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CHINA MOTOR BUS COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 026)

Chairman's Statement

GROUP RESULTS AND DIVIDENDS

The Board of Directors announces that the audited consolidated profit of the Group for the year amounted to HK\$666 million, compared with HK\$443 million for the previous year, which reflects the increase in the share of results of joint ventures as a result of the larger revaluation gains on investment properties held by the joint ventures, and valuation gains on the Group's investment properties. The operating profit of the Group for the year ended 30th June, 2014 amounted to HK\$99 million, compared with HK\$77 million for the previous year, which reflects the increase in rentals from investment properties and in finance income.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Wednesday, 12th November, 2014 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\$1.80 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$0.50 per share, and a second interim dividend of HK\$0.30 per share, will make a total dividend for the year of HK\$2.80 per share, compared with HK\$2.30 per share for the previous year.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARIZED BELOW:-

Chai Wan Inland Lot No. 88, No. 391 Chai Wan Road, Chai Wan

The Property, which is wholly-owned by the Company, continues to be held for investment purposes and at present derives rental income for the Company.

The Property has a site area of approximately 102,420 sq. ft. and has been rezoned and designated as a Comprehensive Development Area under the current Approved Chai Wan Outline Zoning Plan No. S/H20/21. On 23rd August, 2013, the Town Planning Board decided, on a review application made by the Company under Section 17(1) of the Town Planning Ordinance (the "Ordinance"), to approve the Company's application for permission to redevelop the site of the Property, together with certain adjoining land, into a residential and commercial complex, subject to a number of planning conditions. Under the development scheme as approved by the Town Planning Board, the site of the Property, together with certain adjoining land, will be developed into three residential towers, with shops, a covered public transport terminus and a public open space with a domestic plot ratio of approximately 5.98 and a non-domestic plot ratio of approximately 0.017. It is envisaged that the completed development in accordance with such approved scheme will comprise of 780 flats and

will have a maximum building height of 140mPD.

In the process of securing planning approval for the redevelopment of the Property, the Company has, over the years, made one rezoning application under Section 12A of the Ordinance, two separate applications for planning permission under Section 16 of the Ordinance, one application for amendment to planning permission, two separate applications for review under Section 17 of the Ordinance, and one appeal against the decision of the Town Planning Board under Section 17B of the Ordinance.

The redevelopment process has also been complicated by a number of factors including the amendment made by the Town Planning Board, in January 2012, to the Chai Wan outline Zoning Plan S/H20/19 and the consequential imposition of building height restrictions, the fact that the Company's redevelopment scheme will incorporate adjoining land outside the lot boundary namely an open-air bus terminus and a section of Sheung On Street, traffic impact consideration, environmental impact consideration, and the introduction of sustainable building design guidelines.

The Company has had to overcome many obstacles before finally securing the planning approval of 23rd August, 2013.

Under the existing Government Lease of the Property, the use of the Property is restricted to industrial purposes and/or godown purposes and/or a bus depot and/or the maintenance, servicing and repairing of buses or other motor vehicles and/or building contractor's yard, timber yard, or repair yard for motor vehicles and/or open storage. To enable the Company to carry out the redevelopment scheme as approved by the Town Planning Board, an application for a land exchange will have to be made to the Government to change the permitted use and also to relax the current height restriction imposed on the Property, for which a land premium will be payable to the Government.

The Company is studying the best ways of fulfilling the numerous planning conditions laid down by the Town Planning Board and actively taking steps to explore its options regarding the redevelopment of the Property, with a view to bringing the optimum return for the Company.

Aberdeen Inland Lot No. 461, Wong Chuk Hang Road, Aberdeen (Formerly Aberdeen Inland Lot Nos. 338 and 339)

The Company has a 50% interest in the property through Heartwell Limited ("**Heartwell**"), a direct wholly owned subsidiary of the Company. The Property is registered in the name of Hareton Limited ("**Hareton**"), a joint venture company whose issued share capital is held as to 50% by Heartwell and as to 50% by Swire Properties Limited ("**Swire Properties**").

The Property has a site area of approximately 2,369 sq.m. On 8th May, 2014, Conditions of Exchange of the Property were entered into between the Government and Hareton, under which the Property may be developed for non-residential purposes (excluding hotel, petrol filling station and residential care home) with a total gross floor area of not less than 21,321 sq.m. and not exceeding 35,535 sq.m. A land premium in the sum of HK\$1,069,730,000 was paid by Hareton on or before execution of the Conditions of Exchange.

Hareton plans to erect a 28 storeyed Grade A office building (comprising 3 levels of basement carpark, a ground floor with entrance lobby and some food and beverage outlets, 25 office floors, one refuge floor and one electrical and mechanical floor) on the site of the Property to be held as a long-term investment. The payment of the land premium was funded by shareholders' loans provided by Heartwell and Swire Properties in equal proportions, and further development costs will be funded in the same way. The shareholders' loans to be provided by Heartwell and Swire Properties to Hareton will be unsecured, interest free and having no fixed repayment term.

Hareton is now proceeding with the development of the proposed office building on the Property and General Building Plans, as well as Excavation and Foundation Plans, have been submitted to the Buildings Department for approval.

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

The Group's residential, office and commercial properties in the above developments are almost fully let, with vacancy below 5%.

U.K. Properties

Apart from Scorpio House, the Group's freehold commercial properties in Central London remains fully let. The existing lease in Scorpio House will expire in June 2015. The Company is actively considering various options for this Building to maximize shareholders value.

OUTLOOK

In accordance with global monetary policy outlook at the present date, it is expected that interest rate for United States Federal Reserve Funds will remain low until mid-2015, with a gradual increase starting in the third quarter of 2015 being expected. In Europe, the European Central Bank is expected to keep interest rates at the current low level through the end of 2015, to be followed thereafter by a gradual path of increases. Thus interest rates are likely to remain low for most of the forthcoming year, which will continue to negatively impact the Group's finance income.

For the Hong Kong property market, the HKSAR Government has, in May 2014, eased property curbs to give Hong Kong residents who wished to upgrade more time to sell their old homes. The property market has subsequently seen a strong pent-up demand from end users, especially for small and medium sized units.

Hareton Limited, a joint venture company owned as to 50% by the Company through Heartwell Limited, its wholly owned subsidiary, and as to the remaining 50% by Swire Properties Limited, has paid the land premium for the surrender and re-grant of the Wong Chuk Hang site and is now proceeding with the development of the proposed office building on the site. The Company expects that the development will benefit from the opening of the MTR South Island Line.

As regards the Chai Wan site, the Company is studying the best ways of fulfilling the numerous planning conditions laid down by the Town Planning Board

and also actively taking steps to explore its options regarding the redevelopment of the Property, with a view to achieving the optimum return for the Company.

The Group will also look for other favourable investment opportunities so as to further enhance shareholder value, but will continue to adopt the cautious and prudent approach which has served the Group well and has led to many fold increases in the value of the net assets of the Group over the years.

NGAN Kit-ling
Chairman

Hong Kong, 25th September, 2014



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ANNOUNCEMENT

The Board of Directors announces that the audited consolidated profit of the group for the year ended 30th June, 2014 amounted to HK\$666 million, compared with HK\$443 million for the previous year.

CONSOLIDATED INCOME STATEMENT

for the year ended 30th June, 2014

(Expressed in Hong Kong dollars)

	Note	2014 \$000's	2013 \$000's (restated)
Turnover	2	93,508	90,068
Cost of sales		-	(988)
Gross profit		93,508	89,080
Finance income	4	30,230	13,898
Other income	5	1,446	1,403
Staff costs		(9,339)	(8,871)
Depreciation		(207)	(163)
Other operating expenses		(16,708)	(18,233)
Operating profit	2 & 6	98,930	77,114
Share of results of joint ventures		206,848	184,048
Valuation gains on investment properties		375,737	195,675
Profit before taxation		681,515	456,837
Income tax	7	(15,074)	(13,372)
Profit after taxation attributable to shareholders		666,441	443,465
Earnings per share	9		
Basic and diluted		HK\$14.62	HK\$9.73

Details of dividends payable to equity shareholders of the company attributable to the profit for the year are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30th June, 2014

(Expressed in Hong Kong dollars)

	2014	2013
	\$000's	\$000's (restated)
Profit for the year	<u>666,441</u>	<u>443,465</u>
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit liability	(1,128)	(978)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation	<u>121,336</u>	<u>(24,913)</u>
Other comprehensive income for the year	<u>120,208</u>	<u>(25,891)</u>
Total comprehensive income for the year attributable to shareholders	<u><u>786,649</u></u>	<u><u>417,574</u></u>

CONSOLIDATED BALANCE SHEET

At 30th June, 2014

(Expressed in Hong Kong dollars)

	Note	2014 \$000's	2013 \$000's (restated)
Non-current assets			
Fixed assets		3,138,827	2,675,279
Interest in joint ventures		2,206,103	1,500,255
Other investments		14,565	15,085
		<u>5,359,495</u>	<u>4,190,619</u>
Current assets			
Debtors, deposits and prepayments	10	74,206	75,272
Deposits with banks		1,997,300	2,481,036
Cash at banks and in hand		27,600	23,750
		<u>2,099,106</u>	<u>2,580,058</u>
Current liabilities			
Creditors and accruals	11	73,274	71,337
Defined benefit obligation		806	889
Taxation		10,598	9,313
Interim dividends payable		-	13,678
		<u>84,678</u>	<u>95,217</u>
Net current assets		<u>2,014,428</u>	<u>2,484,841</u>
Total assets less current liabilities		<u>7,373,923</u>	<u>6,675,460</u>
Non-current liabilities			
Deferred taxation		37,031	34,028
NET ASSETS		<u>7,336,892</u>	<u>6,641,432</u>
CAPITAL AND RESERVES			
Share capital: nominal value		-	91,189
Other statutory capital reserves		-	1,348
Share capital and other statutory capital reserves		<u>92,537</u>	<u>92,537</u>
Other reserves		7,244,355	6,548,895
TOTAL EQUITY		<u>7,336,892</u>	<u>6,641,432</u>

Notes

1. Basis of preparation

These 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") and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that 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 new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the group and the company. Of these, the following developments are relevant to the group's financial statements:

- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- Revised HKAS 19, *Employee benefits*

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of new or amended HKFRSs are discussed below:

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the group in respect of its involvement with other entities as at 1st July, 2013.

1. Basis of preparation (continued)

HKFRS 11, *Joint arrangements*

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the group.

HKFRS 12, *Disclosure of interests in other entities*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the group's assets and liabilities.

1. Basis of preparation (continued)

Revised HKAS 19, *Employee benefits*

Revised HKAS 19 introduces a number of amendments to the accounting for defined benefit plans. Among them, revised HKAS 19 eliminates the “corridor method” under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised HKAS 19 also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not.

As a result of the adoption of revised HKAS 19, the group has changed its accounting policy with respect to defined benefit plans, for which the corridor method was previously applied. This change in accounting policy has been applied retrospectively by restating the balances at 1st July, 2012 and 30th June, 2013, with consequential adjustments to comparatives for the year ended 30th June, 2013 as follows:

	As previously reported \$'000	Effect of adoption of revised HKAS 19 \$'000	As restated \$'000
Consolidated income statement for the year ended 30th June, 2013:			
Expenses recognised in respect of defined benefit retirement scheme	104	10	114
Profit for the year	443,475	(10)	443,465
Consolidated statement of comprehensive income for the year ended 30th June, 2013:			
Remeasurement of net defined benefit liability	-	(978)	(978)
Other comprehensive income for the year	(24,913)	(978)	(25,891)
Total comprehensive income for the year	418,562	(988)	417,574
Consolidated balance sheet as at 30th June, 2013:			
Defined benefit asset	299	(299)	-
Defined benefit obligation	-	889	889
Retained profits	5,743,243	(1,188)	5,742,055
	=====	=====	=====

This change in accounting policy did not have a material impact on current or deferred taxation, and earnings per share.

The group would have a defined benefit asset of \$1,445,000 at 30th June, 2014 and retained profits would have increased by \$2,251,000 if the policy had not been changed.

2. Turnover

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

Turnover represents rental income and income from sale of properties. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	HK\$000's	HK\$000's
Income from sale of properties	-	2,460
Rentals from investment properties	<u>93,508</u>	<u>87,608</u>
	93,508	90,068
	=====	=====

The analysis of geographical location of the operations of the company and its subsidiaries during the year is as follows:

	Group turnover		Operating profit	
	2014	2013	2014	2013
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
<i>Geographical locations of operations</i>				(restated)
Hong Kong	44,338	42,624	49,886	30,028
United Kingdom	<u>49,170</u>	<u>47,444</u>	<u>49,044</u>	<u>47,086</u>
	93,508	90,068	98,930	77,114
	=====	=====	=====	=====

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 of each segment.

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

(a) Segment results

	Property development and investment		Treasury management		Unallocated		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	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	93,508	90,068	-	-	-	-	93,508	90,068
Finance income	-	-	30,230	13,898	-	-	30,230	13,898
Other income	-	-	-	-	1,446	1,403	1,446	1,403
Total revenue	93,508	90,068	30,230	13,898	1,446	1,403	125,184	105,369
Segment results	89,452	85,023	30,230	13,898			119,682	98,921
Unallocated expenses							(20,752)	(21,807)
Operating profit							98,930	77,114
Share of results of joint ventures	206,848	184,048	-	-			206,848	184,048
Valuation gains on investment properties	375,737	195,675	-	-			375,737	195,675
Income tax							(15,074)	(13,372)
Profit after taxation attributable to shareholders							666,441	443,465
Depreciation for the year	(33)	(27)	-	-	(174)	(136)	(207)	(163)

3. Segment reporting (continued)

(b) Geographical information

The group participates in two principal economic environments. Hong Kong is a major market for the group's business. In the United Kingdom, the major business is property investment.

	Hong Kong		United Kingdom	
	2014	2013	2014	2013
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
Turnover	44,338	42,624	49,170	47,444
	=====	=====	=====	=====

4. Finance income

	2014	2013
	HK\$000's	HK\$000's
Interest income	8,841	14,717
Dividend income from other investments	565	539
Exchange gains/(losses)	21,344	(4,532)
Net unrealised (losses)/gains on other investments	<u>(520)</u>	<u>3,174</u>
	30,230	13,898
	=====	=====

5. Other income

	2014	2013
	HK\$000's	HK\$000's
Management fee	497	497
Unclaimed dividends forfeited	250	260
Gain on disposal of fixed assets	-	6
Sundry income	<u>699</u>	<u>640</u>
	1,446	1,403
	=====	=====

6. Operating profit

Operating profit is arrived at

	2014	2013
	HK\$000's	HK\$000's
		(restated)
<i>after charging:</i>		
(a) Staff costs:		
Contributions to defined contribution retirement scheme	140	131
Expenses recognised in respect of defined benefit retirement scheme	120	114
Salaries, wages and other benefits	<u>9,079</u>	<u>8,626</u>
	9,339	8,871
	=====	=====
(b) Other items:		
Auditor's remuneration		
- audit services	3,393	3,277
- tax services	460	534
- other services	450	460
Legal and professional fees	3,472	4,860
Property expenses	3,242	3,243
Cost of property sold	-	988
	=====	=====
<i>and after crediting:</i>		
Rental income less outgoings	90,266	84,365
which includes		
- gross rental income from investment properties	93,508	87,608
	=====	=====

7. Income tax

The provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year ended 30th June, 2014. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

	2014	2013
	HK\$000's	HK\$000's
Current tax – Provision for Hong Kong Profits Tax		
Tax for the year	3,856	3,483
(Over)/under-provision in respect of prior years	<u>(40)</u>	<u>165</u>
	3,816	3,648
	-----	-----
Current tax - Overseas		
Tax for the year	8,299	7,980
Over-provision in respect of prior years	<u>(44)</u>	<u>(176)</u>
	8,255	7,804
	-----	-----
Deferred tax		
Origination and reversal of temporary differences	<u>3,003</u>	<u>1,920</u>
	15,074	13,372
	=====	=====

8. Dividends

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

	2014	2013
	HK\$000's	HK\$000's
First interim dividend declared and paid of HK\$0.10 (2013: HK\$0.10) per share	4,559	4,559
Special dividend declared and paid of HK\$0.50 (2013: HK\$0.50) per share	22,798	22,798
Second interim dividend declared and payable after the balance sheet date of HK\$Nil (2013: HK\$0.30) per share	-	13,678
Second interim dividend declared after the balance sheet date of HK\$0.30 (2013: HK\$Nil) per share	13,678	-
Final dividend proposed after the balance sheet date of HK\$0.10 (2013: HK\$0.10) per share	4,559	4,559
Special dividend proposed after the balance sheet date of HK\$1.80 (2013: HK\$1.30) per share	<u>82,070</u>	<u>59,273</u>
	127,664	104,867
	=====	=====

The interim dividend, final dividend and special dividend declared or proposed after the balance sheet date have not been recognised as liabilities at the balance sheet date.

9. Earnings per share

The calculation of basic and diluted earnings per share is based on profit attributable to shareholders of HK\$666,441,000 (2013: HK\$443,465,000 (restated)) and the weighted average of 45,594,656 (2013: 45,594,656) 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:

	2014	2013
	HK\$000's	HK\$000's
Within 1 month	379	549
1 to 3 months	<u>93</u>	<u>222</u>
Total trade debtors	472	771
Deposits, prepayments and other receivables	<u>73,734</u>	<u>74,501</u>
	74,206	75,272
	=====	=====

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:

	2014	2013
	HK\$000's	HK\$000's
Within 1 month	300	17
1 to 3 months	-	-
Over 3 months	<u>201</u>	<u>201</u>
Total trade creditors	501	218
Other payables and accruals	<u>72,773</u>	<u>71,119</u>
	<u>73,274</u>	<u>71,337</u>
	=====	=====

12. Review of results

The annual results for the year ended 30th June, 2014 have been audited by the group's external auditors, KPMG, and also reviewed by the company's audit committee.

Dividends

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Wednesday, 12th November, 2014 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\$1.80 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$0.50 per share, and a second interim dividend of HK\$0.30 per share, will make a total dividend for the year of HK\$2.80 per share, compared with HK\$2.30 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 30th January, 2015.

Closure of Register

For ascertaining the shareholders' entitlement to attend and vote at the Ordinary Yearly Meeting to be held on Wednesday, 12th November, 2014, the Register of Members of the Company will be closed from Friday, 7th November, 2014 to Tuesday, 11th November, 2014, 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 Thursday, 6th November, 2014.

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 Tuesday, 2nd December, 2014 to Wednesday, 3rd December, 2014, 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 Monday, 1st December, 2014.

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

During the year, neither the company nor any of its subsidiaries has repurchased, sold or redeemed any of the company's listed securities.

Group Results

The Board of Directors announces that the audited consolidated profit of the group for the year ended 30th June, 2014 amounted to HK\$666 million, compared with HK\$443 million for the previous year, which reflects the increase in the share of results of joint ventures as a result of the larger revaluation gains on investment properties held by the joint ventures, and valuation gains on the group's investment properties. The operating profit of the group for the year amounted to HK\$99 million, compared with HK\$77 million for the previous year, which reflects the increase in rentals from investment properties and in finance income.

Future Outlook

In accordance with global monetary policy outlook at the present date, it is expected that interest rate for United States Federal Reserve Funds will remain low until mid-2015, with a gradual increase starting in the third quarter of 2015 being expected. In Europe, the European Central Bank is expected to keep interest rates at the current low level through the end of 2015, to be followed thereafter by a gradual path of increases. Thus interest rates are likely to remain low for most of the forthcoming year, which will continue to negatively impact the Group's finance income.

For the Hong Kong property market, the HKSAR Government has, in May 2014, eased property curbs to give Hong Kong residents who wished to upgrade more time to sell their old homes. The property market has subsequently seen a strong pent-up demand from end users, especially for small and medium sized units.

Hareton Limited, a joint venture company owned as to 50% by the Company through Heartwell Limited, its wholly owned subsidiary, and as to the remaining 50% by Swire Properties Limited, has paid the land premium for the surrender and re-grant of the Wong Chuk Hang site and is now proceeding with the development of the proposed office building on the site. The Company expects that the development will benefit from the opening of the MTR South Island Line.

As regards the Chai Wan site, the Company is studying the best ways of fulfilling the numerous planning conditions laid down by the Town Planning Board and also actively taking steps to explore its options regarding the redevelopment of the Property, with a view to achieving the optimum return for the Company.

The Group will also look for other favourable investment opportunities so as to further enhance shareholder value, but will continue to adopt the cautious and prudent approach which has served the Group well and has led to many fold increases in the value of the net assets of the Group over the years.

Disclosure pursuant to Listing Rules 13.20 and 13.22

At 30th June, 2014, 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 given by the group</i> HK\$000's
Hareton Limited	50%	1,263,000	537,000	205,407	2,005,407
Island Land Development Limited	50%	N/A	N/A	335,850	335,850

The financial assistance and other advances mentioned in the above are unsecured, interest free and have no fixed terms of repayment.

Combined balance sheet of the above affiliated companies at 30th June, 2014 is as follows:

	HK\$000's
Fixed assets	3,799,026

Current assets	63,546
Current liabilities	<u>(42,746)</u>
	20,800

Non-current liabilities	<u>(52,366)</u>

	<u>3,767,460</u>
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Attributable interest to the group at 30th June, 2014 in the above affiliated companies amounted to HK\$1,883,730,000 (2013: HK\$1,177,535,000).

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, 2014, except the following:

- (i) The company has not separated the roles of the Chairman of the Board and the Chief Executive as required under code provision A2.1 of the Code. The company believes that separation of Chairman and the Chief Executive would not result in enhanced efficiency and improved governance. The balance of power and authority between the Chief Executive and the Board is ensured by regular discussion and meetings of the full Board and active participation of independent non-executive directors.
- (ii) Code A4.2 provides that all directors including those appointed for a specified term should retire by rotation at least every three years. Certain executive directors of the company do not rotate as there are specific provisions governing the rotation of directors in the company’s Articles of Association.
- (iii) Code A5.1 provides that the company should establish a nomination committee. The company does not have a nomination committee as the role and the function of such a committee are performed by the Board. The Chairman and the other directors review from time to time the composition of the Board. The Board makes recommendations to shareholders on directors standing for re-election, providing information on directors to enable shareholders to make an informed decision on the re-election, and where necessary, to appoint directors to fill casual vacancies.
- (iv) Code A1.8 provides that the company should arrange appropriate insurance cover in respect of legal action against its directors. Historically, the company has not effected insurance cover in respect of legal action, if any, against its directors. As at 30th June, 2014, this matter was being further considered.

By Order of the Board
Kwok Pun Tak
Secretary

Hong Kong, 25th September, 2014

As at the date hereof, the Board of Directors of the company comprises NGAN Kit-ling, Dr. NGAN Kit-keung, Dr. Henry NGAN, Dr. LIU Lit-mo*, Fritz HELMREICH, Anthony Grahame STOTT*, TSE Yiu-wah* and Stephen TAN*.

*Independent non-executive director