

CORPORATE GOVERNANCE REPORT



“Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholders’ value, whilst taking into account the interest of other stakeholders.”

The board of directors of the Company (the “Board”) has adopted a Corporate Governance Code (the “CG Code”) based on the principles as set out in Appendix C1 (the “HKEX Code”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The CG Code is reviewed from time to time and updated as appropriate to align with the revised provisions of the HKEX Code. Continuous efforts are made to review and enhance the performance of the Board as well as the Group’s risk management and internal control systems, disclosure practices and communication with investors and stakeholders in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the letter of the provisions but also the intent of the regulations to enhance corporate performance and accountability.

The Board is of the opinion that the Company has complied with the applicable HKEX Code throughout the financial year ended 30 June 2024 and up to the date of this report.

A. CORPORATE VISION & PURPOSE, VALUES, CULTURE AND STRATEGY

1. Group Vision & Purpose

The Group’s vision is for its businesses to be long-term competitive and sustainable enterprises; and in doing so, create prime value and achieve long-term sustainable growth for its shareholders.

The strategic intent is to transform the businesses in the Group, to focus on core businesses, to build brands and develop competencies. It would include strategies and action plans to achieve sustainable global competitiveness and to deliver consistent compound annual growth in revenue, profits and free cash flow. This is carried out through integrating entrepreneurialism with professional business management as well as strong discipline and governance.

CORPORATE GOVERNANCE REPORT

A. CORPORATE VISION & PURPOSE, VALUES, CULTURE AND STRATEGY (cont'd)

2. Group Values

Our Group values below underpin our corporate culture and serve as a compass in all we do:

Honour	To conduct business with honour
Human Resources	To enhance the quality of human resources – as the essence of management excellence
Entrepreneurship	To pursue management vision and foster entrepreneurship
Innovation	To nurture and be committed to innovation
Quality	To provide products and services that consistently exceed customers' expectations
Progress	To continuously improve existing operations and to position for expansion and new business opportunities
Unity	To ensure oneness in purpose, harmony and friendship in the pursuit of prosperity for all
Social responsibility	To create wealth for the betterment of society

3. Group Culture

Group culture serves as the basis of our business operation. The Board plays a leading role in shaping the corporate culture and reviews this from time to time. With the Board's oversight, we promote compliance and ethical behavior across the Group, as well as strict adherence to the code of conduct and corporate policies, together with a whistleblowing framework.

Furthermore, the quality of our people forms the bedrock of our business strategies. The Group commits to create an inclusive workplace for our employees which values open communication to foster growth. Employees are encouraged to collaborate towards shared objectives, seeking win-win solutions and taking ownership of their progress.

Innovation, creativity, and dedication to continuous improvement are vital qualities for a progressive organization. Consequently, we expect all businesses within the Group to be forward-thinking, adaptable, and receptive to new technologies amidst the evolving environment. It is through transformation that the Group is able to achieve sustainable global competitiveness and to deliver consistent growth.

4. Group Strategy

With a strong heritage of value creation, the Group's entrepreneurial vision guides our operating businesses to remain relevant, to be trustworthy, progressive, competitive and sustainable in pursuit of growth and the creation of business value. We also seek to advance our development through incorporating digital technology as part of the Group's business strategy. With the growing importance of environmental, social and governance ("ESG"), we are also incorporating this in our business operations and strategic decision-making to derive sustainable solutions that benefit our stakeholders. This is all underpinned by achieving a strong and healthy financial position through strict adherence to prudent financial disciplines that enhance the resilience and sustainability of our businesses.

In summary, taking into account the vision, values and strategy of the Group, the Board considers that they are in alignment with the Group's culture.

CORPORATE GOVERNANCE REPORT

B. DIRECTORS

1. Role of the Board

The Board assumes responsibilities for directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles. The main role and responsibilities of the Board broadly cover, among others, overseeing the corporate mission, value, culture and broad strategies; directing and evaluating the conduct and performance of the Group's businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; reviewing and approving key matters such as financial results, investments and divestments and other material transactions.

The Board recognises its corporate governance duties as an ongoing commitment and has monitored and reviewed the relevant CG Code, code of conduct, policies, standards and practices of the Company on corporate governance as well as legal and regulatory compliance during the year. It has delegated relevant aspects of the functions to the board committees and management, where appropriate, to assist it in discharging its duties. In addition, the Board has reviewed the Company's compliance with the HKEX Code and disclosure in the corporate governance report. Through the Board Nomination Committee, the training and continuous professional development of directors and senior management was reviewed and monitored.

The Board has overall responsibility for the ESG matters of the Group. Through the support of the Group ESG Steering Committee, the Board is accountable for setting forth the sustainability mission and related reporting framework, and oversees significant policies which guide the relevant ESG strategies at the business group level. The Board Audit and Risk Management Committee of the Company is assigned to assist the Board in overseeing and managing the related ESG risks.

The Board has delegated the day-to-day management and operation of the Group's businesses to the management of the Company and its subsidiaries.

2. Board Composition

The Board during the year and up to the date of this report comprised the following members:

Executive Chairman
KWEK Leng Hai

Executive Director
Christian K. NOTHHAFT – *Chief Executive Officer* ^{Note 1}
CHEW Seong Aun – *Group Chief Financial Officer* ^{Note 2}

Non-executive Director
KWEK Leng San

Independent Non-executive Directors
David M. NORMAN
Lester G. HUANG, *SBS, JP*
Paul J. BROUGH

Notes:

1. Mr. Christian K. NOTHHAFT was appointed Executive Director and Chief Executive Officer of the Company with effect from 15 April 2024.
2. Mr. CHEW Seong Aun retired as the Group Chief Financial Officer ("GCFO") and relinquished his position as Executive Director of the Company with effect from 15 May 2024.

CORPORATE GOVERNANCE REPORT

B. DIRECTORS (cont'd)

2. Board Composition (cont'd)

Pursuant to the Bye-Laws of the Company (“Bye-Laws”) and the CG Code, not less than one-third of the directors shall retire from office by rotation at each annual general meeting. The directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day shall (unless they otherwise agree between themselves) be determined by lot.

Non-executive directors are not appointed for a specific term. They are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws and the CG Code.

The Company received confirmation of independence from each of the independent non-executive directors (“INEDs”) for the year pursuant to Rule 3.13 of the Listing Rules. The Board is of the view that Messrs. David M. NORMAN, Lester G. HUANG, *SBS, JP* and Paul J. BROUGH remain independent.

The family relationships among the Board members, if any, are disclosed under “Biographical Details of Directors and Senior Management” on pages 6 and 7 of this annual report.

3. Chairman, Executive Director and Chief Executive Officer (“CEO”)

Currently, Mr. KWEK Leng Hai is the Executive Chairman of the Company. The Executive Chairman sets the vision and strategic direction of the Group, leads the Board and ensures its smooth and effective functioning.

Mr. Christian K. NOTHHAFT is the Executive Director and CEO of the Company and is responsible for implementing policies and Board decisions, initiating business ideas and corporate strategies, overseeing the performance of the Group’s business segments, day-to-day operations and tracking compliance and business progress.

The operation of each of the Group’s business segments is overseen by a CEO who, with expertise in his particular business, is responsible for delivering the performance results of the business segment.

The roles of the Executive Chairman and the aforesaid management executives are separate with clear division of responsibilities.

4. Board Process

The Board meets regularly, at least four times a year. Additional board meetings are held whenever warranted. For the year ended 30 June 2024, a total of four board meetings were held.

The directors are at liberty to propose matters as appropriate to be included in the meeting agendas. Board agenda items are reviewed by the Executive Chairman and/or CEO of the Company. Board papers are circulated prior to board meetings on a timely manner, which include, among others, financial and corporate information, significant operational and corporate issues and business performance of the Group as well as material or notable transactions which require the approval of the Board.

Where appropriate, decisions are also taken by way of circulated resolutions with supporting explanations and materials, supplemented by additional verbal or written information from the Company Secretary or other executives as and when needed. Monthly updates on the Group’s business are provided to the directors of the Company to allow their assessment of the Group’s financial performance and position.

CORPORATE GOVERNANCE REPORT

B. DIRECTORS (cont'd)

4. Board Process (cont'd)

All directors have separate and independent access to senior management and also have access to the advice and services of the Company Secretary and internal auditor, and upon reasonable request, independent professional advice in appropriate circumstances at the Company's expense, if any.

Details of directors' attendance at the board meetings and the 2023 annual general meeting ("2023 AGM") held during the year are as follows:

	Board Meetings attended/ Eligible to attend	2023 AGM attended/ Eligible to attend
<i>Executive Chairman</i>		
KWEK Leng Hai	4/4	1/1
<i>Executive Director</i>		
Christian K. NOTHHAFT – <i>Chief Executive Officer</i> ^{Note 1}	1/1	N/A
CHEW Seong Aun – <i>Group Chief Financial Officer</i> ^{Note 2}	3/3	1/1
<i>Non-executive Director</i>		
KWEK Leng San	4/4	1/1
<i>Independent Non-executive Directors</i>		
David M. NORMAN	4/4	1/1
Lester G. HUANG, <i>SBS, JP</i>	4/4	1/1
Paul J. BROUGH	4/4	1/1

Notes:

1. Mr. Christian K. NOTHHAFT was appointed Executive Director and CEO of the Company with effect from 15 April 2024. One board meeting and no general meeting was held during the period from 15 April 2024 (date of appointment of Mr. Nothhaft) to 30 June 2024.
2. Mr. CHEW Seong Aun retired as the GCFO and relinquished his position as Executive Director of the Company with effect from 15 May 2024. Three board meetings and the 2023 AGM were held during the period from 1 July 2023 up to 15 May 2024 (date of retirement of Mr. Chew).

CORPORATE GOVERNANCE REPORT

B. DIRECTORS (cont'd)

5. Board Independence

Pursuant to the CG Code, the Company has put in place mechanisms within our governance framework to ensure that independent views and input are available to the Board.

During the year, the Board had reviewed the implementation and effectiveness of the mechanisms and is of the view that such mechanisms are effective. The key mechanisms under the Company's governance framework are summarised below:-

Composition of the Board and Board Committees

The Board comprises more than one-third of INEDs and the Board Audit and Risk Management Committee and Board Remuneration Committee are both chaired by INEDs.

The composition of the Board is reviewed by the Board Nomination Committee annually to ensure that the number of INEDs meets or exceeds the independence requirements under the Listing Rules.

Directors' Responsibilities

As set out in the terms of reference of the Board, it is the responsibility of the directors (including INEDs) to make positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. Directors with different views are encouraged to voice their concerns so as to ensure that independent views and input are available to the Board.

The Executive Chairman encourages a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.

Criteria to Assess Independence of INEDs on Appointment and Re-election

The suitability of the candidates for appointment and the directors subject to re-election as an INED will be assessed based on the assessment criteria and guidelines as set out in the Company's Nomination Policy, including among others, their independence and potential/actual conflicts of interest that may arise if the candidate is appointed/re-elected.

Annual Review of Independence of INEDs

Annual review of independence of INEDs is conducted by the Board Nomination Committee pursuant to Rule 3.13 of the Listing Rules.

INED's Remuneration

None of the INEDs receive remuneration based on performance of the Group.

Independent Professional Advice

External independent professional advice is available to all directors, including INEDs, whenever considered appropriate.

Meetings with INEDs

The Executive Chairman at least annually meets with INEDs without the presence of other directors to facilitate INEDs to express their views.

CORPORATE GOVERNANCE REPORT

B. DIRECTORS (cont'd)

6. Directors' Securities Transactions

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code") as the code of conduct governing directors' securities transactions.

All directors during the year, following specific enquiry by the Company, have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

7. Dividend Policy

Pursuant to the HKEX Code, the Board has adopted a dividend policy (the "Dividend Policy") which is set out as follows:

- The Company intends to create long term value for its shareholders through maintaining a balance between dividend distribution, preserving adequate liquidity and reserve to meet its working capital requirements, and capturing future growth opportunities.
- Pursuant to the Dividend Policy, the Board may propose/declare the payment of dividend(s) after taking into account the current financial performance of the Company, the future financial requirements of the Company and any other factors the Board may deem relevant.
- The Board may also decide on the frequency of dividend payment and further declare/recommend any special distributions. Dividend(s) may be in the form of cash, shares, distribution in-specie or any other form as the Board may determine.

The Board reviews the Dividend Policy from time to time and update, amend, modify and/or cancel the Dividend Policy at any time in the interest of the Company and its shareholders.

8. Whistleblowing Policy and Anti-Corruption Policy

The Company has put in place a whistleblowing policy (the "Whistleblowing Policy") setting out the reporting channels on suspected misconduct, malpractice or non-compliance within the Company and applicable subsidiaries based on which management can take appropriate action. The Whistleblowing Policy is reviewed annually by the Board Audit and Risk Management Committee to ensure its effectiveness.

The Group has implemented policies on anti-corruption and procedures concerning offering or accepting gifts or gratuities. Our contractors and suppliers will also be required to commit to, as appropriate, the code of conduct on anti-corruption and other business ethics.

More details on the Whistleblowing Policy and the anti-corruption policies are disclosed in the "Environmental, Social and Governance Report" of the Company which is available at the Company's website at www.guoco.com.

CORPORATE GOVERNANCE REPORT

B. DIRECTORS (cont'd)

9. Directors' Continuous Training and Development Programme

Pursuant to the HKEX Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Company has put in place training and development programmes for directors which includes (1) induction/familiarization programme for newly appointed directors; and (2) on-going training and professional development programme for directors.

Mr. Christian K. NOTHHAFT, who was appointed Executive Director and CEO of the Company with effect from 15 April 2024 has attended a training session conducted by an external legal advisor from a firm of solicitors and obtained legal advice pursuant to Rule 3.09D of the Listing Rules on 8 April 2024. He confirmed that he understood his obligations as a director of the Company.

During the year ended 30 June 2024, all directors namely, Messrs. KWEK Leng Hai, Christian K. NOTHHAFT (appointed on 15 April 2024), CHEW Seong Aun (retired on 15 May 2024), KWEK Leng San, David M. NORMAN, Lester G. HUANG, *SBS, JP* and Paul J. BROUGH received regular briefings and updates on the Group's business, operations, risk management, corporate governance and ESG matters. Materials on new or changes to salient laws and regulations applicable to the Group were provided to the directors. They also attended regulatory update sessions and seminars on relevant topics. All directors are requested to provide the Company with their respective training records pursuant to the CG Code.

C. DIRECTORS' REMUNERATION

1. Board Remuneration Committee ("BRC")

The principal role and functions of the BRC are to make recommendations to the Board on the policy and structure for the remuneration of directors and senior management, as well as to determine, with delegated responsibility from the Board as described under Code E.1.2(c) of the HKEX Code, the individual remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payment which may include any compensation payable for loss or termination of their office or appointment. It is also responsible to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules. Detailed terms of reference of the BRC is accessible on the Company's website at www.guoco.com and the Hong Kong Exchanges and Clearing Limited's ("HKEX") website at www.hkexnews.hk.

CORPORATE GOVERNANCE REPORT

C. DIRECTORS' REMUNERATION (cont'd)

1. Board Remuneration Committee ("BRC") (cont'd)

Membership and attendance

For the year ended 30 June 2024, the members of the BRC and their attendance at the meetings are set out below:

	BRC Meetings attended/ Eligible to attend
Lester G. HUANG, <i>SBS, JP*</i> – <i>Chairman</i>	4/4
KWEK Leng Hai [@]	4/4
Paul J. BROUGH [*]	4/4

[@] Executive Chairman
^{*} Independent Non-executive Director

Work done during the year

- reviewed and recommended directors' fees for the non-executive directors for the financial year 2022/23;
- reviewed and approved the discretionary bonuses for the executive directors and senior management for the financial year 2022/23;
- reviewed and approved the remuneration packages of the executive directors and senior management for the calendar year 2024;
- reviewed and approved the remuneration package of the executive director and CEO appointed during the year;
- reviewed the terms of reference of the BRC;
- reviewed the remuneration policy for directors and senior management and recommended proposed changes thereto; and
- deliberated the statement relating to the BRC for inclusion in the Corporate Governance Report.

2. Level and Make-up of Remuneration

The Group's remuneration policy for executive directors and senior management is linked to performance, service seniority, experience and scope of responsibility and is based on the provisions in the Group's Human Resources Manual, which is reviewed from time to time to align with market/industry practices.

The level of remuneration of non-executive directors reflects the level of responsibilities undertaken by them. The fees of directors, including non-executive directors, are recommended and endorsed by the Board for shareholders' approval at the Company's annual general meetings. Details of directors' remuneration for the year ended 30 June 2024 are provided in note 9 to the Financial Statements in this annual report.

CORPORATE GOVERNANCE REPORT

D. DIRECTORS' NOMINATION

1. Board Nomination Committee (“BNC”)

The principal role and functions of the BNC is to make recommendations to the Board on the structure, size and composition of the Board, to complement the Company’s corporate strategy, to review the independence of INEDs, the suitability of directors who will stand for re-election and directors’ continuous training and development programme, to formulate, review and implement a policy for the nomination of directors (including nomination procedures) and to formulate a policy concerning board diversity, monitor the implementation of such policy and to review the same, as appropriate. Detailed terms of reference of the BNC is accessible on the Company’s website at www.guoco.com and HKEX’s website at www.hkexnews.hk.

Membership and attendance

For the year ended 30 June 2024, the members of the BNC and their attendance at the meetings are set out below:

	BNC Meetings attended/ Eligible to attend
KWEK Leng Hai@ – <i>Chairman</i>	2/2
David M. NORMAN*	2/2
Paul J. BROUGH*	2/2

@ Executive Chairman
* Independent Non-executive Director

Work done during the year

- assessed the suitability of a candidate for appointment as executive director and CEO of the Company pursuant to the process and criteria as set out in the Nomination Policy;
- reviewed the structure, size, composition and diversity of the Board (including the mix of skills, knowledge, experience, competences of directors, and the balance between executive director, non-executive director and INEDs) annually and determined the target and timeline for achieving the Board’s gender diversity;
- reviewed and assessed the independence of INEDs of the Company;
- reviewed and assessed the suitability of the directors who stood for re-election at the annual general meeting pursuant to the process and criteria as set out in the Nomination Policy;
- reviewed the continuous training and development programmes undertaken by directors to ensure that an appropriate programme is in place;
- reviewed the terms of reference of the BNC, the Board Diversity Policy and the Nomination Policy; and
- deliberated the statement relating to the BNC for inclusion in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

D. DIRECTORS' NOMINATION (cont'd)

2. Board Diversity Policy

The Company has adopted the Board Diversity Policy which is accessible at the Company's website at www.guoco.com. Pursuant to the Board Diversity Policy, the Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company maintains that selection of candidates for Board appointments will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The BNC reviews the Board Diversity Policy annually to ensure its continued effectiveness.

Assessment and selection of candidates for Board succession will be made pursuant to the objectives of the Board Diversity Policy. While conscious efforts are being taken to achieve board diversity, new appointments are ultimately made on a merit basis taking into account available and suitable candidates. With a view to achieving a sustainable and balanced development, the BNC reviews annually the structure, size, composition and diversity of the Board and the Board confirms that its composition complies with the Listing Rules and reflects an appropriate mix of education disciplines, professional experiences and skill set.

The Board is currently diversified in terms of age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The directors possess various skills and professional experience ranged from, amongst others, finance, accounting, legal, business management & advisory, people management and merger & acquisition. During the year, Mr. Christian K. NOTHHAFT, who was appointed Executive Director and CEO of the Company, enhanced board diversity by bringing in new knowledge to the Board with his professional experience in retail & consumer products, network rollouts, e-commerce and digital transformation, etc. The extensive education background and professional experience of the Board facilitates effective decision-making process with each director provides constructive advice and contribution to the Board. For further biographical details of the members of the Board, please refer to "Biographical Details of Directors and Senior Management" in this annual report.

The Company is committed to enhancing gender diversity at Board level, and targets to have not less than one female director by 31 December 2024. The Company endeavors to identify suitable female candidates by way of referral from directors, shareholders, management or advisors of the Company, etc. and may seek assistance from external executive search firms as and when appropriate.

As at 30 June 2024, the Group had a total of around 10,850 employees^{Note}, the ratio of male and female in the workforce (including senior management) is approximately 55% and 45% respectively. The Board is of the view that appropriate balance of gender diversity of workforce is achieved taking into account the business sectors, geography and operational needs of the Group. The Company will continue to take gender diversity into consideration during recruitment process.

Note: The total number of employees includes permanent, contract, temporary and part-time employees.

CORPORATE GOVERNANCE REPORT

D. DIRECTORS' NOMINATION (cont'd)

3. Nomination Policy

The Board has adopted the Nomination Policy which serves as a guiding mechanism and framework for the BNC on the process for new appointments of directors, CEO and board committee members as well as the re-appointment and assessment of directors.

Under the Nomination Policy, the BNC will assess potential candidates based on various assessment criteria, including the candidate's age, skills, knowledge, experience, expertise, professional and educational qualifications, potential/actual conflicts of interest with the Group and time commitments as well as the overall desired Board composition and the mix of expertise and experience of the Board as a whole. In case of appointment and re-appointment of INEDs, the BNC will also assess the independence of the candidates pursuant to the criteria set out in the Listing Rules. The BNC will make recommendations to the Board in respect of the appointment and re-election.

The BNC reviews annually the Nomination Policy to ensure its effectiveness and application, and will update, amend and modify as appropriate to ensure it continues to be relevant to the needs of the Company and is consistent with regulatory and corporate governance requirements.

The Nomination Policy is accessible on the Company's website at www.guoco.com.

E. ACCOUNTABILITY AND AUDIT

1. Board Audit and Risk Management Committee ("BARMC")

The BARMC oversees the financial reporting process and assesses the adequacy and effectiveness of the Company's financial reporting as well as risk management and internal control systems. The BARMC meets with the Company's external and internal auditors, and reviews their audit plans, the internal audit programme, and the results of their examinations as well as their evaluations of the risk management and internal control systems. The BARMC reviews the Group's and the Company's financial statements and the auditor's report thereon and submits its views to the Board. Detailed terms of reference of the BARMC are accessible on the Company's website at www.guoco.com and HKEX's website at www.hkexnews.hk.

Membership and attendance

For the year ended 30 June 2024, the members of the BARMC and their attendance at the meetings are set out below:

	BARMC Meetings attended/ Eligible to attend
Paul J. BROUGH* – <i>Chairman</i>	4/4
David M. NORMAN*	4/4
Lester G. HUANG, <i>SBS, JP*</i>	4/4

* Independent Non-executive Director

The CEO, CFO and Head of Internal Audit are regular attendees of the BARMC meetings. Representatives of the external auditor are invited to attend the BARMC meetings to present their audit plan, significant audit and accounting matters which they noted in the course of their audit.

CORPORATE GOVERNANCE REPORT

E. ACCOUNTABILITY AND AUDIT (cont'd)

1. Board Audit and Risk Management Committee (“BARMC”) (cont'd)

Work done during the year

- reviewed the fees charged by external auditor for audit and non-audit services;
- reviewed the nature and scope of external audit, the independence of external auditor and effectiveness of the audit process and approved the external audit fee and the engagement terms;
- reviewed the nature and scope of services of the non-assurance services provided by the external auditor to the Group;
- reviewed and approved the adoption of Non-assurance Services Communication and Concurrence Policy (the “NAS Policy”) and provided concurrence on the external auditor’s conclusion that the non-assurance service engagements will not create a threat to the external auditor’s independence pursuant to the NAS Policy;
- reviewed and recommended the proposal for delegation of authority to the BARMC chairman to review and provide concurrence regarding the external auditor’s conclusion that the provision of the proposed non-assurance service engagements outside the pre-approved scope of the NAS Policy would not create a threat to the external auditor’s independence;
- reviewed and endorsed the non-assurance service engagements with the external auditor concurred by the BARMC chairman pursuant to the NAS Policy;
- reviewed the external auditor’s management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control, as well as management’s response thereto;
- reviewed the interim financial report, the interim results announcement, the annual financial statements and the annual results announcement;
- reviewed and discussed with the management the effectiveness of the risk management, including among others, material ESG and climate risks, and internal control system;
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions, as well as those relating to the Company’s ESG performance and reporting;
- reviewed the Group’s accounting policies and practices;
- reviewed and approved the annual internal audit plan;
- reviewed major findings of internal audit assignments and the progress of implementation of remedial measures on control issues identified;
- reviewed the effectiveness of the processes for financial reporting and Listing Rules compliance of the Company;
- reviewed connected transactions entered into by the Group or subsisting during the year;

CORPORATE GOVERNANCE REPORT

E. ACCOUNTABILITY AND AUDIT (cont'd)

1. Board Audit and Risk Management Committee (“BARMC”) (cont'd)

Work done during the year (cont'd)

- reviewed and approved the revised Climate Risk Management Policy;
- reviewed the terms of reference of the BARMC and Whistleblowing Policy, and recommended proposed changes thereto; and
- deliberated the statement relating to the BARMC for inclusion in the Corporate Governance Report.

2. Financial Reporting

The Listing Rules require listed companies to prepare annual financial statements which shall provide a true and fair view of the state of affairs of the companies and of the results of their operations and cash flows.

The Board is responsible for ensuring the maintenance of proper accounting records of the Group. It has also acknowledged its responsibility for preparing the financial statements.

The Board approves the financial statements after taking into account the BARMC’s comments on specific accounting matters.

The Board is satisfied that appropriate accounting policies have been used in preparing the financial statements, consistently applied and complied with the relevant accounting standards.

A statement of the auditor about their reporting responsibilities is included in the Independent Auditor’s Report on pages 63 to 68 of this annual report.

3. Risk Management and Internal Control

For business strategy formulation and for improving business performance, a set of Enterprise Risk Management framework (“ERM framework”), as set forth in the company policy, has been established and implemented by all strategic business units (“SBUs”) within the Group. This ERM framework consists of iterative processes for each SBU to constantly identify and assess risks (including ESG risks) in terms of their potential impact and probability of occurrence, as well as to establish and implement relevant procedures and internal controls for risk mitigation. Risk profile reports are submitted to the Company’s senior management and the BARMC for review on a quarterly basis, to ensure that residual risks after taking into account risk mitigating measures fall within the risk appetite and tolerance set by the Board.

The BARMC oversees the effectiveness of the processes for financial reporting and Listing Rule compliance. It also reviews the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit, financial reporting functions as well as those relating to the Company’s ESG performance and reporting.

To assist the BARMC in its oversight and monitoring activities, the Company’s internal audit function adopts a risk-based approach and conducts periodic audits of major controls including financial, operational, compliance and the risk management function of the Company and its subsidiaries. Any material control issues identified, together with remedial action plans, are reported to the BARMC at the meetings. The internal audit team shall follow up and ensure that any material control issues are promptly and properly rectified.

CORPORATE GOVERNANCE REPORT

E. ACCOUNTABILITY AND AUDIT (cont'd)

3. Risk Management and Internal Control (cont'd)

The effectiveness of the Company's and its subsidiaries' risk management and internal control systems is reviewed by the BARMC on a quarterly basis, based on the risk profile reports submitted and reported audit findings. The BARMC will submit the report to the Board for deliberation. Based on the results of the BARMC reviews, the Board is satisfied that risk management and internal control systems of the Group remained effective and adequate for the year ended 30 June 2024. The extent and frequency of communication of the monitoring results to the BARMC and the Board have been reviewed and are considered sufficient.

The Board acknowledges responsibility for the risk management and internal control systems and reviewing their effectiveness, but would like to explain 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.

Handling and Dissemination of Inside Information

The Company has established and implemented relevant procedures and internal controls for the handling and dissemination of inside information, including restricting employee access to inside information on a need-to-know basis and ensuring that those who need to know understand the obligation of keeping the information confidential and refrain from dealing in the relevant securities. All inside information is disclosed to the public if and when required pursuant to the requirements under the Securities and Futures Ordinance and the Listing Rules and kept strictly confidential before disclosure.

4. Auditor's Remuneration

The fees charged by the Group's external auditor for the year in respect of annual audit services amounted to HK\$31,946,000 and those in respect of non-audit services (comprising tax advisory and review, transaction support and consultancy services) amounted to HK\$10,370,000.

F. INVESTOR RELATIONS

1. Communication with Investors

The Company encourages two-way communication with both its institutional and private investors. Extensive information about the Group's activities is provided in the interim and annual reports which are distributed to shareholders of the Company.

The annual general meeting of the Company provides an opportunity for its shareholders to seek clarification and to obtain a better understanding of the Group's performance. Board members and representatives from the external auditor will attend the annual general meetings to answer shareholders' questions. Shareholders are encouraged to meet and communicate with the Board at the annual general meetings and to vote on the resolutions.

CORPORATE GOVERNANCE REPORT

F. INVESTOR RELATIONS (cont'd)

1. Communication with Investors (cont'd)

In order to promote effective communication, the Company maintains a website at www.guoco.com to provide:

- latest news, announcements, financials including interim and annual reports;
- other corporate communication materials, e.g. notices of meetings, circulars, proxy forms, etc.;
- details of the arrangements on dissemination of corporate communications of the Company and for requesting printed copies of corporate communications;
- corporate calendar for important shareholders' dates for current financial year;
- constitutional documents of the Company;
- corporate governance information including composition and terms of reference of board committees, corporate governance reports and various governance policies adopted by the Company;
- ESG reports and highlights of the Company's ESG practices and efforts;
- online registration of email alert service for receiving the Company's latest corporate communications; and
- other information relating to the Group and its businesses.

Regular dialogues are maintained with institutional investors. Enquiries from individuals on matters relating to the business of the Group are welcome and are dealt with in an informative and timely manner. Shareholders can make any query in respect of the Group or to make a request for the Group's information to the extent such information is publicly available. The designated contact details are as follows:

By Post : Guoco Group Limited
50th Floor, The Center, 99 Queen's Road Central, Hong Kong
By Fax : (852) 2285 3233
By Email : comsec@guoco.com

Shareholders' questions about their shareholdings are dealt with by Computershare Hong Kong Investor Services Limited, the Company's branch share registrar, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The Company has in place a shareholder communication policy which sets out the provisions to ensure that the Company's shareholders are provided with access to material information about the Company in a timely manner. The Board has conducted a review of the implementation and effectiveness of the shareholder communication policy during the year ended 30 June 2024 and, having considered the various channels of communication in place, was satisfied that the implementation of the policy was effective.

CORPORATE GOVERNANCE REPORT

F. INVESTOR RELATIONS (cont'd)

2. Rights and Procedures for Shareholders to Convene General Meetings

Pursuant to section 74 of the Bermuda Companies Act 1981 ("Companies Act") and Bye-Law 62 of the Bye-Laws, the directors shall, on the requisition of the Company's shareholders holding at the date of the deposit of the requisition not less than one-tenth (10%) of such of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

3. Rights and Procedures for Shareholders to Put Forward Proposals at General Meetings

Pursuant to sections 79 and 80 of the Companies Act, shareholder(s) of the Company holding at the date of the deposit of the requisition not less than one-twentieth (5%) of the total voting rights of the Company or not less than 100 shareholders of the Company may make a requisition to require the Company to give notice to other shareholders of any resolution to be considered at annual general meetings or to circulate to other shareholders any written statement of not more than 1,000 words with respect to the matter to be dealt with at that meeting. The written requisition must be duly signed by the requisitionist(s) and be deposited at the Company's registered office within the time limit prescribed in section 80 of the Companies Act.

4. Rights and Procedures for Shareholders to Propose a Person for Election as a Director

Pursuant to the Bye-Law 103 of the Bye-Laws, shareholder(s) of the Company may send a notice in writing of the intention to propose a person for election as a director and the notice in writing by that person of his willingness to be elected. Such notices shall be lodged at the Company's principal office at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong, or at the Company's branch share registrar's office at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong provided that the minimum length of the period for lodgment of the notices referred to herein shall be at least seven days which shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

5. Change in Constitutional Document

There was no significant amendment to the Bye-Laws during the year ended 30 June 2024.

26 September 2024