

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Tai Sang Land Development Limited (the “Company”, together with its subsidiaries collectively referred as to the “Group”) is committed to maintain a high standard of corporate governance practices and procedures to safeguard the interests of the shareholders and enhance the performance of the Group. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards.

The Company complied with all the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the accounting year ended 31st December 2023, except for the code provision C.2.1, as explained in the section headed “Chairman and Chief Executive” below.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “Model Code”) as the Company’s codes of conduct regarding directors’ securities transactions.

On specific enquiries made, all directors confirmed that they had complied with the Model Code during the year ended 31st December 2023.

BOARD OF DIRECTORS

Composition of the Board

The board of directors of the Company (the “Board”) currently comprises five executive directors, one non-executive director (“NED”) and three independent non-executive directors (“INEDs”). The composition of the Board is set out as follows:

Executive directors	William Ma Ching Wai (<i>Chairman</i>) Patrick Ma Ching Hang (<i>Deputy Chairman</i>) Philip Ma Ching Yeung (<i>Deputy Chairman</i>) Alfred Ma Ching Kuen (<i>Managing Director</i>) Amy Ma Ching Sau (<i>Managing Director</i>)
Non-executive director	Edward Cheung Wing Yui
INEDs	Kevin Chau Kwok Fun Yiu Kei Chung Aaron Tan Leng Cheng (Appointed on 22nd May 2023) Tan Soo Kiu (Retired on 22nd May 2023)

Throughout the year and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules that there are three INEDs representing one-third of the Board and one of the INEDs has the appropriate professional qualifications or accounting or related financial management expertise.

Each of the INEDs has provided an annual written confirmation of their independence that they meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. Their independence has been assessed by the Nomination Committee. The Company considers all the INEDs are independent.

Biographical details of the directors and their relationships, where applicable, are set out on pages 5 to 7 of this annual report.

BOARD OF DIRECTORS (Continued)

Role of the Board

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, recommendations on directors' appointment or re-appointment, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the day-to-day businesses of the Company to the management who works under the leadership and supervision of the executive directors.

The non-executive directors (a majority of whom are INEDs) provided the Company with a wide range of expertise and a balance of skills and brought independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee meetings.

Mechanisms Ensuring Independent Views and Input Available to the Board

The Company has established following mechanisms to ensure independent views and input are available to the Board:

Composition of the Board and Board Committees

- The Board endeavours to ensure the appointment of at least three INEDs and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time).
- INEDs will be appointed to the Board committees as prescribed by the Listing Rules as far as practicable to ensure independent views are available.

Independence Assessment

- The Nomination Committee shall adhere to the nomination policy of the Company and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of INEDs.
- Each INED is required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.
- All INEDs are required to confirm in writing, on an annual basis, their compliance with independence assessment criteria as set out in the Listing Rules. The Nomination Committee shall assess annually the independence of all INEDs to ensure that they can continually exercise independent judgement.

Compensation

- No equity-based remuneration (e.g. share options or grants) with performance-related elements will be granted to NED and INEDs.

BOARD OF DIRECTORS (Continued)

Mechanisms Ensuring Independent Views and Input Available to the Board (Continued)

Board Decision Making

- Directors (including NED and INEDs) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company Secretary and, where necessary, independent advice from external professional advisers at the Company's expense.
- Directors (including NED and INEDs) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such director or any of his close associates has a material interest.
- The Chairman of the Board shall at least annually hold meeting with the INEDs without the presence of other directors to discuss major issues and any concerns.

The Board had reviewed the implementation and effectiveness of above mechanisms for the year and considered that the mechanisms had been properly implemented during the year and is effective.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties 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 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 directors; and
- (e) to review the Company's compliance with the CG Code.

During the year, the Board reviewed the Company's policies and practices on corporate governance and the disclosure in the Corporate Governance Report.

Board Meetings

Board meetings are held at least 4 times a year at approximately quarterly intervals and involve the active participation, either in person or through other electronic means of communication, of a majority of directors. At least 14 days' notice of the regular board meetings is given to all directors, and all directors are given an opportunity to include matters for discussion in the agenda. An agenda and accompanying board papers are sent in full to all directors at least 4 days before the intended date of a regular board meeting. They also have access to the advice and service of the Company Secretary, who assists the Chairman in preparing the agenda for meetings, is responsible for providing directors with board papers and related materials and ensures that board procedures, and all applicable laws, rules and regulations are followed.

The articles of association of the Company (the "Articles of Association") stipulate that save for the exceptions as provided therein, a director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such director or any of his/her close associates have a material interest.

BOARD OF DIRECTORS (Continued)**Directors' Training**

Each newly appointed director is provided with 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 relevant statues, laws, rules and regulations. The Company Secretary also provides directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged in-house training for directors in the form of seminars and reading materials. A summary of training received by directors during the year according to the records provided by the directors is as follows:

Directors	Corporate Governance/ Updates in Laws, Rules and Regulations		Anti-corruption	
	Reading Materials	Attended Seminars/ Briefings	Reading Materials	Attended Seminars/ Briefings
Executive directors				
William Ma Ching Wai (<i>Chairman</i>)	√	√	√	√
Patrick Ma Ching Hang	√	√	√	√
Philip Ma Ching Yeung	√	√	√	√
Alfred Ma Ching Kuen	√	√	√	√
Amy Ma Ching Sau	√	√	√	√
Non-executive director				
Edward Cheung Wing Yui	√	√	√	√
INEDs				
Kevin Chau Kwok Fun	√	√	√	√
Yiu Kei Chung	√	√	√	√
Aaron Tan Leng Cheng (Appointed on 22nd May 2023)	√	√	√	√
Tan Soo Kiu (Retired on 22nd May 2023)	√	√	√	√

CHAIRMAN AND CHIEF EXECUTIVE

The code provision C.2.1 of the CG Code stipulates that the positions of the chairman and chief executive should be held by separate individuals as to maintain an effective segregation of duties.

Mr. William Ma Ching Wai, the Chairman of the Board was appointed as the chief executive of the Company (the "Chief Executive") on 15th June 2017, since then Mr. Ma holds both positions as the Chairman and Chief Executive. This is a deviation from the code provision with respect to the roles of chairman and chief executive to be performed by different individuals.

CHAIRMAN AND CHIEF EXECUTIVE (Continued)

The Board believes that vesting the roles of both Chairman and Chief Executive on the same individual will enable the Company to have a stable and consistent leadership and also facilitate the planning and execution of the Company's strategy and is hence in the interest of the Company and its shareholders. The Board is of the view that the balance of power and authority is adequately ensured as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management, and there are one NED and three INEDs on the Board offering their experience, expertise, independent advice and views from different perspectives.

NON-EXECUTIVE DIRECTORS

All non-executive directors have entered into letters of appointment with the Company, in which Mr. Edward Cheung Wing Yui, Mr. Kevin Chau Kwok Fun and Mr. Yiu Kei Chung are appointed for a specific term of three years. All directors (including non-executive directors) are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with the Articles of Association.

Serving more than 9 years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than 9 years, his further appointment will be subject to a separate resolution to be approved by shareholders.

BOARD COMMITTEES

The Board has established various committees, including Audit Committee, Remuneration Committee and Nomination Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members. The committees are required to report back to the Board on their decision and recommendations where appropriate. All the Board committees are empowered by the Board under their own terms of reference which have been posted on the websites of the Company and the Stock Exchange.

Audit Committee

Members:

INEDs	Yiu Kei Chung (<i>Chairman</i>) (Appointed as Chairman on 22nd May 2023) Kevin Chau Kwok Fun Aaron Tan Leng Cheng (Appointed on 22nd May 2023) Tan Soo Kiu (<i>Chairman</i>) (Retired on 22nd May 2023)
Non-executive director	Edward Cheung Wing Yui

The Audit Committee was established in March 1999. The terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange.

BOARD COMMITTEES (Continued)**Audit Committee (Continued)**

The main responsibilities of the Audit Committee are to review and monitor the integrity of the Company's financial statements, annual report and interim report. Other responsibilities include making recommendations to the board on the appointment, reappointment and removal of the external auditor, approval of the external auditor's remuneration and terms of engagements, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, to develop and implement policy on engaging an external auditor to supply non-audit services, and to act as the key representative body for overseeing the Company's relations with the external auditor. The Audit Committee is also charged with overseeing the Company's financial reporting system, the effectiveness of risk management and internal control systems, and reviewing arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

During the year, the Audit Committee held 2 meetings. The work performed by the Audit Committee during the financial year ended 31st December 2023 are summarised below:

- (i) reviewed annual report for the year ended 31st December 2022, and interim report for the six months ended 30th June 2023;
- (ii) proposed the appointment of PricewaterhouseCoopers ("PwC") as Independent Auditor of the Company and approved the auditor's remuneration and terms of engagements;
- (iii) reviewed and approved the engagement of PwC for providing non-audit services;
- (iv) reviewed and discussed with the Independent Auditor in respect of the consolidated financial statements for the year ended 31st December 2022 and the interim financial information for the six months ended 30th June 2023; and
- (v) reviewed and assessed the adequacy and effectiveness of the Group's financial controls, risk management and internal control systems, and the effectiveness of the Group's internal audit function.

Remuneration Committee

Members:

INEDs	Kevin Chau Kwok Fun (<i>Chairman</i>) (Appointed on 22nd May 2023) Yiu Kei Chung Tan Soo Kiu (<i>Chairman</i>) (Retired on 22nd May 2023)
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Executive director	Amy Ma Ching Sau
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The Remuneration Committee was established in April 2005. The terms of reference of the Remuneration Committee setting out its authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive directors and senior management.

The Remuneration Committee is mainly responsible for ensuring formal and transparent procedures for developing remuneration policies and overseeing the remuneration packages of the executive directors and senior management. It takes into consideration of factors such as salaries paid by comparable companies, time commitment and responsibilities of directors and senior management.

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

During the year, the Remuneration Committee held 2 meetings. The Remuneration Committee reviewed the remuneration policy for executive directors and senior management of the Company, assessed performance of executive directors, and made recommendations on the Group's bonus structure, retirement benefit scheme and other compensation related issues.

The particulars regarding directors' and chief executive's remuneration are set out in note 31(a) to the consolidated financial statements in this annual report.

The remuneration of the members of the senior management by band for the year is set out below:

Emolument band (in HK\$)	Number of individuals
HK\$3,000,001 – HK\$4,000,000	2
HK\$2,000,001 – HK\$3,000,000	1
HK\$1,000,001 – HK\$2,000,000	1

Nomination Committee

Members:

Executive director	William Ma Ching Wai (<i>Chairman</i>)
INEDs	Kevin Chau Kwok Fun Yiu Kei Chung

The Nomination Committee of the Company was established in March 2012. The terms of reference of the Nomination Committee setting out its authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The Nomination Committee is mainly responsible to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of INEDs in accordance with Rule 3.13 of the Listing Rules, and make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors.

The Nomination Committee is also responsible to review the nomination policy and board diversity policy of the Company to ensure the effectiveness of such policies and will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

During the year, the Nomination Committee held 1 meeting. The Nomination Committee reviewed the structure and composition of the Board, reviewed the board diversity policy of the Company, recommended the re-election of the retiring directors, assessed the independence of all the INEDs and proposed the appointment of an INED.

BOARD COMMITTEES (Continued)**Nomination Policy**

The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and makes recommendations on any proposed change to the Board to complement the Company's corporate strategy. When it is necessary to fill a causal vacancy or appoint an additional director, the Nomination Committee shall invite nominations of candidates from Board members (if any) for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members and may recommend to hire an executive search firm, if necessary, to identify suitable and qualified candidate for serving on the Board.

The Nomination Committee shall evaluate any potential candidate based on the criteria as set out below to determine whether such candidate is qualified for directorship and recommend to the Board the appropriate person among the candidates nominated for directorship for its consideration:

- (a) the Nomination Committee shall consider the current structure, size and composition of the Board and the needs of the Board and the respective committees of the Board when recommending any potential new director(s) to the Board; and
- (b) the Nomination Committee shall refer to the following factors in assessing the suitability of a proposed director:
 - (i) character and integrity;
 - (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
 - (iii) willingness to devote sufficient time to discharge duties as a Board member and/or member(s) of committee(s) of the Board;
 - (iv) contribution to the diversity of the Board;
 - (v) requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence requirements set out in the Listing Rules; and
 - (vi) such other perspectives appropriate to the Company's business.

Board Diversity Policy

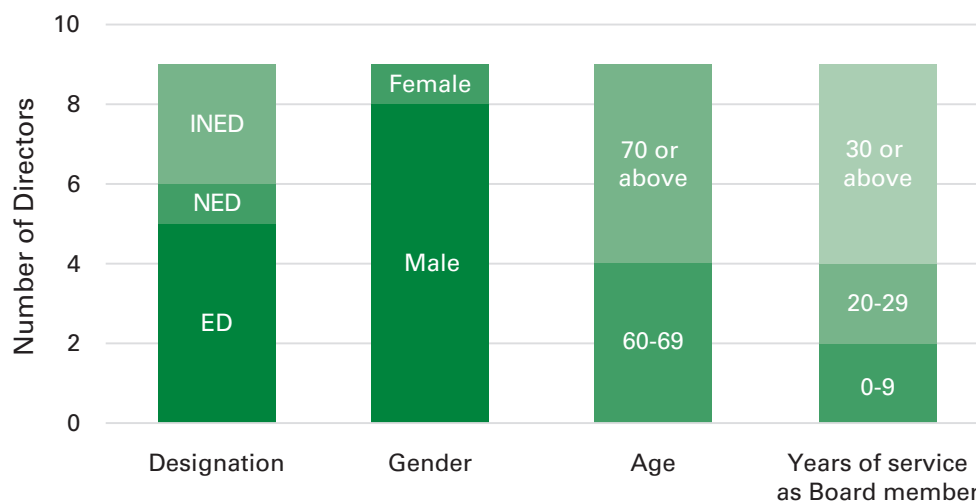
The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

BOARD COMMITTEES (Continued)

Board Diversity Policy (Continued)

The diversity profile of the Board as at the date of this report is as follows:



The members of the Board come from a variety of different backgrounds and have a diverse range of professional experience, skills and knowledge in various sectors including property investment and development, finance and banking, investment, accounting, legal, government, commerce and entrepreneurship. They also hold or have held important public service positions in Hong Kong, covering health and welfare, charity, education and regulations.

The Board composition reflects various age, gender, cultural and educational background, professional experience, skill and knowledge. The Nomination Committee considers the current Board composition has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. It also includes a balanced composition of executive and non-executive directors with a strong independent element on the Board, which can effectively exercise independent judgment. The Nomination Committee will continue to review the Board composition from time to time, taking into consideration the specific needs for the Group's business.

As at the date of this report, the Board consists of one female and eight male Directors. The Company targets to avoid a single gender Board. The Company believes gender diversity in the Board would bring more inspiration to the Board and enhance the business development of the Group, thus gender diversity is one of the essential factors for the Company to select suitable candidate as a Director.

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. As at 31st December 2023, 49% of the workforce of the Group (including senior management) were female. The Company considers that the gender diversity in workforce is satisfactory.

The Nomination Committee had reviewed the implementation and effectiveness of the board diversity policy of the Company for the year and considered it had been properly implemented during the year and is effective.

ATTENDANCE AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETING

Name of directors	Number of Meetings Attended/Eligible to attend for the year ended 31st December 2023				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive directors					
William Ma Ching Wai (<i>Chairman</i>)	4/4			1/1	1/1
Patrick Ma Ching Hang	4/4				1/1
Philip Ma Ching Yeung	4/4				1/1
Alfred Ma Ching Kuen	4/4				1/1
Amy Ma Ching Sau	4/4		2/2		1/1
Non-executive director					
Edward Cheung Wing Yui	4/4	2/2			1/1
INEDs					
Kevin Chau Kwok Fun	4/4	2/2	1/1	1/1	1/1
Yiu Kei Chung	4/4	2/2	2/2	1/1	1/1
Aaron Tan Leng Cheng (Appointed on 22nd May 2023)	2/2	1/1			
Tan Soo Kiu (Retired on 22nd May 2023)	2/2	1/1	1/1		1/1

ACCOUNTABILITY AND AUDIT

Financial Reporting

The directors endeavor to ensure a balanced, clear and comprehensible assessment of the Group's performance, position and prospects in annual and interim reports and other disclosures required under the Listing Rules and other statutory requirements. All members of the Board are provided with monthly updates, which give the directors a balanced and understandable assessment of the performance, position and prospects of the Group. Management provides all relevant information to the Board, giving the members sufficient explanation and information they need to discharge their responsibilities.

The Board is responsible for the preparation of the consolidated financial statements that give a true and fair view of the Company's and the Group's financial position on a going-concern basis, with supporting assumptions or qualifications as necessary. The consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, the Listing Rules and the Companies Ordinance. Appropriate accounting policies have also been used and applied consistently except for the adoption of the new and revised HKFRSs.

The reporting responsibilities of directors and external auditor are set out in the Independent Auditor's Report on pages 72 to 76 of this annual report.

Auditors' Remuneration

The fees in respect of audit and audit related services provided to the Company and its subsidiaries by PwC and other auditors were HK\$2,246,000 and HK\$573,000 respectively for the year. Fees for non-audit services, which mainly consist of taxation services and interim results review, provided by PwC and other auditors were HK\$798,000 and HK\$678,000 respectively.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman of the Board and is responsible for advising the Board on governance matters and to facilitate induction and professional development of directors. The biography of the Company Secretary is set out on page 8 of this annual report.

The Company Secretary has provided her training records to the Company indicating that she has undertaken more than 15 hours of relevant professional development during the year ended 31st December 2023, by means of attending seminars and reading relevant guidance materials.

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting ("EGM")

In accordance with Sections 566 to 568 of the Companies Ordinance, shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company, may require the directors of the Company to convene an EGM. The written requisition must state the general nature of the business to be dealt with at the EGM and must be signed by the shareholder(s) concerned and deposited at the registered office of the Company for the attention of the Company Secretary in hard copy form or sent to the Company in electronic form. The requisition may consist of several documents in like form, each signed by one or more of the shareholders concerned.

If the directors of the Company do not within 21 days after the date on which the written requisition is received by the Company proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from the date of the original requisition.

The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the directors of the Company.

Any reasonable expenses incurred by the shareholder(s) requesting the meeting by reason of the failure of the directors to duly convene a meeting will be reimbursed to shareholder(s) by the Company.

Putting Forward Proposals at Shareholders' Meetings

Shareholders are requested to follow Sections 615 and 616 of the Companies Ordinance for including a resolution at an annual general meeting of the Company ("AGM"). The requirements and procedures are set out below:

- (i) Any number of shareholders representing at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at an AGM to which the requisition relates, or at least 50 shareholders having a right to vote on the resolution at an AGM to which the requisition relates, may submit a requisition in writing to put forward a resolution which may properly be moved at an AGM.

SHAREHOLDERS' RIGHTS (Continued)

Putting Forward Proposals at Shareholders' Meetings (Continued)

- (ii) The Company shall not be bound by the Companies Ordinance to give notice of the proposed resolution or to circulate a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution to shareholders of the Company entitled to receive notice of an AGM unless a copy of the requisition specifying the resolution of which notice is to be given and signed by the shareholders concerned; or 2 or more copies which between them contain the signatures of all the shareholders concerned is deposited at the registered office of the Company for the attention of the Company Secretary in hard copy form or is sent to the Company in electronic form not less than (i) 6 weeks before an AGM to which the requisition relates; or (ii) if later, the time at which notice is given of that AGM.

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/her intention to propose that person for election as a director; and (ii) a notice in writing by that person of his/her willingness to be elected 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 7 days prior to the date of such general meeting.

Enquiries to the Board

Enquiries may be put to the Board through the Corporate Governance Department or the Company Secretary by mail to the registered office of the Company or by email to shareholderenquiry@tsld.com.

INVESTORS RELATION

Constitutional Documents

The latest version of the Articles of Association is available on both the websites of the Company and the Stock Exchange. During the year, there is no change in the Articles of Association.

Communication with Shareholders

The shareholders' communication policy, published on the website of the Company, setting out the provisions and channels of the Company in relation to shareholders' communications, with the objectives of ensuring that the shareholders and the investment community are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

- (a) Corporate communications such as annual reports, interim reports and circulars in both English and Chinese versions are available to shareholders. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).
- (b) Information on the Company's website is updated on a regular basis. A dedicated "Investor Relations" section is available on the Company's website. Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter.

INVESTORS RELATION (Continued)

Communication with Shareholders (Continued)

- (c) General meetings are held to provide opportunities for the shareholders to make comments and exchange views with the Directors and senior management. Board members, in particular, the Chairman of the Board, the chairmen of the Board committees (in their absence, another member of the committee or failing this his duly appointed delegate), appropriate management executives and external auditor will attend annual general meetings to answer shareholders' questions.
- (d) The Company's Registrar and Transfer Office serves the shareholders in respect of share registration, dividend payment and related matters.
- (e) The Corporate Governance Department and the Company Secretary of the Company handle shareholders' queries, comments and suggestions to Directors or management of the Company.

The Board had reviewed the implementation and effectiveness of the shareholders' communication policy. Having considered the steps taken at the general meeting, the handling of queries received (if any) and the multiple channels of communication in place, it was considered that the shareholders' communication policy has been properly implemented during the year and is effective.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible to oversee the Group's risk management and internal control systems on an ongoing basis and ensure that a review of the effectiveness of both systems has been conducted at least annually. The review covers all material controls including financial, operational and compliance controls. The risk management and internal control 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.

Risk Management and Internal Control Framework

The Group's risk management and internal control systems are established based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework (2013) (ICIF-2013) as follows:

(a) *Control Environment*

- demonstrates a commitment to integrity and ethical values
- the Board demonstrates independence from management and exercises oversight of the development and performance of internal control
- management establishes, with Board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives
- demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives
- holds individual accountable for their internal control responsibilities in the pursuit of objectives

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)**Risk Management and Internal Control Framework (Continued)***(b) Risk Assessment*

- specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives
- identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed
- considers the potential for fraud in assessing risks to the achievement of objectives
- identifies and assesses changes that could significantly impact the system of internal control

(c) Control Activities

- selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels
- selects and develops general control activities over technology to support the achievement of objectives
- deploys control activities through policies that establish what is expected and procedures that put policies into action

(d) Information and Communication

- obtains or generates and uses relevant, quality information to support the functioning of internal control
- internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control
- communicates with external parties regarding matters affecting the functioning of internal control

(e) Monitoring Activities

- selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning
- evaluate and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board, as appropriate

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk Management and Internal Control Framework (Continued)

The Group's risk management and internal control framework comprises of the Board, Audit Committee, the management and internal audit function. Its main features and processes are as follows:



1. The Board is responsible for overseeing the risk management and internal control systems to ensure that the communications of the core values, strategic planning and operational guidelines throughout the Group are effective.
2. The Audit Committee supports the Board in reviewing the risk management and internal control systems to ensure that effective controls are in place.
3. Management consolidates and manages the risks of operations identified by departments. Policies and procedures are determined to mitigate the risks. It also ensures that the operation managers comply with the established policies and procedures.
4. The internal audit function assesses the effectiveness of the risk management and internal control systems once a year. It evaluates the risks identified by departments and consolidated by the management based on the likelihood of occurrence and impact of such risks. It also conducts regular reviews on the implementation of the policies and procedures and recommends changes in response to different business and control environments. It reports the above results and makes recommendations to the Audit Committee regularly. Such regular reviews are carried out via communication with relevant management and staff members, walkthrough tests and reviewing relevant documentation.

Internal Audit Function

During the year of 2023, the internal audit function performed reviews and assessed the adequacy and effectiveness of the Group's risk management and internal control systems. The reviews covered financial, compliance and operational functions with emphasis on cash and treasury management and hotel revenue management. The risks to the Group were also evaluated and the major risks and their changes are presented in the Risk Profile.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)**Risk Profile**

The following illustrates the nature of major risks to the Group, the risk level and changes during the year, and the mitigating measures taken by the Group:

Risk area	Risk level/ changes during 2023	Description of risk	Key control and mitigating measures
Market risk	High/ ↑	<ul style="list-style-type: none"> • Given the continued fluctuations in the economic and geopolitical environments, change in monetary policies of the Federal Reserve and worldwide fights against inflation etc., uncertainties and risks remained in the global market economy. • Any unfavorable changes in the global environments may adversely impact the property leasing market, both on leasing activities and on rental in new lettings and renewals, and subsequently the Group's growth and profitability. • Banks in Hong Kong have raised lending rates multiple times. Many tenants require loans to obtain working capital, and numerous businesses had relied on loans to survive through the pandemic. However, with interest rates hikes, the finance cost/repayment pressurizes on companies, which boils down to hampering on property needs. 	<ul style="list-style-type: none"> • Conducting periodic operational reviews to keep track of issues related to the Group's various businesses to minimize the impacts. • Adopting diverse and flexible leasing as well as actively curating the tenant mix to ensure a more resilient tenant portfolio. • Conducting more frequent reviews on pricing strategies and adopting more flexibilities as appropriate. • Applying short-term support to relieve tenants' business pressure and reinforce the partnership relationship. • Maintaining close and frequent contacts with property agents to stay more updated to market changes and on market supply and demand, and formulating suitable strategy to embrace fast-changing market conditions. • Taking proactive steps in commencing renewal with tenants earlier as appropriate. In addition, maintaining open lines of communication with tenants helps us to understand their changing needs and any potential challenges they may face due to increased pressures.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk Profile (Continued)

Risk area	Risk level/ changes during 2023	Description of risk	Key control and mitigating measures
Financial risk	High/ ↑	<ul style="list-style-type: none"> • The Group may expose to interest rate risk and liquidity risk. • The loan financing of the Group are charged at floating interest rate. Interest rate will be affected by the fluctuation of Hong Kong Inter-bank Offered Rate. • Any discrepancy in loan renewal or refinancing may affect the liquidity of the Group. 	<ul style="list-style-type: none"> • Monitoring the financial market conditions and financial need of the Group. • Adopting a prudent liquidity risk management and maintaining sufficient cash on hand with available funding through an adequate amount of committed credit facilities. • Arranging different terms of loan facilities from diversified sources with different tenures. • Maintaining good relationship with the banking community. • Early planning for sourcing adequate financing. When foreseeing any financing needs, loan arrangements would be discussed with relevant banks early to secure sufficient financing.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk Profile (Continued)

Risk area	Risk level/ changes during 2023	Description of risk	Key control and mitigating measures
Strategic risk	Moderate/ ↑	<ul style="list-style-type: none"> • Regulatory regimes pertaining to sustainability or environmental, social and governance (“ESG”) matters around the world are tightening and public expectations regarding these issues are increasing. Moreover, sustainability considerations relate to the potential impact of long-term environmental trends on the Group’s properties and development plans (e.g. monitoring of climate risks and greenhouse gas/ carbon emissions), social implications including social impacts made to the community, and resulting reputational advantages from offering a sustainability program that meets the expectations of its stakeholders. • Not taking sustainability risks and opportunities into consideration at the strategic level may adversely affect the sustainable development and reputation of the Group. 	<ul style="list-style-type: none"> • The Group has recognized the trend of ESG and its importance to the long-term sustainability of the business. The Group has also established an ESG team to formulate upcoming actions to comply with the new ESG regulatory rules. • The Group has considered adopting ESG strategies in its properties and introduced measures such as energy and water conservation, recycling and waste reduction to play a part in reducing environmental concerns from its business operations. • The Group has continually assessed whether the business has enough resources to achieve recognitions and certifications on ESG, and evaluated whether it is necessary for the business to do so.


RISK MANAGEMENT AND INTERNAL CONTROL (Continued)


Risk Profile (Continued)


Risk area	Risk level/ changes during 2023	Description of risk	Key control and mitigating measures
Information technology risk	Low/ ↓	<ul style="list-style-type: none"> • The Group may be exposed to disturbance to business operation due to cyber security risk. Man-made disasters and global virus may be significant and difficult to rectify. • Remote access of office computers and servers often occurs during non-office hours. • Any deficiency on the cyber security will induce the cyber-attack and network breakdown which would adversely affect the Group. 	<ul style="list-style-type: none"> • Information security policy is reviewed and updated from time to time. Staff are in compliant with the policy and act to maintain the company information secured. • Implementation of security measures such as firewall and anti-threat protection to protect hardware from attack. Making use of the managed detection & response (MDR) system for network traffic monitoring and ransomware detection. • Ongoing review of information technology infrastructure and systems. Applying appropriate update of patches. Monitoring for upgrade and enhancement of the systems of the Group. • Deploying multi-factor authentication (MFA) for virtual private network (VPN) to protect the network from unauthorized access. • The automated security awareness platform (“ASAP”) was conducted during the year. User training on the ASAP helps foster a responsible attitude of staff toward our information security. The training increases security awareness and teaches our users to recognize how scammers work. This helps reduce our vulnerability to cyberattacks.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk Profile (Continued)

Risk area	Risk level/ changes during 2023	Description of risk	Key control and mitigating measures
Information technology risk (Continued)			<ul style="list-style-type: none"> Data backup is conducted on a regular basis to reduce the adverse impact of system crash or failure. System user access review is periodically performed as a control procedure over data management.
Regulatory and compliance risk	Low/ 	<ul style="list-style-type: none"> The government authorities have served statutory notices such as Mandatory Building Inspection Scheme, Mandatory Window Inspection Scheme and Fire Safety Improvement Direction to the respective owners of our investment properties. Large scale repair works will require substantial costs from the landlord, and a long construction period is found to be necessary for the common areas and external wall of the building due to ageing. The contractors who carried out construction works will cause nuisance/interference, and temporary suspension of the building services, leading to serious inconvenience to tenants. Tenants may terminate the tenancy or file claims for their loss or damages. 	<ul style="list-style-type: none"> Studying the scope of works in advance, and coordinating with our tenants to solve the conflicts on the scope of works. Closely monitoring progress to minimize delays affecting tenants. Integrating protective terms into the construction/renovation contract to ensure the contractor maintains operations to minimize disturbance. Adding a no compensation clause to the tenancy agreement to reduce potential claims.

Notes:  Rating increased when compared to 2022

 Rating decreased when compared to 2022

 Rating remained unchanged

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

An Audit Committee meeting was held in March 2024 to review the risk management and internal control systems, and confirmed their adequacy and effectiveness. The frequency and extent of communication of monitoring results of the review to the Board is also considered adequate.

The Board considered that controls are in place, effective and adequate. No significant control failure or weakness was identified. Besides, the resources, staff qualifications and experience, training programmes and budget of accounting, internal audit and financial reporting functions, as well as those relating to ESG performance and reporting were reviewed and assured adequate.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the relevant directors and employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission in June 2012.

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 22nd March 2024