

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.*



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

*(Incorporated in Hong Kong with limited liability)*

*(Stock code: 026)*

### **Chairman's Statement**

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

The Board announces that the operating profit of the Group for the year ended 30th June, 2021 amounted to HK\$95 million, compared with HK\$91 million for the previous year, which reflects the effect of exchange gains in the current year. Overall, the Group has an audited consolidated loss of HK\$18 million for the year ended 30th June, 2021, compared with a consolidated profit of HK\$111 million for the previous year, which reflects the effect of net revaluation losses on investment properties held by the Group and the Group's joint ventures, whereas similar revaluation losses in the previous year were offset by the profit from disposal of the interest of a joint venture.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Thursday, 2nd December, 2021 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\$27.50 per share for the previous year.

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

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

The Group has a 20% interest in Windcharm Investments Limited, a joint venture company whose shares are held as to 20% by Affluent Dragon Island Limited, a wholly owned subsidiary of the Company, and as to the remaining 80% by Bright Faith Limited, a wholly owned subsidiary of Swire Properties Limited. Windcharm Investments Limited is the holding company of Joyful Sincere Limited which has purchased the Property from the Company, with the view of redeveloping it into a residential and commercial complex. This proposed development in Chai Wan will house a residential and commercial complex comprising three residential towers with retail space and a covered public transport terminus. The development will have an aggregate residential and retail gross floor area of 64,500 sq. m.

On 16th September, 2019, the Property was assigned by the Company to Joyful Sincere Limited, and vacant possession of the Property was handed over by the Company on 14th January, 2020.

On 28th May, 2021, an application was made to the Town Planning Board for amendment of the current planning permission for the lot, with a view to increasing the number of residential units in the redevelopment within the total permitted gross floor area.

Hoarding, demolition and site investigation works at the Property have been completed. Decontamination and associated works are currently in progress and foundation works are planned to commence in or around the last quarter of this year.

On 2nd September, 2021, a basic terms offer for land exchange was made by Government to Joyful Sincere Limited and such basic terms offer has now been accepted. The Group's share of the Land Premium will be of the order of HK\$900 million, before construction costs. Based on current market conditions and the outlook for the Hong Kong residential market, the Company believes that while this will be a significant investment for the Group, shareholders are likely to reap profits from the sale of units in this development over the coming years.

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

South Island Place is a modern 28 floor Grade A office building with a gross floor area of 35,535 sq. m., 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 87% of the office space in South Island Place has been let.

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

As at 30th June, 2021, the offices in Island Place were 69.3% occupied while the residential units were 91.8% occupied. In Island Lodge, both the residential units and the retail units were 100% occupied. 3 Jordan Road, which comprises furnished apartments and retail accommodation, has an occupancy rate of 81.3%.

#### **UK Properties**

Albany House and Scorpio House, the Group's freehold investment properties in Central London, remain fully let.

## **FUTURE OUTLOOK**

The global economy has been significantly affected by the coronavirus pandemic since 2020. Although there are signs of post-recession growth in some major economies, economic recovery in many countries continues to be constrained by the resurgence of coronavirus cases and the lagging progress of vaccination. With the recent emergence of the Delta variant, cross-border travel has remained restricted in most countries and regions around the world.

In Hong Kong, while no sustained community transmission has been reported for some months and vaccination rates have improved, market sentiment has remained weak owing to fears of the virulent Delta variant, a growing concern about the durability of the protection provided by the vaccines, and the continuing uncertainty as to when quarantine-free travel between Hong Kong, mainland China and the rest of the world is likely to resume. While visitors – both for business and tourism - are kept away from Hong Kong, retail and office occupancy rates and rents will continue to be under pressure.

The above factors will continue to create uncertainties in the operating performance of the Group and capital values across the portfolio of the investment properties of the Group. Nevertheless, since the Group has maintained a high liquidity and does not have external borrowings, it is well able to weather any downturn in business sentiment and maintain a healthy financial position overall. Furthermore, the local residential market has, in contrast to the retail and office market, shown signs of resilience, and analysts forecast this to continue in the foreseeable future. The progress now made in the redevelopment of the Chai Wan Inland Lot No. 88 site, in which the Group has a 20% stake, should enable the Company to benefit from this resilience to make profits for shareholders' benefits.

Having regard to the outlook of the local property market, the directors will act prudently in considering any new investment opportunities, and will in the meantime also pursue other means of enhancing shareholder value.

Dr. Henry NGAN  
Chairman

Hong Kong, 29th September, 2021



# 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 loss of the group for the year ended 30th June, 2021 amounted to HK\$18 million, compared with a consolidated profit of HK\$111 million for the previous year.

### CONSOLIDATED INCOME STATEMENT

for the year ended 30th June, 2021

(Expressed in Hong Kong dollars)

|  | Note  | 2021<br>HK\$000's | 2020<br>HK\$000's |
|--|-------|-------------------|-------------------|
| <b>Turnover</b>  | 2     | 78,382            | 82,972            |
| Finance income   | 4     | 50,157            | 43,340            |
| Other income   | 5     | 2,357             | 985               |
| Staff costs  |       | (12,059)          | (14,244)          |
| Depreciation   |       | (3,408)           | (1,754)           |
| Other operating expenses   | 6(b)  | (20,138)          | (20,507)          |
| <b>Operating profit</b>  | 2 & 6 | 95,291            | 90,792            |
| Share of results of joint ventures                                   | 7     | (81,076)          | 8,816             |
| Share of results of associates                                       |       | 15                | 4                 |
| Profit on disposal of the interest in<br>a joint venture             |       | -                 | 237,772           |
| Net valuation losses on investment<br>properties                     |       | (17,376)          | (216,170)         |
| <b>(Loss)/profit before taxation</b>                                 |       | (3,146)           | 121,214           |
| Income tax   | 8     | (14,776)          | (9,719)           |
| <b>(Loss)/profit after taxation attributable to<br/>shareholders</b> |       | (17,922)          | 111,495           |
| <b>(Loss)/earnings per share</b>                                     |       |                   |                   |
| Basic and diluted  | 9     | HK\$ (0.40)       | HK\$2.46          |

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 30th June, 2021**  
(Expressed in Hong Kong dollars)

|   | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|
|   | <b>HK\$000's</b> | <b>HK\$000's</b> |
| <b>(Loss)/profit for the year</b>   | <u>(17,922)</u>  | <u>111,495</u>   |
| <b>Other comprehensive income for the year</b>                              |                  |                  |
| Item that will not be reclassified to profit or loss:                       |                  |                  |
| Remeasurement of net defined benefit liability                              | -                | (222)            |
| Item that may be reclassified subsequently to profit or loss:               |                  |                  |
| Exchange differences arising on consolidation                               | <u>138,853</u>   | <u>(40,208)</u>  |
| <b>Other comprehensive income for the year</b>                              | <u>138,853</u>   | <u>(40,430)</u>  |
| <b>Total comprehensive income for the year attributable to shareholders</b> | <u>120,931</u>   | <u>71,065</u>    |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****At 30th June, 2021**

(Expressed in Hong Kong dollars)

|  | Note  | 2021<br>HK\$000's | 2020<br>HK\$000's |
|--|-------|-------------------|-------------------|
| <b>Non-current assets</b>                    |       |                   |                   |
| Fixed assets                                 |       | 2,624,589         | 2,564,671         |
| Interest in joint ventures                   |       | 2,817,277         | 2,908,353         |
| Interest in associates                       |       | 187,981           | 187,966           |
| Other investments                            |       | 15,983            | 12,358            |
|  |       | <u>5,645,830</u>  | <u>5,673,348</u>  |
| <b>Current assets</b>                        |       |                   |                   |
| Debtors, deposits and prepayments            | 10    | 4,529             | 8,197             |
| Deposits with banks                          |       | 2,412,418         | 2,713,956         |
| Cash at banks and in hand                    |       | 117,119           | 82,741            |
|  |       | <u>2,534,066</u>  | <u>2,804,894</u>  |
| <b>Current liabilities</b>                   |       |                   |                   |
| Creditors and accruals                       | 11    | 39,836            | 33,224            |
| Defined benefit obligation                   |       | -                 | 271               |
| Current tax payable                          |       | 8,750             | 9,841             |
|  |       | <u>48,586</u>     | <u>43,336</u>     |
| <b>Net current assets</b>                    |       | <u>2,485,480</u>  | <u>2,761,558</u>  |
| <b>Total assets less current liabilities</b> |       | <u>8,131,310</u>  | <u>8,434,906</u>  |
| <b>Non-current liability</b>                 |       |                   |                   |
| Deferred taxation                            |       | 47,466            | 41,567            |
| <b>NET ASSETS</b>                            |       | <u>8,083,844</u>  | <u>8,393,339</u>  |
| <b>CAPITAL AND RESERVES</b>                  |       |                   |                   |
| Share capital                                | 12(b) | 92,537            | 92,537            |
| Other reserves                               |       | 7,991,307         | 8,300,802         |
| <b>TOTAL EQUITY</b>                          |       | <u>8,083,844</u>  | <u>8,393,339</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 certain amendments to HKFRSs that are first effective for the current accounting period of the group. Of these, the following developments are relevant to the group’s consolidated financial statements:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKAS 1 and HKAS 8, *Definition of material*

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, 2021 and 2020 included in this preliminary announcement of annual results 2021 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, 2020 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, 2021 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.

|                                    | 2021<br>HK\$000's | 2020<br>HK\$000's |
|------------------------------------|-------------------|-------------------|
| Rentals from investment properties | 78,382            | 82,972            |
|                                    | =====             | =====             |

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

|   | Group turnover    |                   | Operating profit  |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2021<br>HK\$000's | 2020<br>HK\$000's | 2021<br>HK\$000's | 2020<br>HK\$000's |
| <i>Geographical locations of operations</i> |                   |                   |                   |                   |
| Hong Kong                                   | 46,200            | 53,190            | 64,461            | 59,881            |
| United Kingdom                              | <u>32,182</u>     | <u>29,782</u>     | <u>30,830</u>     | <u>30,911</u>     |
|   | 78,382            | 82,972            | 95,291            | 90,792            |
|   | =====             | =====             | =====             | =====             |

## 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<br>development and<br>investment |               | Treasury<br>management |               | Unallocated  |            | Consolidated    |                 |
|--|---|---------------|------------------------|---------------|--------------|------------|-----------------|-----------------|
|  | 2021                                      | 2020          | 2021                   | 2020          | 2021         | 2020       | 2021            | 2020            |
|  | 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   | 78,382                                    | 82,972        | -                      | -             | -            | -          | 78,382          | 82,972          |
| Finance income   | -   | -             | 50,157                 | 43,340        | -            | -          | 50,157          | 43,340          |
| Other income   | -   | -             | -                      | -             | 2,357        | 985        | 2,357           | 985             |
| Total revenue  | <u>78,382</u>                             | <u>82,972</u> | <u>50,157</u>          | <u>43,340</u> | <u>2,357</u> | <u>985</u> | <u>130,896</u>  | <u>127,297</u>  |
| Segment results  | 72,125                                    | 77,476        | 50,157                 | 43,340        | -            | -          | 122,282         | 120,816         |
| Net unallocated<br>expenses  |   |               |                        |               |              |            | <u>(26,991)</u> | <u>(30,024)</u> |
| Operating profit   |   |               |                        |               |              |            | 95,291          | 90,792          |
| Share of results of<br>joint ventures                              | (81,076)                                  | 8,816         | -                      | -             | -            | -          | (81,076)        | 8,816           |
| Share of results of<br>associates                                  | 15  | 4             | -                      | -             | -            | -          | 15              | 4               |
| Profit on disposal of<br>the interest in a<br>joint venture        | -   | 237,772       | -                      | -             | -            | -          | -               | 237,772         |
| Net valuation losses<br>on investment<br>properties                | (17,376)                                  | (216,170)     | -                      | -             | -            | -          | (17,376)        | (216,170)       |
| Income tax   |   |               |                        |               |              |            | <u>(14,776)</u> | <u>(9,719)</u>  |
| (Loss)/profit after<br>taxation<br>attributable to<br>shareholders |   |               |                        |               |              |            | <u>(17,922)</u> | <u>111,495</u>  |
| Depreciation for the<br>year                                       | (190)                                     | (180)         | -                      | -             | (3,218)      | (1,574)    | <u>(3,408)</u>  | <u>(1,754)</u>  |

### 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 |           |
|----------|-----------|-----------|----------------|-----------|
|          | 2021      | 2020      | 2021           | 2020      |
|          | HK\$000's | HK\$000's | HK\$000's      | HK\$000's |
| Turnover | 46,200    | 53,190    | 32,182         | 29,782    |
|          | =====     | =====     | =====          | =====     |

### 4. Finance income

|  | 2021         | 2020           |
|--|--------------|----------------|
|  | HK\$000's    | HK\$000's      |
| Dividend income from other investments             | 484          | 667            |
| Exchange gains/(losses)                            | 35,328       | (14,620)       |
| Interest income                                    | 10,720       | 63,477         |
| Net unrealised gains/(losses) on other investments | <u>3,625</u> | <u>(6,184)</u> |
|  | 50,157       | 43,340         |
|  | =====        | =====          |

### 5. Other income

|                               | 2021         | 2020       |
|-------------------------------|--------------|------------|
|                               | HK\$000's    | HK\$000's  |
| Management fee                | 497          | 497        |
| Unclaimed dividends forfeited | 440          | 319        |
| Sundry income                 | <u>1,420</u> | <u>169</u> |
|                               | 2,357        | 985        |
|                               | =====        | =====      |

## 6. Operating profit

Operating profit is arrived at

|  | <b>2021</b>      | <b>2020</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                      | 116              | 131              |
| (Income)/expenses recognised in respect of defined benefit retirement scheme | (513)            | 262              |
| Salaries, wages and other benefits   | <u>12,456</u>    | <u>13,851</u>    |
|  | <u>12,059</u>    | <u>14,244</u>    |
| <b>(b) Other operating expenses:</b>   |                  |                  |
| Auditor's remuneration   |                  |                  |
| - audit services   | 4,234            | 4,100            |
| - tax services   | 245              | 256              |
| - other audit-related services   | 134              | 71               |
| Legal and professional fees  | 6,890            | 7,616            |
| Property expenses  | 6,002            | 4,438            |
| Rent and rates   | 401              | 1,345            |
| Others   | <u>2,232</u>     | <u>2,681</u>     |
|  | <u>20,138</u>    | <u>20,507</u>    |
| <i>and after crediting:</i>  |                  |                  |
| Rental income less outgoings   | 71,772           | 78,272           |
| which includes   |                  |                  |
| - gross rental income from investment properties                             | <u>78,382</u>    | <u>82,972</u>    |

## 7. Share of results of joint ventures

|  | 2021            | 2020           |
|--|-----------------|----------------|
|  | HK\$000's       | HK\$000's      |
| Share of operating profit                          | 62,964          | 61,087         |
| Share of valuation losses on investment properties | (131,887)       | (44,288)       |
| Share of taxation                                  | <u>(12,153)</u> | <u>(7,983)</u> |
|  | <u>(81,076)</u> | <u>8,816</u>   |
|  | =====           | =====          |

## 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 qualifying corporations 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.

|  | 2021          | 2020         |
|--|---------------|--------------|
|  | HK\$000's     | HK\$000's    |
| <b>Current tax – Provision for Hong Kong Profits Tax</b> |               |              |
| Tax for the year   | 4,336         | 5,315        |
| Under/(over)-provision in respect of prior years         | <u>2</u>      | <u>(23)</u>  |
|  | <u>4,338</u>  | <u>5,292</u> |
| <b>Current tax - Overseas</b>                            |               |              |
| Tax for the year   | 4,479         | 4,902        |
| Under-provision in respect of prior years                | <u>60</u>     | <u>104</u>   |
|  | <u>4,539</u>  | <u>5,006</u> |
| <b>Deferred tax</b>                                      |               |              |
| Origination and reversal of temporary differences        | <u>5,899</u>  | <u>(579)</u> |
|  | <u>14,776</u> | <u>9,719</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\$17,922,000 (2020: profit attributable to shareholders of HK\$111,495,000) and the weighted average of 45,308,056 (2020: 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>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|
|   | <b>HK\$000's</b> | <b>HK\$000's</b> |
| Within 1 month                              | 525              | 97               |
| 1 to 3 months                               | <u>54</u>        | <u>-</u>         |
| Total trade debtors                         | 579              | 97               |
| Deposits, prepayments and other receivables | <u>3,950</u>     | <u>8,100</u>     |
|   | <u>4,529</u>     | <u>8,197</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>2021</b>      | <b>2020</b>      |
|-----------------------------|------------------|------------------|
|                             | <b>HK\$000's</b> | <b>HK\$000's</b> |
| Within 1 month              | 418              | 11               |
| 1 to 3 months               | -                | -                |
| Over 3 months               | <u>201</u>       | <u>201</u>       |
| Total trade creditors       | 619              | 212              |
| Other payables and accruals | <u>39,217</u>    | <u>33,012</u>    |
|                             | <u>39,836</u>    | <u>33,224</u>    |

## 12. Capital, reserves and dividends

### (a) Dividends

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

|  | 2021<br>HK\$000's | 2020<br>HK\$000's |
|--|-------------------|-------------------|
| First interim dividend declared and paid of HK\$0.10<br>(2020: HK\$0.10) per share                               | 4,531             | 4,531             |
| Special dividend declared and paid of HK\$1.00<br>(2020: HK\$19.00) per share                                    | 45,308            | 860,853           |
| Second interim dividend declared after the end of the reporting<br>period of HK\$0.30 (2020: HK\$0.30) per share | 13,592            | 13,592            |
| Final dividend proposed after the end of the reporting period<br>of HK\$0.10 (2020: HK\$0.10) per share          | 4,531             | 4,531             |
| Special dividend proposed after the end of the reporting period<br>of HK\$1.70 (2020: HK\$8.00) per share        | <u>77,024</u>     | <u>362,464</u>    |
|  | <u>144,986</u>    | <u>1,245,971</u>  |

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

|  | 2021              |                     | 2020              |                     |
|--|-------------------|---------------------|-------------------|---------------------|
|  | No. of<br>shares  | Amount<br>HK\$000's | No. of<br>shares  | Amount<br>HK\$000's |
| <b>Ordinary shares, issued<br/>and fully paid:</b> |                   |                     |                   |                     |
| At 1st July and 30th June                          | <u>45,308,056</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. Non-adjusting events after the reporting period**

On 2nd September, 2021, a basic terms offer for land exchange in connection with the redevelopment of Chai Wan Inland Lot No. 88 was made by the Government to Joyful Sincere Limited, an associate of the group. The land exchange offer that involves a land premium of \$4,540,210,000 was accepted by Joyful Sincere Limited on 29th September, 2021. The Group has 20% interest in Joyful Sincere Limited and its share of the land premium amounting to approximately \$900 million will be paid during the year ending 30th June, 2022.

### **14. Review of results**

The annual results for the year ended 30th June, 2021 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 Thursday, 2nd December, 2021 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\$27.50 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 10th February, 2022.

## **Closure of Register**

For ascertaining the shareholders' entitlement to attend and vote at the Ordinary Yearly Meeting to be held on Thursday, 2nd December, 2021, the Register of Members of the company will be closed from Tuesday, 30th November, 2021 to Thursday, 2nd December, 2021, 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 Monday, 29th November, 2021.

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, 20th January, 2022 to Friday, 21st January, 2022, 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, 19th January, 2022.

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

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 operating profit of the Group for the year ended 30th June, 2021 amounted to HK\$95 million, compared with HK\$91 million for the previous year, which reflects the effect of exchange gains in the current year. Overall, the Group has an audited consolidated loss of HK\$18 million for the year ended 30th June, 2021, compared with a consolidated profit of HK\$111 million for the previous year, which reflects the effect of net revaluation losses on investment properties held by the Group and the Group's joint ventures, whereas similar revaluation losses in the previous year were offset by the profit from disposal of the interest of a joint venture.

## **Future Outlook**

The global economy has been significantly affected by the coronavirus pandemic since 2020. Although there are signs of post-recession growth in some major economies, economic recovery in many countries continues to be constrained by the resurgence of coronavirus cases and the lagging progress of vaccination. With the recent emergence of the Delta variant, cross-border travel has remained restricted in most countries and regions around the world.

In Hong Kong, while no sustained community transmission has been reported for some months and vaccination rates have improved, market sentiment has remained weak owing to fears of the virulent Delta variant, a growing concern about the durability of the protection provided by the vaccines, and the continuing uncertainty as to when quarantine-free travel between Hong Kong, mainland China and the rest of the world is likely to resume. While visitors – both for business and tourism - are kept away from Hong Kong, retail and office occupancy rates and rents will continue to be under pressure.

The above factors will continue to create uncertainties in the operating performance of the Group and capital values across the portfolio of the investment properties of the Group. Nevertheless, since the Group has maintained a high liquidity and does not have external borrowings, it is well able to weather any downturn in business sentiment and maintain a healthy financial position overall. Furthermore, the local residential market has, in contrast to the retail and office market, shown signs of resilience, and analysts forecast this to continue in the foreseeable future. The progress now made in the redevelopment of the Chai Wan Inland Lot No. 88 site, in which the Group has a 20% stake, should enable the Company to benefit from this resilience to make profits for shareholders' benefits.

Having regard to the outlook of the local property market, the directors will act prudently in considering any new investment opportunities, and will in the meantime also pursue other means of enhancing shareholder value.

## Disclosure pursuant to Listing Rules 13.20 and 13.22

At 30th June, 2021, 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><br><b>HK\$000's</b> | <i>Amount of advances made by the group under the loan facility</i><br><b>HK\$000's</b> | <i>Amount of other advances made by the group</i><br><b>HK\$000's</b> | <i>Total financial assistance made available by the group</i><br><b>HK\$000's</b> |
|-----------------------------------|--------------------------------------|---|---|---|---|
| Hareton Limited                   | 50%                                  | 702,650   | 1,097,350   | 205,407   | 2,005,407   |
| Joyful Sincere Limited            | 20%                                  | 1,769,727   | 188,273   | -   | 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 \$3,546,877,000, at 30th June, 2021 is as follows:

|                         | <b>HK\$000's</b>        |
|-------------------------|-------------------------|
| Non-current assets      | 4,776,622               |
| Current assets          | 1,158,558               |
| Current liabilities     | (91,866)                |
|                         | <u>1,066,692</u>        |
| Non-current liabilities | (30,194)                |
|                         | <u><u>5,813,120</u></u> |

Attributable interest to the group at 30th June, 2021 in the above affiliated companies amounted to HK\$2,624,274,000 (2020: HK\$2,699,328,000).

## 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, 2021, except the following:

- (i) Code A.5.1 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.
- (ii) Code C.2.5 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.

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

Hong Kong, 29th September, 2021

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

\*Independent non-executive director