Ping Chung GBS BBS JP  
Mr Camille Jojo

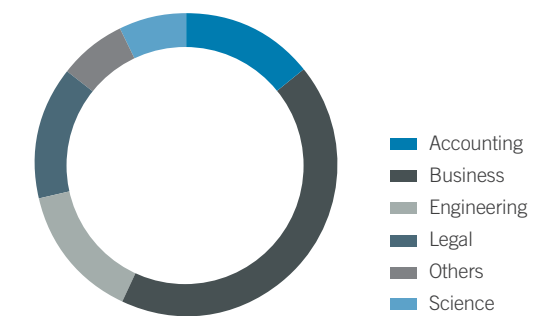
### Independent Non-executive Directors

Mr Christopher Patrick Langley OBE  
Mr Peter David Sullivan  
Mr Vincent Ting Kau Cheung  
Mr Johannes-Gerhard Hesse  
Mr Robert Hinman Getz

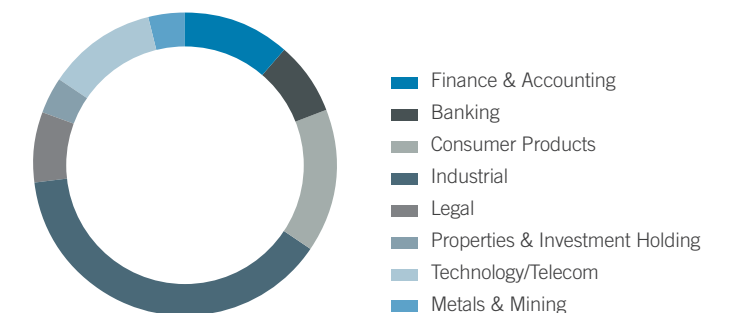
Biographical details and relevant relationships of the members of the Board are set out on pages 56 to 61 of this annual report. A list of Directors and their roles and functions are published on the Company's website ([www.ttigroup.com](http://www.ttigroup.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)).



## Educational Background



## Professional Experience



In order to promote balance of power, authority and accountability, the roles of Chairman and Chief Executive Officer of the Company have been segregated and clearly distinguished.

The roles of Chairman comprise, but are not limited to, the following:

- ensure and oversee sound practices and procedures.
- encourage all Directors to make full and active contributions to the Board's affairs.
- enhance effective communication with shareholders and encourage the views of shareholders are communicated to the Board as a whole.
- lead the Board to discharges its responsibilities and ensure it performs effectively.
- take the lead to ensure the Board acts in the best interests of the Company.
- ensure all Directors are properly briefed on issues arising at Board meetings and always receive timely, accurate and reliable information.

The roles of Chief Executive Officer comprise, but are not limited to, the following:

- lead the global management team in the Group's daily operations.
- execute the Company's strategic initiatives.
- enhance the global sales potential of the Company's strong brand portfolio and facilitate the integration of acquisitions, if any.

Appointment of directors is recommended by the Nomination Committee for approval of the Board. Directors are aware that they must be able to contribute sufficient time and attention to the affairs of the Company before accepting their appointment. A formal orientation is provided for each newly appointed Director, which details the duties and responsibilities of Directors under the Listing Rules, the Company's Articles of Association, and related ordinances and relevant regulatory requirements of Hong Kong. Presentations by external professionals and senior executives of the Company are also provided to ensure a proper understanding of the Company's business and operations.

In accordance with the Company's Articles of Association and the Listing Rules, Directors are subject to retirement by rotation at least once every three years. Any Directors appointed to fill a casual vacancy would be subject to election by shareholders at the next annual general meeting after their appointment. Independent Non-executive Directors and Non-executive Directors form a majority of the Board, and the Independent Non-executive Directors represent over one-third of the Board as at the date of this report. Furthermore, majority of the Independent Non-executive Directors possesses professional qualifications or accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules. All Independent Non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. Annual confirmation of independence from each of the Independent Non-executive Directors has been received by the Company and they are still considered to be independent.

Appropriate Directors' and Officers' liability insurance has been arranged by the Board to indemnify the Directors and Officers of the Group for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are reviewed annually.

## Directors' Continuous Professional Development

All Directors are provided with regular training, updates and written materials on relevant laws, rules and regulations to ensure that they are aware of the latest development in the commercial and regulatory environment in which the Company conducts its business. The Directors are encouraged to participate in various professional development programs especially in relation to compliance requirements to develop and refresh their knowledge and skills and the latest updates on relevant rules, regulations in order to ensure that the Directors' contribution to the Board remains informed and relevant.

All Directors participate in continuous professional development as set out in code provision A.6.5 of the Corporate Governance Code. According to the records of training provided by each Director to the Company, the training received by the Directors in 2019 is summarized in the following table:

	Type of Continuous Professional Development Programme		
	Updates on business operations, laws, rules and regulations or corporate governance matters	Updates on directors' roles, functions and duties	Updates on accounting, financial or other professional skills
<b>Group Executive Directors</b>			
Mr Horst Julius Pudwill	√	√	
Mr Stephan Horst Pudwill	√	√	
Mr Joseph Galli Jr	√	√	
Mr Kin Wah Chan	√	√	√
Mr Chi Chung Chan	√	√	√
<b>Non-executive Directors</b>			
Prof Roy Chi Ping Chung GBS BBS JP	√	√	√
Mr Camille Jojo	√	√	√
<b>Independent Non-executive Directors</b>			
Mr Christopher Patrick Langley OBE	√	√	
Mr Peter David Sullivan	√	√	
Mr Vincent Ting Kau Cheung	√	√	√
Mr Johannes-Gerhard Hesse	√	√	√

## Compliance with the Codes for Securities Transactions

The provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") has been adopted by the Board. In response to the specific enquiries made, all Directors have confirmed that they have fully complied with the required standards as set out in the Model Code during the year ended December 31, 2019.

The Company has also adopted another code of conduct on terms no less onerous than the Model Code that applies to securities transactions of all relevant employees who may be in possession of unpublished price sensitive information in relation to the Company (the "Code for Securities Transactions by Relevant Employees"). During the year, no incident of non-compliance was noted by the Company.

Both the Model Code and the Code for Securities Transactions by Relevant Employees have been published on the Company's website (www.ttigroup.com).

## Board Meetings

Board meetings of the Company are held regularly, where at least four Board meetings are scheduled in a year with more frequent meetings as and when required in order to facilitate the effectiveness of the Board. In 2019, five Board meetings were held and the attendance records of each Director are set out in the section headed "Board, Board Committee and General Meetings in 2019" at the end of this report.

Board meeting, Board Committee meeting and Annual General Meeting dates for 2020 were agreed upon at the Board meeting held in August 2019 to ensure maximum attendance of Directors. The meeting agenda is set by the Chairman in consultation with members of the Board to include any other matters raised by Directors in advance. Minutes of the Board and Board Committee meetings with sufficient details of matters and concerns discussed are prepared and maintained by the Company Secretary of the Company (the "Company Secretary"), which are sent to the Directors for comment and records. Board records which are kept in safe custody by the Company Secretary are available for inspection by the Directors.

Accurate, reliable and complete information on the affairs of the Group are provided to all Directors in a timely manner. They have access to all related materials in relation to the Board's issues to facilitate informed decisions with sufficient details. To enhance understanding of the business of the Group and Directors' responsibilities under statute and at common law, all Directors are provided with briefings and professional development training as necessary. The Company Secretary provide full support to the Directors in order to ensure Board procedures and all applicable laws, rules and regulations are followed. Directors are also provided with access to senior management of the Group upon request, as well as to independent professional advice on performing their duties at the Company's expense.

### Board Committees

The Board has established three Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, to delegate various responsibilities. Each of these Board Committees has specific written terms of reference which deal clearly with their authority and duties and have been published on the Company's website ([www.ttigroup.com](http://www.ttigroup.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)).

Independent Non-executive Directors form majority of all Board Committees. With active participation and regular attendance of Independent Non-executive Directors, independent views and opinions are encouraged to be contributed and expressed at the Board Committee meetings. The Board oversees and monitors the delegated authority and responsibilities through regular reporting by the Board Committees in relation to their activities involved and recommendations and decisions made. The attendance records of each Board Committee are set out in the section headed "Board, Board Committee and General Meetings in 2019" at the end of this report.

### Audit Committee

The Audit Committee is chaired by Mr Peter David Sullivan with other members being Mr Vincent Ting Kau Cheung, Mr Johannes-Gerhard Hesse and Mr Camille Jojo (who has been appointed with effect from August 14, 2019). All members except Mr Camille Jojo are Independent Non-executive Directors. Most of the members of the Audit Committee have professional qualifications or accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules.

The Audit Committee aims to ensure compliance with the Group's obligations under the Listing Rules and other applicable laws and regulations as well as effectiveness of the risk management and internal control systems. It also oversees the integrity of the financial statements of the Company. The Audit Committee is also directly responsible on behalf of the Board for the selection, oversight and remuneration of the Company's external auditors, the assessment of the independence and qualifications of the external auditors, the oversight of the performance of the Company's external auditors and the maintenance of an appropriate relationship with the external auditors.

The Audit Committee held four meetings in 2019 and performed duties summarized below:

- review and assist to maintain the effectiveness of the Group's risk management and internal controls systems.
- oversee the relationship between the Company and the external auditors, recommend the re-appointment of the external auditors and review the audit and non-audit services provided by the external auditors.
- review and monitor the Group's accounting principles and practices, financial reporting matters and significant financial matters.
- review and make recommendations to the Board for the approval of the interim and annual financial statements of the Group.
- review the extent, scope and effectiveness of internal audit function of the Group.

### Nomination Committee

The Nomination Committee is chaired by Mr Horst Julius Pudwill (Chairman of the Board) with the other members being Mr Vincent Ting Kau Cheung, Mr Christopher Patrick Langley OBE and Mr Johannes-Gerhard Hesse (who has been appointed with effect from March 6, 2019). All members except Mr Horst Julius Pudwill are Independent Non-executive Directors.

The Nomination Committee aims to ensure a fair and transparent process of Board appointments, and in particular, to assist the Board to identify suitably qualified candidates and make recommendations for consideration of the Board and shareholders. When considering suitable candidates of Directors, the Nomination Committee considers factors including, but not limited to, integrity, ethics, professional knowledge, personal skills, industry experience and as well as the ability to contribute sufficient time and attention to the Board in their recommendations.

The Nomination Committee held two meetings in 2019. The work performed by the Nomination Committee in 2019, with sufficient resources provided by the Company and/or independent professional advice when necessary, included:

- review of the size, structure and composition of the Board on a regular basis.
- assess the independence of Independent Non-executive Directors.
- review the Nomination Policy and the Board Diversity Policy.
- make recommendations to the Board on relevant matters relating to the retirement and re-election of the Directors at the 2019 Annual General Meeting.

The Board has adopted the Board Diversity Policy in August 2013, which is published on the Company's website ([www.ttigroup.com](http://www.ttigroup.com)). Widening diversity at the Board level is essential for sustainable development of the Group. The Nomination Committee would consider various perspectives, including, but not limited to, age, gender, educational background, cultural, professional experience and length of service while reviewing the composition of the Board. An analysis of the current Board composition based on these objective criteria is set out on page 63 of this report.

### Remuneration Committee

The Remuneration Committee is formed by majority of Independent Non-executive Directors and is chaired by Mr Vincent Ting Kau Cheung with the other members being Mr Christopher Patrick Langley OBE, Mr Peter David Sullivan and Mr Camille Jojo.

The responsibilities of the Remuneration Committee include, but not limited to, developing and administering a fair and transparent procedure for setting policy on the overall human resources strategy of the Group and the remuneration of Directors and senior management of the Group, and determining their remuneration packages, on the basis of their merit, competence and qualifications, and having regard to individual performance, the Company's operating results and return to shareholders, and comparable market statistics. The Remuneration Committee makes recommendations to the Board on the remuneration packages of Executive Directors and senior management, including, without limitation, base salaries, benefits in kind, compensation payments and bonuses, and consults the Chairman and/or Chief Executive Officer for the proposals of other Executive Directors' remuneration packages. The Remuneration Committee also makes recommendations to the Board on the remuneration of Non-executive Directors and Independent Non-executive Directors. The Remuneration Committee reports directly to the Board on its decisions or recommendations and with access to sufficient resources and professional advice if necessary.

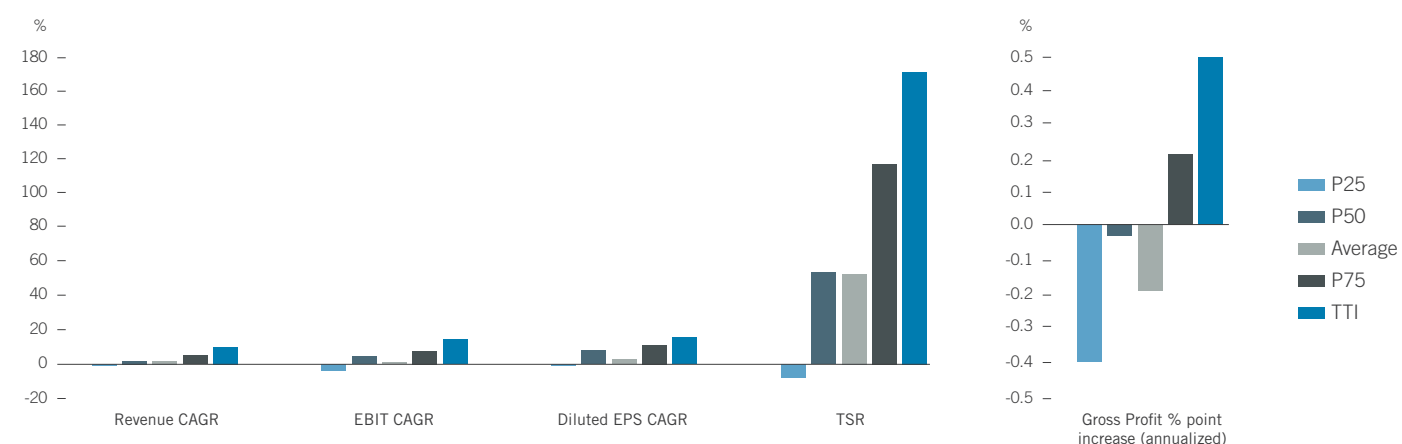
The Remuneration Committee held two meetings in 2019 and performed, among other work, the following:

- review and make recommendations on the existing Remuneration Policy for Directors and senior management.
- assess the Executive Directors' performance and remuneration packages.

The Group engages a global executive compensation consulting firm as an independent third party to review the compensation of the Chairman, the CEO and other Executive Directors. The compensation packages of the Group's Executive Directors were assessed relative to similar positions at 20 similarly sized peer companies operating in the same or adjacent industries. The consultant's assessment took into account the Group's absolute share price, financial and operational performance, as well as that relative to the peer companies.

As shown in the chart below, over the past five years the Group has outperformed the peer companies in a number of key performance metrics such as revenue growth, EBIT growth, diluted EPS growth, gross profit margin improvement and stock price performance.

**Five Year Performance Metrics Growth**



Source: Peer companies' data from S&P Capital IQ

The Remuneration Committee reviewed and recommended to the Board for approval the 2019 incentive payouts for the Chairman, the CEO and other Executive Directors commensurate with the exceptional performance delivered by the Group.

As noted in the 2018 Annual Report, the Board approved multi-year performance-based share awards to Mr Galli ("CEO Share Awards") subject to the Company's achievement of share price and operational performance criteria ("Performance Criteria") over the period 2019 to 2023. The CEO Share Awards were conditioned upon the Company's meeting the Performance Criteria each year. Under the terms of the CEO Share Awards, Mr Galli delivered exceptional performance in 2019 and was awarded one million shares on January 3, 2020 for the Company's share price and operational performance over the three-year period ending in 2019 ("2019 Award"). These shares are scheduled to vest to Mr Galli on January 1, 2025. The remainder of the CEO Share Awards (up to four million shares) will be awarded subject to the Company's future performance meeting the goals set out in the CEO Share Awards plan from 2020 to 2023. The 2019 Award was made under the 2018 Share Award Scheme.

The Company has adopted two share award schemes, namely the 2008 Share Award Scheme and the 2018 Share Award Scheme. The 2008 Share Award Scheme was adopted on January 9, 2008 (the "2008 Adoption Date") and expired from January 9, 2018, though its provisions shall remain in full force and effect in all other respects. Following the expiry of the 2008 Share Award Scheme, the 2018 Share Award Scheme was adopted with effect from January 17, 2018 (the "2018 Adoption Date").

The scheme rules of both the 2008 Share Award Scheme and the 2018 Share Award Scheme are substantially identical and below are the summary of the principal terms of both schemes:

Any employee or Director (including, without limitation, any Executive, Non-executive or Independent Non-executive Director) of any member of the Group (the "Eligible Person") will be entitled to participate the schemes. Unless terminated earlier by the Board in accordance with the respective scheme rules, the effective term of each scheme is 10 years commencing on the adoption date of the relevant scheme provided that no contribution to the trust will be made by the Company on or after the 10th anniversary date of the adoption date of the relevant scheme. Details of both schemes were announced by the Company on the respective adoption date of the schemes.

The Board may, from time to time, at their absolute discretion select any Eligible Person for participation in any scheme as a selected grantee (the "Selected Grantee") and determine the number of shares to be awarded or make reference to a nominal amount. The relevant number of shares awarded will be purchased by the trustee of the schemes from the market or new shares will be subscribed for by the trustee at the cost of the Company and be held in trust until they are vested. When the Selected Grantee has satisfied all vesting conditions specified by the Board, the trustee will transfer the relevant vested shares together with the income derived therefrom (net of accrued interest) to the Selected Grantee.

The maximum number of shares which can be awarded under each scheme is 10% of the issued share capital of the Company as at the adoption date thereof, and the maximum number of shares which can be awarded under each scheme to a Selected Grantee, at any one time, shall not in aggregate exceed 1% of the issued share capital of the Company as at the adoption date thereof. The total issued share capital of the Company as at the 2008 Adoption Date and the 2018 Adoption Date were 1,501,252,152 shares and 1,835,021,941 shares, respectively.

Since the 2008 Adoption Date and up to December 31, 2019, a total of 3,946,000 shares had been awarded under the 2008 Share Award Scheme, representing 0.26% of the issued share capital of the Company as at the 2008 Adoption Date. Recognition of share-based payment expenses under the 2008 Share Award Scheme during the year was US\$66,000. During the year ended December 31, 2019, 150,000 shares were transferred to certain Selected Grantees upon vesting under the 2008 Share Award Scheme. The total payout, including related expenses, amounted to US\$595,000.

Since the 2018 Adoption Date and up to December 31, 2019, a total of 2,724,000 shares had been awarded under the 2018 Share Award Scheme, representing 0.15% of the issued share capital of the Company as at the 2018 Adoption Date. Recognition of share-based payment expenses under the 2018 Share Award Scheme during the year was US\$4,090,000. During the year ended December 31, 2019, a total of 1,560,000 shares had been awarded under the 2018 Share Award Scheme to two Directors and certain Selected Grantees of the Company, representing 0.09% of the issued share capital of the Company as at the 2018 Adoption Date. The total payout, including related expenses, amounted to US\$8,276,000. In addition, during the year ended December 31, 2019, 301,000 shares were transferred to certain Selected Grantees upon vesting under the 2018 Share Award Scheme. As at December 31, 2019, detailed of the awarded shares granted to the Directors of the Company under the 2008 Share Award Scheme and the 2018 Share Award Scheme were as follows:

Name of Directors	Date of Award	Share award scheme category	Number of awarded shares	Number of shares					Closing price at the Date of Award	
				As at January 1, 2019	Awarded during the year	Vested during the year	Lapsed during the year	As at December 31, 2019		
Mr Horst Julius Pudwill	18.9.2014	2008	350,000	—	—	—	—	—	18.9.2015 – 18.9.2017	HK\$22.50
	26.9.2014	2008	174,000	—	—	—	—	—	26.9.2015 – 26.9.2017	HK\$22.10
	15.10.2015	2008	500,000	—	—	—	—	—	15.10.2016 – 15.10.2017	HK\$27.10
	23.3.2017	2008	300,000	150,000	—	(150,000)	—	—	23.3.2018 – 23.3.2019	HK\$32.15
Mr Stephan Horst Pudwill	21.3.2018	2018	500,000	500,000	—	(125,000)	—	375,000	15.3.2019 – 15.3.2022	HK\$47.00
	20.5.2019	2018	300,000	—	300,000	—	—	300,000	20.5.2020 – 20.5.2022	HK\$50.20
	15.10.2015	2008	100,000	—	—	—	—	—	15.10.2016	HK\$27.10
Mr Joseph Galli Jr <sup>(5)</sup>	21.3.2018	2018	50,000	50,000	—	(12,500)	—	37,500	15.3.2019 – 15.3.2022	HK\$47.00
	17.12.2014	2008	300,000	—	—	—	—	—	17.12.2015 – 17.12.2017	HK\$25.85
	15.10.2015	2008	1,000,000	—	—	—	—	—	15.10.2016 – 15.10.2017	HK\$27.10
Mr Kin Wah Chan	19.8.2016	2008	1,000,000	—	—	—	—	—	31.8.2016	HK\$30.50
	21.3.2018	2018	514,000	514,000	—	(128,500)	—	385,500	15.3.2019 – 15.3.2022	HK\$47.00
	15.10.2015	2008	100,000	—	—	—	—	—	15.10.2016	HK\$27.10
Mr Chi Chung Chan	21.3.2018	2018	50,000	50,000	—	(12,500)	—	37,500	15.3.2019 – 15.3.2022	HK\$47.00
	15.10.2015	2008	100,000	—	—	—	—	—	15.10.2016	HK\$27.10
Mr Camille Jojo	21.3.2018	2018	50,000	50,000	—	(12,500)	—	37,500	15.3.2019 – 15.3.2022	HK\$47.00
	4.1.2017	2008	11,500	—	—	—	—	—	4.1.2017	HK\$28.00
	8.1.2018	2008	10,500	—	—	—	—	—	8.1.2018	HK\$51.50
	2.1.2019	2018	10,000	—	10,000	(10,000)	—	—	2.1.2019	HK\$41.10
	20.5.2019	2018	150,000	—	150,000	—	—	150,000	20.5.2020 – 20.5.2022	HK\$50.20
<b>Total</b>			<b>5,570,000</b>	<b>1,314,000</b>	<b>460,000</b>	<b>(451,000)</b>	<b>—</b>	<b>1,323,000</b>		

Notes:

- (1) All the awarded shares are purchased from the market.
- (2) At the end of the year, the average fair value per share is HK\$41.22. The average fair value of the awarded shares is based on the average purchase cost.
- (3) During the reporting year, a total of 1,300,000 shares were purchased at an aggregate consideration of US\$8,477,000 for satisfying the awards granted pursuant to the 2008 Share Award Scheme and the 2018 Share Award Scheme.
- (4) 12,500 shares were awarded and vested to Mr Camille Jojo on January 3, 2020.
- (5) Details of the agreement for the separate 5,000,000 awarded shares to be granted to Mr Joseph Galli Jr between 2020 and 2024 in five equal tranches (i.e. 1,000,000 awarded shares per year) provided the Company meets certain performance criteria each year as disclosed above are not included. The first tranche of 1,000,000 shares was awarded to Mr Galli on January 3, 2020.

### Change in Director’s Emoluments

The Remuneration Committee reviewed and recommended changes to Directors’ Emoluments in March 2019. These changes were approved by the Board and have been taken effect as of January 1, 2019.

- Eliminated meeting fees to Non-executive Directors and Independent Non-executive Directors for attending Board and Board committee meetings
- Increased the annual basic Director fee in cash to HK\$600,000
- Included as the basic Director fee an annual grant of shares to vest on the first anniversary of the date of award
- Adjusted the Remuneration Committee and Nomination Committee chair and member fees to HK\$100,000 and HK\$60,000, respectively

The new remuneration framework for Non-executive Directors and Independent Non-executive Directors is as follows:

Board	
– Basic fee (cash)	HK\$600,000
– Basic fee (shares)	Varies
Audit Committee	
– Chairman	HK\$225,000
– Member	HK\$150,000
Nomination Committee	
– Chairman	HK\$100,000
– Member	HK\$60,000
Remuneration Committee	
– Chairman	HK\$100,000
– Member	HK\$60,000

The changes to the Non-executive Directors’ and Independent Non-executive Directors’ remuneration arrangements are intended to simplify and standardize the overall package while improving the Directors’ alignment with shareholders through annual grants of Company shares.

Mr Johannes-Gerhard Hesse, an Independent Non-executive Director, was appointed as member of the Nomination Committee with effect from March 6, 2019. Mr Johannes-Gerhard Hesse is entitled to the Nomination Committee fee which has been fixed by the Board.

In addition, Mr Camille Jojo, a Non-executive Director, was appointed as member of the Audit Committee with effect from August 14, 2019. Mr Camille Jojo is entitled to the Audit Committee fee which has been fixed by the Board.

### Company Secretary

The Company Secretary is responsible for ensuring that Board procedures are followed. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is also responsible for facilitating information flow and communication among Directors as well as with Shareholders and management of the Company. The Company Secretary is an employee of the Company and is appointed by the Board. The Company Secretary undertook over 15 hours of professional training to update her skills and knowledge every year.

### Accountability and Audit

The Board acknowledges its responsibility for overseeing the preparation of the accounts of the Group which give a true and fair view of the Group’s state of affairs, results and cash flows for the year.

The Board will present a balanced, clear and understandable assessment of annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to the regulators as well as information required to be disclosed pursuant to statutory requirements.

### Risk Management and Internal Controls

Risk management and internal control is essential for the Group’s achievement of its long term goals. The Board continuously monitors and reviews key internal control policies which include the treasury management policy, delegated authorities, policy on market disclosure, investor and media relations and non-audit services, as well as key risk management functions which include treasury, capital management, insurance and legal. In order to maintain a sound and effective risk management and internal control systems, the Board conducts an annual review of the effectiveness of the risk management and internal control systems of the Company, which is designed to manage and minimize risks of failure in operational systems, and to provide reasonable but not absolute assurance that material misstatement or loss can be avoided. A whistle blowing policy (the “Whistle Blowing Policy”) has been adopted in order to detect and identify improprieties and bring the issues to the attention of the management, the Audit Committee as well as the Board.

The Board, and in particular the Audit Committee, conducts a continuous review of the effectiveness of the Group’s risk management and internal control systems that have been put in place. The reviews covering financial, operational, and compliance controls and risk management performed in 2019 included:

- the regular internal audit updates.
- the performance and adequacy of accounting and financial reporting functions.
- the delegated authorities and organization structure as well as the strategic and annual operating plan.
- the risk management process including formal risk assessment at the enterprise level upon discussions with senior management responsible for day-to-day management of significant risks.
- the scope and quality of management’s ongoing monitoring of risks and system of internal control and the effectiveness of the Company’s procedures relating to statutory and regulatory compliance.

The internal audit function is essential to provide an independent and objective assurance to the Audit Committee and the Board in controlling the internal business environment. The Internal Auditor reports periodically to the Audit Committee and meets the Chairman of the Audit Committee regularly. The internal audit function maintain independent review continuously on key business aspects in accordance with the annual audit plan, and report the key findings to the Board through the Audit Committee.

The procedures and internal controls for handling and disseminating of inside information are governed by the Model Code, the Code for Securities Transactions by Relevant Employees, the Whistle Blowing Policy, the Policy on Market Disclosure, Investor and Media Relations with a view to ensure compliance with the Company’s Articles of Association and the statutory and regulatory requirements that the Group is subject to.

In light of the above reviews and policies, the Board confirms that the Group’s risk management and internal controls systems are effective and adequate.

### External Auditors

Deloitte Touche Tohmatsu, the external auditors of the Group, provided the following audit and non-audit services to the Group in 2019:

Nature of Services	Amount (US\$ million)
External Audit Services	2.30
Taxation Services	0.10
Other Services	0.02

The other services provided by Deloitte Touche Tohmatsu comprised professional services conducted under the terms of specified engagements.

The nature and ratio of annual fees to external auditors for audit services and non-audit services are subject to scrutiny by the Audit Committee to ensure the independence of the external auditors. All non-audit services from external auditors are regulated by a Policy on Non-Audit Services published on the Company’s website (www.ttigroup.com).

The Audit Committee and the external auditors of the Group meet twice a year without the presence of the management of the Group to enhance independent reporting by external auditors of the Group. In order to maintain effective communication with shareholders, the external auditors attended the 2019 Annual General Meeting to answer questions about the accounting policies, the auditor independence, the conduct of the audit and the preparation and content of the auditors’ report.

## Investor Relations and Shareholder Communications

The Company aims to maintain effective communication and on-going dialogue with its shareholders and investors particularly through the following major means:

### Shareholders' Communication Policy

The Board has adopted the Shareholders' Communication Policy on March 22, 2012, which primarily covers the current practices for communicating with shareholders and is published on the Company's website (www.ttigroup.com). All the Company's circulars, announcements, notices and results of general meetings, annual and interim reports, and webcasts of results presentations conducted at press conferences, which are published on the Company's website (www.ttigroup.com), provide timely, efficient and accurate information to shareholders and investors. Essential information is communicated to the shareholders mainly through the Company's financial reports, general meetings and the information published on the Company's website (www.ttigroup.com) and the Stock Exchange's website (www.hkexnews.hk). In addition, the Company holds regular meetings with institutional shareholders and analysts and encourages shareholders to attend annual general meetings to communicate with Directors and management of the Company directly.

A Policy on Market Disclosure, Investor and Media Relations, published on the Company's website (www.ttigroup.com), ensures that the Company complies with its disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information issued by the Company.

### Shareholders' Rights

#### Convening of extraordinary general meeting on requisition by shareholders

Pursuant to Article 64 of the Articles of Association of the Company and sections 566-568 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong), shareholders holding at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company (the "Requisitionists"), may request the Directors to convene an extraordinary general meeting ("EGM"). The written requisition must state the general nature of the business to be dealt with at the EGM and must be signed by the Requisitionists and sent to the registered office of the Company which is currently located at 29/F, Tower 2, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong for the attention of the Company Secretary. The requisition may consist of several documents in like form and may include the text of a resolution that may properly be moved and is intended to be moved at the EGM.

If the Directors do not, within 21 days after the date on which they become subject to the requirement, proceed duly to convene an EGM for a day not more than 28 days after the date of the notice convening the EGM, the Requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an EGM. The EGM 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 an EGM. Any reasonable expenses incurred by the Requisitionists by reason of the failure of the Directors duly to convene an EGM shall be repaid to the Requisitionists by the Company.

#### Procedure for nominating a person for election as a Director

For the detailed procedure for shareholders to nominate a person to stand for election as Director, please refer to the written procedure named "Nomination of Directors by Shareholder" which is published on the Company's website (www.ttigroup.com).

#### Procedure for directing shareholders' enquiries to the Board

The Company values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Shareholders may address their comments, suggestions and/or enquires to the Board in writing through Investor Relations and Communication (contact details are set out in the section headed "Corporate Information" of this annual report).

#### Procedure for putting forward proposals at general meetings

Pursuant to Section 615 of the Companies Ordinance, shareholders may submit a written requisition to circulate a resolution at an annual general meeting ("AGM") if they: (a) represent at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at the AGM to which the request relates; or (b) are at least 50 shareholders having a right to vote on the resolution at the AGM to which the request relates.

The written requisition must: (a) identify the resolution of which notice is to be given; (b) be signed by the requisitionists; (c) be sent to the registered office of the Company for the attention of the Company Secretary; and (d) be received by the Company not later than six weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM. Shareholders are requested to refer to Section 580 and 615 of the Companies Ordinance for further details.

## Constitutional Document

No change has been made to the Company's constitutional document during 2019. The constitutional document of the Company was published on the Company's website (www.ttigroup.com) and the Stock Exchange's website (www.hkexnews.hk).

## Board, Board Committee and General Meetings in 2019

A summary of attendance of Board, Board Committee and general meetings in 2019 are detailed in the following table:

	Meetings attended/Held in 2019				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	General Meeting
Number of meeting(s) held during the year	5	4	2	2	1
<b>Group Executive Directors</b>					
Mr Horst Julius Pudwill	5/5		2/2		1/1
Mr Stephan Horst Pudwill	5/5				1/1
Mr Joseph Galli Jr	5/5				1/1
Mr Kin Wah Chan	4/5				1/1
Mr Chi Chung Chan	5/5				1/1
<b>Non-executive Directors</b>					
Prof Roy Chi Ping Chung GBS BBS JP	5/5				1/1
Mr Camille Jojo <sup>(1)</sup>	5/5	1/1		2/2	1/1
<b>Independent Non-executive Directors</b>					
Mr Christopher Patrick Langley OBE	4/5		2/2	2/2	1/1
Mr Manfred Kuhlmann <sup>(2)</sup>	3/3	2/2	1/1	1/1	1/1
Mr Peter David Sullivan	5/5	4/4		2/2	1/1
Mr Vincent Ting Kau Cheung	5/5	4/4	2/2	2/2	1/1
Mr Johannes-Gerhard Hesse <sup>(3)</sup>	5/5	4/4	1/1		1/1
Date(s) of meeting(s)	16.1.2019 6.3.2019 16.5.2019 14.8.2019 25.10.2019	5.3.2019 16.5.2019 13.8.2019 24.10.2019	6.3.2019 13.8.2019	6.3.2019 13.8.2019	17.5.2019

Notes:

- (1) Mr Camille Jojo was appointed as a member of the Audit Committee with effect from August 14, 2019.
- (2) Mr Manfred Kuhlmann retired as Independent Non-executive Director after the conclusion of the 2019 Annual General Meeting.
- (3) Mr Johannes-Gerhard Hesse was appointed as a member of the Nomination Committee with effect from March 6, 2019.