

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance practices to safeguard the interests of its shareholders and enhance the performance of the Group. From time to time, the board of Directors (the “Board”) reviews and improves its corporate governance practices in order to ensure that the Group is under the leadership of an effective board so as to optimise return for its shareholders.

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2023, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 of the Listing Rules, with the exception of code provisions C.1.3 and F.2.2.

Code provision C.1.3 is in relation to guidelines for securities dealings by relevant employees. Under code provision C.1.3, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules for its relevant employees in respect of their dealings in the securities of the Company. Instead of following the Model Code strictly, the Board has established its own guidelines which are not on no less exacting terms than the Model Code. Such deviation from the CG Code is considered necessary because of the huge size of employees of the Group which is around 28,000 and the Group’s diversified businesses. For these reasons, to follow the exact guidelines of the Model Code will cause immense administrative burden to the Company in processing written notifications from the relevant employees who deal in the securities of the Company, which can be avoided under the Company’s own guidelines.

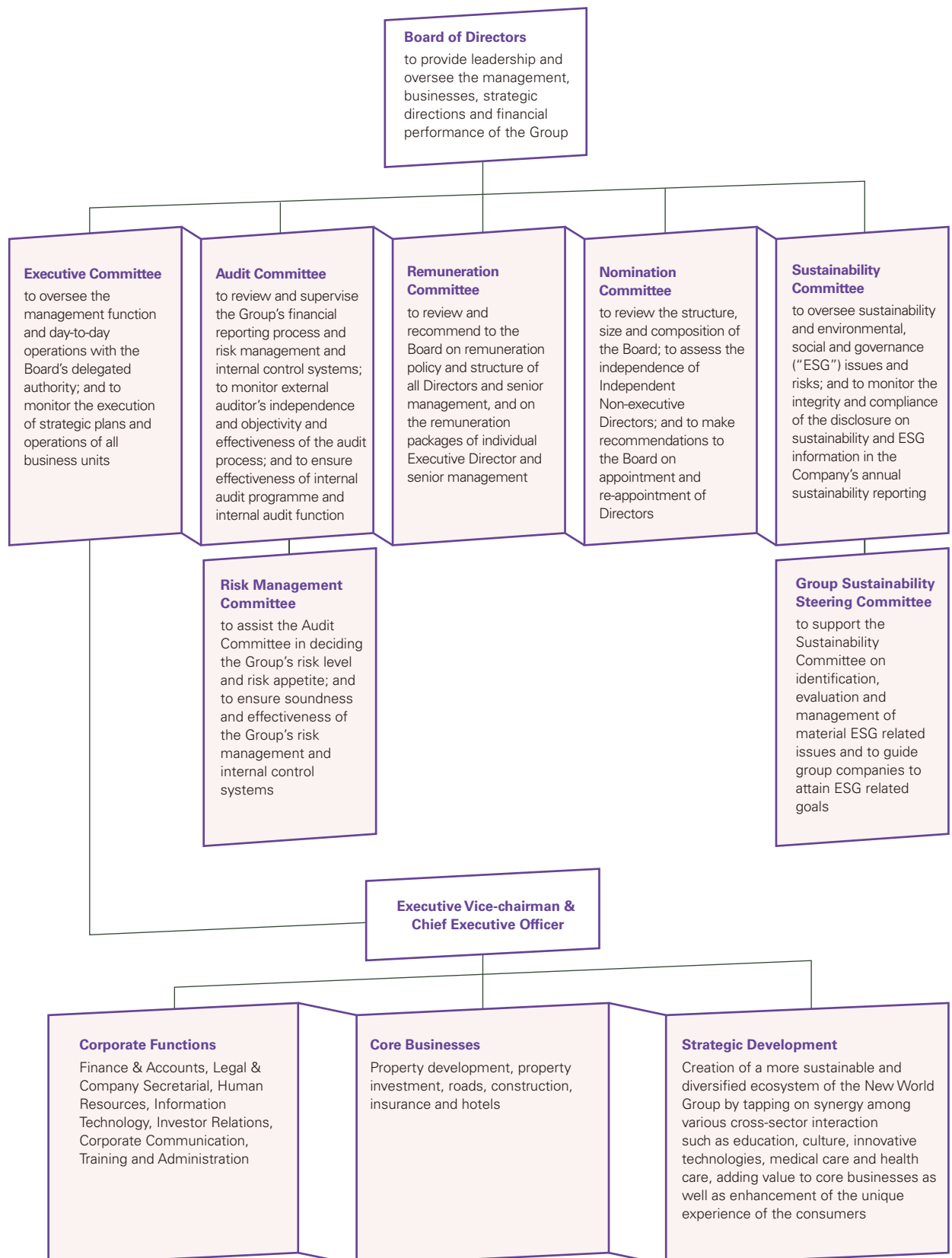
Code provision F.2.2 provides that the chairman of the board should attend the annual general meeting. Dr. Cheng Kar-Shun, Henry, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 22 November 2022 (the “2022 AGM”) due to COVID-19 infection. Dr. Cheng Chi-Kong, Adrian, Executive Vice-chairman and Chief Executive Officer of the Company who took the chair of the 2022 AGM, together with other members of the Board who attended the 2022 AGM, were of sufficient calibre for answering questions at the 2022 AGM and had answered questions at the 2022 AGM competently.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for securities transactions by its Directors.

Having made specific enquiries of all Directors, the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 30 June 2023.

BOARD GOVERNANCE



BOARD OF DIRECTORS

Composition

As at the date of this report, the Board comprises a total of 17 Directors, being seven Executive Directors, four Non-executive Directors and six Independent Non-executive Directors. The number of Independent Non-executive Directors represents more than one-third of the Board as required by Rule 3.10A of the Listing Rules. Details of the composition of the Board are set out in the section headed “Directors” in the report of the directors of this annual report. The biographies of the Directors are set out in the section “Directors’ Profile” of this annual report. Dr. Cheng Kar-Shun, Henry is the father of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Ming, Brian, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng. Save as aforesaid, none of the members of the Board is related to one another.

Board Refreshment

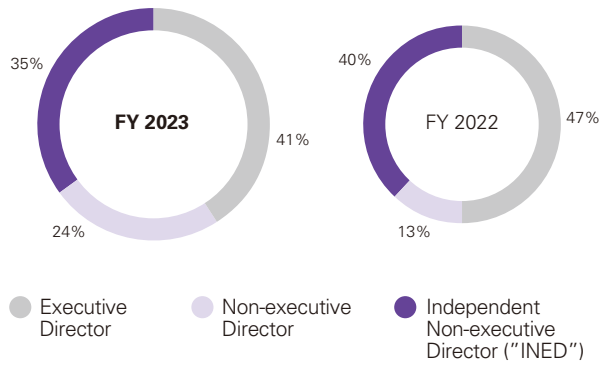
The composition of the Board has been refreshed during the year and thereby enhanced both diversity and independence of the Board.

1 July 2022	–	Appointment of Mr. Ma Siu-Cheung as Executive Director
22 November 2022	–	Retirement of Mr. Liang Cheung-Biu, Thomas as Independent Non-executive Director
1 December 2022	–	Retirement of Mr. Yeung Ping-Leung, Howard as Independent Non-executive Director
		Retirement of Mr. Ho Hau-Hay, Hamilton as Independent Non-executive Director
		Re-designation of Mr. Cheng Chi-Heng from Executive Director to Non-Executive Director
		Appointment of Mr. Cheng Chi-Ming, Brian as Non-Executive Director
		Appointment of Mrs. Law Fan Chiu-Fun, Fanny as Independent Non-executive Director
		Appointment of Ms. Lo Wing-Sze, Anthea as Independent Non-executive Director
		Appointment of Ms. Wong Yeung-Fong, Fonia as Independent Non-executive Director

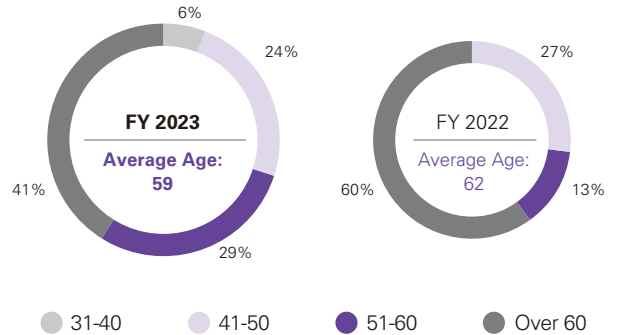
The Board refreshment has also enabled the Company to be evergreen and benefitted from the new Board members with fresh ideas and diverse expertise in order to support the sustainable growth of the Group.

Diversity Mix

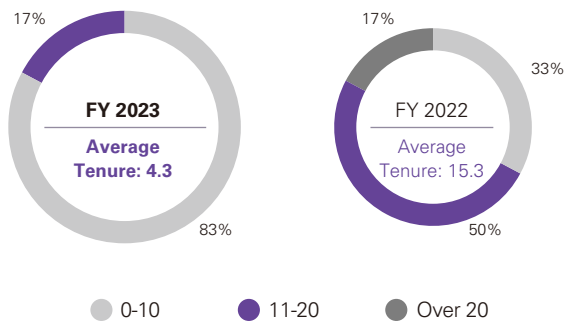
Designation



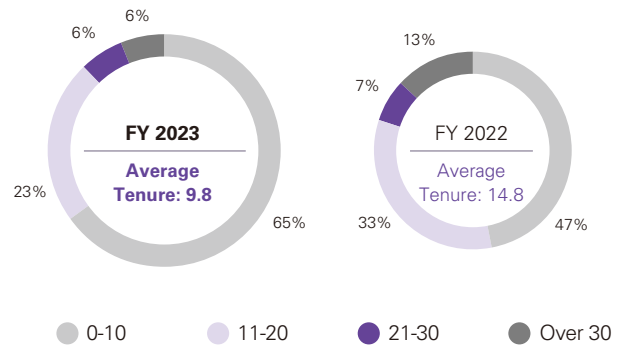
Age Group



Length of Service – INED (No. of years)



Length of Service – Board (No. of years)



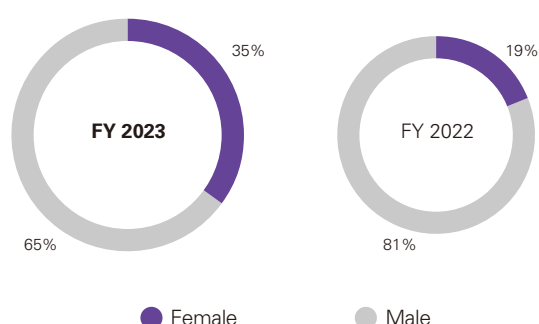
Board Diversity

The Board has adopted a Board diversity policy (the "Diversity Policy") since August 2013 which sets out the approach by the Company to achieve diversity on the Board. Under the Diversity Policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity and will also take into account factors based on its own business model and specific needs from time to time. Board members' appointment will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, skills, regional and industry experience and expertise, cultural and educational background, and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

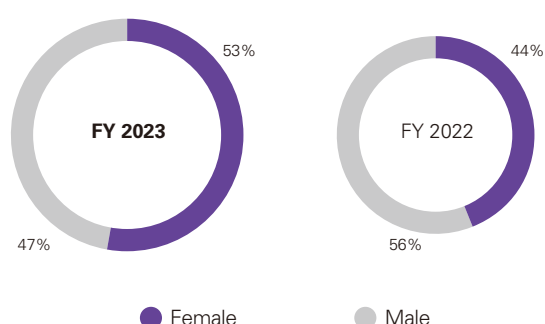
Corporate Governance Report

Currently, out of 17 Directors, six are female representing 35.29% of the Board, which exceeds the target of 30% female Board member as set for gender diversity at Board level. The Company is committed to maintaining a diverse Board with female representation at above 30%. The Nomination Committee will select appropriate candidates through multiple channels and make recommendation to the Board based on the Diversity Policy and nomination policy. Gender diversity is also promoted across all levels of the Group through a series of diversity and inclusion focused activities. The Company will strive to maintain a gender balanced workforce. More details on the gender ratio in the workforce (including senior management) of the Group can be found in the “Corporate Sustainability” section of this annual report.

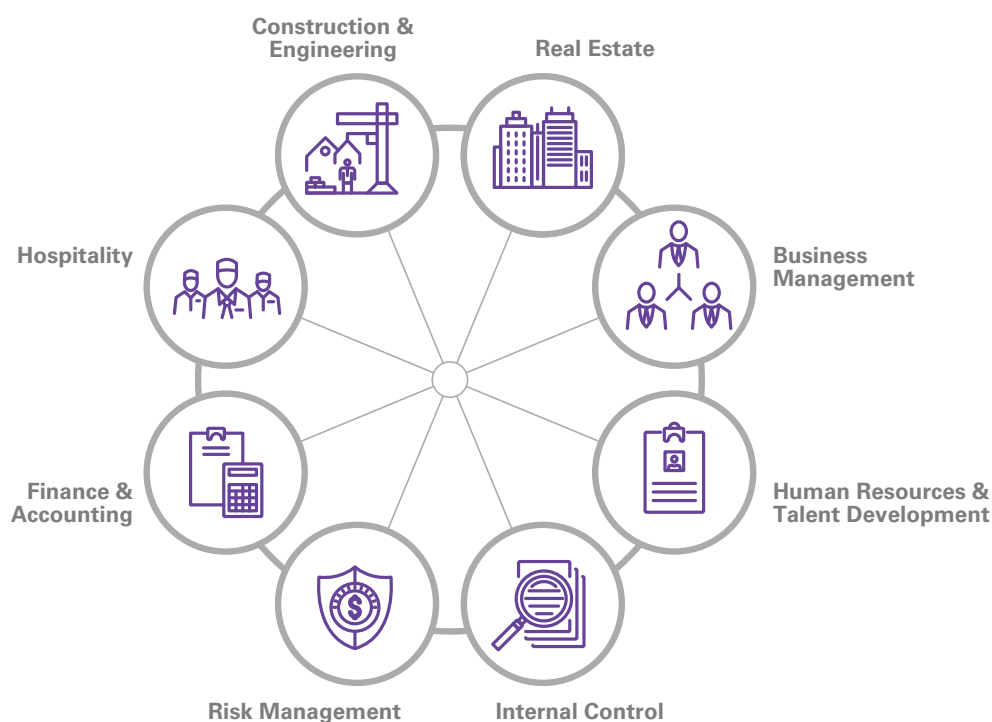
Gender Ratio – Board



Gender Ratio – Workforce (including senior management)



Board Expertise



Appointment and Re-election

All Directors have entered into formal letters of appointment with the Company, each for a term of three years, subject to retirement by rotation in accordance with the articles of association of the Company (the “Articles of Association”).

Article 103(A) of the Articles of Association provides that at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Also, pursuant to Article 94 of the Articles of Association, any Director appointed to fill a casual vacancy or as an addition to the Board is subject to re-election at the next following general meeting or next following annual general meeting of the Company respectively.

Board Evaluation

To ensure that Directors have spent sufficient time on the affairs of the Company, all Directors have annually disclosed to the Company the level of time involved in performing the duties of his/her position held in the Company and other public companies or organisations or other major appointments.

During the year, the Company has engaged an independent external facilitator specialising in corporate governance, Practising Governance Limited (“PGL”), to conduct a board evaluation exercise to solicit views from the Directors on the performance and effectiveness of the Board by means of questionnaire to the Directors supplemented by interviews with selected individual Directors. After receiving and analysing the responses received, PGL has compiled a report summarising its findings. The results and recommendations were presented by PGL and discussed at a meeting of Independent Non-executive Directors, then considered by the Nomination Committee and the Board.

The following areas have been covered in the assessment of the board evaluation:

- Board performance in core responsibilities
- Board priorities for the next 1-2 years
- Quality of board effectiveness enablers (including board composition, meetings, provision of information, etc.)

Chairman, Executive Vice-chairman & Chief Executive Officer and Other Executive Directors

Dr. Cheng Kar-Shun, Henry, the Chairman, has led the Board and ensured that the Board works effectively and that all important issues are discussed in a timely manner. Dr. Cheng Chi-Kong, Adrian, the Executive Vice-chairman & Chief Executive Officer, oversees the Company’s day-to-day businesses and the implementation of major strategies and policies of the Company. Each of the other Executive Directors takes up different responsibilities according to their own expertise. The responsibilities of the Chairman, the Executive Vice-chairman & Chief Executive Officer, and the other Executive Directors are clearly set out in their respective letters of appointment. The positions of the Chairman and the Executive Vice-chairman & Chief Executive Officer are held by separate individuals so as to maintain an effective segregation of duties.

Non-executive Directors

Non-executive Directors (including the Independent Non-executive Directors) serve the relevant function of bringing independent judgement on the development, performance and risk management of the Company. They have the same duties of care and skill and fiduciary duties as the Executive Directors.

Independence of Independent Non-executive Directors

The Company has received confirmation of independence from all Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all Independent Non-executive Directors are independent in accordance with the Listing Rules.

During the year, Independent Non-executive Directors met regularly with members of senior management and representatives from major business units, which provided a good opportunity for Independent Non-executive Directors to better understand the businesses of the Group and to discuss a wide range of issues concerning the business of the Group. The Chairman also held annual meeting with the Independent Non-executive Directors without the presence of other Directors.

Role of the Board

The Board is the ultimate decision making body of the Company except for matters requiring the approval of the shareholders in accordance with the Articles of Association, the Listing Rules or other applicable laws and regulations. It oversees the management, businesses, strategic directions and financial performance of the Group. It is collectively responsible for the management and operation of the Company. Day-to-day businesses of the Company are delegated to the management team which works under the leadership and supervision of the Executive Vice-chairman & Chief Executive Officer and the Executive Committee of the Board as discussed in sections below.

The Board strives to foster and promote a desired culture down to all levels of the Company, and ensure the desired culture is reflected in the Company's strategy, business models and operating practices towards sustainable growth of the Group. Through Town Hall, e-learning, workshops and various initiatives, our corporate vision "we create, we are artisans, we are CSV" is cultivated across the workforce. Employees are encouraged to voice out their practical innovative ideas which are fully integrated into the Group's business development. For further details of the Group's culture, please refer to the "Corporate Sustainability" section of this annual report.

The Board is responsible for performing the corporate governance duties of the Company including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year, the Board reviewed the Company's compliance with the CG Code and the applicable statutory and regulatory requirements.

The Group has complied with all major aspects of laws and regulations that are significant to its business operations, and there were no threatened or concluded cases of material nature in connection with legal compliance during the year.

Board Meetings

Regular Board meetings are held at least four times a year with at least 14 days' notices, and additional meetings with reasonable notices are held as and when the Board considers appropriate. The Board held four regular meetings and one ad hoc board meeting during the year ended 30 June 2023. The Company Secretary assists the Chairman in preparing agenda for each meeting. Draft agenda for each regular Board meeting is circulated to all Directors to enable them to include other matters into the agenda. Agenda accompanying board papers are sent to all Directors at least three days before each regular Board meeting. Board decisions are voted upon at the Board meetings. The Company Secretary records all matters considered by the Board, decisions reached and any concerns raised or dissenting views expressed by the Directors. Minutes of meetings are kept by the Company Secretary with copies circulated to all Directors for information and records.

Directors' Training

Each newly appointed Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations. From time to time, the Company Secretary also provides the Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements.

The Executive Vice-chairman & Chief Executive Officer reports the Group's business activities including operations review, segment performance, strategies and new initiatives at regular Board meetings. In addition, all Directors are provided with monthly updates on major business segments performance and year-to-date financials. All these give the Board a balanced and understandable assessment of the Group's performance, position and prospects and enable the Board as a whole and each Director to discharge their duties.

All Directors are encouraged to participate in continuous professional development activities to develop and refresh their knowledge and skills. From time to time, the Company has arranged in-house trainings for the Directors in the form of seminars/webinars and reading materials.

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The attendance records of the Directors at the Board and Board committee meetings, general meetings and the continuous professional development for the year ended 30 June 2023 are set out below:

Name of Directors	Number of Meetings Attended/ Eligible to attend for the year ended 30 June 2023							
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Sustainability Committee Meeting	Annual General Meeting	Extraordinary General Meeting	Continuous Professional Development
<i>Executive Directors</i>								
Dr. Cheng Kar-Shun, Henry	4/5	–	1/1	1/1	–	0/1	0/1	A
Dr. Cheng Chi-Kong, Adrian	5/5	–	–	–	2/2	1/1	0/1	A, B
Ms. Cheng Chi-Man, Sonia	4/5	–	–	–	–	1/1	1/1	A
Mr. Sitt Nam-Hoi	5/5	–	–	–	2/2	1/1	1/1	A, B
Ms. Huang Shaomei, Echo	4/5	–	–	–	–	0/1	0/1	A, B
Ms. Chiu Wai-Han, Jenny	5/5	–	–	–	–	1/1	1/1	A, B
Mr. Ma Siu-Cheung	5/5	–	–	–	–	1/1	1/1	A, B
<i>Non-executive Directors</i>								
Mr. Doo Wai-Hoi, William	4/5	–	–	–	–	1/1	1/1	A
Mr. Cheng Kar-Shing, Peter	4/5	–	–	–	–	1/1	1/1	A
Mr. Cheng Chi-Heng ⁽¹⁾	4/5	–	–	–	–	1/1	1/1	A
Mr. Cheng Chi-Ming, Brian ⁽²⁾	3/4	–	–	–	–	–	1/1	A
<i>Independent Non-executive Directors</i>								
Mr. Yeung Ping-Leung, Howard ⁽³⁾	0/1	0/1	–	–	–	0/1	–	A
Mr. Ho Hau-Hay, Hamilton ⁽⁴⁾	1/1	1/1	–	–	–	0/1	–	A
Mr. Lee Luen-Wai, John	5/5	3/3	1/1	1/1	–	1/1	1/1	A, B
Mr. Liang Cheung-Biu, Thomas ⁽⁵⁾	1/1	1/1	–	1/1	1/1	1/1	–	A
Mr. Ip Yuk-Keung, Albert	5/5	3/3	–	1/1	2/2	1/1	1/1	A, B
Mr. Chan Johnson Ow ⁽⁶⁾	5/5	3/3	1/1	–	2/2	1/1	1/1	A, B
Mrs. Law Fan Chiu-Fun, Fanny ⁽⁷⁾	4/4	–	–	–	1/1	–	0/1	A, B
Ms. Lo Wing-Sze, Anthea ⁽⁸⁾	4/4	2/2	–	–	–	–	1/1	A, B
Ms. Wong Yeung-Fong, Fonia ⁽⁷⁾	4/4	–	–	–	1/1	–	1/1	A, B

Notes:

- (1) re-designated from Executive Director to Non-executive Director with effect from 1 December 2022
- (2) appointed as Director with effect from 1 December 2022
- (3) retired as Director and ceased to be member of Audit Committee and Remuneration Committee with effect from 1 December 2022
- (4) retired as Director and ceased to be chairman and member of Remuneration Committee and member of Audit Committee with effect from 1 December 2022
- (5) retired as Director and ceased to be member of Audit Committee, Nomination Committee and Sustainability Committee with effect from 22 November 2022
- (6) became member of Remuneration Committee with effect from 1 December 2022
- (7) appointed as Director and became member of Sustainability Committee with effect from 1 December 2022
- (8) appointed as Director and became member of Audit Committee with effect from 1 December 2022

A – Training on corporate governance, regulatory development and other relevant topics

B – Attending corporate events or visits

BOARD COMMITTEES

The Board discharges some of its responsibilities through delegation to respective Board-level committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee. All the Board committees are empowered by the Board under their own terms of reference which have been posted on HKEx's website and/or the Company's website.

Executive Committee

Members:

Executive Directors	Dr. Cheng Kar-Shun, Henry (<i>Chairman</i>)
	Dr. Cheng Chi-Kong, Adrian
	Mr. Cheng Chi-Heng [#]
	Ms. Cheng Chi-Man, Sonia
	Mr. Sitt Nam-Hoi
	Ms. Huang Shaomei, Echo
	Ms. Chiu Wai-Han, Jenny
	Mr. Ma Siu-Cheung [*]

[#] ceased to be member with effect from 1 December 2022

^{*} became member with effect from 1 July 2022

The Board has delegated to the Executive Committee comprising all Executive Directors with authority and responsibility for handling the management functions and day-to-day operations of the Company, while reserving certain key matters such as the declaration of interim dividend, making recommendation of final dividend or other distributions for the approval by the Board. The Executive Committee monitors the execution of the Company's strategic plans and the operations of all business units of the Company, and manages and develops generally the businesses of the Company. The Executive Committee meets regularly as and when necessary.

Audit Committee

Members:

Independent Non-executive Directors	Mr. Lee Luen-Wai, John (<i>Chairman</i>)
	Mr. Yeung Ping-Leung, Howard*
	Mr. Ho Hau-Hay, Hamilton*
	Mr. Liang Cheung-Biu, Thomas [#]
	Mr. Ip Yuk-Keung, Albert
	Mr. Chan Johnson Ow
	Ms. Lo Wing-Sze, Anthea [^]

* ceased to be member with effect from 1 December 2022

[#] ceased to be member with effect from 22 November 2022

[^] became member with effect from 1 December 2022

The Audit Committee is responsible for reviewing the Group's financial controls, its risk management and internal control systems (both covering ESG topics), financial and related ESG disclosure. The Audit Committee is empowered to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. It also reviews the internal audit programme and ensures the internal audit function is adequately resourced and effective.

During the year, the Audit Committee held three meetings and the work performed by the Audit Committee included the following:

- (i) reviewed the audited financial statements of the Company for the year ended 30 June 2022 and the unaudited interim financial statements of the Company for the six months ended 31 December 2022 with recommendations to the Board for approval;
- (ii) reviewed reports on risk management and internal control systems of the Group;
- (iii) discussed with the management and the external auditors on the accounting policies and practices which may affect the Group and the financial reporting matters;
- (iv) reviewed the continuing connected transactions; and
- (v) reviewed the proposed revision to the risk management policy.

Remuneration Committee

Members:

Independent Non-executive Directors	Mr. Ho Hau-Hay, Hamilton (<i>Chairman</i>)* Mr. Yeung Ping-Leung, Howard# Mr. Lee Luen-Wai, John (<i>Chairman</i>)@ Mr. Chan Johnson Ow^
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Executive Director	Dr. Cheng Kar-Shun, Henry
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* ceased to be chairman and member with effect from 1 December 2022

ceased to be member with effect from 1 December 2022

@ became chairman with effect from 1 December 2022

^ became member with effect from 1 December 2022

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure on the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy for the Company for approval by the Board. Directors' fees including allowances are benchmarked against other listed companies of similar size and industry, and commensurate with Directors' responsibilities and workload.

The Remuneration Committee shall also make recommendations to the Board on the remuneration packages of individual Executive Director and senior management. The remuneration of individual Executive Director and senior management is determined with reference to his/her duties and responsibilities with the Company, the Company's performance as well as remuneration benchmarks in the industry and the prevailing market condition. The Company's Human Resources Department provides materials on relevant remuneration data, remuneration benchmarks, market analysis and proposals to the Remuneration Committee for consideration. The remuneration package is performance-based and linked to the Company's profitability, aimed to be competitive to attract and retain talented employees.

During the year, the Remuneration Committee held a meeting and passed a written resolution. The work performed by the Remuneration Committee during the year included the following:

- (i) reviewed the proposed updates to its terms of reference by adding the new code provision of the CG Code in relation to the responsibility for reviewing and/or approving matters relating to the share schemes under Chapter 17 of the Listing Rules and recommended the same to the Board for approval;
- (ii) reviewed the remuneration policy of the Company, including that for the Directors and senior management of the Company; and
- (iii) reviewed and approved the remuneration package for the Executive Directors and senior management of the Company.

The remuneration for the Executive Directors comprises basic salary, pensions and discretionary bonus. Share options may be granted to all Directors and senior management to subscribe for shares in the Company under the Company's share option scheme. Details of the remuneration paid to the Directors and members of senior management for the financial year ended 30 June 2023 are disclosed in the notes to the financial statements.

Nomination Committee

Members:

Executive Director	Dr. Cheng Kar-Shun, Henry (<i>Chairman</i>)
Independent Non-executive Directors	Mr. Lee Luen-Wai, John Mr. Liang Cheung-Biu, Thomas* Mr. Ip Yuk-Keung, Albert

* ceased to be member with effect from 11 November 2022

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, assessing the independence of Independent Non-executive Directors taking into account the independence requirements set out in Rule 3.13 of the Listing Rules, and making recommendations to the Board on appointment and re-appointment of Directors.

The Board has adopted a nomination policy (the “Nomination Policy”) since November 2018 which sets out the criteria and procedures to be adopted when considering candidates to be appointed as Directors and re-appointment of existing Directors. In the case of identifying candidate(s) to be appointed as Director, the Nomination Committee shall hold a meeting to consider the candidate(s) identified or selected pursuant to the nomination criteria and make recommendation to the Board if appropriate. The Board shall deliberate and decide on the appointment based upon the recommendation of the Nomination Committee. In the case of re-appointment of existing Director, the Nomination Committee shall review the overall contribution and service of the retiring Director to the Company and determine whether the retiring Director continues to meet the nomination criteria set out in the Nomination Policy, and if appropriate, recommend the retiring Director to the Board for consideration and recommendation to shareholders for the proposed re-election of Director at a general meeting. The factors considered in assessing the suitability of a proposed candidate for appointment as Director or re-appointment of existing Director are as follows:

- Contribution to the Board with due regard to the Board’s Diversity Policy;
- Reputation for integrity;
- Commitment to devote sufficient time to discharge duties as a Board member;
- Potential conflicts of interest with the Company; and
- Satisfaction of independence requirements of the Listing Rules in the case of a candidate for Independent Non-executive Director.

The Nomination Committee held a meeting and passed a written resolution during the year. The work performed by the Nomination Committee during the year included the following:

- (i) made recommendation to the Board on the proposed appointment of Mrs. Law Fan Chiu-Fun, Fanny, Ms. Lo Wing-Sze, Anthea and Ms. Wong Yeung-Fong, Fonia as Independent Non-executive Directors, the proposed appointment of Mr. Cheng Chi-Ming, Brian as Non-executive Director and the proposed re-designation of Mr. Cheng Chi-Heng from Executive Director to Non-executive Director (collectively, the “Board Refreshment”);
- (ii) reviewed the structure, size and composition of the Board in accordance with the Listing Rules, the Diversity Policy, and the Nomination Policy and considered that the Board, subsequent to the Board Refreshment, consists of a diverse mix of members and has provided a good balance of skills and experience appropriate to the business needs of the Group;
- (iii) reviewed the Diversity Policy and the Nomination Policy and considered they remain effective and appropriate for the Company;
- (iv) reviewed the re-election of retiring Directors and recommended the same to the Board for putting forward to the shareholders for approval at the 2022 AGM and the extraordinary general meeting held on 27 June 2023 respectively; and
- (v) reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board.

Taking into account the following channels, the Nomination Committee considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- A sufficient number of six Independent Non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- All Independent Non-executive Directors share their views and opinions through regular quarterly meetings with heads of core departments and particular business units which would be invited to join such meetings on Independent Non-executive Directors’ requests;
- Annual presentation sessions on business segments performance from core business units are arranged for Independent Non-executive Directors providing opportunities for them to share and express their views and inputs;
- Site visits are arranged for Independent Non-executive Directors from time to time to enhance their understanding of the Company’s new and on-going projects;
- Annual meeting between the Chairman and all Independent Non-executive Directors without presence of other Directors provides effective platform for the Chairman to listen independent views on various issues concerning the Group; and
- Independent professional advice would be provided to Independent Non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

Sustainability Committee

Members:

Executive Directors	Dr. Cheng Chi-Kong, Adrian (<i>Chairman</i>) Mr. Sitt Nam-Hoi
Independent Non-executive Directors	Mr. Liang Cheung-Biu, Thomas* Mr. Ip Yuk-Keung, Albert Mr. Chan Johnson Ow Mrs. Law Fan Chiu-Fun, Fanny# Ms. Wong Yeung-Fong, Fonia#

* ceased to be member with effect from 22 November 2022

became member with effect from 1 December 2022

The Sustainability Committee is responsible for the oversight of the Company's ESG issues and risks. Supported by the Group Sustainability Steering Committee which comprises heads of business units, the Board-level Sustainability Committee oversees the ESG management approach and policies, the processes of identifying and evaluating material ESG-related issues to internal and external stakeholders (including risks to the issuer's businesses) and delivering Green, Wellness and Caring targets under "New World Sustainability Vision 2030" to manage ongoing performance. The Sustainability Committee monitors the integrity of the Company's sustainability and ESG information in annual sustainability reporting and advises the Board on the matters in the applicable code provision(s) of the Environmental, Social and Governance Reporting Guide (Appendix 27) of the Listing Rules.

The Sustainability Committee met twice during the year. It discussed and endorsed the Group's sustainability strategy, policies and targets set under the "New World Sustainability Vision 2030". It also reviewed the process of sustainability reporting and ESG disclosures and monitored the progress of targets achievement and sustainability performance. In addition, the Sustainability Committee discussed relevant global trends including sustainable finance, climate risks, the evolution of sustainability disclosures, including the standards issued by the International Sustainability Standards Board ("ISSB"), and governance of sustainability matters.

AUDITORS' REMUNERATION

During the year ended 30 June 2023, the total fee paid/payable in respect of assurance and non-assurance services provided by the Group's external auditors is set out below:

Type of services	Fee paid/payable for the year ended 30 June	
	2023 HK\$m	2022 HK\$m
Assurance services	74.9	61.5
Non-assurance services	47.2	51.1
Total	122.1	112.6

The Group's external auditor is PricewaterhouseCoopers (Certified Public Accountants and Registered Public Interest Entity Auditor). PricewaterhouseCoopers has written to the Audit Committee confirming that they are independent with respect to the Company and that there is no relationship between PricewaterhouseCoopers and the Company which may reasonably be thought to bear on their independence. In order to maintain the external auditor's independence, the Group has reviewed the services provided by PricewaterhouseCoopers to the Group and it would only be employed for non-assurance work if the work does not compromise the external auditor's independence.

During the year, the external auditor provided assurance and permissible non-assurance services to the Group. Assurance services include services provided in connection with the audit of the Group's consolidated financial statements and certain of its subsidiaries, services such as issuance of special audit or assurance reports for other regulatory or compliance purposes. Permissible non-assurance services include services such as tax compliance services, tax advisory, transfer pricing services, due diligence and transaction advisory related to various acquisition and disposal activities, ESG and green finance services, cyber security and data privacy services, non-financial system related services, as well as other related services. None of these services provided compromises the independence as auditor, in terms of Hong Kong Institute of Certified Public Accountants' Code of Ethics for Professional Accountants.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board, supported by the finance and accounts department, is responsible for the preparation of the financial statements of the Company and the Group. The Board has prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation. The Directors have not been aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company and the Group regarding its reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditor's Report in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

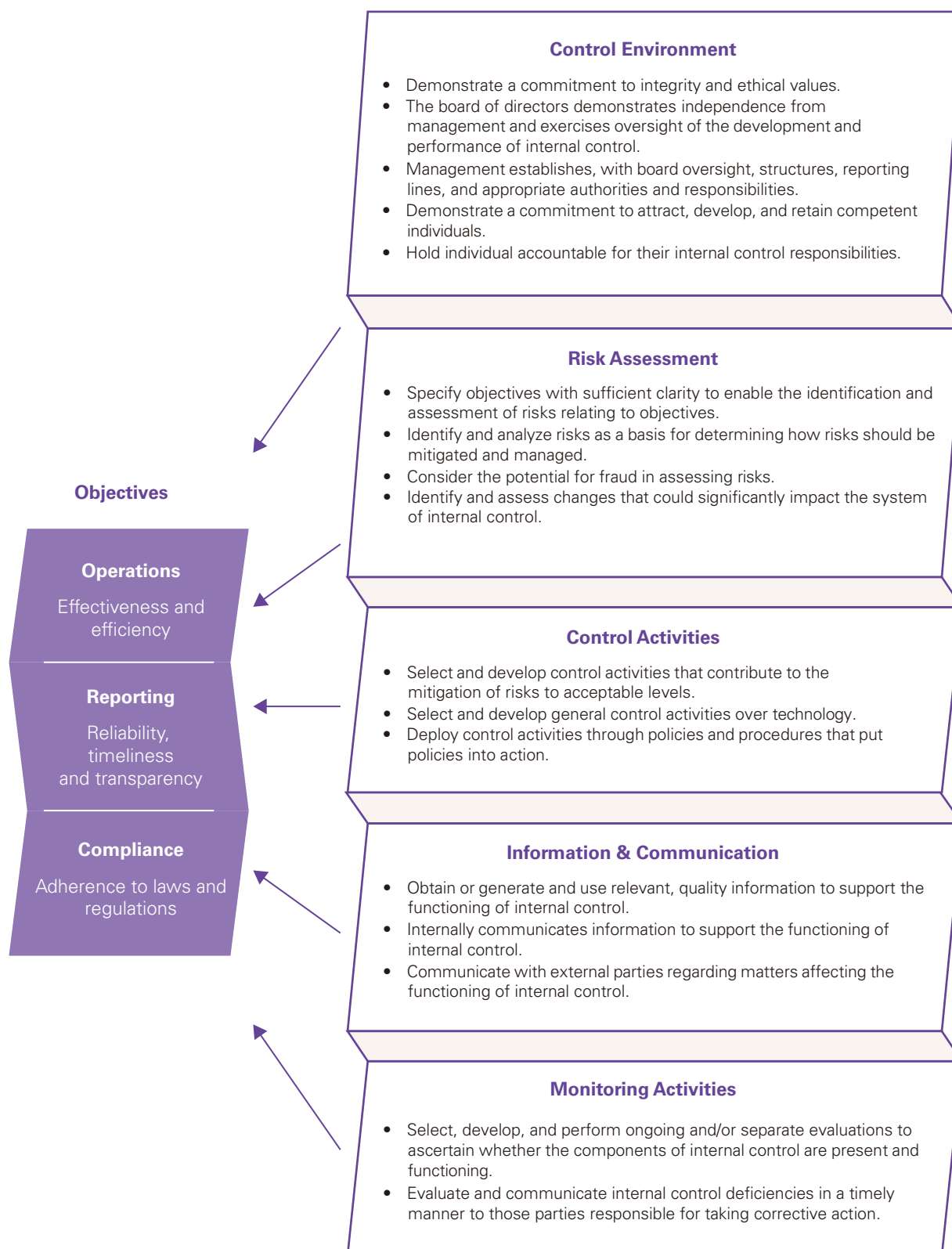
The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Audit Committee is delegated with the authority from the Board to oversee the Group's management in design, implementation and monitoring of the risk management and internal control systems. It also advises the Board on the Group's risk-related matters.

Sound and effective risk management and internal control systems have been established and maintained for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations.

An internal audit department has been established to conduct internal audit of the Company and its subsidiaries, joint ventures and associated companies. The internal audit department performs risk-based audits to review the effectiveness of the Group's material internal controls so as to provide assurance that all key risks are identified and managed, and to ensure that the risk management and internal control measures are carried out appropriately and functioning as intended. Major audit findings and recommendations are reported to the Audit Committee, which in turn reports to the Board. The implementation of the agreed actions in response to the identified audit issues are tracked and followed up regularly, and the status is reported to the Audit Committee.

INTERNAL CONTROL

With reference to the “Internal Control – Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), the main features of our internal control systems are illustrated below:



Policies, Guidelines and Practices

Enterprise Risk Management Policy

- The policy describes the Group’s risk management framework and methodology, and provides guidance to business and corporate office departments of the Group in implementing risk management.

Whistleblowing Policy

- The Company has established the “Whistleblowing Policy” for employees to directly report to the internal audit function for any serious concerns about suspected fraud, corruption, malpractice, misconduct or irregularity of the Group. The internal audit function will investigate the reported cases in a confidential and timely manner and report the results of investigations to the Executive Committee and the Audit Committee.

Anti-Fraud Policy

- The policy references principles embodied in the UN Global Compact, World Economic Forum’s Partnering Against Corruption Initiative, and Transparency International’s Business Principles for Countering Bribery to set a tone-at-top on anti-fraud commitment and relevant reporting channels.

Conflict of Interest Policy

- The policy offers guidance to all employees on reporting and handling (potential) conflict of interest, raises directors’ and employees’ awareness and promotes good corporate governance practices.

Guide on Disclosure of Price-Sensitive Information*

- The Company has adopted a Price-Sensitive Information Policy and Procedure Manual (the “PSI Policy”) and established the Disclosure Committee to oversee internal controls over price-sensitive inside information. The PSI Policy contains the principles and procedures for handling and dissemination of price-sensitive information with reference to the requirements and principles set out in the Listing Rules and the Guide on Disclosure of Price-Sensitive Information published by the Stock Exchange. All Directors and employees are bound by the PSI Policy to safeguard confidential information.

(* The PSI Policy was replaced by a Disclosure Policy and a Disclosure Procedure Manual, both became effective from 28 August 2023.)

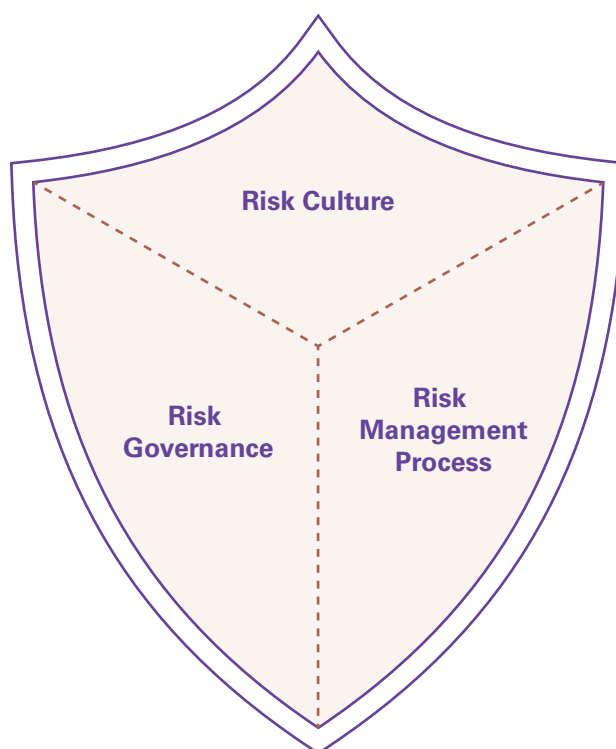
RISK MANAGEMENT

Robust and effective management of risks is an essential and integral part of corporate governance. It helps to ensure that the risks encountered in the course of achieving the Group's strategic objectives are managed within the Group's risk appetite, as well as the sustainable growth and development of the Group.

To achieve this, the Group embraces an enterprise-wide, holistic and systematic approach known as Enterprise Risk Management ("ERM"). The ERM framework not only embeds risk management into business strategy, day-to-day operations and management processes but also intends to be forward-looking and focused on delivering the Group's strategic goals and performance objectives.

Enterprise Risk Management Framework

The Group establishes our own tailor-made ERM framework with reference to the international standards such as COSO Enterprise Risk Management – Integrating with Strategy and Performance, the International Organization for Standardization ("ISO") 31000 Risk Management and World Business Council for Sustainable Development ("WBCSD").



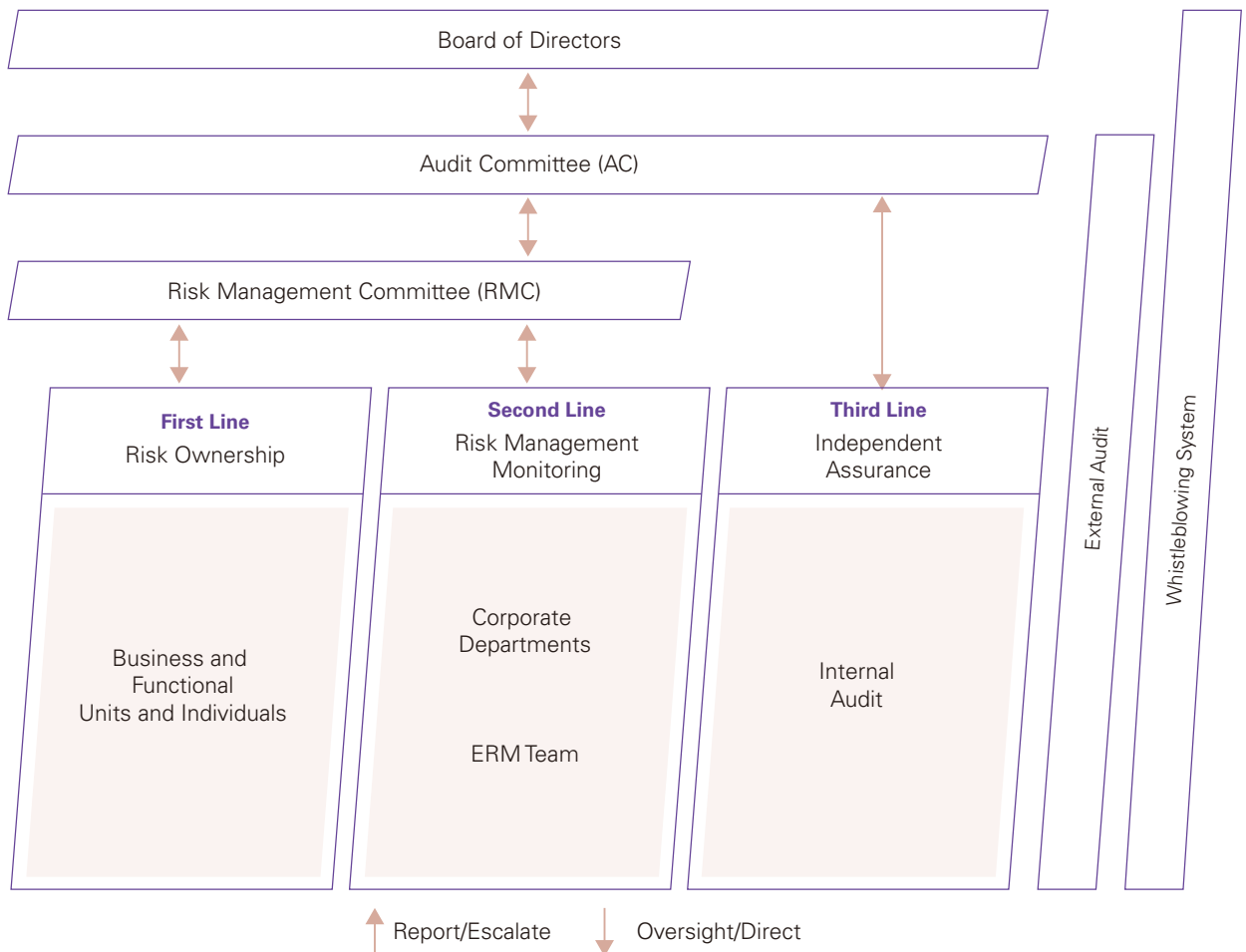
Risk Culture

Risk culture is the set of shared values and behaviors of all staff that influences the Group's risk decisions. The Group strives to create a culture of speaking up across the Group. This includes online and offline learning that encourages all corporate and frontline employees to communicate proactively on any potential issues – whether operational risks, unsatisfactory customer service, grievances, whistleblowing, or ways to improve the working environment. Some attributes of a positive risk culture are where:

- Everyone is able to identify, understand, openly discuss and efficiently act on current and future risks
- Risks are efficiently and clearly communicated to the relevant stakeholders
- Policies, guidelines and rules are adhered to by everyone

Risk Governance Structure

The Group adopts a “Three Lines” governance model illustrated as below.



Risk Oversight

Board of Directors

- Set forth proper risk management culture and risk appetite for the Group.
- Evaluate and determine the level of risk that the Group should take and monitor regularly.
- Set the strategic direction by putting forward strategies that are focusing on all key strategic, operational, technology, sustainability, financial, as well as political and regulatory risks, and such strategies should reflect and align with the Group's values and core business.
- Ensure that annual disclosure (including but not limited to ESG-related risks) is compliant with relevant regulations.
- Demonstrate openness, integrity, and accountability to stakeholders in the decision-making process.

Audit Committee

- Review the effectiveness of the Group's risk management system which identifies, assesses, monitors and reports risks.
- Evaluate and ensure that appropriate and effective business, operation and risk management and internal control systems are in place.
- Provide market insights and advices on enhancing the Group's business performance and risk management.
- Assess strategic risks and related reporting from respective risk owners.

Risk Management Committee

- Review ERM activities and the Group's risk profile, and ensure timely communication of both to the Audit Committee at least twice a year and to the Board of Directors where appropriate.
- Ensure a comprehensive approach to manage risks across the Group.
- Assess the ERM framework on a regular basis to ensure that it is fit for purpose with business, operational and regulatory requirements.
- Ensure that all key risks (including but not limited to strategic, operational, technology, sustainability, financial, as well as political and regulatory risks) are properly identified, managed and monitored.

First Line

Business and Functional Units and Individuals

- Act as risk owners to identify, assess, monitor and report risks (including but not limited to strategic, operational, technology, sustainability, financial, as well as political and regulatory risks).
- Ensure the effectiveness of risk management system and mitigation strategies.
- Execute all proper risk management, mitigation measures and actions as required to protect the Group's interest and efficacy of business performance.

Second Line

Corporate Departments

- Support the risk owners in implementation of risk management framework, and oversight of risk information management.
- Ascertain that risk management processes are functioning properly as intended.
- Make sure that operations are conducted effectively and efficiently with proper consideration, assessment and management of risks (including but not limited to strategic, operational, technology, sustainability, financial, as well as political and regulatory risks).

ERM Team

- Facilitate the risk identification, assessment, monitoring, and reporting processes.
- Aggregate, analyze, prioritize and report key risks to the Risk Management Committee.
- Provide relevant expertise to assist management and risk owners on risk-related matters.
- Support the Group to proactively identify emerging risks.
- Ensure effective ERM framework is in place across the Group.
- Facilitate the integration of ERM with strategy.

Third Line

Internal Audit

- Maintain primary accountability to the governing body and independence from the responsibilities of management.
- Communicate independent and objective assurance and advice to management and the governing body on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organizational objectives and to promote and facilitate continuous improvement.
- Report impairments to independence and objectivity (if any) to the governing body and implements safeguards as required.

External Audit

- Provide independent assurance on the Group's risk management and internal controls over financial reporting.

Whistleblowing System

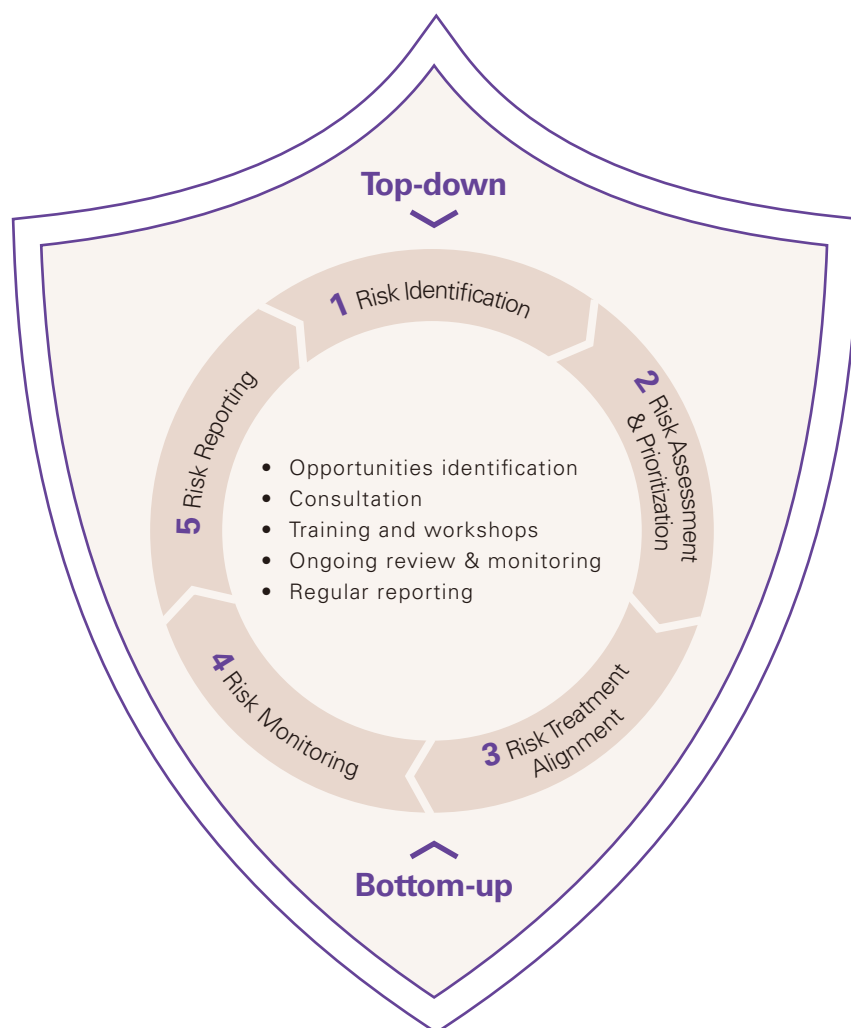
- Established for staff and other relevant parties to raise concerns including suspected fraud, malpractice, misconduct or irregularity cases. Every reported case will be handled in confidentiality and followed through in accordance with the Whistleblowing Policy and its related procedures.

Risk Management Process

The Group adopts both top-down and bottom-up approaches in relation to risk management. It involves collating and appraising bottom-up inputs from risk owners of key departments and business units of the Group, with refinements and adjustments through top-down input from senior management and the Board in an iterative manner.

The risk management process is integrated into our daily operations and is an ongoing process involving all parts of the Group from the Board down to each individual staff. The risk owners and risk oversight parties are clearly defined across the Group. They are required to identify, analyse and evaluate the risks (including but not limited to business, operation as well as ESG-related risks) facing their businesses with proper management execution to avoid, mitigate or transfer risks, as well as exploit, enhance or share opportunities.

The ERM process is illustrated in the diagram below.



Risk Identification

Our ERM process allows management to identify new and emerging risks, including medium – to long-term sustainability risks (such as climate risks). The interconnectivity of sustainability risks has also been taken into account, in which sustainability factors have been integrated in all key risk areas.

The risk identification process includes top-down interviews with management and bottom-up discussions with business and functional units and individuals to collect their views on changes of risk landscape. The process is also integrated with the Group's annual strategic planning exercise. The linkage of risks and opportunities with annual Objectives and Key Results ("OKRs") which derived from the Groups' long-term strategic objectives are also clearly explained during the interviews and deep-dive workshops. Other sources of risk identification also include emerging risks identified by the ERM Team and risks reported via the early risk flagging mechanism.

Risk Assessment and Prioritization

Identified key risks and opportunities are assessed in two or more dimensions (e.g. impact, likelihood, etc.) based on the predefined risk assessment criteria which covers both qualitative and quantitative elements. Other tools, such as the Climate Checklist from the Company's Climate Resilience Guideline, are also introduced during the deep-dive workshops to facilitate the risk assessment process.

The risk analysis results are compared with the predefined Group's risk appetite and tolerance level. This allows management to determine the risk response strategy and prioritize risk treatment plans, and deploy the limited resources available.

Risk Treatment

Selection of the most appropriate risk treatment plan considers the cost and benefits at both the Group and the business level. The optimum risk treatment resembles that limited downside exposure with unlimited upside potential. Any residual risks that exceed the approved risk appetite must be escalated to senior management and to the Risk Management Committee if deemed necessary.

Risk Monitoring

Continuous tracking of risk treatment plans has been in place to monitor whether the risks are within the risk appetite and in line with the desired levels and whether policies, minimum standards and regulations are adhered to.

Monitoring is performed through various techniques supported by automated or other tools. Examples include management reports, monitoring of Key Risk Indicators ("KRIs"), action tracking, key control testing, supervision, quality assurance, back-testing, scorecard review, policy review, and self-assessment, etc.

Key Risk Indicator ("KRI")

Acting as early warning signals, KRIs are developed to better monitor potential shifts in risk exposures and enable management and the Board to be in a better position to make data-driven decisions on a timely and more strategic basis. KRIs for previously identified key risks of the Group and relevant reporting mechanism have been established. Acceptable thresholds (i.e. upper and lower limits) are also defined to support risk monitoring and escalation routines.

Early Risk Flagging Mechanism

Besides, an early risk flagging mechanism is established which enables the Group to proactively identify and assess emerging risks and broad areas of changes, emanating from both internal and external factors (including but not limited to business, operation as well as ESG-related risks), and act on them in a timely manner. Staff members are encouraged to flag and report immediately to the corresponding risk oversight parties when a potential risk is perceived and impact is expected in any business areas.



Risk Reporting



After consolidation with a holistic review of the Group, internal audit department submits a written report on the effectiveness of the Group's risk management and internal control systems to the Risk Management Committee and the Audit Committee for review on a half-yearly basis. The Board, through the Risk Management Committee and the Audit Committee, has put in place effective risk management and internal control systems which will enable the Group to respond appropriately to significant business, operational, financial, compliance, ESG-related and other risks in achieving its objectives.

Key Risks of the Group

Through our combined top-down and bottom-up risk review processes, the Group has identified the following key risks of various business segments for the upcoming period:

Risk Description	Key Risk Treatments
Macroeconomic	
Adverse changes in macroeconomic environment due to the uncertainties of local and global financial conditions.	<ul style="list-style-type: none">• Closely monitor economic conditions and respond with suitable strategies• Identify opportunities for business collaboration and partnership to leverage the synergies within the New World Group ecosystem• Perform sensitivity assessment on potential impacts in relation to economic conditions

Risk Description	Key Risk Treatments
<p>Competition</p> <p>Keen industry competition and the need to transform existing business models to cope with adverse changes in the environment and market.</p>	<ul style="list-style-type: none"> • Regularly reinvent our brand concept to differentiate from competitors • Closely monitor the changes of market trends, and constantly enhance quality of products and services to strengthen our brand and market position • Utilize technology to enhance customer experience and to increase operational efficiency and effectiveness
<p>Customer </p> <p>Change in customers' needs, wants and behaviour, impacting company's market share target and/or sale revenue target.</p>	<ul style="list-style-type: none"> • Conduct market update to monitor consumer trends • Review and act on the Voice of the Customer (VoC) • Leverage New World Group ecosystem to increase customer lifetime value
<p>Business Investment</p> <p>Return of investment in capital expenditure, assets, other companies or businesses, or long-term commitment.</p>	<ul style="list-style-type: none"> • Emphasize the return on investment, and implement effective controls on cost and delivery timeline • Conduct due diligence by consultants and review by management • Post-deal monitoring and improvement
<p>Change Readiness</p> <p>Response to the internal and external changes or implementation of change actions impacting the company's attractiveness to the stakeholders.</p>	<ul style="list-style-type: none"> • Establish governance structure to assess and monitor the development and implementation processes of changes • Focus on translating the strategy into an aligned and easily communicated action plan, foster communication and collaboration across business units • Review and adjust the current organizational structure as needed to support strategic directions
<p>Interest Rate and Inflation</p> <p>Fluctuation of interest rate impacting the future cost of business.</p>	<ul style="list-style-type: none"> • Maintain an appropriate mix of fixed rate and floating rate debts • Enter into interest rate swaps to hedge against interest rate movements
<p>Product and Service Safety and Quality </p> <p>Changing market landscape, current regulatory requirements, growing customer needs and our constant strive for excellence may have amplified the impacts of possible sub-optimal product and/or service safety and quality.</p>	<ul style="list-style-type: none"> • Standard operating procedures along with training are available to promote an "Artisanal" and a sound safety culture across the Group and with contractors and sub-contractors • Regular project meetings across functions were held to monitor project quality and subsequent action plans • Supplier due diligence and site inspections are regularly conducted • Early risk flagging mechanisms in place to enable proactive approach on risk handling

Risk Description	Key Risk Treatments
<p>Cyber Security</p> <p>Cyber-attacks on networks and systems that could cause business interruption.</p>	<ul style="list-style-type: none"> • Purchase cyber-insurance covering all subsidiaries except those who have their own insurance policies • Perform regular assessment of the group cyber security posture, IT infrastructure and systems • Adopt the latest cutting-edge technologies to strengthen the monitoring and early detection of groups' network and systems from attacks • Collaboration with industry leading cyber security experts for formulating a bespoke sustainable defense system • Provide regular training to staff for enhancing their information security awareness
<p>Climate Change Actions </p> <p>Climate change risks are embedded in our risk management process.</p> <p><u>Physical risks</u> Increased severity and frequency of physical events (rainfall, sea-level rise, heat stress and wind), both acute and chronic resulting from climate change impact the value of our portfolio. Either through physical damage resulting in losses or replacement costs, or operational disruptions impacting revenue generating activities.</p> <p><u>Transition risks</u> Financial impacts derived by markets shifting under the pressure presented by climate change. Includes costs associated with:</p> <ul style="list-style-type: none"> • changes in market preferences, • the onboarding of new technologies, • responding to increased policy regulation, and • reputational shifts and investor sentiments. 	<ul style="list-style-type: none"> • Adoption of TCFD recommendations and relevant disclosure requirements (including HKEX climate-related disclosure) • Continued to implement Climate Resilience Guideline to further incorporate climate resilience into assets • Engage both in-house expertise and external consultants to evaluate risks and quantify possible climate financial impacts • Adopt a consistent and practical assessment and prioritisation process to climate risks across the wider NWD portfolio • Implementation of site mitigation measures, including flood protection hardware e.g. flood gate • Sustainability Committee is responsible for overseeing the Group's sustainability risks and opportunities, including those presented by climate change • Climate change training workshops with latest updates on climate change and risk • Regular climate risk scenario analysis, review insurance coverage, update resilience plan and monitor accordingly <p>For details of How NWD Identifies, Assesses and Manages Climate Risks, please refer to Annual Report, Corporate Sustainability Section – pages 48 to 91.</p>
<p>Environmental Protection and Decarbonisation </p> <p>Measures of environmental protection, energy efficiency and carbon reductions impacting company's operation cost and performance, and reducing impact on environment.</p>	<ul style="list-style-type: none"> • Company policies are in place to minimise our adverse impact on the environment • Continually enhance energy efficiency and adopt use of technology to enhance energy management and lower consumption • Implement renewable energy systems where feasible • Launched Renewable Energy Roadmap to enhance adoption of renewables in businesses • Collaborate with upstream and downstream partners for supply chain decarbonisation • Conduct energy and waste audits in order to develop/revise the decarbonization roadmap

Review of Risk Management and Internal Control Systems Effectiveness

On behalf of the Board, the Audit Committee reviews the effectiveness of the Group's risk management and internal control systems at least half-yearly and for the financial year ended 30 June 2023.

The Board has received a confirmation from management on the effectiveness of the Group's risk management and internal control systems through the "Integrated Internal Control Self-Assessment Certificate". It should be acknowledged that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board concluded that the risk management and internal control systems of the Group are effective and adequate. During the review, the Board also consider that resources, staff qualifications and experience, training and budget of the Group's accounting, internal audit financial reporting functions are adequate.

Although there were no significant areas of concerns identified during the year, the risk management and internal control systems will be reviewed regularly for continuous improvement.

COMPANY SECRETARY

The Company Secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training. The biography of the Company Secretary is set out in the section headed "Senior Management Profile" of this annual report.

CONSTITUTIONAL DOCUMENTS

No change has been made to the Company's Articles of Association during the year under review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The "Corporate Sustainability" section in this annual report is prepared in accordance with the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange, which provides an overview of the Group's efforts and performance in pursuing corporate sustainability. Supplementary information is available on the Company's website under Sustainability section.

The section also references the Global Reporting Initiative ("GRI") Standards 2021, the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), the United Nations Global Compact ("UNGC") and the standard for real estate industry set by the Sustainability Accounting Standards Board ("SASB").

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting ("EGM")

Shareholders representing at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings can deposit a written request to convene an EGM at the registered office of the Company for the attention of the Company Secretary. Such requisition, signed by the shareholders concerned, must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. If the Directors do not within 21 days from the date of the deposit of a request (after being verified to be valid) proceed to convene an EGM on a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, but any EGM so convened shall not be held after the expiration of three months after the date on which the Directors become subject to the requirement to call a meeting.

Putting Forward Proposals at General Meetings

To put forward proposals at general meeting, a request in writing must be made by:

- (i) shareholders representing at least 2.5% of the total voting rights of all shareholders of the Company having the right to vote at general meeting; or
- (ii) at least 50 shareholders of the Company having the right to vote at the meeting,

to the Company to give to shareholders notice of any resolution which may properly be moved and is intended to be moved at an annual general meeting, or to circulate to shareholders any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

The written request must be signed by all the shareholders concerned in one or more documents in like form and deposited at the registered office of the Company for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution at annual general meeting, and not less than seven days before the meeting in the case of requiring circulation of statement. Upon the request verified to be valid, the Company will give notice of the resolution or circulate the statement.

Proposing a Person for Election as Director

If a shareholder of the Company intends to propose a person other than a Director of the Company for election as a Director of the Company at any general meeting, the shareholder concerned shall lodge with the registered office of the Company for the attention of the Company Secretary (i) a written notice of his intention to propose that person for election as a Director; and (ii) a written notice by that person of his/her willingness to be elected as a Director together with the necessary information within the period commencing no earlier than the day after the dispatch of the notice of the general meeting and ending no later than seven days prior to the date of such general meeting.

Detailed procedures can be found in the following documents which are available on the Company's website:

- "Procedures for Shareholders to convene Extraordinary General Meetings and putting forward proposals at General Meetings"; and
- "Procedures for Shareholders to propose a person for election as a Director".

Enquiries to the Board

Enquiries may be put to the Board through the Company's investor relations department at 30/F., New World Tower, 16-18 Queen's Road Central, Hong Kong (email: ir@nwd.com.hk).

DIVIDEND POLICY

The Board adopted a Dividend Policy in November 2018 which sets out the guidelines for the Board to determine the frequency of dividend payment and target dividend payout ratio for a financial year. The Company would distribute to its shareholders funds surplus to the operating needs of the Company and its subsidiaries twice for each financial year as determined by the Board, subject to its shareholders' approval, where applicable. In general, it is the policy of the Company to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The following factors will be taken into account for determining the Company's target dividend payout ratio:

- Any restrictions under the Hong Kong Companies Ordinance;
- Any banking or other funding covenants by which the Company is bound from time to time;
- The capital expenditure and operating requirements of the Group; and
- The external economic and market situation.

COMMUNICATION WITH SHAREHOLDERS

The Board and management maintain a continuing dialogue with the Group's shareholders and investors through various channels. The Chairman, Executive Vice-chairman & Chief Executive Officer, other members of the Board and the external auditor attend the annual general meeting to meet the shareholders. The Directors will answer questions raised by the shareholders on the performance of the Group. The Company holds press conferences and analyst briefings at least twice a year following the release of interim and annual results announcements at which the Executive Directors and management of the Company are available to answer questions and listen feedbacks regarding the performance of the Group. Our corporate websites which contain corporate information, interim and annual reports, announcements and circulars issued by the Group as well as the recent developments of the Group enable the Group's shareholders to have timely and updated information of the Group. Shareholders can refer to the "Shareholders' Communication Policy" posted on the Group's websites for more details.

The Company has reviewed its prevailing Shareholders' Communication Policy during the year under review, and believes the Shareholders' Communication Policy is still appropriate and effective.

INVESTOR RELATIONS

To ensure that the investors have a comprehensive and thorough understanding of the Group, with the establishment of timely and effective two-way communications, the management and the investor relations department of the Group participate in different international investment conferences and arrange local and overseas non-deal roadshows on a regular basis to elaborate the Group's business development and market movement to investors in different locations. During the year under review, the Group reaped over 30 domestic and international awards for investor relations, corporate governance and annual report in recognition of the management's efforts to maintain a high level of investor relations and corporate governance. For details, please refer to the "Investor Relations" section of this annual report.