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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\$465 million, compared with HK\$666 million for the previous year, which reflects the decrease in the share of results of joint ventures as a result of the smaller revaluation gains on investment properties held by the joint ventures, and the smaller valuation gains on the Group's investment properties. The operating profit of the Group for the year ended 30th June, 2015 amounted to HK\$55 million, compared with HK\$99 million for the previous year, which reflects the effect of the exchange losses arising from the depreciation of Sterling against the Hong Kong dollar.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Wednesday, 28th October, 2015 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\$1.30 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\$2.30 per share, compared with HK\$2.80 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

On 29th May, 2015, a conditional Sale and Purchase Agreement (the "**Sale and**

Purchase Agreement”) for the sale of the Property was entered into between the Company as vendor and Joyful Sincere Limited (a company wholly owned by Windcharm Investments Limited, in which the Company, through its wholly owned subsidiary, Affluent Dragon Island Limited, has a 20% shareholding interest and Swire Properties Limited, through its wholly owned subsidiary, Bright Faith Limited, has a 80% shareholding interest) as purchaser. At an extraordinary meeting of the Company duly convened and held on 16th July, 2015, the disposal of the Property by the Company to Joyful Sincere Limited upon the terms and conditions of the Sale and Purchase Agreement was approved by the shareholders of the Company and thereupon the Sale and Purchase has become of full force and effect.

Under and in accordance with the terms of the Sale and Purchase Agreement, Joyful Sincere Limited shall take all reasonable steps to fulfill the planning conditions imposed by the Town Planning Board in its letter dated 13th September, 2013 for the grant of permission for the redevelopment of the Property, together with certain adjoining land, into a residential and commercial complex comprising 3 residential towers with shops, a covered public transport terminus and a public open space, and to apply to the Government for a land exchange to permit the Property to be redeveloped in accordance with the permission granted by the Town Planning Board. The Company will continue to monitor the progress made by Joyful Sincere Limited in such regard.

Aberdeen Inland Lot No. 461, Wong Chuk Hang Road, Aberdeen

The Company has an indirect 50% interest in the property which is held by Hareton Limited, a joint venture company whose issued share capital is held as to 50% by Swire Properties Limited and as to the remaining 50% by Heartwell Limited, a wholly owned subsidiary of the Company.

The redevelopment of the Property into a 28 storeyed Grade A office building (comprising 3 levels of basement carpark, a ground floor with entrance lobby and food and beverage outlets, 25 office floors, one refuge floor and one electrical and mechanical floor), to be held as a long term investment, is proceeding as planned. Excavation and foundation works are presently in progress and superstructure works are targeted to commence in 2016 and scheduled to be completed before the end of 2018.

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

As at 30th June, 2015, the offices in Island Place were 93.9% occupied while the residential units were 100% occupied. In Island Lodge, the residential units were 100% occupied while the retail units were 75.6% occupied. 3 Jordan Road, which comprises furnished apartments and retail accommodation, has an occupancy rate of 90.7%.

U.K. Properties

Vacant possession of Scorpio House, the Group's investment property at Sydney Street, Chelsea, London has been obtained from its previous tenant. The Company is now engaged in active discussions with a prospective new tenant for the grant of a 15 years lease of the Property. While the ongoing speculation regarding the location of the proposed Crossrail 2 Station at Chelsea has led to some uncertainty as to whether the Property may be affected, any overall impact on the Group will not be material.

The existing lease of Thanet House will expire in March 2016. The Company is actively considering various options for the building to maximize shareholders value.

Albany House, a freehold commercial property in Central London, remains fully let.

OUTLOOK

While most economists predict a rise in US interest rates sometime at the end of 2015, the widely held view is that the rate increase will, having regard to the strong US dollar, be a slow and gradual one. In Europe, interest rates are not expected to rise before the second half of 2016 at the earliest. The continuing low deposit interest rate environment, coupled with volatility in the currency market, is therefore likely to continue to impact the Group's finance income.

The Directors also anticipate that, as the redevelopment of the Wong Chuk Hang property progresses, there will be a modest decrease in the level of the Group's cash reserve, as funds are used to fund the construction costs.

Nevertheless, the Directors are of the view that the Group will continue to have

sufficient working capital and liquidity to meet its on-going commitments. The Directors are also of the view that both capital values and rentals of the Group's commercial and residential properties are likely to remain strong in the longer term.

While the agreement between the Group and Swire Properties Limited to redevelop the Chai Wan property is a significant step forward in unlocking the redevelopment value of that property, the Group will continue to look for other favourable investment opportunities so as to further enhance shareholder value.

NGAN Kit-ling
Chairman

Hong Kong, 21st September, 2015



CHINA MOTOR BUS COMPANY, LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 026)

ANNOUNCEMENT

The Board of Directors announces that the audited consolidated profit of the group for the year ended 30th June, 2015 amounted to HK\$465 million, compared with HK\$666 million for the previous year.

CONSOLIDATED INCOME STATEMENT

for the year ended 30th June, 2015

(Expressed in Hong Kong dollars)

	Note	2015 HK\$000's	2014 HK\$000's
Turnover	2	96,683	93,508
Cost of sales		-	-
Gross profit		96,683	93,508
Finance (expenses)/income	4	(9,525)	30,230
Other income	5	1,651	1,446
Staff costs		(9,803)	(9,339)
Depreciation		(238)	(207)
Other operating expenses		(24,185)	(16,708)
Operating profit	2 & 6	54,583	98,930
Share of results of joint ventures		127,638	206,848
Share of results of associates		(8)	-
Valuation gains on investment properties		297,000	375,737
Profit before taxation		479,213	681,515
Income tax	7	(14,119)	(15,074)
Profit after taxation attributable to shareholders		465,094	666,441
Earnings per share			
Basic and diluted	8	HK\$10.25	HK\$14.62

Details of dividends payable to equity shareholders of the company attributable to the profit for the year are set out in note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30th June, 2015

(Expressed in Hong Kong dollars)

	2015	2014
	HK\$000's	HK\$000's
Profit for the year	<u>465,094</u>	<u>666,441</u>
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit liability	(563)	(1,128)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation	<u>(91,383)</u>	<u>121,336</u>
Other comprehensive income for the year	<u>(91,946)</u>	<u>120,208</u>
Total comprehensive income for the year attributable to shareholders	<u><u>373,148</u></u>	<u><u>786,649</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**At 30th June, 2015**

(Expressed in Hong Kong dollars)

	Note	2015 HK\$000's	2014 HK\$000's
Non-current assets			
Fixed assets		2,521,106	3,138,827
Interest in joint ventures		2,306,974	2,206,103
Interest in associates		14,442	-
Other investments		14,892	14,565
		<u>4,857,414</u>	<u>5,359,495</u>
Current assets			
Asset held for sale		850,000	-
Debtors, deposits and prepayments	9	74,041	74,206
Deposits with banks		1,651,771	1,997,300
Cash at banks and in hand		254,451	27,600
		<u>2,830,263</u>	<u>2,099,106</u>
Current liabilities			
Creditors and accruals	10	77,446	73,274
Defined benefit obligation		1,119	806
Taxation		10,761	10,598
		<u>89,326</u>	<u>84,678</u>
Net current assets		<u>2,740,937</u>	<u>2,014,428</u>
Total assets less current liabilities		<u>7,598,351</u>	<u>7,373,923</u>
Non-current liability			
Deferred taxation		38,622	37,031
NET ASSETS		<u>7,559,729</u>	<u>7,336,892</u>
CAPITAL AND RESERVES			
Share capital	11(b)	92,537	92,537
Other reserves		7,467,192	7,244,355
TOTAL EQUITY		<u>7,559,729</u>	<u>7,336,892</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), 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 the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the group and the company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- HK(IFRIC) 21, *Levies*
- Amendments to HKAS 19, *Defined benefit plans: Employee contributions*
- *Annual improvements to HKFRSs 2010-2012 cycle*
- *Annual improvements to HKFRSs 2011-2013 cycle*

None of these developments have had a material effect on how the group's results and financial position for the current or 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, 2015 and 2014 included in this preliminary announcement of annual results 2015 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, 2014 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, 2015 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 company and the group are property development and investment.

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

	2015	2014
	HK\$000's	HK\$000's
Rentals from investment properties	96,683	93,508
	=====	=====

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

	Group turnover		Operating profit	
	2015	2014	2015	2014
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
<i>Geographical locations of operations</i>				
Hong Kong	49,070	44,338	8,287	49,886
United Kingdom	<u>47,613</u>	<u>49,170</u>	<u>46,296</u>	<u>49,044</u>
	96,683	93,508	54,583	98,930
	=====	=====	=====	=====

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 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	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	96,683	93,508	-	-	-	-	96,683	93,508
Finance (expenses)/ income	-	-	(9,525)	30,230	-	-	(9,525)	30,230
Other income	-	-	-	-	1,651	1,446	1,651	1,446
Total revenue	96,683	93,508	(9,525)	30,230	1,651	1,446	88,809	125,184
Segment results	91,480	89,452	(9,525)	30,230			81,955	119,682
Net unallocated expenses							(27,372)	(20,752)
Operating profit							54,583	98,930
Share of results of joint ventures	127,638	206,848	-	-			127,638	206,848
Share of results of associates	(8)	-	-	-			(8)	-
Valuation gains on investment properties	297,000	375,737	-	-			297,000	375,737
Income tax							(14,119)	(15,074)
Profit after taxation attributable to shareholders							465,094	666,441
Depreciation for the year	(59)	(33)	-	-	(179)	(174)	(238)	(207)

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	
	2015	2014	2015	2014
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
Turnover	49,070	44,338	47,163	49,170
	=====	=====	=====	=====

4. Finance (expenses)/income

	2015	2014
	HK\$000's	HK\$000's
Interest income	6,091	8,841
Dividend income from other investments	587	565
Exchange (losses)/gains	(16,529)	21,344
Net unrealised gains/(losses) on other investments	<u>326</u>	<u>(520)</u>
	(9,525)	30,230
	=====	=====

5. Other income

	2015	2014
	HK\$000's	HK\$000's
Management fee	497	497
Unclaimed dividends forfeited	254	250
Sundry income	<u>900</u>	<u>699</u>
	1,651	1,446
	=====	=====

6. Operating profit

Operating profit is arrived at

	2015	2014
	HK\$000's	HK\$000's
<i>after charging:</i>		
(a) Staff costs:		
Contributions to defined contribution retirement scheme	150	140
Expenses recognised in respect of defined benefit retirement scheme	199	120
Salaries, wages and other benefits	<u>9,454</u>	<u>9,079</u>
	9,803	9,339
	=====	=====
(b) Other items:		
Auditor's remuneration		
- audit services	3,680	3,393
- tax services	552	460
- other audit-related services	1,750	450
Legal and professional fees	8,679	3,472
Property expenses	4,566	3,242
	=====	=====
<i>and after crediting:</i>		
Rental income less outgoings	92,117	90,266
which includes		
- gross rental income from investment properties	<u>96,683</u>	<u>93,508</u>
	=====	=====

7. Income tax

The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year ended 30th June, 2015. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

	2015	2014
	HK\$000's	HK\$000's
Current tax – Provision for Hong Kong Profits Tax		
Tax for the year	4,439	3,856
Over-provision in respect of prior years	<u>(70)</u>	<u>(40)</u>
	4,369	3,816
	-----	-----
Current tax - Overseas		
Tax for the year	7,873	8,299
Under/(over)-provision in respect of prior years	<u>286</u>	<u>(44)</u>
	8,159	8,255
	-----	-----
Deferred tax		
Origination and reversal of temporary differences	<u>1,591</u>	<u>3,003</u>
	-----	-----
	14,119	15,074
	=====	=====

8. Earnings per share

The calculation of basic and diluted earnings per share is based on profit attributable to shareholders of HK\$465,094,000 (2014: HK\$666,441,000) and the weighted average of 45,395,604 (2014: 45,594,656) shares in issue during the year.

9. Debtors, deposits and prepayments

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

	2015	2014
	HK\$000's	HK\$000's
Within 1 month	690	379
1 to 3 months	<u>-</u>	<u>93</u>
Total trade debtors	690	472
Deposits, prepayments and other receivables	<u>73,351</u>	<u>73,734</u>
	74,041	74,206
	=====	=====

A defined credit policy is maintained within the group.

10. Creditors and accruals

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

	2015	2014
	HK\$000's	HK\$000's
Within 1 month	10	300
1 to 3 months	-	-
Over 3 months	<u>201</u>	<u>201</u>
Total trade creditors	211	501
Other payables and accruals	<u>77,235</u>	<u>72,773</u>
	77,446	73,274
	=====	=====

11. Capital, reserves and dividends

(a) Dividends

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

	2015 HK\$000's	2014 HK\$000's
First interim dividend declared and paid of HK\$0.10 (2014: HK\$0.10) per share	4,531	4,559
Special dividend declared and paid of HK\$0.50 (2014: HK\$0.50) per share	22,654	22,798
Second interim dividend declared after the end of the reporting period of HK\$0.30 (2014: HK\$0.30) per share	13,592	13,678
Final dividend proposed after the end of the reporting period of HK\$0.10 (2014: HK\$0.10) per share	4,531	4,559
Special dividend proposed after the end of the reporting period of HK\$1.30 (2014: HK\$1.80) per share	<u>58,900</u>	<u>82,070</u>
	104,208	127,664
	=====	=====

The interim dividend, final dividend and special dividend 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

	2015		2014	
	No. of shares	Amount HK\$000's	No. of shares	Amount HK\$000's
Ordinary shares, issued and fully paid:				
At 1st July	45,594,656	92,537	45,594,656	91,189
Transition to no-par value regime on 3rd March, 2014 (note)	-	-	-	1,348
Shares repurchased and cancelled	<u>(286,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30th June	<u>45,308,056</u>	<u>92,537</u>	<u>45,594,656</u>	<u>92,537</u>

Note: The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap. 622) occurred automatically on 3rd March, 2014. On that date, the capital redemption reserve was subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been made in accordance with the requirements of Parts 4 and 5 of the Ordinance.

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.

11. Capital, reserves and dividends (continued)

(c) Purchase of own shares

During the year, the company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$000's
September 2014	41,000	67.65	65.60	2,724
October 2014	163,200	78.50	69.00	12,065
November 2014	77,600	105.00	99.30	8,027
December 2014	4,800	94.70	94.30	454
	<u>286,600</u>			<u>23,270</u>
Total expenses on shares repurchased during the year				<u>83</u>
Total				<u>23,353</u>

The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the repurchased shares of \$23,353,000 (including expenses) was paid wholly out of retained profits.

12. Review of results

The annual results for the year ended 30th June, 2015 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, 28th October, 2015 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\$1.30 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\$2.30 per share, compared with HK\$2.80 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 26th January, 2016.

Closure of Register

For ascertaining the shareholders' entitlement to attend and vote at the Ordinary Yearly Meeting to be held on Wednesday, 28th October, 2015, the Register of Members of the company will be closed from Friday, 23rd October, 2015 to Tuesday, 27th October, 2015, 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, 22nd October, 2015.

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, 1st December, 2015 to Wednesday, 2nd December, 2015, 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, 30th November, 2015.

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 11(c) of this announcement, there were no purchases, sales or redemptions of the company's listed securities by the company or any of its subsidiaries during the year.

Group Results

The Board of Directors announces that the audited consolidated profit of the group for the year ended 30th June, 2015 amounted to HK\$465 million, compared with HK\$666 million for the previous year, which reflects the decrease in the share of results of joint ventures as a result of the smaller revaluation gains on investment properties held by the joint ventures, and the smaller valuation gains on the group's investment properties. The operating profit of the group for the year amounted to HK\$55 million, compared with HK\$99 million for the previous year, which reflects the effect of the exchange losses arising from the depreciation of Sterling against the Hong Kong dollar.

Future Outlook

While most economists predict a rise in US interest rates sometime at the end of 2015, the widely held view is that the rate increase will, having regard to the strong US dollar, be a slow and gradual one. In Europe, interest rates are not expected to rise before the second half of 2016 at the earliest. The continuing low deposit interest rate environment, coupled with volatility in the currency market, is therefore likely to continue to impact the group's finance income.

The Directors also anticipate that, as the redevelopment of the Wong Chuk Hang property progresses, there will be a modest decrease in the level of the group's cash reserve, as funds are used to fund the construction costs.

Nevertheless, the Directors are of the view that the group will continue to have sufficient working capital and liquidity to meet its on-going commitments. The Directors are also of the view that both capital values and rentals of the group's commercial and residential properties are likely to remain strong in the longer term.

While the agreement between the group and Swire Properties Limited to redevelop the Chai Wan property is a significant step forward in unlocking the redevelopment value of that property, the group will continue to look for other favourable investment opportunities so as to further enhance shareholder value.

Disclosure pursuant to Listing Rules 13.20 and 13.22

At 30th June, 2015, 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%	1,249,500	550,500	205,407	2,005,407
Island Land Development Limited	50%	N/A	N/A	309,850	309,850
Joyful Sincere Limited	20%	1,943,550	14,450	-	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 certain portion of the financial assistance to Joyful Sincere Limited will bear interest of 4.5% p.a. if the relevant loan amount in the future exceeds a specified level as stipulated in the funding agreement in future.

Combined statement of financial position of the above affiliated companies at 30th June, 2015 is as follows:

	HK\$000's
Non-current assets	<u>3,971,573</u>
Current assets	158,033
Current liabilities	<u>(43,826)</u>
	<u>114,207</u>
Non-current liabilities	<u>(54,623)</u>
	<u><u>4,031,157</u></u>

Attributable interest to the group at 30th June, 2015 in the above affiliated companies amounted to HK\$1,993,910,000 (2014: HK\$1,883,730,000).

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, 2015, 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, 2015, this matter was being further considered.

By Order of the Board
Kwok Pun Tak
Secretary

Hong Kong, 21st September, 2015

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* and Stephen TAN*.

*Independent non-executive director