Corporate Governance Practices
The Board is committed to maintaining a high standard of corporate governance practices within the Group and devotes considerable effort to identify and formalize best practices. We believe that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value.

Set out below is the current corporate governance framework of the Group:
Comprehensive guidelines, policies and procedures have been formulated by the Board in support of the Group’s corporate governance framework including the “Director’s Manual”, “Corporate Governance Manual”, “Guidelines on Internal Control System”, “Corporate Policy on Staff Responsibility”, “Whistleblowing Policy”, “Disclosure Policy on Inside Information”, “Board Diversity Policy” and the terms of reference for various board committees. These documents are reviewed regularly by the Board and the relevant board committees and are updated in line with the amendments of applicable legislations and rules as well as the current market practices.

The Company has complied with all the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Listing Rules (the “CG Code”) throughout FY2015.

**The Board**

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The Board currently comprises 14 members whose biographical details are set out in the Board of Directors and Senior Management section of this annual report. An updated list of directors of the Company and their respective role and function has been maintained on the website of each of the Hong Kong Stock Exchange and the Company. Updated biographical details of each director are also available on the Company’s website.

Day-to-day operation of the businesses of the Company is delegated to the management who is led by the Executive Committee. They are being closely monitored by the Board and are accountable for the performance of the Company as measured against the corporate goals and business targets set by the Board.

The Company provides extensive background information about its history, mission and businesses to its directors. Directors are also invited to visit the Group’s operational facilities from time to time and to meet with the management for gaining better understanding of business operations of the Group. Furthermore, the Board has separate and independent access to the senior management and the Company Secretary at all times. With prior request to the Company Secretary, the Board is given access to independent professional advice any time when it thinks appropriate.

Appropriate liability insurance for directors has been arranged for indemnifying their liabilities arising out of corporate activities. This insurance coverage is reviewed on an annual basis.

The posts of Chairman and Chief Executive Officer of the Company are separate to ensure a clear distinction between the Chairman’s responsibility to manage the Board and the Chief Executive Officer’s responsibility to manage the Company’s business. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in writing.
Board Meetings

The Board meets regularly at least four times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate.

Six Board meetings were held during FY2015. Notice of not less than 14 days was given to directors for the regular Board meetings. Draft agenda for Board meetings were prepared by the Company Secretary and were circulated to all directors for comments before each meeting. Directors were given an opportunity to include any other matters in the agenda. The agenda, together with Board papers, were sent in full to the directors not less than three business days before the intended date of the Board meeting.

Minutes of Board meetings were prepared by the Company Secretary with details of decisions reached, any concerns raised and dissenting views expressed. The draft minutes were sent to all directors within a reasonable time after each meeting for their comment before being formally signed by the chairman of the meeting. Copies of the final version of minutes of the Board meetings were sent to the directors for information and record.

At each regular Board meeting, executive directors of the Company made presentations to the Board on various aspects, including the business performance, financial performance, corporate governance and outlook, etc. A written report reviewing all the key operational aspects of the Group was provided to the directors before each regular Board meeting to enable them to make informed decisions for the benefit of the Company.

Throughout FY2015, directors of the Company also participated in the consideration and approval of matters of the Company by way of written resolutions circulated to them. Supporting written materials were provided in the circulation and verbal briefings were given by the subject executive directors or the Company Secretary when required.

Pursuant to the bye-laws of the Company, a director, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered. Furthermore, a director shall not vote (nor be counted in the quorum) on any resolution of the directors in respect of any contract or arrangement or proposal in which he or any of his associate(s) is to his knowledge materially interested. Matters to be decided at Board meetings are decided by a majority of votes from directors allowed to vote. These bye-laws were strictly observed throughout FY2015.
Directors of the Company play an active role in participating the Company’s meetings through contribution of their professional opinions and active participation in discussion. The attendance record of each of the directors for the Board meetings, the board committees meetings and the general meeting held during FY2015 is listed as follows:

### Meetings attended / held

<table>
<thead>
<tr>
<th>Name of director</th>
<th>Board meeting</th>
<th>Audit Committee meeting</th>
<th>Nomination Committee meeting</th>
<th>Remuneration Committee meeting</th>
<th>Corporate Social Responsibility Committee meeting</th>
<th>General meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive directors:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr Cheng Kar Shun, Henry</td>
<td>6/6</td>
<td>–</td>
<td>2/2</td>
<td>–</td>
<td>–</td>
<td>1/1</td>
</tr>
<tr>
<td>(Chairman of the Board)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Tsang Yam Pui</td>
<td>6/6</td>
<td>–</td>
<td>2/2</td>
<td>3/3</td>
<td>2/2</td>
<td>1/1</td>
</tr>
<tr>
<td>Mr Lam Wai Hon, Patrick</td>
<td>6/6</td>
<td>2/2(1)</td>
<td>–</td>
<td>3/3</td>
<td>2/2</td>
<td>1/1</td>
</tr>
<tr>
<td>Mr Cheung Chin Cheung</td>
<td>6/6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2/2</td>
<td>1/1</td>
</tr>
<tr>
<td>Mr Cheng Chi Ming, Brian</td>
<td>6/6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1/2</td>
<td>1/1</td>
</tr>
<tr>
<td><strong>Non-executive directors:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr To Hin Tsun, Gerald</td>
<td>6/6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1/1</td>
</tr>
<tr>
<td>Mr Dominic Lai</td>
<td>6/6</td>
<td>2/2</td>
<td>–</td>
<td>–</td>
<td>2/2</td>
<td>1/1</td>
</tr>
<tr>
<td>Mr William Junior Guilherme Doo</td>
<td>6/6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0/2</td>
<td>1/1</td>
</tr>
<tr>
<td><strong>Independent non-executive directors:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Kwong Che Keung, Gordon</td>
<td>6/6</td>
<td>2/2</td>
<td>2/2</td>
<td>3/3</td>
<td>–</td>
<td>1/1</td>
</tr>
<tr>
<td>Dr Cheng Wai Chee, Christopher</td>
<td>6/6</td>
<td>2/2</td>
<td>2/2</td>
<td>3/3</td>
<td>–</td>
<td>1/1(2)</td>
</tr>
<tr>
<td>Mr Shek Lai Him, Abraham</td>
<td>6/6</td>
<td>2/2</td>
<td>2/2</td>
<td>3/3</td>
<td>–</td>
<td>1/1</td>
</tr>
<tr>
<td>Mr Wilfried Ernst Kaffenberger</td>
<td>6/6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1/1(2)</td>
</tr>
<tr>
<td>Mr Yeung Kun Wah, David</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(alternate director to Mr Wilfried Ernst Kaffenberger)</td>
<td>5/6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1/1</td>
</tr>
<tr>
<td>Mr Lee Yiu Kwong, Alan</td>
<td>6/6</td>
<td>–</td>
<td>–</td>
<td>2/2</td>
<td>1/1</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

1. Mr Lam Wai Hon, Patrick attended the Audit Committee meetings as an invitee.
2. Joining the general meeting by way of telephone conference.
3. As Mr Hui Hon Chung was appointed as director of the Company on 1 September 2015, he has no attendance record during FY2015.
Board Committees
The Board delegates its powers and authorities from time to time to committees in order to ensure the operational efficiency and specific issues are being handled with relevant expertise. Five board committees have been established and each of them has its specific duties and authorities set out in its own terms of reference. Written terms of reference, which are in line with the CG Code, of each of the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the website of each of the Hong Kong Stock Exchange and the Company.

(a) Executive Committee

<table>
<thead>
<tr>
<th>Members</th>
<th>Dr Cheng Kar Shun, Henry (Chairman), Mr Tsang Yam Pui, Mr Hui Hon Chung, Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung and Mr Cheng Chi Ming, Brian</th>
</tr>
</thead>
</table>
| Major
responsibilities | • to review the Group’s performance and manage its assets and liabilities in accordance with the policies and directives of the Board  
• to make recommendation to the Board in respect of the overall strategy for the Group from time to time |

(b) Audit Committee

<table>
<thead>
<tr>
<th>Members</th>
<th>Mr Kwong Che Keung, Gordon (Chairman), Mr Dominic Lai, Dr Cheng Wai Chee, Christopher and Mr Shek Lai Him, Abraham</th>
</tr>
</thead>
</table>
| Major
responsibilities | • to monitor the financial reporting process of the Company  
• to review the Company’s financial control, risk management and internal control systems and arrangements under the Company’s whistleblowing policy  
• to govern the engagement of external auditor and its performance |
| Work performed during FY2015 | • reviewing the audited financial statements of the Group for FY2014 and the interim results of the Group for FY2015  
• reviewing the continuing connected transactions of the Company during FY2014  
• reviewing the system of internal control of the Company  
• reviewing the internal audit plan of the Group for FY2016 and the internal audit reports prepared by the Group Audit and Risk Assurance Department of the Company (“GARA”)  
• reviewing the audit plans from external auditor and its remuneration  
• making recommendation on the re-appointment of the external auditor  
• reviewing the manpower of the Group’s finance team  
• reviewing the performance, constitution and terms of reference of the Audit Committee |

The Audit Committee meets regularly with at least two meetings annually. It also has separate meeting with the Company’s external auditor at least once a year in the absence of the management.
(c) **Nomination Committee**

<table>
<thead>
<tr>
<th>Members</th>
<th>Dr Cheng Kar Shun, Henry (Chairman), Mr Tsang Yam Pui, Mr Kwong Che Keung, Gordon, Dr Cheng Wai Chee, Christopher and Mr Shek Lai Him, Abraham</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major responsibilities</td>
<td>• to review the structure, size and composition (including the skills, knowledge and experience) of the Board</td>
</tr>
<tr>
<td></td>
<td>• to make recommendations to the Board on the appointment or re-appointment of directors</td>
</tr>
<tr>
<td>Work performed during FY2015</td>
<td>• reviewing the structure of the Board</td>
</tr>
<tr>
<td></td>
<td>• reviewing the market survey report on board diversity prepared by external consultant</td>
</tr>
<tr>
<td></td>
<td>• reviewing the independence of independent non-executive directors</td>
</tr>
<tr>
<td></td>
<td>• making recommendations in relation to the re-appointment of the retiring directors</td>
</tr>
<tr>
<td></td>
<td>• making recommendation in relation to the appointment of the Chief Executive Officer</td>
</tr>
</tbody>
</table>

(d) **Remuneration Committee**

<table>
<thead>
<tr>
<th>Members</th>
<th>Mr Shek Lai Him, Abraham (Chairman), Mr Tsang Yam Pui, Mr Lam Wai Hon, Patrick, Mr Kwong Che Keung, Gordon and Dr Cheng Wai Chee, Christopher</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major responsibilities</td>
<td>• to review and make recommendations to the Board on the Company’s policy and structure for remuneration of directors and on the establishment of a formal and transparent procedure for developing policy on such remuneration</td>
</tr>
<tr>
<td></td>
<td>• to make recommendations to the Board on the remuneration packages, including benefits in kind, pension rights and compensation payments, of individual executive directors</td>
</tr>
<tr>
<td></td>
<td>• to determine the remuneration packages of senior management</td>
</tr>
<tr>
<td>Work performed during FY2015</td>
<td>• making recommendation to the Board regarding the proposal for grant of share options of the Company to directors and senior management</td>
</tr>
<tr>
<td></td>
<td>• reviewing the remuneration policy, structure and packages for directors and senior management</td>
</tr>
<tr>
<td></td>
<td>• making recommendations to the Board regarding the directors’ fee and other allowances for FY2015 and the remuneration packages of executive directors</td>
</tr>
<tr>
<td></td>
<td>• determining the remuneration packages of senior management</td>
</tr>
<tr>
<td></td>
<td>• making recommendation in relation to the remuneration package for the Chief Executive Officer</td>
</tr>
</tbody>
</table>
Members: Mr Tsang Yam Pui (Chairman), Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung, Mr Cheng Chi Ming, Brian, Mr Dominic Lai, Mr William Junior Guilherme Doo, Mr Lee Yiu Kwong, Alan, Ms Lam Yuet Wan, Elina and Ms Tang Cheung Yi

**Major responsibilities**

- to formulate the corporate social responsibilities (“CSR”) strategies and policies of the Group
- to oversee the development and implementation of the Group’s CSR strategies, policies and practices as well as the Group’s corporate volunteer team, NWS Volunteer Alliance and other charitable activities

**Work performed during FY2015**

- reviewing the Group’s CSR and volunteering development plan and its progress
- reviewing the development and implementation of the Group’s human resources strategy, policies and employee wellness matters
- reviewing the progress of benchmarking and reporting of the Group’s sustainability performance
- reviewing the funding commitments and statement of financial position of NWS Holdings Charities Foundation

In addition to the abovementioned board committees, the Corporate Governance Steering Committee and the Disclosure Committee were set up in 2007 and 2013 respectively under the supervision of the Executive Committee to ensure that good corporate governance practices are implemented within the Group and proper compliance procedures are followed.

The Corporate Governance Steering Committee is currently chaired by Mr Hui Hon Chung and its members comprise Mr Cheung Chin Cheung, Mr Kwong Che Keung, Gordon and the department heads of the Company’s Finance Department, Company Secretarial Department and GARA. This committee is responsible for identifying corporate governance standards and practices applicable to the Company, reviewing the existing corporate governance practices of the Group and considering promotion and enhancement of the corporate governance within the Group.

Members of the Disclosure Committee compose of Mr Tsang Yam Pui, Mr Hui Hon Chung, Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung and Mr Cheng Chi Ming, Brian. This committee is responsible for promoting consistent disclosure practices aiming at timely, accurate, complete, and broadly disseminated disclosure of inside information about the Group to the market in accordance with applicable laws and regulatory requirements.
Non-executive Directors

Coming from diverse business and professional backgrounds, the non-executive directors (including independent non-executive directors) of the Company have shared their valuable experiences to the Board for promoting the best interests of the Company and its shareholders. Except for the Executive Committee, the non-executive directors have actively participated in the board committees of the Company and they have made significant contribution of their skills and expertise to these committees. All non-executive directors are appointed under a fixed term of three years and are also subject to retirement on a rotational basis in accordance with the bye-laws of the Company.

During the year, the Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive directors and having at least one independent non-executive director with appropriate professional qualifications or accounting or relating financial management expertise. The Company also complied with Rule 3.10A of the Listing Rules since 2012 regarding the appointment of sufficient number of independent non-executive directors represented more than one-third of the board. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive directors in relation to his independence to the Company. The Company considers all its independent non-executive directors to be independent.

Mr Kwong Che Keung, Gordon, Dr Cheng Wai Chee, Christopher, Mr Shek Lai Him, Abraham and Mr Wilfried Ernst Kaffenberger, all being independent non-executive directors of the Company, have served the Board for more than nine years. Notwithstanding their long term service, given their extensive business experience and not connected with any director or substantial shareholder of the Company, the Board is of the opinion that they continue to bring independent and objective perspectives to the Company’s affairs.

Remuneration of Directors

Each director will be entitled to a director’s fee which is determined by the Board with authorization granted by the shareholders at the Company’s annual general meetings. The Company’s Human Resources Department assists the Remuneration Committee by providing relevant remuneration data and market conditions for the Remuneration Committee’s consideration. The remuneration of executive directors and senior management of the Company is determined with reference to the Company’s performance and profitability, as well as remuneration benchmarks in the industry and the prevailing market conditions. Remuneration is performance-based and coupled with an incentive system is competitive to attract and retain talented employees.

The emoluments paid to each director for FY2015 are shown in note 15 to the financial statements on pages 133 and 134 of this annual report.
Nomination, Appointment and Re-election of Directors
Formal nomination procedures were adopted by the Board for governing the nomination and re-election of directors. Any nomination of director will be reviewed and discussed by the Nomination Committee for his suitability on the basis of qualifications, experience and background. Suitable candidate will be recommended by the Nomination Committee to the Board for consideration of the appointment.

The Nomination Committee considered the appointment of Mr Tsang Yam Pui as the Chief Executive Officer of the Company and the appointment of Mr Hui Hon Chung as an executive director and the Deputy Chief Executive Officer of the Company and made respective recommendations to the Board for consideration. The appointment of Mr Tsang Yam Pui as the Chief Executive Officer and the appointment of Mr Hui Hon Chung as an executive director and the Deputy Chief Executive Officer of the Company were approved by the Board and took effect on 1 July 2015 and 1 September 2015 respectively.

Pursuant to the bye-laws of the Company, all directors appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr Hui Hon Chung will retire at the forthcoming annual general meeting and being eligible, will offer himself for re-election.

In addition, one-third of the directors that have served longest on the Board must retire, thus becoming eligible for re-election at each annual general meeting. Each director is subject to retirement by rotation at least once every three years. Any further re-appointment of an independent non-executive director, who has served the Board for more than nine years, will be subject to separate resolution to be approved by the shareholders.

Mr Cheung Chin Cheung, Mr William Junior Guilherme Doo, Mr Wilfried Ernst Kaffenberger and Mr Lee Yiu Kwong, Alan will retire by rotation at the forthcoming annual general meeting in accordance with the bye-laws of the Company. Mr Wilfried Ernst Kaffenberger has decided not to stand for re-election. The other retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

As announced by the Company, Mr Lam Wai Hon, Patrick, currently an executive director of the Company, will be re-designated as a non-executive director of the Company with effect from 1 January 2016.

None of the directors of the Company has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Board Diversity
The Board adopted the “Board Diversity Policy” in June 2013 setting out the approach to diversity on the Board. As set out in this policy, a truly diverse board will include and make good use of differences in the skills, regional and industrial experience, background, race, gender and other qualities of members of the Board. These differences will be taken into account in determining the optimum composition of the Board.

The “Board Diversity Policy” also states that the Nomination Committee is responsible for setting annually measurable objectives for implementing diversity on the Board and recommends them to the Board for adoption. The “Board Diversity Policy” has been reviewed by the Nomination Committee in 2015 for ensuring its effectiveness.
**Board Composition**

- Executive Directors: 36%
- Non-executive Directors: 43%
- Independent Non-executive Directors: 21%

**Age**

- 31–40: 14%
- 41–50: 7%
- 51–60: 7%
- 61–70: 58%
- above 70: 7%

**Professional Experience**

- Legal: 43%
- Accounting: 21%
- Financing: 15%
- General Management: 21%

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**Induction and Continuous Professional Development**

Orientation is provided to newly appointed director immediately upon his appointment. He will receive a director’s manual from the Company which contains a package of orientation materials on the operations and businesses of the Group, together with information relating to the duties and responsibilities of directors under statutory regulations and the Listing Rules. The Company Secretary updates directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements regarding subjects necessary in the discharge of their duties.

The Company has arranged training programmes as part of the continuous professional development for its directors to develop and refresh their knowledge and skills. During FY2015, the Company organized seminars for its directors on corporate governance related topics including updates on corporate sustainability and the new Hong Kong Companies Ordinance. Reading materials on regulatory updates were also provided to the directors for updating their knowledge on the relevant issues.
Directors are required to submit to the Company annually details of training sessions undertaken by them in each financial year for maintaining a training record for them. According to the training records maintained by the Company, the training received by each of the directors during FY2015 is summarized as follows:

<table>
<thead>
<tr>
<th>Type of continuous professional development</th>
<th>Training on regulatory development, directors’ duties or other relevant topics</th>
<th>Reading regulatory updates or corporate governance related materials</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Director</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr Cheng Kar Shun, Henry</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Mr Tsang Yam Pui</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Mr Lam Wai Hon, Patrick</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Mr Cheung Chin Cheung</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mr Cheng Chi Ming, Brian</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mr To Hin Tsun, Gerald</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mr Dominic Lai</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mr William Junior Guilherme Doo</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mr Kwong Che Keung, Gordon</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Dr Cheng Wai Chee, Christopher</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mr Shek Lai Him, Abraham</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mr Wilfried Ernst Kaffengerberger</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mr Yeung Kun Wah, David</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mr Lee Yiu Kwong, Alan</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

In accordance with the training records provided by the Company’s directors, an average of approximately 20 training hours were undertaken by each director (not including time spent for reviewing information relevant to the Company or its businesses or attending corporate events of the Group) during FY2015.
Corporate Governance Function

The Board is responsible for performing the corporate governance duties. Specific terms of reference were set out in the Corporate Governance Manual of the Company and the relevant duties include the following:

(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 and disclosure in the Corporate Governance Report.

The Group strives to keep staff members abreast of the latest development of corporate governance issues through education and promotion. In FY2015, the Company organized a corporate governance related seminar for senior management of the Group, including directors of the Company. Besides, a series of training sessions on corporate governance and internal control practices were also given to staff members to update and improve their knowledge in these matters.

Directors’ Responsibilities for Financial Reporting and Disclosures

The Company’s directors acknowledge their responsibilities to prepare accounts for each half and full financial year which give a true and fair view of the state of affairs of the Group. The directors consider that in preparing financial statements, the Group ensures statutory requirements are met and applies appropriate accounting policies that are consistently adopted and makes judgements and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

The directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group. They consider that the Group has adequate resources to continue in operational existence for the foreseeable future and are not aware of material uncertainties in relation to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. The Group’s financial statements have accordingly been prepared on a going concern basis.

The directors are responsible for ensuring that proper accounting records are kept so that the Group could prepare financial statements in accordance with statutory requirements and the Group’s accounting policies. The Board is aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorizes their publication as and when required.
 Securities Transactions of Directors and Relevant Employees

The Company has adopted the Model Code as its own code of conduct for securities transactions by directors. Specific enquiry was made with all directors and it was established that they had all complied with the required standards of the Model Code during FY2015. Securities interests in the Company and its associated corporations held by each of the directors of the Company are disclosed in the Report of the Directors section of this annual report.

The Company has also adopted the “Code for Securities Transactions by Relevant Employees”, which is no less exacting than the Model Code, for governing the securities transactions of specified employees (“Relevant Employees”) who, because of their positions, are likely to come across unpublished inside information. Following specific enquiry by the Company, all Relevant Employees had confirmed that they complied with the standard set out in the “Code for Securities Transactions by Relevant Employees” during FY2015.

Moreover, employees are bound by the corporate policy issued by the Company, among other things, to keep unpublished inside information confidential and refrain from dealing in the Company’s securities if they are in possession of such inside information.

Formal notifications are sent by the Company to its directors and Relevant Employees reminding them that they should not deal in the securities of the Company during the “black-out period” specified in the Model Code.

 Risk Management and Internal Control

Risk management is an essential part of corporate governance. Effective risk management facilitates the Group’s business development and operation by setting the appropriate risk appetite, maintaining an optimal risk level and most importantly, proactively managing risks. It is the responsibility of all management staff to uphold the Group’s risk management function by ensuring that all staff members and business units comply with the risk management practices embedded into our daily operation.

The Group identifies and assesses risks both at Group and individual business unit levels. GARA reviews the effectiveness of the Group’s system of internal control in mitigating risks and monitors the Group’s risk profile and exposure. In FY2015, GARA oversaw the Group’s risks in actual and potential legal cases by reviewing the legal case registers of business units and submitted reports to the Executive Committee on a regular basis. Recommendations on risk responses were provided as well.

The Board is responsible for ensuring that sound and effective risk management and internal control systems are maintained, while management ensures the sufficient and effective operational controls over the key business processes are properly implemented with regular review and update.

The Board has put in place an effective and efficient internal control system which will enable the Company to respond appropriately to significant business, operational, financial, compliance and other risks in achieving its objectives. This includes the safeguard of assets from inappropriate use or from loss and fraud, and ensuring that liabilities are identified and managed. Furthermore, it helps ensure the quality of internal and external reporting within the Group and the compliance with applicable laws and regulations, and also internal policies with respect to the conduct of businesses of the Group.
The Company has in place an integrated framework of internal control which is consistent with the principles outlined in the “Internal Control and Risk Management – A Basic Framework” issued by the Hong Kong Institute of Certified Public Accountants as illustrated below:

**Monitoring**
- Ongoing assessment of control systems’ performance.
- Internal audits performed by GARA.

**Information and Communication**
- Information in sufficient detail is provided to the right person timely.
- Channels of communication across the Group and with customers, suppliers and external parties.
- Channels of communication for people to report any suspected improprieties.

**Control Activities**
- Policies and procedures for ensuring management directives are carried out.
- Control activities include performance review, segregation of duties, authorization, physical count, access control, documentation and records, etc.

**Risk Assessment**
- Identification, evaluation and assessment of the key risk factors affecting the achievement of the Company’s objectives are performed regularly.
- Undertake proper actions to manage the risks so identified.

**Control Environment**
- Channels to communicate the Company’s commitment to integrity and high ethical standards to the staff are established.
- Organizational chart and limits of authority are set and communicated to staff concerned.
- Reporting lines in accordance with organizational chart and line of authority are set.

We have the “Guidelines on Internal Control System” for enhancing the internal control and risk management within the Group. Under the “Guidelines on Internal Control System”, key aspects of internal control are identified and guidelines and procedures are provided for helping subsidiaries of the Company to conduct the control works.

With the authority delegated by the Board, the Audit Committee has conducted a review on the effectiveness of the internal control system of the Group for FY2015 and has reported to the Board its satisfaction on the system. The review covers the areas of control environment, risk assessment, control activities, information and communication and monitoring within the Group. Management of all subsidiaries are required to submit to GARA the Internal Control Compliance Certificate and the Internal Control Assessment Checklist for reporting the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations half-yearly. Executive directors of the Company would also submit a written report on the effectiveness of the Group’s internal control system to the Audit Committee for review on a half-yearly basis.
In addition to the above, the Board also monitors the Group’s internal control through GARA. Staffed by six professionals, GARA is responsible for reviewing the major operational, financial, compliance and risk management controls of the Group on a continuous basis. GARA schedules its work in an annual audit plan which is reviewed by the Audit Committee annually. The audit plan is derived from risk assessment basis and is aimed at covering each significant unit in which the Group involves in day-to-day management within a reasonable period.

Internal audit reports are submitted to the Audit Committee regularly. Key audit findings are presented in Executive Committee meetings and diligently followed up. Management is responsible for ensuring appropriate actions are taken to rectify any control deficiencies highlighted in the audit reports within a reasonable period. GARA reports the status of internal audit findings to the Audit Committee on a half-yearly basis. Besides, GARA also follows up the implementation progress of any internal control recommendations given by the external auditor to the Group to ensure any issues noted are properly resolved within a reasonable period.

Furthermore, we have the “Whistleblowing Policy” for staff members to raise concerns, in strict confidence, about possible improprieties in any matters related to the Group. Reported cases will be investigated by GARA in a confidential and timely manner and the investigation report will be submitted to the Executive Committee, the Audit Committee and the Corporate Governance Steering Committee.

**External Auditor**

The Audit Committee is responsible for considering the appointment, re-appointment and removal of external auditor subject to endorsement by the Board and final approval and authorization by the shareholders of the Company in general meetings. PricewaterhouseCoopers, who was first appointed in 2000 and is also the Group’s principal auditor, is the existing auditor of the Company. PricewaterhouseCoopers adopts a policy of regular rotation of the engagement partner servicing their client companies and the last rotation took place during the year ended 30 June 2010. The reporting responsibilities of PricewaterhouseCoopers are stated in the Independent Auditor’s Report on page 85 of this annual report.

Total auditors’ remuneration for FY2015 in relation to statutory audit work of the Group amounted to HK$20.8 million (2014: HK$20.0 million), of which a sum of HK$19.5 million (2014: HK$18.8 million) was paid to PricewaterhouseCoopers. The remuneration paid to PricewaterhouseCoopers and its affiliated firms for services rendered is listed as follows:

<table>
<thead>
<tr>
<th>Service Type</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory audit</td>
<td>19.5</td>
<td>18.8</td>
</tr>
<tr>
<td>Non-audit services (Note)</td>
<td>4.6</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24.1</td>
<td>22.6</td>
</tr>
</tbody>
</table>

Note: Non-audit services comprise primarily accounting, tax advisory and other related services.

A resolution for re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the forthcoming annual general meeting.

**Review of Audited Results**

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for FY2015.
Company Secretary
The Company Secretary of the Company, who is also the Group Financial Controller, has day-to-day knowledge of the Company’s affairs. He reports to the Chairman and the Board and is responsible for providing advice on governance matters. The Company Secretary’s biography is set out in the Board of Directors and Senior Management section of this annual report. During FY2015, the Company Secretary undertook over 28 hours of professional training to update his skills and knowledge.

Communication with Shareholders
The Board recognizes the importance of communication with the Company’s shareholders. A “Shareholders’ Communication Policy” was adopted by the Board for ensuring effective and transparent communication between the Company and its shareholders.

Moreover, the annual general meeting of the Company provides an opportunity for face-to-face communication between the Board and the shareholders of the Company. Shareholders are welcome to raise any query in relation to the Group’s businesses at the annual general meeting. Shareholders’ enquiries, either received by telephone or by email, are properly attended by the Company Secretarial Department and are addressed to the Executive Committee, if necessary. Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary at the Company’s head office address.

Set out below is certain useful information for reference by the Company’s shareholders:

Analysis of Shareholding Structure (as at 30 June 2015)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of shares</th>
<th>Approximate percentage to the total issued share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>NWD and its subsidiaries</td>
<td>2,315,076,231</td>
<td>61.32%</td>
</tr>
<tr>
<td>Chow Tai Fook Enterprises Limited</td>
<td>97,034,424</td>
<td>2.57%</td>
</tr>
<tr>
<td>Directors</td>
<td>37,046,333</td>
<td>0.98%</td>
</tr>
<tr>
<td>Individuals</td>
<td>12,850,868</td>
<td>0.34%</td>
</tr>
<tr>
<td>Institutions, corporates and nominees</td>
<td>1,313,358,044</td>
<td>34.79%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,775,365,900</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Stock Code
659 (Listed on the Main Board of the Hong Kong Stock Exchange)

Board Lot
1,000 shares

Shareholder Services
Any matter in relation to the transfer of shares, change of name or address, or loss of share certificates or dividend cheques, registrations and requests for annual/interim report copies should be addressed to the Company’s branch share registrar as follows:

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen’s Road East
Hong Kong
Tel: 2980 1333
Fax: 2810 8185
**Dividend Policy**
Subject to the financial performance of the Company, we expect to pay two dividends each financial year. Barring unforeseen special circumstances, the Company intends to maintain a dividend payout ratio at not less than 50%.

**Dividend per share (in HK$)**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Interim</th>
<th>Final</th>
<th>Total</th>
<th>Payout ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.37</td>
<td>0.33</td>
<td>0.70</td>
<td>50.7%</td>
</tr>
<tr>
<td>2012</td>
<td>0.50</td>
<td>0.25</td>
<td>0.75</td>
<td>50.2%</td>
</tr>
<tr>
<td>2013</td>
<td>0.29</td>
<td>0.26</td>
<td>0.55</td>
<td>50.2%</td>
</tr>
<tr>
<td>2014</td>
<td>0.36</td>
<td>0.22</td>
<td>0.58</td>
<td>50.0%</td>
</tr>
<tr>
<td>2015</td>
<td>0.27</td>
<td>0.33</td>
<td>0.60</td>
<td>50.5%</td>
</tr>
</tbody>
</table>

**Financial Calendar**
Announcement of FY2015 final results 23 September 2015

For determining eligibility to attend and vote at the 2015 annual general meeting of the Company (“2015 AGM”):
- Latest time to lodge transfer documents for registration: 4:30 pm on 12 November 2015
- Closure of register of members: 13 to 17 November 2015 (both days inclusive)
- Record date: 17 November 2015
- 2015 AGM date: 17 November 2015

For determining entitlement to the proposed final dividend:
- Latest time to lodge transfer documents for registration: 4:30 pm on 20 November 2015
- Closure of register of members: 23 November 2015
- Record date: 23 November 2015
- Final dividend payment date: on or about 29 December 2015

**Company Website and Annual Report**
To ensure all shareholders have equal and timely access to important company information, the Company makes extensive use of the Company’s website to deliver up-to-date information. Latest information regarding the activities and publications of the Group is included in the Company’s website at www.nws.com.hk in order to provide comprehensive information of the Group for the shareholders of the Company as well as the general public. The Company’s annual report is printed in both English and Chinese and is available on our corporate website. Shareholders may at any time change their choice of means of receiving the Company’s corporate communications free of charge by notice in writing to the Company’s branch share registrar, Tricor Standard Limited.
Shareholders’ Rights
The Board and management shall ensure shareholders’ rights and all shareholders are treated equitably and fairly. Pursuant to the Company’s bye-laws, any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. Shareholders who hold not less than one-tenth of the paid up capital of the Company shall have the right, by written requisition to the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. The procedures for shareholders to put forward proposals at general meetings are stated as follows:

1. The written requisition must state the purposes of the meeting, and must be signed by all the shareholders concerned and may consist of several documents in like form each signed by one or more shareholders concerned.

2. The written requisition must be deposited at the Company’s registered office in Bermuda as well as the principal place of business in Hong Kong for the attention of the Company Secretary.

3. The written requisition will be verified with the Company’s branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the relevant resolution in the agenda for such general meeting provided that the shareholders concerned have deposited a sum of money reasonably sufficient to meet the Company’s expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders. Such general meeting shall be held within two months after deposit of such requisition.

4. If within 21 days of such deposit, the Board fails to proceed to convene such general meeting, the shareholders concerned, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Details of the abovementioned procedures are also available on the website of the Company. Any vote of shareholders at a general meeting must be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under the Listing Rules.

Chairman of each of the board committees, or failing the Chairman, any member from the respective committees, must attend the annual general meetings of the Company to address shareholders’ queries. External auditor is also invited to attend the Company’s annual general meetings and is available to assist the directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of its auditor’s report.

General Meeting
A general meeting was held during FY2015. The 2014 annual general meeting of the Company (“2014 AGM”) was held on 18 November 2014 at HKCEC.

The Company’s annual report and the circular containing information on the proposed resolutions and the notice of the 2014 AGM were sent to shareholders more than 20 clear business days prior to the meeting. All directors of the Company joined the meeting. Chairman or members of the board committees, as well as representative from the Company’s external auditor, were available at the 2014 AGM to answer questions from the shareholders. A separate resolution was proposed by the chairman of this meeting in respect of each separate issue, and voting on each resolution was conducted by way of a poll.

The poll voting procedure was explained fully to shareholders during the 2014 AGM. Tricor Standard Limited, the branch share registrar of the Company in Hong Kong, was appointed as scrutineer to monitor and count the poll votes cast at the 2014 AGM. All resolutions proposed at the 2014 AGM were passed by the Company’s shareholders.
The 2015 AGM will be held on 17 November 2015. Details of the meeting are set out in the notice of the 2015 AGM which constitutes part of the circular to shareholders sent together with this annual report. Notice of the 2015 AGM and the proxy form are also available on our corporate website.

Investor Relations
The Company is committed to upholding the highest standards of corporate governance practices and maintaining effective communication with shareholders and the financial community. To this end, the Company maintains an open-dialogue with investors and analysts to ensure transparent, timely and accurate dissemination of information including operating performance and strategic business developments.

The investor relations team of the Company, comprising executive directors and senior management, meets existing and potential shareholders, research analysts and investment managers on a regular basis. During FY2015, the team participated in 90 investor meetings in Hong Kong and overseas cities including London, New York, Chicago, San Francisco, Singapore, Beijing and Shanghai. To foster direct interaction between analysts and the management team, an analyst briefing session is held as soon as practical following results announcement.

The Company is covered by leading financial research institutions including CIMB Securities, Citigroup and Goldman Sachs. This serves as a good indicator of the Company’s ability in attracting investor interests from diverse backgrounds.

To ensure fair and equal access to material information, the Company utilizes multiple communication channels such as results announcements and presentations, press releases, annual and interim reports, corporate website and e-news notifications, to reach out to individual shareholders and stakeholders within the investment community.

Constitutional Documents
The Company has not made any change to its constitutional documents during FY2015. A consolidated version of the Company’s constitutional documents is available on the website of each of the Hong Kong Stock Exchange and the Company.