

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 2025, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 of the Listing Rules, with the exception of code provision C.1.3.

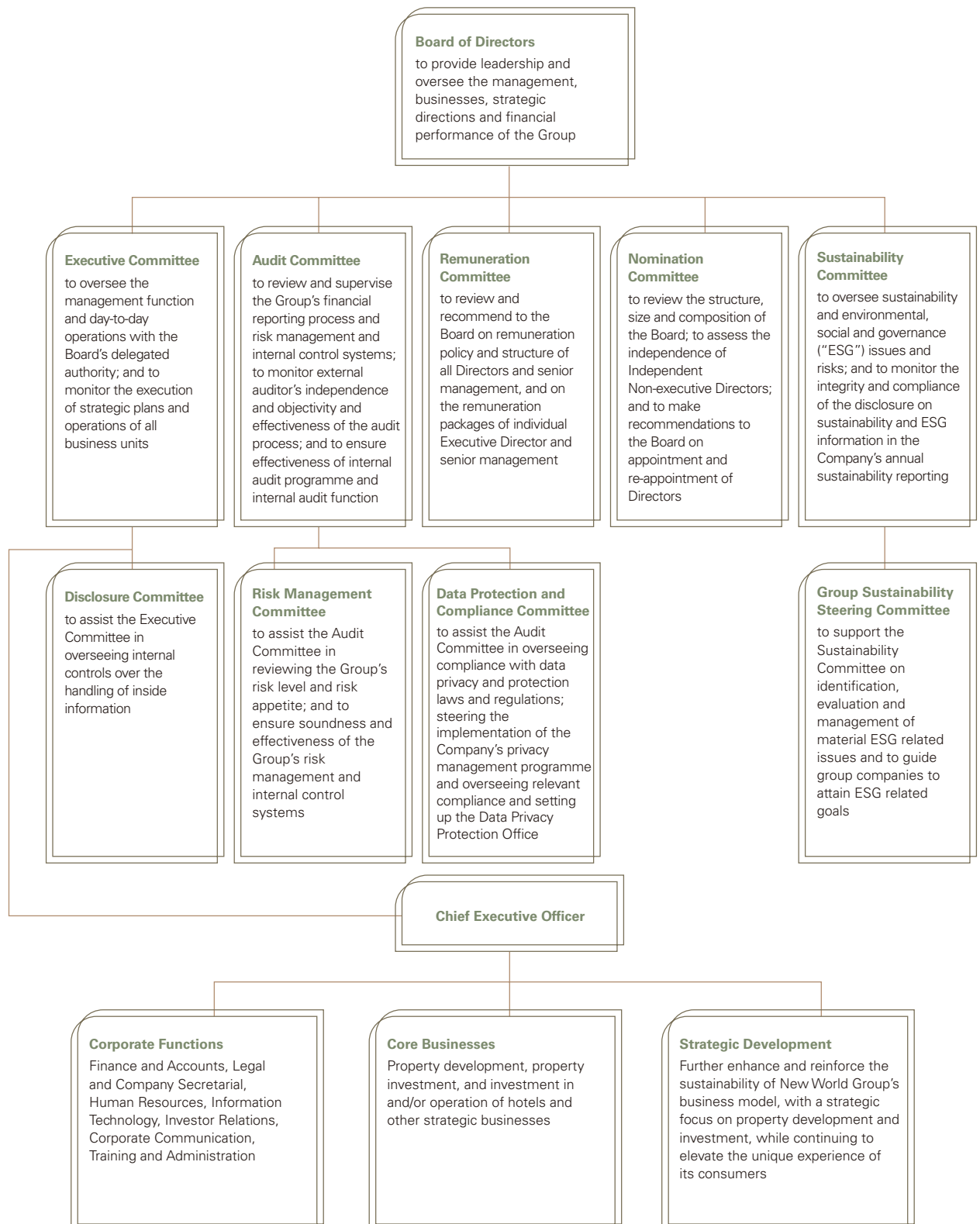
Code provision C.1.3 is in relation to guidelines for securities dealings by relevant employees. Under code provision C.1.3, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 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 large number of employees of the Group (around 10,000) and the Group’s diversified businesses. For these reasons, to strictly 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.

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 2025.

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 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.

Name of Directors	Length of Tenure (Year)	Current Period of Appointment (Year)
<i>Executive Directors</i>		
Dr. Cheng Kar-Shun, Henry	53	2
Ms. Huang Shaomei, Echo	6	3
Ms. Cheng Chi-Man, Sonia	14	2
Mr. Sitt Nam-Hoi	8	2
Ms. Chiu Wai-Han, Jenny	6	3
Mr. Ho Gilbert Chi-Hang	1	1
Mr. Lau Fu-Keung	1	1
<i>Non-executive Directors</i>		
Mr. Doo Wai-Hoi, William	13	1
Mr. Cheng Kar-Shing, Peter	31	2
Mr. Cheng Chi-Heng	16	3
Mr. Cheng Chi-Ming, Brian	3	3
<i>Independent Non-executive Directors</i>		
Mr. Lee Luen-Wai, John	22	2
Mr. Ip Yuk-Keung, Albert	8	2
Mr. Chan Johnson Ow	4	2
Mrs. Law Fan Chiu-Fun, Fanny	3	3
Ms. Lo Wing-Sze, Anthea	3	3
Ms. Wong Yeung-Fong, Fonia	3	3

Board Refreshment

The composition of the Board has been refreshed in an orderly manner during the past few years to bring fresh ideas and diverse expertise and thereby both diversity and independence of the Board have been enhanced. The Board, through the Nomination Committee, will continue to review the structure of the Board regularly and make recommendations to support the sustainable growth of the Group. The Nomination Committee will select appropriate candidates through multiple channels and make recommendations to the Board based on the Board diversity policy (the “Diversity Policy”) and the nomination policy (the “Nomination Policy”).

During the year under review and up to the date of this report, the Board has the following changes:

- | | |
|-------------------|--|
| 26 September 2024 | <ul style="list-style-type: none">– Resignation of Dr. Cheng Chi-Kong, Adrian as the Chief Executive Officer– Re-designation of Dr. Cheng Chi-Kong, Adrian from an Executive Director and Executive Vice-chairman to Non-executive Director and Non-executive Vice-chairman– Appointment of Mr. Ma Siu-Cheung as the Chief Executive Officer |
| 29 November 2024 | <ul style="list-style-type: none">– Resignation of Mr. Ma Siu-Cheung as an Executive Director and the Chief Executive Officer– Appointment of Ms. Huang Shaomei as the Chief Executive Officer– Appointment of Mr. Ho Gilbert Chi-Hang as an Executive Director– Appointment of Mr. Lau Fu-Keung as an Executive Director |
| 1 July 2025 | <ul style="list-style-type: none">– Resignation of Dr. Cheng Chi-Kong, Adrian as Non-executive Director and Non-executive Vice-chairman |

Diversity

(a) Board Diversity

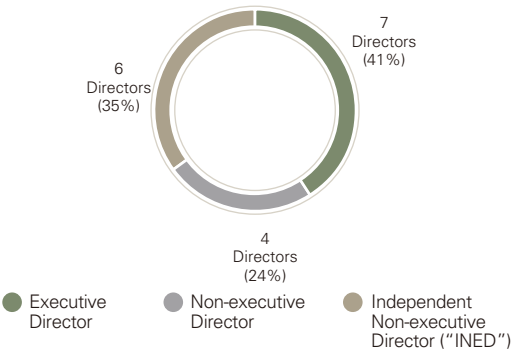
The Board has adopted the Diversity Policy since August 2013 which sets out the approach by the Company to achieve diversity on the Board. Under the Diversity Policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential 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.

The respective appointments of Mr. Ho Gilbert Chi-Hang and Mr. Lau Fu-Keung as Executive Directors were considered by the Nomination Committee which had taken into consideration the skills, expertise and professional experience of Mr. Ho Gilbert Chi-Hang and Mr. Lau Fu-Keung when determining their eligibility as directors of the Company. These appointments were then approved by the Board upon recommendation from the Nomination Committee and took effect on 29 November 2024.

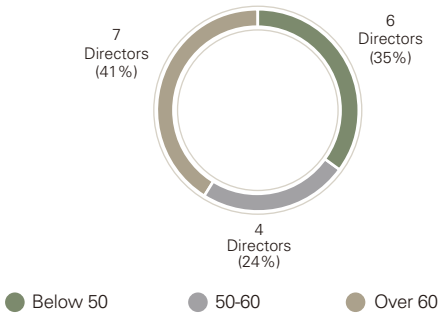
Currently, out of 17 Directors, six are female representing 35.29% of the Board, which exceeds the Company's target of 30% female Board member for gender diversity at Board level. The Company is committed to maintaining a diverse Board, including having female representation at above 30%.

Board Diversity Mix

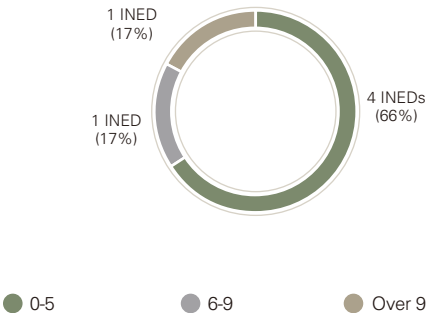
Designation



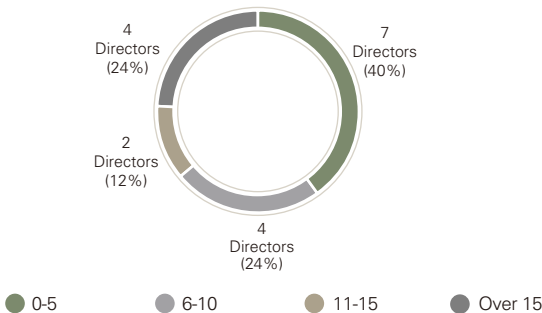
Age Group



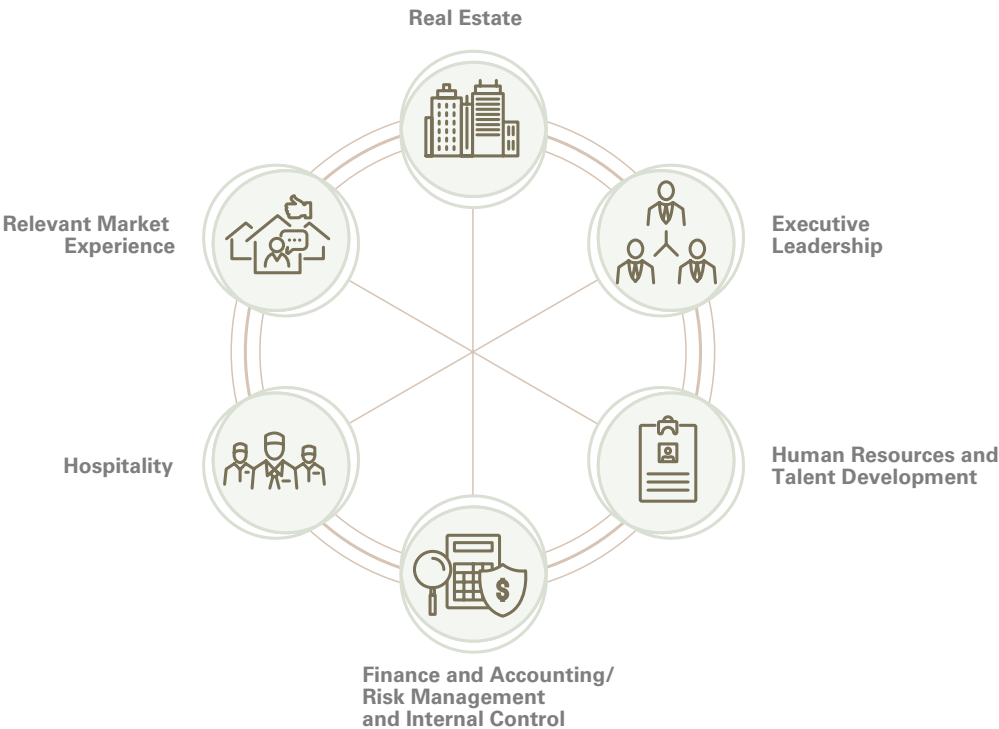
Length of Service – INED (No. of years)

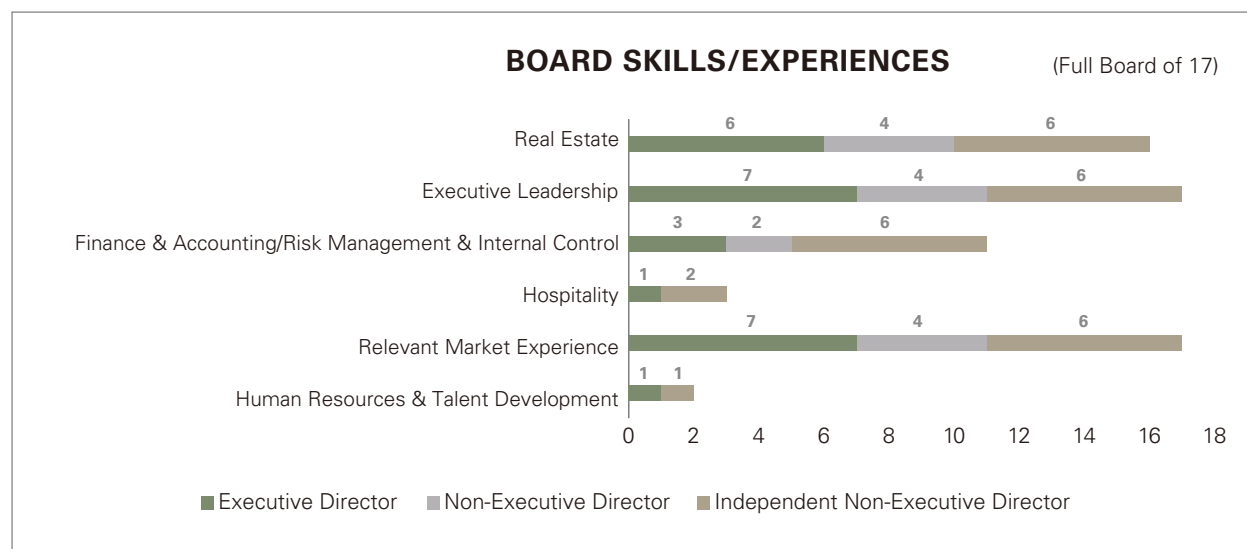


Length of Service – Board (No. of years)



Board Skills/Experiences





(b) Workforce Diversity

Gender diversity is also promoted across all levels of the Group through a series of diversity and inclusion focused activities. The Board has adopted Workforce Diversity, Equity and Inclusion Policy (the “DEI Policy”) since July 2025 which sets out the Group’s objectives for achieving diversity, equity and inclusion in the workforce and oversight of the implementation of the Group’s relevant strategies. It also allows the Group to create a safe, diverse, and inclusive place to work where we prioritise our people’s wellbeing and do not tolerate discrimination, bullying victimisation, vilification or any form of harassment. The Company will strive to maintain a gender balanced workforce. More details on the DEI Policy and the gender ratio of senior management and the workforce (excluding senior management) of the Group can be found in the “Corporate Sustainability” section of this annual report.

Appointment and Re-election

All Directors have entered into 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.

In 2025, the Company has internally conducted a board evaluation exercise covering the period from mid-May 2023 to financial year 2025 to solicit views from the Directors on the performance and effectiveness of the Board by means of questionnaire to the Directors.

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.)

The responses received were analysed and a report summarising the findings was compiled. The results and recommendations were presented and reviewed at a meeting of Independent Non-executive Directors, and the final report was submitted to the Nomination Committee and the Board for consideration in September 2025.

Summary of findings

- (i) The review indicates a strong understanding among Directors of their roles, Board functions, and committee responsibilities. Most of them were satisfied with the new executive management team with improvement in communication and timely reporting. Strategic alignment is robust, with majority affirming clarity in the Group's strategy and effective Board oversight.
- (ii) Oversight and financial review processes are generally effective, though some responses suggest opportunities to enhance transparency and timeliness in risk reporting. Internal controls and risk governance are well understood, yet confidence could be strengthened.
- (iii) Directors generally commend the constructive response of the Board to the Group's evolving strategy and the shifting macroeconomic landscape. It has been supporting the new executive management team in tackling the immediate critical issues facing the Company.
- (iv) Deleveraging was ranked top of the Board priorities in the next 1-2 years. Most respondents considered sufficient time was allocated to priority issues, though early 2025's focus on deleveraging limited broader strategic discussions.
- (v) Board diversity and independence are positively perceived. Directors are satisfied with professional development support and clarity in Board-management responsibilities. While collaboration and open dialogue are generally strong, more open discussion and interaction among Board members were encouraged.

Having considered the feedback from the Directors, certain recommendations have been made as follows:

- (i) To increase the frequency of business update sessions for the Independent Non-executive Directors from annually to semi-annually.
- (ii) Starting from FY2026, the Company will enhance directors' training by incorporating more real case examples, providing materials relevant to the five specified topics under the new Rule 3.09G of the Listing Rules, and setting a target of 10–12 training hours for the year.
- (iii) To involve full Board members for briefings on progress updates in relation to strategic issues so as to enhance Board cohesion and promote Board dynamics.

The Company will continue to conduct a formal evaluation of the performance of the Board, either internally or by an external provider, at least every two years.

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. During the year under review, Dr. Cheng Chi-Kong, Adrian and Mr. Ma Siu-Cheung, both the then Chief Executive Officer and Ms. Huang Shaomei, Echo, the current Chief Executive Officer, oversaw 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 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 Chief Executive Officer are held by separate individuals so as to maintain an effective segregation of duties.

Mr. Ma Siu-Cheung has assumed the post of Chief Executive Officer following the resignation of Dr. Cheng Chi-Kong, Adrian as the Chief Executive Officer with effect from 26 September 2024. Subsequently, Ms. Huang Shaomei, Echo has assumed the post of Chief Executive Officer following the resignation of Mr. Ma Siu-Cheung as the Chief Executive Officer with effect from 29 November 2024.

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. 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 operations 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 Chief Executive Officer and the Executive Committee of the Board.

The Board strives to foster and promote a desired culture down to all levels of the Company, and ensures the desired culture is reflected in the Company's strategy, business models and operating practices towards the sustainable growth of the Group. Through town halls, 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 on 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' notice, and additional meetings with reasonable notice are held as and when the Board considers appropriate. The Board held four regular Board meetings and three ad hoc Board meetings during the year ended 30 June 2025. The Company Secretary/Joint Company Secretaries 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 in 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/Joint Company Secretaries record(s) in sufficient detail the matters considered and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Minutes of meetings are kept by the Company Secretary/Joint Company Secretaries 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/Joint Company Secretaries also provide(s) the Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements.

Each of newly appointed Directors, Mr. Ho Gilbert Chi-Hang and Mr. Lau Fu-Keung has obtained legal advice (referred to Rule 3.09D of the Listing Rules) from a firm of solicitors engaged by the Company and qualified to advise on Hong Kong law on 28 November 2024. The advice pertained to the requirements under the Listing Rules applicable to them as directors of the Company and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange. Each of them has confirmed that he understood his obligations as a director of the Company.

The Chief Executive Officer reports the Group's business activities including financial and operations review, segment performance, strategies and new initiatives at 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 in sufficient detail to enable each Director and the Board as a whole to discharge their duties.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year ended 30 June 2025, the Company has arranged internal trainings and external trainings for Directors with specified focus topics on corporate governance and ESG; risk management and internal controls; and industry and business updates. On top of it, the Company has continued to provide the Directors with reading materials on board and directors' duties, Listing Rules and Hong Kong law compliance, corporate governance and ESG, risk management and internal controls, and industry and business updates for self-study. All of these are of sufficient quality adequately support Directors' development of their knowledge and expertise and cover the specified topics as required under Rule 3.09G of the Listing Rules.

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 2025 are set out below:

Name of Directors	Number of Meetings Attended/Eligible to Attend for the Year Ended 30 June 2025							
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Sustainability Committee Meeting	Annual General Meeting	Extraordinary General Meeting	Continuous Professional Development (Notes)
<i>Executive Directors</i>								
Dr. Cheng Kar-Shun, Henry ⁽¹⁾	6/7	–	2/3	3/3	–	1/1	0/1	A, B
Ms. Huang Shaomei, Echo	6/7	–	–	–	–	1/1	0/1	A, B
Ms. Cheng Chi-Man, Sonia ⁽²⁾	6/7	–	–	0/0	–	1/1	1/1	A, B
Mr. Sitt Nam-Hoi ⁽³⁾	7/7	–	–	–	2/2	1/1	1/1	A, B
Ms. Chiu Wai-Han, Jenny	7/7	–	–	–	–	0/1	1/1	A, B
Mr. Ho Gilbert Chi-Hang ⁽⁴⁾	4/4	–	–	–	–	0/0	0/0	A, B
Mr. Lau Fu-Keung ⁽⁴⁾	4/4	–	–	–	–	0/0	0/0	A, B
Mr. Ma Siu-Cheung ⁽⁵⁾	2/2	–	–	–	0/0	1/1	1/1	A, B
<i>Non-executive Directors</i>								
Mr. Doo Wai-Hoi, William	7/7	–	–	–	–	1/1	0/1	A, B
Dr. Cheng Chi-Kong, Adrian ⁽⁶⁾	6/7	–	–	–	2/2	1/1	0/1	A, B
Mr. Cheng Kar-Shing, Peter	5/7	–	–	–	–	0/1	1/1	A, B
Mr. Cheng Chi-Heng	4/7	–	–	–	–	1/1	1/1	A, B
Mr. Cheng Chi-Ming, Brian	5/7	–	–	–	–	1/1	0/1	A, B
<i>Independent Non-executive Directors</i>								
Mr. Lee Luen-Wai, John ⁽⁷⁾	7/7	4/4	3/3	3/3	–	1/1	1/1	A, B, C
Mr. Ip Yuk-Keung, Albert	7/7	4/4	–	3/3	2/2	1/1	1/1	A, B, C
Mr. Chan Johnson Ow	7/7	4/4	3/3	–	2/2	1/1	1/1	A, B, C
Mrs. Law Fan Chiu-Fun, Fanny ⁽⁸⁾	7/7	3/3	–	–	2/2	1/1	1/1	A, B, C
Ms. Lo Wing-Sze, Anthea	7/7	4/4	–	–	–	1/1	1/1	A, B, C
Ms. Wong Yeung-Fong, Fonia	7/7	–	–	–	2/2	1/1	1/1	A, B, C

Notes:

- (1) ceased to be chairman and member of Nomination Committee with effect from 1 May 2025
 - (2) appointed as member of Nomination Committee on 1 May 2025
 - (3) appointed as chairman of Sustainability Committee on 29 November 2024
 - (4) appointed as Executive Director on 29 November 2024
 - (5) appointed as and ceased to be chairman and member of Sustainability Committee with effect from 26 September 2024 and 29 November 2024 respectively, and resigned as Executive Director on 29 November 2024
 - (6) re-designated from Executive Director to Non-executive Director and ceased to be chairman and member of Sustainability Committee with effect from 26 September 2024 and resigned as Non-executive Director on 1 July 2025
 - (7) appointed as chairman of Nomination Committee on 1 May 2025
 - (8) appointed as member of Audit Committee on 1 November 2024
- A – Received reading materials on board and directors' duties, Listing Rules and Hong Kong law compliance, corporate governance and ESG, risk management and internal controls, and industry and business updates
- B – Internal trainings and external trainings on corporate governance and ESG, risk management and internal controls, and industry and business updates
- C – Attending quarterly meetings covering updates on industry-specific developments, business trends and strategies of the Group

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. Ma Siu-Cheung [*]
	Ms. Huang Shaomei, Echo
	Ms. Cheng Chi-Man, Sonia
	Mr. Sitt Nam-Hoi
	Ms. Chiu Wai-Han, Jenny
	Mr. Ho Gilbert Chi-Hang [^]
	Mr. Lau Fu-Keung [^]

[#] ceased to be member with effect from 26 September 2024

^{*} ceased to be member with effect from 29 November 2024

[^] became member with effect from 29 November 2024

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, manages and develops generally the businesses of the Company, and oversees internal controls over the handling of inside information. 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. Ip Yuk-Keung, Albert
	Mr. Chan Johnson Ow
	Mrs. Law Fan Chiu-Fan, Fanny*
	Ms. Lo Wing-Sze, Anthea

* became member with effect from 1 November 2024

The Audit Committee is responsible for reviewing the Group's financial controls, its risk management and internal control systems (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 four 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 2024 and the unaudited interim financial statements of the Company for the six months ended 31 December 2024 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;
- (v) reviewed the works done by the Data Protection and Compliance Committee which included the preparation and maintenance of personal data inventory; preparation of new policies or guidelines relating to data privacy and protection matters; and the provision of relevant training for the staff; and
- (vi) reviewed the key risk indicators and the enterprise risk management system of the Group.

Remuneration Committee

Members:

Independent Non-executive Directors Mr. Lee Luen-Wai, John (*Chairman*)
Mr. Chan Johnson Ow

Executive Director Dr. Cheng Kar-Shun, Henry

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 (comprised of Executive Directors only) 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 three meetings and the work performed by the Remuneration Committee included the following:

- (i) reviewed the remuneration policy of the Company, including that for the Directors and senior management of the Company; and
- (ii) 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 for the financial year ended 30 June 2025 are disclosed in the notes to the financial statements.

Nomination Committee

Members:

Executive Directors Dr. Cheng Kar-Shun, Henry (*Chairman*)[#]
Ms. Cheng Chi-Man, Sonia[^]

Independent Non-executive Directors Mr. Lee Luen-Wai, John (*Chairman*)^{*}
Mr. Ip Yuk-Keung, Albert

[#] ceased to be chairman and member with effect from 1 May 2025

[^] became member with effect from 1 May 2025

^{*} became chairman with effect from 1 May 2025

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. To align with the amendments made to the CG Code relating to the composition of the members of the Nomination Committee and skills matrix, the terms of reference of the Nomination Committee was revised on 24 April 2025 and took effect on 1 July 2025. The Chairman of the Nomination Committee is independent from the management.

The Board has adopted 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 an existing Director, the Nomination Committee shall review the overall contribution and service of the retiring Director to the Company, 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 such 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 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.

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

- (i) recommended to the Board on the Board changes;
- (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 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 annual general meeting of the Company held on 21 November 2024; 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. Ma Siu-Cheung (<i>Chairman</i>) [*] Mr. Sitt Nam-Hoi (<i>Chairman</i>) [^]
Independent Non-executive Directors	Mr. Ip Yuk-Keung, Albert Mr. Chan Johnson Ow Mrs. Law Fan Chiu-Fun, Fanny Ms. Wong Yeung-Fong, Fonia

[#] ceased to be chairman and member with effect from 26 September 2024

^{*} became and ceased to be chairman and member with effect from 26 September 2024 and 29 November 2024 respectively

[^] became chairman with effect from 29 November 2024

The Sustainability Committee is responsible for the oversight of the Company's ESG and climate-related 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 commitments and targets under the refreshed "Sustainability Vision 2030+" which guide us to evolve as a future-proof company towards 2050. 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 C2) of the Listing Rules.

The Sustainability Committee met twice during the year. It discussed and endorsed the Group's sustainability strategy, targets and policies. 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, ESG ratings, materiality, employee well-being, climate risks, 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 2025, 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	
	2025 HK\$m	2024 HK\$m
Assurance services	46.1	49.4
Non-assurance services	16.5	31.2
Total	62.6	80.6

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 services relating to acquisition and disposal activities, ESG and green finance services and data privacy 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 amendments to standards and interpretation. The Directors consider that it is appropriate to prepare the consolidated financial statement on a going concern basis.

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.

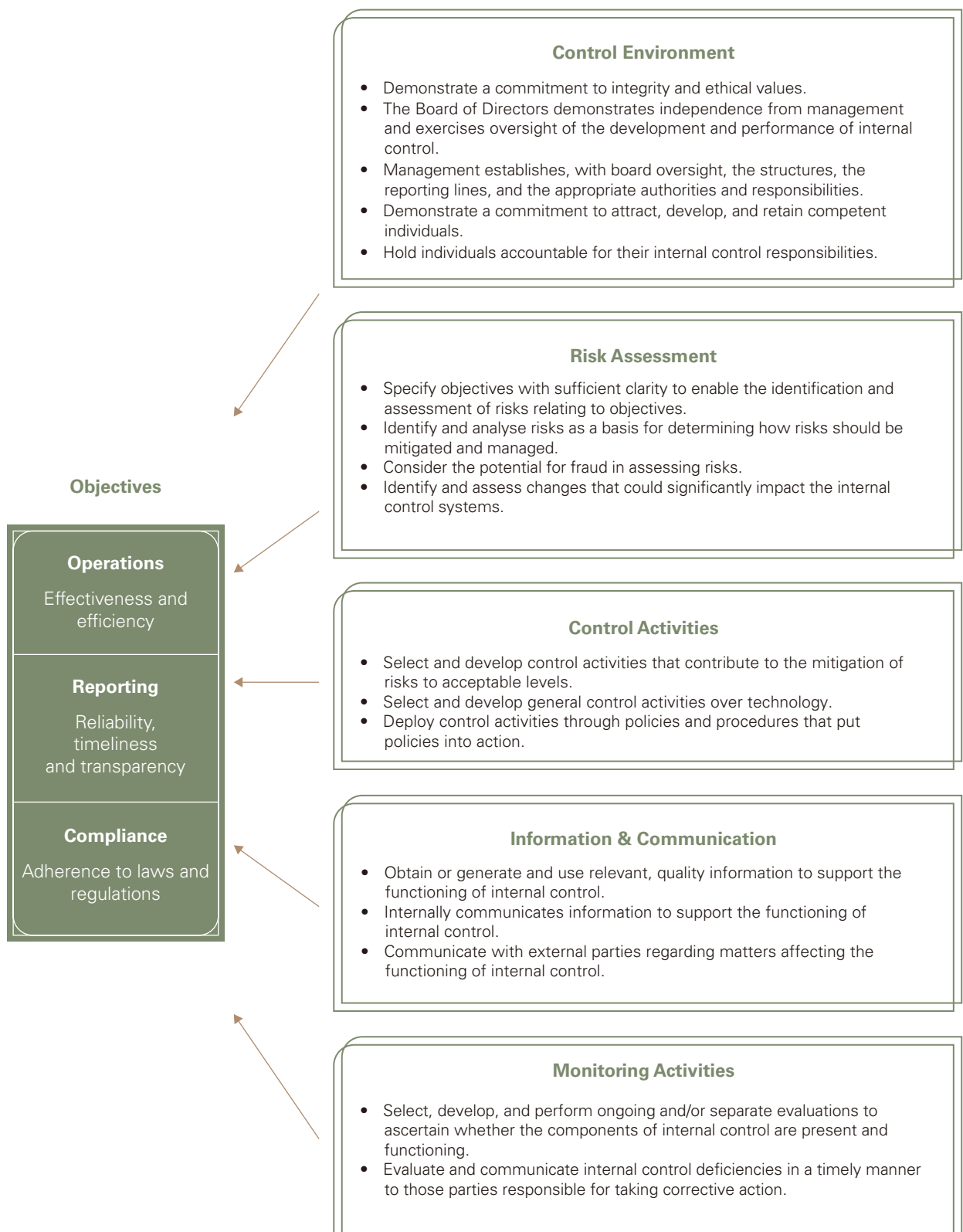
INTERNAL AUDIT

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.

The Group Audit Director plays a major role in monitoring the internal governance and process of the Group for meeting its business objective, reports directly to the Audit Committee and Risk Management Committee and administratively to the Executive Director and Chief Executive Officer. The Group Audit Director also has the right to consult the Audit Committee without reference to management.

INTERNAL CONTROL

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



Policies, Guidelines and Practices

Enterprise Risk Management Policy

- The policy outlines the Group’s risk management framework and methodology, and provides guidance to business units and corporate departments of the Group in implementing effective risk management practices.

Whistleblowing Policy

- The Company has established a “Whistleblowing Policy” that enables employees to report serious concerns regarding suspected fraud, corruption, malpractice, misconduct or irregularity directly to the internal audit department for of the Group. Reported cases will be investigated confidentially and promptly, with the results of investigations reported to both the Executive Committee and the Audit Committee.

Anti-Corruption Policy

- The policy provides guidelines on standards of conduct to uphold integrity of the Group. It draws on principles from the UN Global Compact, the UN Convention Against Corruption, the World Economic Forum’s Partnering Against Corruption Initiative, and the Transparency International’s Business Principles for Countering Bribery to establish a strong tone at the top regarding anti-corruption commitment and relevant reporting channels. All employees of the Group are required to confirm annually that they have read and agreed to be bound by the policy.

Conflict of Interest Policy

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

Disclosure Policy and Disclosure Procedure Manual in respect of Inside Information

- The Company has established the Disclosure Committee to oversee internal controls related to inside information. The Disclosure Policy and Disclosure Procedure Manual which set out the Company’s policies and practices for handling and disseminating inside information, with reference to the requirements and principles outlined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), the Listing Rules and the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission. All Directors and employees are bound by the Disclosure Policy and the Disclosure Procedure Manual to ensure the proper handling and dissemination of inside information.

Anti-Money Laundering (“AML”) & Counter-Terrorist Financing Policy

- The policy aims to ensure that the Group, its directors, officers and employees understand the AML/Counter-Terrorist Financing requirements applicable to them and are aware of their roles and responsibilities in achieving compliance. It also seeks to establish and align AML/Counter-Terrorist Financing compliance objectives, compliance governance framework, compliance control design and monitoring systems to ensure consistent implementation of AML/Counter-Terrorist Financing controls across the Group.

Responsible Investment Policy

- The policy is designed to integrate the Group’s “ESG” commitments, standards and guidelines into its internal investment decision making processes.

Privacy Management Programme

- The Privacy Management Programme sets out a strategic framework to assist the Company build a robust privacy infrastructure, supported by effective ongoing review and monitoring processes, and provides guidance to all employees of the Group.

Personal Data Privacy Policy and Guidelines

- The policy aims to ensure the entire personal data life cycle from collection, use and transfer to retention remains within the parameters of the application regulatory regime. It also provides guidance to all employees of the Group on the policies and procedures for operating in compliance with the relevant laws.

Personal Data Access and Correction Policy

- The policy provides guidance to all employees of the Group on handling data access and correction requests in accordance with applicable laws.

Personal Data Privacy Enquiries and Complaints Handling Policy

- The policy offers guidance to all employees of the Group on handling personal data privacy enquiries and complaints in accordance with applicable laws.

Personal Identifiers Policy

- The policy provides guidance to all employees of the Group on the framework and mechanisms related to the collection, accuracy, retention, use and security of personal identifiers in accordance with applicable laws.

RISK MANAGEMENT

Robust and effective risk management is an vital and integral component of corporate governance. It ensures that risks encountered in the pursuit of the Group's strategic objectives are managed within its defined risk appetite, supporting the Group's sustainable growth and development.

To achieve this, the Group adopts an enterprise-wide, holistic and systematic approach known as Enterprise Risk Management ("ERM"). The ERM framework embeds risk management into business strategy, day-to-day operations and management processes. It is forward-looking and focused on supporting the achievement of the Group's strategic goals and performance objectives.

Enterprise Risk Management Framework

The Group has developed a tailor-made ERM framework with reference to internationally recognised standards, including COSO's Enterprise Risk Management – Integrating with Strategy and Performance, the International Organization for Standardization ("ISO") 31000 Risk Management and the World Business Council for Sustainable Development ("WBCSD").



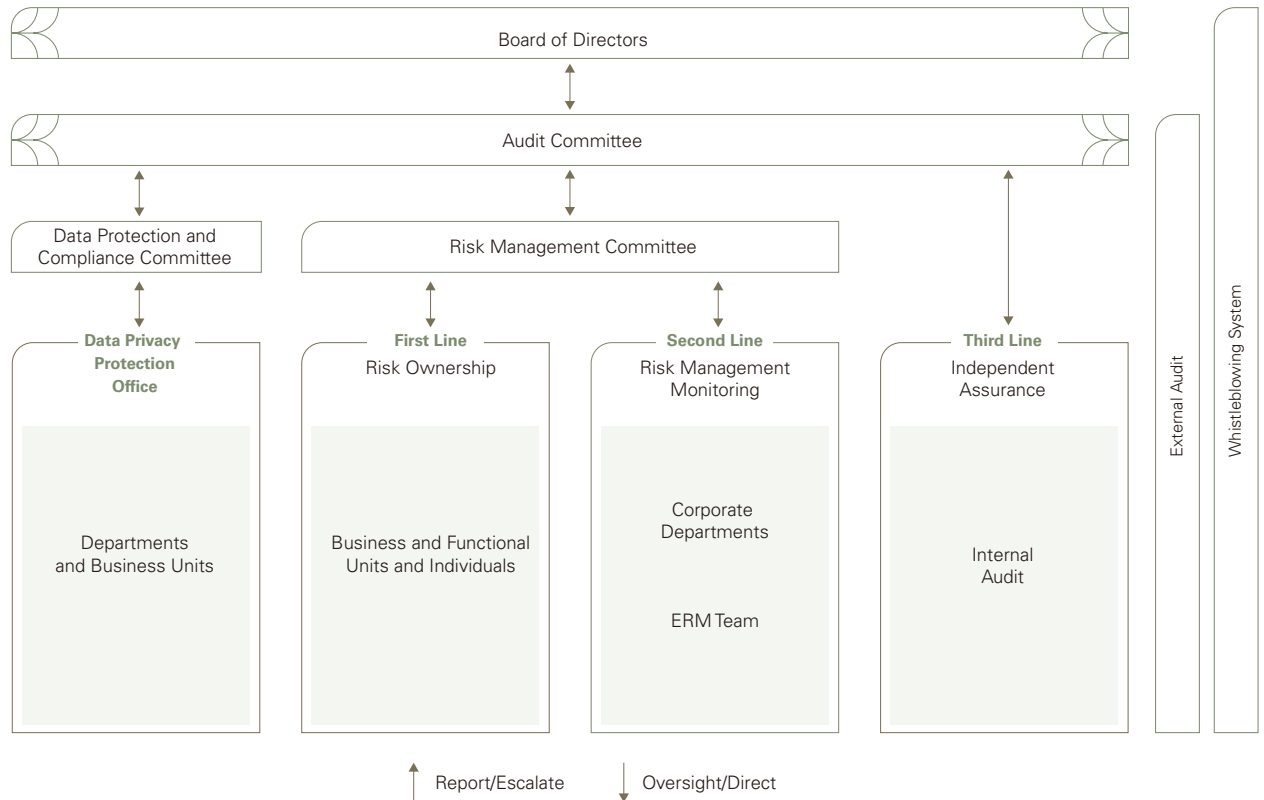
Risk Culture

Risk culture refers to the shared values and behaviours of all employees of the Group that influence the Group's risk-related decisions. The Group is committed to fostering a culture of speaking up across all levels. This includes both online and offline learning initiatives that encourage corporate and frontline employees to proactively communicate potential issues – whether related to operational risks, unsatisfactory customer service, grievances, whistleblowing, or suggestions for improving the working environment. A positive risk culture is characterised by the following attributes:

- Every employee is able to identify, understand, openly discuss and efficiently respond to current and emerging risks
- Risks are clearly and efficiently communicated to relevant stakeholders
- Policies, guidelines and rules are consistently followed by all employees

Risk Governance Structure

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



Risk Oversight

Board of Directors

- Establishes a strong risk management culture and defines the Group’s risk appetite.
- Evaluates and determines the level of risk the Group should undertake, with regular monitoring.
- Sets strategic direction by proposing strategies that address key risks and align with the Group’s values and core business.
- Ensures annual disclosures comply with relevant regulatory requirements.
- Demonstrates openness, integrity, and accountability to stakeholders throughout the decision-making process.

Audit Committee

- Reviews the effectiveness of the Group's risk management system, including the identification, assessment, monitoring and reporting of risks.
- Evaluates and ensures that appropriate and effective business operations, risk management and internal control systems are in place.
- Provides market insights and strategic advice to enhance the Group's business performance and risk management practices.
- Assesses strategic risks and reviews related reports submitted by respective risk owners.
- Oversees compliance with data privacy and protection laws and regulations applicable to the Group.

Risk Management Committee

- Reviews ERM activities and the Group's risk profile, ensuring timely communication to the Audit Committee at least twice a year and to the Board of Directors as appropriate.
- Ensures a comprehensive and consistent approach to manage risks across the Group.
- Regularly assesses the ERM framework to ensure it remains fit for purpose and aligned with business, operational and regulatory requirements.
- Ensures that all key risks are properly identified, managed and monitored.

Data Protection and Compliance Committee

- Oversees compliance with data privacy and protection laws and regulations applicable to the Company, and reports to the Audit Committee at least twice a year on the Company's overall compliance status, issues encountered, privacy-related complaints and potential data breach incidents.
- Guides the development and implementation of the Company's Privacy Management Programme ("PMP").
- Establishes the Data Privacy Protection Office to support the day-to-day implementation and management of the PMP's programme controls.
- Ensures the compliance with Company's data privacy and protection policies, standards and guidelines, and reviews and recommends necessary updates.
- Reviews and assesses cyber risk mitigation and incident (including data breach) response strategies to ensure alignment with market best practices, business objectives, privacy expectations and the Company's risk appetite.
- Reviews and enhances information security standards in line with the Company's risk tolerance and relevant industry standards.

First Line

Business and Functional Units and Individuals

- Act as risk owners by identifying, assessing, monitoring and reporting risks.
- Ensure the effectiveness of risk management systems and mitigation strategies.
- Implement appropriate risk management measures and actions to safeguard the Group's interest and support business performance.

Second Line

Corporate Departments

- Support risk owners in implementing the risk management framework and overseeing risk information management.
- Ensure that risk management processes are functioning effectively as intended.
- Ensure operations are conducted efficiently and effectively, with appropriate consideration, assessment and management of risks.

ERM Team

- Facilitates the processes of risk identification, assessment, monitoring and reporting.
- Aggregates, analyses, prioritises and reports key risks to the Risk Management Committee.
- Provides expertise and support to management and risk owners on risk-related matters.
- Assists the Group in proactively identifying emerging risks.
- Ensures the ERM framework is effectively implemented across the Group.
- Supports the integration of ERM within the Group's strategic planning.

Third Line

Internal Audit

- Maintains primary accountability to the governing body and independence from management responsibilities.
- Provides 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), and supports the achievement of organisational objectives while promoting continuous improvement.
- Reports any impairments to independence and objectivity (if any) to the governing body and implements appropriate safeguards as necessary.

External Audit

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

Whistleblowing System

- Enables all employees of the Group and other relevant parties to raise concerns, including suspected fraud, malpractice, misconduct or irregularities. All reported cases are handled confidentially and followed through in accordance with the Whistleblowing Policy and its related procedures.

Risk Appetite Setting

Risk appetite reflects the Group's willingness to take controlled and well-understood risks in pursuit of broader business objectives. NWD's strategic direction drives the Group's overall risk appetite, which defines the level of risk the Group is prepared to assume to achieve its goals. All risk-taking activities must be managed within this defined risk appetite.

The Board of Directors is responsible for approving the Group's Risk Appetite Statement. Senior management and business unit heads are tasked with cascading detailed interpretations and implementations of the risk appetite, ensuring the statement is effectively communicated to and understood by both internal and external stakeholders. They must also monitor and control their activities and business transactions to ensure alignment with the approved risk appetite.

Risk appetite is closely linked to the annual planning process, which sets business targets aligned with the Group's strategic objectives. It is also integrated into the ERM cycle, where management identifies risks and implements mitigation actions to manage the risk within the defined risk appetite. The Risk Appetite Statement should be communicated by management, reviewed by the Risk Management Committee, and disseminated throughout the Group to ensure consistent understanding and application. The risk appetite should also be reaffirmed at least annually to maintain alignment with the Group's strategy.

The Risk Appetite Statement is as follows:

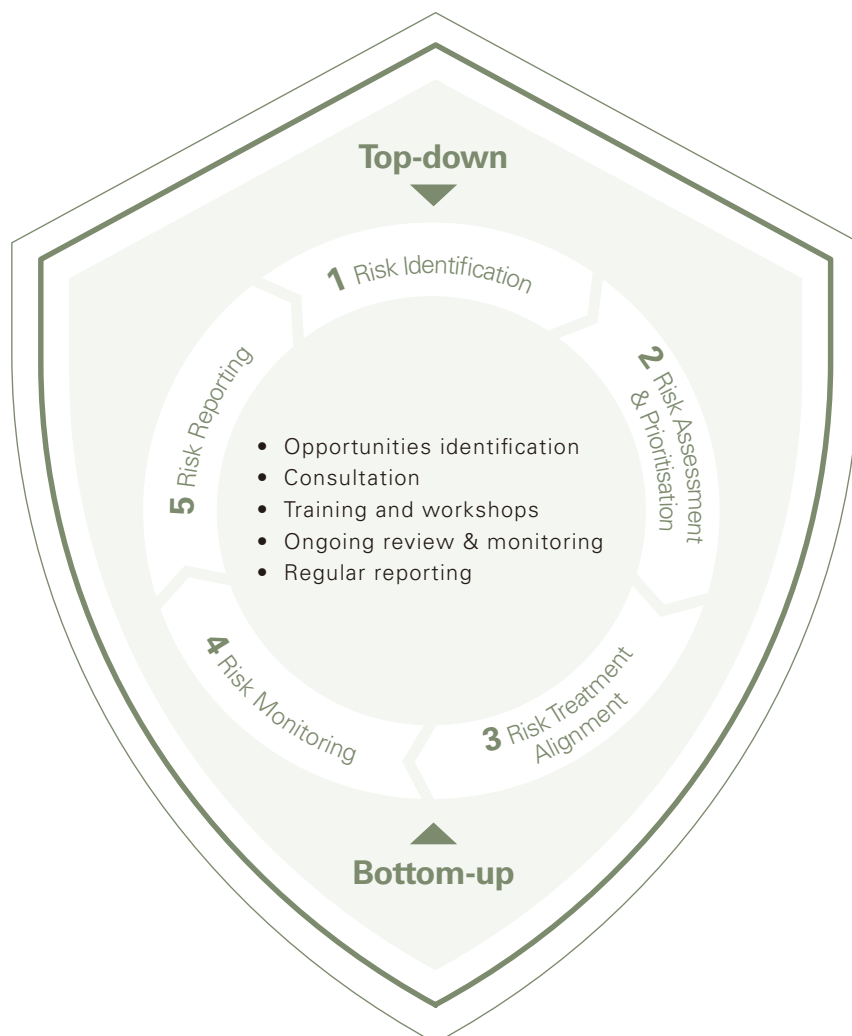
Risk category	Risk Appetite Statement
Strategic	The Group aspires to create shared value and contributes to building a better society through innovation and sustainable business growth, including but not limited to developing its own ecosystem, redeploying resources from non-core businesses to core business areas.
Operational	The Group aims to optimise its operations within its organisational structure to support sustainable business growth. The Group acknowledges that operational risks are inherent to business activities but is committed to protecting its assets and those of its customers through cost-effective risk mitigation strategies.
Financial	The Group actively manages profitability, liquidity and funding to support its business strategy and ensure compliance with relevant accounting and banking requirements through prudent capital management.
Regulatory	The Group is committed to maintaining the highest standards of compliance with applicable laws, regulations, industry standards as well as internal policies, guidelines and procedures. We have zero tolerance for regulatory risks that could expose our organisation to significant legal or compliance violations, penalties, or reputational harm.

Risk Management Process

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

The risk management process is integrated into our daily operations and is an ongoing process involving all levels of the Group, from the Board of Directors to each individual employee of the Group. Risk owners and risk oversight parties are clearly defined across the Group. They are responsible for identifying, analysing and evaluating the risks faced by their businesses, and for executing appropriate management actions to avoid, mitigate or transfer risks, as well as to exploit, enhance or share opportunities.

The ERM process is illustrated in the diagram below.



Risk Identification

Our ERM process enables management to identify new and emerging risks, including medium – to long-term sustainability risks such as climate-related risks. The interconnectivity of sustainability risks is also considered, with sustainability factors integrated across all key risk areas.

The risk identification process includes top-down interviews with management and bottom-up discussions with business and functional units and individual contributors, to gather insights on changes in the risk landscape. This process is integrated with the Group's annual strategic planning exercise. The linkage between the risks and opportunities, and the annual Objectives and Key Results ("OKRs"), which are derived from the Group's long-term strategic objectives, is clearly explained during interviews and deep-dive workshops. Additional sources of risk identification include emerging risks identified by the ERM Team and risks reported through the early risk flagging mechanism.

Risk Assessment and Prioritisation

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

The results of risk analysis are compared against the Group's predefined risk appetite and tolerance levels. This enables management to determine appropriate risk response strategies, prioritise risk treatment plans, and allocate limited resources effectively.

Risk Treatment

The selection of the most appropriate risk treatment plan considers the costs and benefits at both the Group and business unit levels. The optimum risk treatment aims to limit downside exposure while maximising upside potential. Any residual risks that exceed the approved risk appetite must be escalated to senior management and, if deemed necessary, to the Risk Management Committee.

Risk Monitoring

Continuous tracking of risk treatment plans is in place to monitor whether risks remain within the Group's risk appetite and aligned with desired levels, while ensuring adherence to relevant policies, minimum standards and regulations.

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

Key Risk Indicator ("KRI")

KRIs serve as early warning signals, developed to monitor potential shifts in risk exposures and enable management and the Board of Directors to make timely, data-driven and strategic decisions. KRIs for previously identified key risks have been established, along with the relevant reporting mechanism. Acceptable thresholds (i.e. upper and lower limits) are also defined to support ongoing risk monitoring and escalation procedures.

Early Risk Flagging Mechanism

An early risk flagging mechanism has been established to enable the Group to proactively identify and assess emerging risks and broad areas of changes arising from both internal and external factors, and to respond in a timely manner. All employees of the Group are encouraged to immediately report any perceived potential risks, especially those expected to impact business areas, to the corresponding risk oversight parties.

Risk Reporting



Following a holistic review of the Group, the 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 on a half-yearly basis. Through the Risk Management Committee and the Audit Committee, the Board of Directors has put in place effective risk management and internal control systems that enable the Group to respond appropriately to significant risks in achieving its strategic 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 across various business segments for the upcoming period:

Existing Risks	Risk Trend	Mitigation Actions
Macroeconomic Adverse changes in macroeconomic environment due to the uncertainties of local and global financial conditions.	Increase	<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
Sales and Market Competition Changes in market demand, supply, and pricing for products/services, together with intensifying competition may impact sales targets.	Increase	<ul style="list-style-type: none"> Regular market research conducted and close communication with local government bodies to grasp the optimal sales opportunities Engage professional media agency to assist in spotting and dealing with public relations emergencies in a timely manner Evaluation on the effectiveness of marketing activities are regularly conducted in multi-dimension to facilitate timely adjustments on marketing strategies Utilise technology to enhance customer experience and to increase operational efficiency and effectiveness

Existing Risks	Risk Trend	Mitigation Actions
Customer Demand  Change in customers' needs, wants and behaviour, impacting company's market share target and/or sales revenue target.	Increase	<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
Investor and Public Relations Reputational events that could weaken market perception and stakeholder trust.	Increase	<ul style="list-style-type: none"> Track media/social sentiment with alerts, address misinformation quickly, and maintain regular stakeholder updates via IR channels to reinforce transparency
Interest Rate and Inflation Fluctuation of interest rate impacting the future cost of business.	Decrease	<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
Funding and Capital Management A risk associated with the company's ability to secure necessary funds to meet its obligations and manage its capital structure including debt and equity.	Decrease	<ul style="list-style-type: none"> Maintain an appropriate balance of secured and unsecured borrowings Regular review on concentration of exposure with banks; explore new financial institutions when necessary Diversify funding channels to reduce dependency on a single or limited sources of cash inflow Adopt rolling cashflow forecast and scenario planning to ensure adequate liquidity for operating, investing and financing activities
Business Return Variability in operating performance and shifting cost or pricing dynamics that may reduce expected ROI and profitability.	Increase	<ul style="list-style-type: none"> Set and track Key Performance Indicators including sales revenue and cost Strengthen cost control and execute cost-saving initiatives to enhance sustainable ROI
Brand Management and Reputation  Image, reputation and brand value impacting the stakeholder confidence towards the company.	Increase	<ul style="list-style-type: none"> Align with relevant business units, departments and senior executives, as well as other internal stakeholders on communication strategies and key corporate messages to accurately reflect the company's value and operational performance Iteratively refine communications plans and proactively identify reputational risks through collecting and monitoring stakeholders' feedback and public sentiment from engagements and social listening

Existing Risks	Risk Trend	Mitigation Actions
<p>Human Capital and Talent Retention </p> <p>Manpower planning and talent development strategies impacting in operational excellence.</p>	Decrease	<ul style="list-style-type: none"> Closely work with different heads and support their manpower planning based on the business needs
<p>Climate Resilience and Adaptation </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. 	Unchange	<ul style="list-style-type: none"> Adoption of the IFRS S2, HKEX Climate-related Disclosures, and other emerging standards for preparing climate-related disclosures 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 46 to 101.</p>

 Risks including sustainability considerations

Cybersecurity Risks

Despite cybersecurity risks did not rank among the Group's top 10 risks this year, we have made significant progress in strengthening our cybersecurity framework.

- Senior management's oversight on cybersecurity initiatives
- Ongoing assessments to ensure robust security measures are applied and maintained including the attainment of ISO certifications (e.g. ISO 27001)
- Conduct mandatory cybersecurity training covering all business units to raise awareness of the importance of and the best practices in information handling and vigilance against phishing attacks

Our dedicated team has implemented robust security measures, advanced threat detection systems and comprehensive employee training programs to fortify our defences. These proactive initiatives ensure we remain vigilant and resilient against potential cyber threats, safeguarding our digital assets and maintaining stakeholder trust. We will continue to prioritise cybersecurity and adapt to the evolving threat landscape to protect our organisation effectively.

Emerging Risks and Responses Strategies

Emerging Risks	Impact	Mitigation Actions
<p>Risks spanning across cybersecurity, technology and AI</p> <p>Category: Technological</p> <p>Description: With the fast-paced technological development, the (1) Cybersecurity risks include potential data breaches, ransomware attacks, (2) Technology risk leading to malfunctioning of the supply chain, and (3) AI risks, are all emerging as forever-expanding web of risks in unprecedented rate threatening to compromise operation on a significant scale.</p>	<ul style="list-style-type: none"> • Data breach incidents may lead to financial and reputational damage and stakeholders losing faith • Potential operational disruption due to technological failure jeopardising daily operation and customer experience • AI algorithms can inadvertently perpetuate biases, leading to unfair and discriminatory practices • Ensuring compliance with applicable and evolving laws and regulations around AI and data protection can be challenging and costly 	<ul style="list-style-type: none"> • Establish IT and AI governance, covering acceptable usage and ensuring human oversight for responsible application • Implement robust data protection measures, including both administrative and technical controls to safeguard confidential data • Stay up-to-date cybersecurity best practices and conduct regular reviews of existing controls to ensure ongoing compliance with relevant certifications

Emerging Risks	Impact	Mitigation Actions
<p>Difficulties in recruiting and retaining talents due to the demographic trend</p> <p>Category: Societal</p> <p>Description: The property sector in Hong Kong faces challenges in recruiting and retaining talent due to demographic shifts and evolving workforce expectations. Changes in population structure and job preferences also impact the availability and appeal of property-related roles.</p>	<ul style="list-style-type: none"> Fewer young workers are entering property management and development roles Younger generations prioritise flexible work environments and technology integration Traditional office-based roles may not attract top talent Increasing numbers of skilled professionals are emigrating for better opportunities abroad 	<ul style="list-style-type: none"> Provide different development opportunities and career path to attract and retain young talents Foster a culture of innovation and inclusivity within the workplace Implement mentorship programs to transfer knowledge from retiring professionals

By addressing these emerging risks, the Group can strengthen its resilience, enhance competitive positioning and capitalise on new opportunities in a rapidly evolving market environment.

Review of Risk Management and Internal Control Systems Effectiveness

On behalf of the Board of Directors, the Audit Committee reviews the effectiveness of the Group's risk management and internal control systems at least half-yearly, including for the financial year ended 30 June 2025.

The Board of Directors has received confirmation from management regarding the effectiveness of the Group's risk management and internal control systems through the "Integrated Internal Control Self-Assessment Certificate". It is 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 of Directors concluded that the Group's risk management and internal control systems are effective and adequate. During the review, the Board of Directors also considered the adequacy of resources, staff qualifications and experience, training and budget allocated to the Group's accounting, internal audit, and financial reporting functions.

Although there were no significant areas of concerns identified during the year, the Group's risk management and internal control systems will continue to be reviewed regularly to support ongoing improvement.

COMPANY SECRETARY

Both Joint Company Secretaries are full-time employees of the Company and have day-to-day knowledge of the Company's affairs. The Joint Company Secretaries report to the Chief Executive Officer and are responsible for advising the Board on governance matters. For the year under review, each of the Joint Company Secretaries has confirmed that he/she has taken no less than 15 hours of relevant professional training.

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 International Sustainability Standards Board's ("ISSB") IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, the United Nations Global Compact ("UNGC"), the recommendations of the Taskforce on Nature-related Financial Disclosures ("TNFD"), 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, the 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 about 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 to feedback 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 25 domestic and international awards for its investor relations, ESG and annual report in recognition of the management's efforts in maintaining a high level of standard in investor relations and ESG. For details, please refer to the "Investor Relations" section of this annual report.