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## **CHINA MOTOR BUS COMPANY, LIMITED**

*(Incorporated in Hong Kong with limited liability)*

*(Stock code: 026)*

### **ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 30TH JUNE, 2023**

#### **CHAIRMAN'S STATEMENT**

##### **A MESSAGE FROM THE CHAIRMAN**

The Year 2023 marks the 90th anniversary of China Motor Bus Company, Limited, which was first founded on 28th April 1933 to provide franchised bus services on Hong Kong Island. During the 1990s, the Company successfully transformed itself from a transport provider into a property development and investment group. As the Group celebrates 90 years of relationship with the community of Hong Kong, the Board wishes to express its gratitude to all shareholders, customers, staff and other stakeholders for their past support, and pledges to continue its mission of providing quality properties and services to the community and to create value for stakeholders.

##### **GROUP RESULTS AND DIVIDENDS**

The Board announces that the operating profit of the Group for the year ended 30th June, 2023 amounted to HK\$74 million, compared with HK\$47 million in the previous year. This reflects the effect of increase in interest income, partly offset by decreases in exchange gains and rental income in the current year. The audited consolidated loss after taxation attributable to shareholders amounted to HK\$155 million as compared with a consolidated profit after taxation attributable to shareholders of HK\$72 million in the previous year, which reflects the net revaluation losses on investment properties held by the Group and the joint ventures. The net revaluation losses on investment properties were non-cash in nature, and as such, had no effect on the operating cash flow of the Group. The overall financial position of the Group remains healthy.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Monday, 4th December, 2023 the payment of a final dividend of HK\$0.10 per share. The Directors will also recommend to the shareholders the payment of a special dividend of HK\$1.70 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$1.00 per share, and a second interim dividend of HK\$0.30 per share, will make a total dividend for the year of HK\$3.20 per share, compared with HK\$3.20 per share for the previous year.

**HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARIZED BELOW:-**

**Chai Wan Inland Lot No. 178, 391 Chai Wan Road, Chai Wan (the “Property”)**

The Group has a 20% interest in Windcharm Investments Limited, with the remaining 80% held by a wholly owned subsidiary of Swire Properties Limited. A wholly owned subsidiary of Windcharm Investments Limited has purchased Chai Wan Inland Lot No. 88 (the “Old Lot”) from the Company and is in the process of redeveloping it into a residential and commercial complex with an aggregate residential and retail gross floor area of 64,500 sq. m.

On 28th December, 2021, Conditions of Exchange No. 20390 were entered with the Government, whereby the Old Lot was surrendered to Government in exchange for the grant of the Property for the term of 50 years, and a land premium of HK\$4,540 million was paid to Government of which the Group’s share was HK\$908 million.

The Property comprises a Site A and a Site B which will be connected by a footbridge to be built over Sheung On Street. Under the latest approved General Building Plans, there will be constructed on Site A one residential tower (comprising 258 residential flats) and a covered public transport terminus, and on Site B two residential towers (comprising a total of 592 residential flats), retail accommodation on the ground floor, and carparking spaces in the basement floors which will provide 260 carparking spaces (including 4 accessible parking), 10 motorcycle parking spaces and 4 loading/unloading parking spaces.

The redevelopment is now proceeding well on plan. Foundation works for Site B have been completed, while foundation works for Site A are in progress and are anticipated to complete in Q4 2023. The main construction contract was awarded in January 2023, and construction work on the superstructure of the two residential towers on Site B is in progress and is anticipated to be completed in Q3 2025.

While the redevelopment project will be a significant investment for the Group, the Company believes that shareholders are likely to benefit from the sale of units in the redevelopment over the coming years.

**Aberdeen Inland Lot No. 461, Wong Chuk Hang Road, Aberdeen (South Island Place)**

South Island Place, a modern 28-storey Grade A office building with a gross floor area of 35,535 sq. m., is held by Hareton Limited, a joint venture company whose shares are held as to 50% by the Company (through Heartwell Limited, its wholly owned subsidiary) and as to the remaining 50% by Swire Properties Limited (through Amber Sky Ventures Limited, its wholly owned subsidiary).

Currently, approximately 89% of the office space in South Island Place has been let to high quality tenants.

## **Island Place, North Point, Island Lodge, North Point and 3 Jordan Road, Kowloon**

As at 30th June, 2023, the offices in Island Place were 66% occupied while the residential units were 94% occupied. In Island Lodge, the residential units were 59% occupied while the retail units were 100% occupied. 3 Jordan Road, which comprises furnished apartments and retail accommodation, has an occupancy rate of 79%.

### **UK Properties**

Albany House and Scorpio House, the Group's investment properties in Central London, remain fully let. Albany House occupies an excellent location in Victoria in Central London and is immediately adjacent to the St. James Park Underground Station. As the current 25 year letting of Albany House to London Underground Limited is due to expire at the end of 2024, the Company has engaged a development project management firm to advise the options for this investment property after the lease expiry, including redevelopment, major refurbishment, or disposal, all with the intent of enhancing shareholder value.

## **FUTURE OUTLOOK**

The global economy is expected to continue to face challenges and uncertainties for the remainder of 2023. Continuing supply constraints mean that inflation pressures have remained stubbornly high in many countries, leading to tight Central Bank monetary policies and therefore higher interest rates. Risks of continuing interest rate rises, banking failures in the US and Europe, and heightened geopolitical tensions are likely to remain major sources of uncertainty in the global investment and economic environment for the remainder of 2023. The markets expect inflation pressures and hence high interest rates to continue for some time, placing a dampener on the outlook for the property sector in Hong Kong and the UK. It is hoped that sentiment will start to recover in the first half of 2024.

In Hong Kong, while inflation has remained low compared to most developed countries, interest rates have risen to their highest level in 15 years. During the course of 2023, the local economy has continued to recover, but the main drivers would appear to be inbound tourism and private consumption, whereas in the real estate sector, the residential market has been softening from April onwards and continues to do so. According to statistics published by the Land Registry, the number of sale and purchase agreements for residential building units, despite having bounced back from the lowest point in December 2022, has been decreasing from March 2023 to July 2023. Analysts have attributed the current weakness in the residential market to rising mortgage rates, ample new supply, and to some extent the spill over effect from the weaker than expected economic recovery in mainland China. Future recovery in Hong Kong residential prices will likely be linked to a peaking of the local mortgage rates, and further positive improvement in Mainland China's economy following action from the Chinese Government to support the private sector. In the office market, the amount of available office space has continued to increase, albeit at a slightly lower rate by the end of June, with some tenants taking advantage of the decline in overall rents to upgrade their spaces. For the retail market, which is benefitting from the return of tourists, retail rents have been gradually picking up in the first half of 2023.

In the UK, London office prices and rents have seen similar falls to those in Hong Kong with higher than average office availability and lower than average take up of space.

Although in the financial year ended 30th June, 2023 the Group's operating performance and capital values across the Group's investment property portfolio have, like other companies in the sector, been negatively impacted by macroeconomic factors, the Group's financial position has remained healthy, since the Group has always maintained a high liquidity and does not have external borrowings. Looking ahead and particularly having regard to the good progress which has been made in the redevelopment of the Chai Wan Inland Lot No.178 site, the Group should be well placed to benefit from future improvement in market conditions.

The directors will continue to pursue opportunities to enhance shareholder value.

Dr. Henry NGAN  
Chairman

Hong Kong, 29th September, 2023



# CHINA MOTOR BUS COMPANY, LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 026)

The Board of Directors announces that the audited consolidated loss of the group for the year ended 30th June, 2023 amounted to HK\$155 million, compared with a consolidated profit of HK\$72 million for the previous year.

## CONSOLIDATED INCOME STATEMENT

for the year ended 30th June, 2023

(Expressed in Hong Kong dollars)

		2023	2022
	Note	HK\$000's	HK\$000's
<b>Turnover</b>	2	66,935	72,983
Finance income	4	43,271	8,532
Other income	5	1,122	1,285
Staff costs		(15,068)	(14,041)
Depreciation		(3,392)	(3,408)
Other operating expenses	6(b)	(19,015)	(18,673)
<b>Operating profit</b>	2 & 6	73,853	46,678
Share of results of joint ventures	7	47,601	117,317
Share of results of associates		(120)	(71)
Net valuation losses on investment properties		(272,336)	(78,235)
<b>(Loss)/profit before taxation</b>		(151,002)	85,689
Income tax	8	(4,234)	(13,342)
<b>(Loss)/profit after taxation attributable to shareholders</b>		(155,236)	72,347
<b>(Loss)/earnings per share</b>			
Basic and diluted	9	HK\$ (3.43)	HK\$1.60

Details of dividends payable to equity shareholders of the company are set out in note 12.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30th June, 2023

(Expressed in Hong Kong dollars)

	2023	2022
	HK\$000's	HK\$000's
<b>(Loss)/profit for the year</b>	<u>(155,236)</u>	<u>72,347</u>
<b>Other comprehensive income for the year</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation	<u>43,290</u>	<u>(144,046)</u>
<b>Other comprehensive income for the year</b>	<u>43,290</u>	<u>(144,046)</u>
<b>Total comprehensive income for the year attributable to shareholders</b>	<u><u>(111,946)</u></u>	<u><u>(71,699)</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****At 30th June, 2023**

(Expressed in Hong Kong dollars)

	Note	2023 HK\$000's	2022 HK\$000's
<b>Non-current assets</b>			
Fixed assets		2,207,948	2,461,003
Interest in joint ventures		2,815,195	2,855,594
Interest in associates		1,189,949	1,135,089
Other investments		13,353	14,618
		<u>6,226,445</u>	<u>6,466,304</u>
<b>Current assets</b>			
Debtors, deposits and prepayments	10	11,963	3,838
Current tax recoverable		877	-
Deposits with banks		1,390,371	1,405,278
Cash at banks and in hand		74,903	86,673
		<u>1,478,114</u>	<u>1,495,789</u>
<b>Current liabilities</b>			
Creditors and accruals	11	45,451	39,569
Current tax payable		2,342	4,133
		<u>47,793</u>	<u>43,702</u>
<b>Net current assets</b>		<u>1,430,321</u>	<u>1,452,087</u>
<b>Total assets less current liabilities</b>		<u>7,656,766</u>	<u>7,918,391</u>
<b>Non-current liability</b>			
Deferred taxation		48,852	51,232
<b>NET ASSETS</b>		<u>7,607,914</u>	<u>7,867,159</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12(b)	92,537	92,537
Other reserves		7,515,377	7,774,622
<b>TOTAL EQUITY</b>		<u>7,607,914</u>	<u>7,867,159</u>

## Notes

### 1. Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the group. None of these developments have had a material effect on how the group’s results and financial position for the current and prior periods have been prepared or presented.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The financial information relating to the years ended 30th June, 2023 and 2022 included in this preliminary announcement of annual results 2023 do not constitute the company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The company has delivered the financial statements for the year ended 30th June, 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 30th June, 2023 in due course.

The company’s auditor has reported on the financial statements of the group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.



## 2. Turnover

The principal activities of the group are property development and investment.

Turnover represents rental income.

	2023	2022
	HK\$000's	HK\$000's
Rentals from investment properties	66,935	72,983
	=====	=====

The analysis of geographical location of the operations of the group during the year is as follows:

	Group turnover		Operating profit	
	2023	2022	2023	2022
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
<i>Geographical locations of operations</i>				
Hong Kong	37,552	40,503	33,403	14,961
United Kingdom	<u>29,383</u>	<u>32,480</u>	<u>40,450</u>	<u>31,717</u>
	66,935	72,983	73,853	46,678
	=====	=====	=====	=====

In addition, the turnover of the joint ventures attributable to the group for the year amounted to \$101,294,000 (2022: \$105,803,000).

## 3. Segment reporting

The group manages its businesses according to the nature of the operations and the services and products provided. Management has determined that the reportable operating segments for measuring performance and allocating resources are the same as those reported previously. The segments are property development and investment and treasury management.

Property development and investment segment encompasses activities relating to the development, construction, sale and marketing of the group's trading properties primarily in Hong Kong and property leasing. Currently, the group's properties portfolio, which consists of retail, office and apartments, are primarily located in Hong Kong and London.

### 3. Segment reporting (continued)

Treasury management segment includes activities for managing the group's listed investments, financial assets and other treasury operations.

Management evaluates performance primarily based on operating profit as well as the equity share of results of joint ventures and associates of each segment.

Segment assets principally comprise all tangible assets and current assets directly attributable to each segment with the exception of income tax receivables and corporate assets. Segment liabilities include all liabilities directly attributable to and managed by each segment with the exception of income tax liabilities, dividends payable and other corporate liabilities.

#### (a) Segment results

	Property development and investment		Treasury management		Unallocated		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$000's	HK\$000's	HK\$000's	HK\$000's	HK\$000's	HK\$000's	HK\$000's	HK\$000's
Turnover	66,935	72,983	-	-	-	-	66,935	72,983
Finance income	-	-	43,271	8,532	-	-	43,271	8,532
Other income	-	-	-	-	1,122	1,285	1,122	1,285
Total revenue	66,935	72,983	43,271	8,532	1,122	1,285	111,328	82,800
Segment results	58,285	65,409	43,271	8,532	-	-	101,556	73,941
Net unallocated expenses							(27,703)	(27,263)
Operating profit							73,853	46,678
Share of results of joint ventures	47,601	117,317	-	-	-	-	47,601	117,317
Share of results of associates	(120)	(71)	-	-	-	-	(120)	(71)
Net valuation losses on investment properties	(272,336)	(78,235)	-	-	-	-	(272,336)	(78,235)
Income tax							(4,234)	(13,342)
(Loss)/profit after taxation attributable to shareholders							(155,236)	72,347
Depreciation for the year	(170)	(190)	-	-	(3,222)	(3,218)	(3,392)	(3,408)

### 3. Segment reporting (continued)

#### (b) Geographical information

The group participates in two principal economic environments, Hong Kong (place of domicile) and the United Kingdom.

	Hong Kong		United Kingdom	
	2023	2022	2023	2022
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
Turnover	37,552	40,503	29,383	32,480
	=====	=====	=====	=====

### 4. Finance income

	2023	2022
	HK\$000's	HK\$000's
Dividend income from other investments	530	477
Exchange gains	46	5,023
Interest income	43,960	4,397
Net unrealised losses on other investments	<u>(1,265)</u>	<u>(1,365)</u>
	43,271	8,532
	=====	=====

### 5. Other income

	2023	2022
	HK\$000's	HK\$000's
Management fee	497	497
Unclaimed dividends forfeited	462	302
Sundry income	<u>163</u>	<u>486</u>
	1,122	1,285
	=====	=====

## 6. Operating profit

Operating profit is arrived at

	<b>2023</b>	<b>2022</b>
	<b>HK\$000's</b>	<b>HK\$000's</b>
<i>after charging:</i>		
<b>(a) Staff costs:</b>		
Contributions to defined contribution retirement scheme	290	197
Salaries, wages and other benefits	<u>14,778</u>	<u>13,844</u>
	<u>15,068</u>	<u>14,041</u>
	=====	=====
<b>(b) Other operating expenses:</b>		
Auditor's remuneration		
- audit services	4,598	4,403
- tax services	255	249
Legal and professional fees	3,922	4,695
Property expenses	6,920	6,362
Rent and rates	414	385
Others	<u>2,906</u>	<u>2,579</u>
	<u>19,015</u>	<u>18,673</u>
	=====	=====
<i>and after crediting:</i>		
Rental income less outgoings which includes	60,015	66,621
- gross rental income from investment properties	<u>66,935</u>	<u>72,983</u>
	=====	=====

## 7. Share of results of joint ventures

	2023 HK\$000's	2022 HK\$000's
Share of revenue	101,294	105,803
Share of operating profit	65,029	71,402
Share of valuation (losses)/gains on investment properties	(6,931)	57,681
Share of taxation	<u>(10,497)</u>	<u>(11,766)</u>
	47,601	117,317

## 8. Income tax

The provision for Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of a qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime (i.e. other subsidiaries of the group) will continue to be taxed at a flat rate of 16.5%.

Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

	2023 HK\$000's	2022 HK\$000's
<b>Current tax – Provision for Hong Kong Profits Tax</b>		
Tax for the year	3,463	3,170
Under/(over)-provision in respect of prior years	<u>2</u>	<u>(3)</u>
	3,465	3,167
<b>Current tax - Overseas</b>		
Tax for the year	4,078	5,462
(Over)/under-provision in respect of prior years	<u>(538)</u>	<u>99</u>
	3,540	5,561
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(4,750)	4,614
Effect on deferred tax balance resulting from a change in tax rate	<u>1,979</u>	<u>-</u>
	(2,771)	4,614
	<u>4,234</u>	<u>13,342</u>

## 9. (Loss)/earnings per share

The calculation of basic and diluted (loss)/earnings per share is based on loss attributable to shareholders of HK\$155,236,000 (2022: profit attributable to shareholders of HK\$72,347,000) and the weighted average of 45,298,195 (2022: 45,308,056) shares in issue during the year.

## 10. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors with the following ageing analysis, based on the invoice date:

	<b>2023</b>	<b>2022</b>
	<b>HK\$000's</b>	<b>HK\$000's</b>
Within 1 month	340	487
1 to 3 months	340	-
Over 3 months	<u>55</u>	<u>-</u>
Total trade debtors	735	487
Deposits, prepayments and other receivables	1,422	1,847
Interest receivable	<u>9,806</u>	<u>1,504</u>
	<u>11,963</u>	<u>3,838</u>
	=====	=====

A defined credit policy is maintained within the group.

## 11. Creditors and accruals

Included in creditors and accruals are trade creditors with the following ageing analysis, based on the invoice date:

	<b>2023</b>	<b>2022</b>
	<b>HK\$000's</b>	<b>HK\$000's</b>
Within 1 month	80	31
1 to 3 months	-	-
Over 3 months	<u>201</u>	<u>201</u>
Total trade creditors	281	232
Other payables and accruals	<u>45,170</u>	<u>39,337</u>
	<u>45,451</u>	<u>39,569</u>
	=====	=====

## 12. Capital, reserves and dividends

### (a) Dividends

Dividends payable to equity shareholders of the company attributable to the year:

	2023 HK\$000's	2022 HK\$000's
First interim dividend declared and paid of HK\$0.10 (2022: HK\$0.10) per share	4,528	4,531
Special dividend declared and paid of HK\$1.00 (2022: HK\$1.00) per share	45,276	45,308
Second interim dividend declared after the end of the reporting period of HK\$0.30 (2022: HK\$0.30) per share	13,583	13,592
Final dividend proposed after the end of the reporting period of HK\$0.10 (2022: HK\$0.10) per share	4,528	4,531
Special dividend proposed after the end of the reporting period of HK\$1.70 (2022: HK\$1.70) per share	<u>76,971</u>	<u>77,024</u>
	144,886	144,986
	=====	=====

Dividends declared or proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

### (b) Issued share capital

	2023		2022	
	No. of shares	Amount HK\$000's	No. of shares	Amount HK\$000's
<b>Ordinary shares, issued and fully paid:</b>				
At 1st July	45,308,056	92,537	45,308,056	92,537
Shares repurchased and cancelled	<u>(31,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30th June	<u>45,276,856</u>	<u>92,537</u>	<u>45,308,056</u>	<u>92,537</u>

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

## 13. Review of results

The annual results for the year ended 30th June, 2023 have been reviewed by the company's audit committee. The figures in respect of the announcement of the group's results for the year ended 30th June, 2023 have been agreed by the company's auditor to the amounts set out in the consolidated financial statements for the year.

## **ADDITIONAL INFORMATION**

### **Dividends**

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Monday, 4th December, 2023 the payment of a final dividend of HK\$0.10 per share. The Directors will also recommend to the shareholders the payment of a special dividend of HK\$1.70 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$1.00 per share, a second interim dividend of HK\$0.30 per share, will make a total dividend for the year of HK\$3.20 per share, compared with HK\$3.20 per share for the previous year.

Subject to the approval by shareholders at the forthcoming Ordinary Yearly Meeting, the final dividend and the special dividend will be payable on 9th February, 2024.

### **Closure of Register**

For ascertaining the shareholders' entitlement to attend and vote at the Ordinary Yearly Meeting to be held on Monday, 4th December, 2023, the Register of Members of the company will be closed from Wednesday, 29th November, 2023 to Monday, 4th December, 2023, both days inclusive. To qualify to attend and vote at the Ordinary Yearly Meeting, all transfer documents accompanied by the relevant share certificates should be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, at 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 28th November, 2023.

For ascertaining the shareholders' entitlement to the proposed final dividend and the special dividend, the Register of Members of the company will be closed from Thursday, 18th January, 2024 to Friday, 19th January, 2024, both days inclusive. To qualify for the proposed final dividend and the special dividend, all transfer documents accompanied by the relevant share certificates should be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, at 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 17th January, 2024.

### **Purchase, sale or redemption of the company's listed securities**

Except for the repurchase of the company's own ordinary shares as set out in note 12(b) above, there were no purchases, sales or redemptions of the company's listed securities by the company or any of its subsidiaries during the year.



## Disclosure pursuant to Listing Rules 13.20 and 13.22

At 30th June, 2023, the group had the following loans to its affiliated companies (as defined by the Listing Rules):

<i>Name of affiliated company</i>	<i>Group's attributable interest</i>	<i>Amount of unutilised loan facility</i> HK\$000's	<i>Amount of advances made by the group under the loan facility</i> HK\$000's	<i>Amount of other advances made by the group</i> HK\$000's	<i>Total financial assistance made available by the group</i> HK\$000's
Hareton Limited	50%	845,650	954,350	205,407	2,005,407
Joyful Sincere Limited	20%	767,568	1,190,432	-	1,958,000

The financial assistance and other advances mentioned in the above are unsecured, interest-free and have no fixed terms of repayment, except that a certain portion of the financial assistance to Joyful Sincere Limited would bear interest of 4.5% p.a. if and to the extent that Joyful Sincere Limited shall have surplus funds after payment of development costs and other liabilities as stipulated in a Funding Agreement dated 29th May, 2015.

Combined statement of financial position of the above affiliated companies, excluding advances made by shareholders of HK\$8,271,674,000, at 30th June, 2023 is as follows:

	<b>HK\$000's</b>
Non-current assets	4,753,602
Current assets	6,170,945
Current liabilities	(163,050)
	<u>6,007,895</u>
Non-current liabilities	(65,389)
	<u><u>10,696,108</u></u>

Attributable interest to the group at 30th June, 2023 in the above affiliated companies amounted to HK\$3,562,711,000 (2022: HK\$3,554,195,000).

## **Corporate Governance Code**

In the opinion of the Directors, the company complied with the code provisions (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 30th June, 2023, except the following:

- (i) Code D2.5 provides that the company should have an internal audit function. Given the structure and size of the group’s business, the Board at present believes that there is no need to establish an internal audit function.

## **Forward-looking Statements**

Certain statements contained in this document may be viewed as “forward-looking statements”. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors beyond the company’s control, which may cause the actual performance or results of operations of the company to be materially different from those implied by such forward-looking statements. The company does not intend to update these forward-looking statements. Neither the company nor the directors, employees or agents of the company assume any liabilities in the event that any of the forward-looking statements does not materialise or turns out to be incorrect.

By Order of the Board  
**Kwok Pun Tak**  
Secretary

Hong Kong, 29th September, 2023

As at the date hereof, the Board of Directors of the company comprises Dr. Henry NGAN, Anthony Grahame STOTT\*, Stephen TAN\*, Dr. CHAU Ming-tak\*, Michael John MOIR and YUNG Shun-loy Jacky.

\*Independent non-executive director