

## REPORT OF THE DIRECTORS

The directors of the Company (the “Directors”) present their report together with the audited financial statements of the Group for the year ended 30 June 2023 (the “Financial Statements”).

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and management. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include principal investment, property development and investment, hospitality and leisure business. The principal activities of the associates which materially affected the results of the Group during the year include commercial banking business, Islamic banking services, insurance and takaful business, investment banking, futures and stockbroking and asset management business.

The analysis of the principal activities and locations of operations of the Company and its subsidiaries during the year is set out in note 17 to the Financial Statements.

### BUSINESS REVIEW

A fair review of the business of the Group, a discussion and analysis of the Group’s performance during the year, financial key performance indicators, description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year (if any) as well as an indication of likely future development in the business of the Group are provided throughout this annual report, particularly in the sections headed Financial Highlights, Chairman’s Statement, Management Discussion and Analysis of this annual report as well as the Segment Reporting and Financial Risk Management and Fair Value in the notes to the Financial Statements. A discussion on the Group’s compliance with relevant laws and regulations that have a significant impact on the Group and an account of the Group’s key relationships with its stakeholders as well as the Group’s environmental policies and performance are provided in the “Corporate Governance Report” in this annual report and the “Environmental, Social and Governance Report” which is available at the Company’s website at [www.guoco.com](http://www.guoco.com). All such discussions form part of this Report of the Directors.

### SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are set out in note 17 to the Financial Statements.

### FINANCIAL STATEMENTS

The consolidated net profit of the Group for the year ended 30 June 2023 and the state of the Company’s and the Group’s affairs as at that date are set out in the Financial Statements on pages 69 to 173.

### DIVIDENDS

An interim dividend of HK\$0.50 per share (2022: HK\$0.50 per share) totalling HK\$162,331,000 (2022: HK\$162,989,000) was paid on 23 March 2023. The Directors are recommending payment of a final dividend of HK\$2.50 per share (2022: HK\$1.50 per share) in respect of the year ended 30 June 2023 totalling HK\$822,631,000 (2022: HK\$493,579,000) on Tuesday, 5 December 2023 to all persons registered as holders of shares on the register of members of the Company on Thursday, 23 November 2023, being the record date for determining the entitlement of shareholders to the proposed final dividend.

## REPORT OF THE DIRECTORS

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for less than 30% of the total turnover of the Group and the five largest suppliers of the Group accounted for less than 30% of the total purchases of the Group.

### CHARITABLE DONATIONS

Donations made by the Group during the year amounted to US\$828,000 (2022: US\$620,000).

### SHARE CAPITAL

The Company did not issue any new shares during the year. Details of the movement in share capital of the Company are shown in note 35 to the Financial Statements.

### RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 35 to the Financial Statements.

### EQUITY-LINKED AGREEMENTS

Other than the Executive Share Option Scheme 2012 and the Executive Share Scheme 2022 of the Company as disclosed in this Report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company at any time during the year or subsisted at the end of the year.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2023.

### PROPERTIES

Particulars of the major development properties, properties held for sale and investment properties of the Group are shown on pages 174 to 176.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws of the Company ("Bye-Laws") or the laws in Bermuda.

## REPORT OF THE DIRECTORS

### DIRECTORS

The Directors during the year and up to the date of this Report are:

KWEK Leng Hai – *Executive Chairman*

CHEW Seong Aun – *Group Chief Financial Officer*

KWEK Leng San\*

David M. NORMAN\*\*

Lester G. HUANG, *SBS, JP*\*\*

Paul J. BROUGH\*\*

\* Non-executive Director

\*\* Independent non-executive Director

In accordance with Bye-Law 99 of the Bye-Laws and Code B.2.2 of the Corporate Governance Code of the Company (the “CG Code”), Messrs. KWEK Leng Hai and Lester G. HUANG, *SBS, JP* shall retire from office by rotation at the forthcoming annual general meeting of the Company to be held on 16 November 2023 (the “2023 AGM”). Both of them, being eligible, will offer themselves for re-election at the 2023 AGM.

### DIRECTORS’ SERVICE CONTRACTS

Neither of the Directors who are proposed for re-election at the 2023 AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

### DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of the continuing connected transactions and material related party transactions are set out in this Report and note 42 to the Financial Statements respectively. Save as disclosed, no transaction, arrangement or contract of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a Director or his connected entity had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year ended 30 June 2023.

### MANAGEMENT CONTRACT

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company’s business was entered into or existed during the year ended 30 June 2023.

### INDEMNITY OF DIRECTORS

Pursuant to the Bye-Laws, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company maintains a directors’ and officers’ liability insurance which gives appropriate cover for any legal action brought against its Directors.

## REPORT OF THE DIRECTORS

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of the Company (the "Model Code") were disclosed as follows in accordance with the Listing Rules.

#### (A) The Company

Director	Number of ordinary shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	3,800,775	3,800,775	1.16%
KWEK Leng San	209,120	209,120	0.06%
David M. NORMAN	4,000	4,000	0.00%

#### (B) Associated Corporations

(a) *GuoLine Capital Assets Limited*

Director	Number of ordinary shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	841,000	841,000	2.62%
KWEK Leng San	321,790	321,790	1.00%

## REPORT OF THE DIRECTORS

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

#### (B) Associated Corporations (cont'd)

(b) *GuocoLand Limited*

Director	Number of ordinary shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	35,290,914	35,290,914	2.98%

(c) *Hong Leong Financial Group Berhad ("HLFG")*

Director	Number of *shares/ underlying shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	2,526,000	2,526,000	0.22%
CHEW Seong Aun	93,842	93,842	0.00% Note
KWEK Leng San	654,000	654,000	0.06%

\* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 93,842 shares/underlying shares comprised 62,562 ordinary shares of HLFGB and a share grant of 31,280 underlying shares of HLFGB which shall be vested on 24 November 2023.

## REPORT OF THE DIRECTORS

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

#### (B) Associated Corporations (cont'd)

##### (d) GuocoLand (Malaysia) Berhad

Director	Number of ordinary shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	226,800	226,800	0.03%

##### (e) The Rank Group Plc

Director	Number of ordinary shares (Long Position)		Approx. % of total number of shares in issue
	Personal interests	Total interests	
KWEK Leng Hai	1,026,209	1,026,209	0.26%
KWEK Leng San	56,461	56,461	0.01%

##### (f) Lam Soon (Hong Kong) Limited

Director	Number of ordinary shares (Long Position)			Approx. % of total number of shares in issue
	Personal interests	Family interests	Total interests	
KWEK Leng Hai	2,300,000	–	2,300,000	0.95%
Lester G. HUANG, SBS, JP	–	150,000	150,000	0.06%

Save as disclosed above, as at 30 June 2023, none of the Directors had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## REPORT OF THE DIRECTORS

### SHARE SCHEMES

#### Executive Share Option Scheme 2012 (the “ESOS 2012”)

The ESOS 2012 was approved by the shareholders of the Company (the “Shareholders”) at the special general meeting on 14 November 2012 (the “ESOS Approval Date”) and took effect on 16 November 2012 (the “ESOS Effective Date”) for grant of options over newly issued and/or existing shares of the Company to executives or directors of the Company or any of its subsidiaries (the “ESOS Eligible Executives”) from time to time. The ESOS 2012 provides an opportunity for the ESOS Eligible Executives to participate in the equity of the Company and aligns the Company’s long term interests with those of the Shareholders.

A trust (the “ESOS Trust”) was established for the purpose of acquiring and holding existing shares of the Company from time to time to satisfy the exercise of options granted under the ESOS 2012. A wholly owned subsidiary of the Company as the trustee was responsible for administering the ESOS Trust.

The number of new shares of the Company that may be issued upon exercise of all share options to be granted under the ESOS 2012 shall not in aggregate exceed 10% of the issued share capital of the Company as at the ESOS Approval Date, i.e. 32,905,137 which represents 10% of the shares in issue of the Company as at the date of this Report. The maximum entitlement for an ESOS Eligible Executive in respect of the total number of shares issued and to be issued upon exercise of options granted and to be granted in any 12 months period up to the date of the latest grant shall not exceed 1% of the shares of the Company in issue as at any date of grant.

The option price per share payable upon exercise of any share option will be determined by the Board Remuneration Committee of the Company (the “BRC”) upon the grant of the share option. It will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such share option; (b) the closing price of a share as stated in the Stock Exchange’s daily quotation sheet on the day of offer of such a share option; and (c) the nominal value of a share.

A nominal consideration of HK\$1 is payable on acceptance of the share option within 30 days inclusive of, and from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant in respect of such offer and the BRC may determine a minimum period that an option must be held before it can be exercised, if any.

The life of the ESOS 2012 is 10 years from the ESOS Effective Date and the ESOS 2012 expired on 15 November 2022.

No option had ever been granted to any ESOS Eligible Executives pursuant to the ESOS 2012 since its adoption and up to the date of expiration (i.e. 15 November 2022).

## REPORT OF THE DIRECTORS

### SHARE SCHEMES (cont'd)

#### Executive Share Scheme 2022 (the "ESS 2022")

The ESS 2022 was approved by the Shareholders at the annual general meeting on 8 November 2022 (the "ESS Approval Date") and took effect on 10 November 2022 (the "ESS Effective Date") for grant of options and/or free shares over newly issued and/or existing shares of the Company to executives or directors of the Company or any of its subsidiaries (the "ESS Eligible Executives") from time to time to replace the ESOS 2012 which expired on 15 November 2022.

The purpose of the ESS 2022 is to (i) align the long term interests of the ESS Eligible Executives with those of the Shareholders and encourage the ESS Eligible Executives to assume greater responsibility for the performance of the businesses that they manage; (ii) motivate the ESS Eligible Executives towards strategic business objectives; (iii) reward the ESS Eligible Executives with an equity stake in the success of the Group; and (iv) make the total compensation package more competitive in order to attract, retain and motivate high calibre executives.

A trust (the "ESS Trust") is in place for the purpose of acquiring and holding existing shares of the Company from time to time to satisfy the exercise of options and vesting of share grants which may be granted under the ESS 2022. A wholly owned subsidiary of the Company as the trustee is responsible for administering the ESS Trust.

The maximum number of new shares of the Company that may be issued upon exercise of share options and vesting of share grants pursuant to the ESS 2022 shall not in aggregate exceed 10% of the issued share capital of the Company as at the ESS Approval Date, i.e. 32,905,137 which represents 10% of the shares in issue of the Company as at 30 June 2023 and the date of this Report. The maximum entitlement for an ESS Eligible Executive in respect of the total number of shares issued and to be issued upon exercise of options granted and to be granted as well as share grants vested and to be vested in any 12 months period up to the date of the latest grant shall not exceed 1% of the shares of the Company in issue as at any date of grant.

Except where it is otherwise specifically allowed under the ESS 2022, the share options and/or share grants offered to the ESS Eligible Executives is exercisable/will be vested only during his/her employment or directorship with the Group and the vesting period of the share options and/or share grants shall not be less than 12 months from the date of offer.

The BRC may at its discretion determine the exercise price of the options provided that the exercise price so fixed must be at least the higher of (a) the closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer of such option, which must be a business day; (b) the average closing price of a share of the Company as stated in daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of such option; and (c) the nominal value of a share of the Company.

Share options and/or share grants offered under the ESS 2022 to an ESS Eligible Executive must be accepted by the offeree within thirty (30) days from the date of offer (or such longer period of time as may be permitted by the BRC at its absolute discretion) by way of a written notice of acceptance and in such manner as may be prescribed by the BRC and accompanied by a payment of HK\$1 as consideration. The exercise period of the share options offered shall not be more than ten (10) years from the date of offer.

The life of the ESS 2022 is 10 years from the ESS Effective Date. The ESS 2022 shall remain valid and effective till 9 November 2032.

No share option or free share had ever been granted to any ESS Eligible Executives pursuant to the ESS 2022 since its adoption and up to 30 June 2023.



## REPORT OF THE DIRECTORS

### SHARE SCHEMES (cont'd)

#### Others

Certain other subsidiaries of GuoLine Capital Assets Limited, the ultimate holding company of the Company, maintain share schemes or plans or arrangements which subsisted at the end of the year or at any time during the year, under which eligible Directors of the Company may be granted free shares or share options for acquisition of shares of respective companies concerned.

Save for above, at no time during the year was the Company, any of its parent companies, its subsidiary undertakings or subsidiary undertakings of its parent companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, the persons who had interests or short positions in the shares and underlying shares of 5% or more in the Company's issued share capital as recorded in the register maintained by the Company under Section 336 of the SFO are as follows:

Shareholders	Capacity	Number of shares/ underlying shares	Notes	Approx. % of the issued share capital of the Company
QUEK Leng Chan ("QLC")	Personal interests	1,056,325 (Long Position)	1	
	Interest of controlled corporations	249,225,792 (Long Position)		
	Total interests	250,282,117		76.06%
GuoLine Capital Assets Limited ("GCAL")	Interest of controlled corporations	248,625,792 (Long Position)	2 & 3	75.55%
Hong Leong Investment Holdings Pte. Ltd. ("HLInv")	Interest of controlled corporations	248,625,792 (Long Position)	3 & 4	75.55%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	248,625,792 (Long Position)	3 & 5	75.55%
KWEK Leng Kee ("KLK")	Interest of controlled corporations	248,625,792 (Long Position)	3 & 6	75.55%
Elliott Investment Management GP LLC ("EIM")	Investment Manager	31,998,716 (Long Position)	7	9.72%
Elliott International Special GP, LLC ("EIS")	Interest of controlled corporations	21,759,127 (Long Position)	8	6.61%
First Eagle Investment Management, LLC ("FEIM")	Investment Manager	26,238,046 (Long Position)	9	7.97%

## REPORT OF THE DIRECTORS

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (cont'd)

Notes:

- The interest of controlled corporation of QLC comprised 242,008,117 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by:

	Number of shares/ underlying shares
GuoLine Overseas Limited ("GOL")	236,524,930
GuoLine (Singapore) Pte Ltd ("GSL")	8,274,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	3,826,862
Robusto Ltd ("RL")	1,056,325
Chaghese Limited ("CL")	600,000

AFCW was wholly owned by Guoco Management Company Limited which in turn was wholly owned by the Company. The Company was 71.88% owned by GOL. GOL and GSL were wholly owned by GCAL. GCAL was 49.11% owned by QLC while RL and CL were wholly owned by QLC.

- The interests of GCAL comprised 240,351,792 ordinary shares of the Company and 8,274,000 underlying shares of other unlisted cash settled derivatives, and were directly held by GOL, GSL and AFCW as set out in Note 1 above.
- The interests of GCAL, HLIInv, Davos and KLK are duplicated.
- HLIInv was deemed to be interested in these interests through its controlling interests of 34.49% in GCAL.
- Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLIInv.
- KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.
- EIM was deemed to be interested in these interests comprising 21,759,127 shares held by Elliott International, L.P. ("ELIP") and 10,239,589 shares held by The Liverpool Limited Partnership ("LLP"). EIM controls 100% of Elliott Investment Management L.P. which has investment discretion with respect to all those shares.
- EIS was deemed to be interested in these interests comprising 21,759,127 shares held by EILP. EILP was 100% controlled by Hambledon, Inc. which in turn was controlled by EIS for these purposes.
- FEIM was deemed to be interested in these interests held by various management accounts and funds controlled by it.

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any person who had interests or short positions in the shares or underlying shares of the Company of 5% or more which should be disclosed pursuant to the Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## REPORT OF THE DIRECTORS

### INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

#### Continuing Connected Transactions

##### *Master Services Agreements*

The following master agreements for services dated 3 July 2020 were entered into by the Company (together with its subsidiaries, the “Group”) with GuoLine Group Management Company Pte. Ltd. (“GGMC”) and HL Management Co Sdn Bhd (“HLMC”) respectively (collectively, the “Master Services Agreements”) for the provision of management services as listed in the Master Services Agreements (the “Services”) to the Group:

1. the master agreement for services entered into by the Company with GGMC (“GGMC Agreement”) for the provision of Services to the subsidiaries of the Group excluding the subsidiaries incorporated, resident or having principal place of business in Malaysia of the Group (the “Selected Subsidiaries”); and
2. the master agreement for services entered into by the Company with HLMC (“HLMC Agreement”) for the provision of Services to the subsidiaries of the Group incorporated, resident or having principal place of business in Malaysia (the “Malaysian Subsidiaries”).

(GGMC and HLMC or other Hong Leong group company(ies) as may be agreed by the parties from time to time are referred to as “Service Providers”; the Company, the Selected Subsidiaries and the Malaysian Subsidiaries are referred to as “Service Recipients”).

The Master Services Agreements are for a term of three financial years from 1 July 2020 to 30 June 2023. The fees payable under the Master Services Agreements comprise:

1. a monthly fee (the “Monthly Fee”) as agreed from time to time between such Service Recipient and the relevant Service Provider and is currently agreed to be approximately HK\$611,000 per month; and
2. an annual fee (the “Annual Fee”) equal to 3% of the annual profit before tax of such Service Recipient as shown in its audited profit and loss account for the relevant financial year, subject to appropriate adjustment (for example, to avoid double counting of profit), if any.

The yearly total fees, being the sum of the Monthly Fee, the Annual Fee and the total amounts of any fees paid or payable by the Group to any Hong Leong Group company for services of a similar nature as the Services, are subject to an annual cap of HK\$413 million for each of the three financial years ended 30 June 2023.

## REPORT OF THE DIRECTORS

### INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

#### Continuing Connected Transactions (cont'd)

##### Master Services Agreements (cont'd)

As at the date of the announcement of the Company made on 3 July 2020 (the "July 2020 Announcement") relating to the Master Services Agreements, GGMC (a wholly-owned subsidiary of GuoLine Capital Assets Limited ("GCAL")) and HLMC were indirect wholly-owned subsidiaries of Hong Leong Company (Malaysia) Berhad ("HLCM"), the ultimate holding company and a substantial shareholder of the Company at the time, and thus GGMC and HLMC were associates of a connected person (as defined under the Listing Rules) of the Company under the Listing Rules. On 16 April 2021, GCAL replaced HLCM to become the ultimate holding company and a substantial shareholder of the Company following the completion of an internal restructuring exercise ("Internal Restructuring"). Mr. QUEK Leng Chan, being a deemed controlling shareholder of GCAL and HLMC, is a deemed controlling shareholder of the Company, and thus GGMC and HLMC remain as associates of a connected person of the Company under the Listing Rules during the year. The transactions under the Master Services Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and the relevant disclosure requirements have been complied with.

The Independent Non-executive Directors of the Company had reviewed the transactions under the Master Services Agreements during the year and confirmed that:

- a. the transactions under the Master Services Agreements for the year were entered into:
  - in the ordinary and usual course of business of the Group;
  - on normal commercial terms; and
  - in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- b. the total services fees paid and payable by the Group under the respective Master Services Agreements for the year were as follows:

	<b>Services fees paid and payable by the Group HK\$'000</b>
GGMC Agreement	96,037
HLMC Agreement	3,484
<b>Total:</b>	<b>99,521</b>

(<HK\$413 million)

The aggregate services fees paid and payable by the Group under the Master Services Agreements for the year amounted to approximately HK\$99.5 million which did not exceed the annual cap of HK\$413 million as disclosed in the July 2020 Announcement.

## REPORT OF THE DIRECTORS

### INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

#### Continuing Connected Transactions (cont'd)

##### *Banking Transactions*

The Group has from time to time entered into, and may in future enter into, among others, the following transactions with the licensed financial institutions within Hong Leong Financial Group including Hong Leong Asset Management Berhad, Hong Leong Bank Berhad, Hong Leong Islamic Bank Berhad, Hong Leong Bank Vietnam Limited, Hong Leong Bank (Cambodia) PLC and Hong Leong Investment Bank Berhad (each and collectively, "Hong Leong Financial Institution(s)"):

1. placing of deposits by the Group with Hong Leong Financial Institutions; and
2. purchase of and/or subscription for debt securities and investment products issued by Hong Leong Financial Institutions by the Group.

(collectively, the "Banking Transactions").

As part of its principal investment and treasury operations, the Group from time to time places deposits with many financial institutions worldwide and purchases and/or subscribes for fixed income, debt securities and investment products issued by financial institutions and other corporations. The Banking Transactions are conducted in the ordinary and usual course of its business. The treasury functions involve the management of cashflows and cash resources, which the Group conducts with various financial institutions.

The outstanding balance of Banking Transactions shall be subject to a maximum cap amount of US\$181 million or its equivalent in other currencies at any time during the three financial years ending 30 June 2024.

Hong Leong Financial Institutions are associates of a connected person of the Company by virtue of the fact that they are indirect subsidiaries of HLCM of which Mr. Quek Leng Chan, a deemed controlling shareholder of the Company, is also a deemed controlling shareholder. The Banking Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and the relevant disclosure requirements have been complied with.

From time to time during the year, the Group entered into deposit transactions which involved placing of deposits (including savings, current and other deposits in various currencies) with Hong Leong Financial Institutions as the deposit accepting banks (the "Deposit Transactions"). The Deposit Transactions were based on the relevant market rates at the time of each transaction and are broadly the same as those engaged by the Group with other unconnected financial institutions. During the year, the interest rate for the savings and time deposits for various currencies placed by the Group with Hong Leong Financial Institutions ranged from 0% to 5.59% per annum, and the tenor of the time deposits ranged from overnight to 3 months.

As at 30 June 2023, the balance of deposits placed by the Group with Hong Leong Financial Institutions was approximately US\$35.2 million.

## REPORT OF THE DIRECTORS

### INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

#### Continuing Connected Transactions (cont'd)

##### *Banking Transactions (cont'd)*

The Independent Non-executive Directors of the Company had reviewed the Banking Transactions during the year and confirmed that:

- a. during the year, there was no subscription for or purchase of debt securities and investment products issued by Hong Leong Financial Institutions by the Group;
- b. during the year, the maximum relevant aggregate amount of (i) the outstanding balance of deposits placed by the Group with Hong Leong Financial Institutions; and (ii) debt securities and investment products issued by Hong Leong Financial Institutions purchased and/or subscribed by the Group, was approximately US\$35.2 million which did not exceed the cap amount of US\$181 million or its equivalent as disclosed in the announcement of the Company dated 2 July 2021; and
- c. the Deposit Transactions were entered into:
  - in the ordinary and usual course of business of the Group;
  - on normal commercial terms or better; and
  - in accordance with the relevant documents governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

##### *Investment Management and Advisory Agreements*

##### *Investment Management Agreement*

An investment management agreement dated 1 November 2022 (the "Investment Management Agreement") was entered into between Asia Fountain Assets Limited ("AFAL", an indirect wholly-owned subsidiary of the Company) and GuoLine Advisory Pte. Ltd. ("GAPL") for provision of discretionary fund management services by GAPL to AFAL in relation to all the investment assets (including monies and other investment products) of AFAL, proceeds therefrom and dividend income, other than those which may be designated by AFAL as not forming part of the mandate of GAPL under the Investment Management Agreement (the "IMA Portfolio") for a term commenced from 1 November 2022 and ending on 31 October 2025 (both dates inclusive).

The fee payable under the Investment Management Agreement comprises: -

1. a management fee (the "Management Fee") payable monthly in arrears at the rate of 0.5% per annum of the net asset value of the IMA Portfolio managed by GAPL on the last day of a calendar month; and
2. a performance fee (the "Performance Fee") payable annually in arrears of up to 10% per annum on the excess return. Excess return is the return on the IMA Portfolio for the relevant period/year over a reference return calculated based on the 1-year outlook of 3 Month United States Treasury Bill risk-free rate plus 4%.

## REPORT OF THE DIRECTORS

### INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

#### Continuing Connected Transactions (cont'd)

##### *Investment Management and Advisory Agreements (cont'd)*

##### *Investment Advisory and Management Agreement*

An investment advisory and management agreement dated 1 November 2022 (the "Investment Advisory and Management Agreement") was entered into between Guoco Management Company Limited ("GMC", a direct wholly-owned subsidiary of the Company) and GAPL for provision of investment advisory, management and related services to GMC, Asia Fountain Investment Company Limited (an indirect wholly-owned subsidiary of the Company) and other relevant wholly-owned subsidiaries of the Company (collectively the "Service Recipients") in relation to all their investment assets at any time other than those which may be designated by the Service Recipients as not forming part of the mandate of GAPL for a term commenced from 1 November 2022 and ending on 31 October 2025 (both dates inclusive).

GAPL will charge a monthly advisory fee (the "Advisory Fee") calculated based on the agreed allocation of the staff costs of the investment teams of GAPL and any other related costs as mutually agreed by the parties plus a 10% markup.

The total fees (the "Total Fees"), being the sum of the Management Fee, the Performance Fee and the Advisory Fee payable to GAPL under the Investment Management Agreement and the Investment Advisory and Management Agreement (collectively the "Investment Management and Advisory Agreements") for each of the relevant period/financial year shall be subject to the respective annual cap (the "Annual Cap") as stated below:

	<b>Annual Caps HK\$ million</b>
From 1 November 2022 to 30 June 2023	69
For the year ending 30 June 2024	122
For the year ending 30 June 2025	154
From 1 July 2025 to 31 October 2025	55

GAPL is a 50:50 joint venture company owned by GuocoEquity Assets Limited ("GEAL") and GGMC. GEAL is a direct wholly-owned subsidiary of the Company. GGMC is a direct wholly-owned subsidiary of GCAL, the ultimate holding company and a substantial shareholder of the Company. Thus, GAPL is an associate of a connected person of the Company as defined under Chapter 14A of the Listing Rules. The transactions contemplated under the Investment Management and Advisory Agreements constitute continuing connected transactions for the Company under the Listing Rules and the relevant disclosure requirements have been complied with.

## REPORT OF THE DIRECTORS

### INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

#### Continuing Connected Transactions (cont'd)

##### *Investment Management and Advisory Agreements (cont'd)*

The Independent Non-executive Directors of the Company had reviewed the aforesaid transactions during the year and confirmed that:

- a. the transactions under the Investment Management and Advisory Agreements for the period from 1 November 2022 to 30 June 2023 (the "Period") were entered into:
  - in the ordinary and usual course of business of the Group;
  - on normal commercial terms or better; and
  - in accordance with the relevant documents governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- b. the Total Fees paid and payable by the Group to GAPL under the respective agreements for the Period were as follows:

	<b>Services fees paid and payable to GAPL HK\$'000</b>
Investment Management Agreement	36,493
Investment Advisory and Management Agreement	1,587
<b>Total:</b>	<b>38,080</b>
	(<HK\$69 million)

The Total Fees paid and payable by the Group to GAPL under the respective Investment Management and Advisory Agreements for the Period amounted to approximately HK\$38 million which did not exceed the Annual Cap of HK\$69 million as disclosed in the announcement of the Company dated 1 November 2022.



## REPORT OF THE DIRECTORS

### INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (cont'd)

#### Continuing Connected Transactions (cont'd)

##### *Auditor's Review*

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions as mentioned above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 56 to 61 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter was provided by the Company to the Stock Exchange.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. KWEK Leng Hai and Mr. KWEK Leng San are directors and shareholders of HLCM which is an investment holding company with subsidiaries engaging in, amongst others, financial services as well as manufacturing and distribution business.

Mr. KWEK Leng Hai and Mr. KWEK Leng San are shareholders of GCAL. Mr. KWEK Leng Hai is also a director of GCAL. GCAL is an investment holding company with subsidiaries engaging in, amongst others, principal investments as well as production and distribution of consumer goods.

The above Directors are considered as having interests in business apart from the Group's business, which may be likely to compete, directly or indirectly, with the Group's business during the year ended 30 June 2023 under Rule 8.10 of the Listing Rules.

### CHANGE IN INFORMATION OF DIRECTORS

Saved as disclosed in this annual report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules for the year ended 30 June 2023.

### SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained sufficient public float as at the date of this Report.

### AUDITOR

A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

**CHEW Seong Aun**

*Executive Director and Group Chief Financial Officer*

Hong Kong, 20 September 2023