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

*(Incorporated in Hong Kong with limited liability)*

*(Stock code: 026)*

### **ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 30TH JUNE, 2022**

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

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

The Board announces that the audited consolidated profit after taxation attributable to shareholders amounted to HK\$72 million as compared with a consolidated loss after taxation attributable to shareholders of HK\$18 million in the previous year, which reflects the improvement of the share of results of joint ventures. The operating profit of the group for the year ended 30th June, 2022 amounted to HK\$47 million, compared with HK\$95 million in the previous year. This reflects the effect of decrease in exchange gains, interest income and rental income in the current year.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Thursday, 1st December, 2022 the payment of a final dividend of HK\$0.10 per share. The Directors will also recommend to the shareholders the payment of a special dividend of HK\$1.70 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$1.00 per share, and a second interim dividend of HK\$0.30 per share, will make a total dividend for the year of HK\$3.20 per share, compared with HK\$3.20 per share for the previous year.

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

###### **Chai Wan Inland Lot No. 178, 391 Chai Wan Road, Chai Wan (the "Property")**

The Group has a 20% interest in Windcharm Investments Limited, 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 Chai Wan Inland Lot No. 88 (the "Old Lot") from the Company and is in the process of redeveloping it into a residential and commercial complex with an aggregate residential and retail gross floor area of 64,500 sq. m. and comprising three residential towers with retail space and a covered public transport terminus.

On 3rd December, 2021, the Director of Planning on behalf of the Town Planning

Board approved an application for amendment of the planning permission for the Old Lot, to permit an increase in the number of residential units in the redevelopment within the total permitted gross floor area, an increase in the ceiling height of the typical floors, as well as design improvements to increase overall efficiency.

On 28th December, 2021, Conditions of Exchange No. 20390 were entered into between the Government and Joyful Sincere Limited, whereby the Old Lot was surrendered to Government in exchange for the grant of the Property for the term of 50 years from 28th December, 2021, subject to payment of a land premium in the sum of HK\$4,540 million of which the Group's share was HK\$908 million.

The redevelopment is now proceeding on plan and is expected to be completed in 2025. General Building Plans incorporating the approved planning amendment scheme have been approved by the Buildings Department. Hoarding, demolition and site investigation works at the Property, as well as decontamination and associated works, are completed and a Temporary Public Transportation Interchange has also been constructed. Foundation works are currently in progress.

With the progress made in redevelopment work, preparation for an application for consent for the pre-sale of units in the redevelopment is expected to begin soon. While the redevelopment project will be a significant investment for the Group, the Company believes that shareholders are likely to benefit from the sale of units in the redevelopment over the coming years.

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

South Island Place 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, 2022, the offices in Island Place were 72.8% occupied while the residential units were 100% occupied. In Island Lodge, the residential units were 83.7% occupied while the retail units were 100% occupied. 3 Jordan Road, which comprises furnished apartments and retail accommodation, has an occupancy rate of 75.6%.

#### **UK Properties**

Albany House and Scorpio House, the Group's investment properties in Central London, remain fully let. As the current 25 year letting of Albany House to London Underground Limited is due to expire at the end of 2024, the Company is examining its options regarding this investment property after the lease expiry, with the view of enhancing shareholder value.

## **FUTURE OUTLOOK**

The global economy is expected to face significant challenges and uncertainties for the remainder of 2022. Adverse impacts arising from the coronavirus pandemic continue to hinder global economic recovery. Beyond the pandemic, the Russia-Ukraine conflict, sharp interest rate hikes in the US, rising inflation, oil price fluctuations, and heightened geopolitical tensions remain the major sources of uncertainty in the global investment and economic environment. The International Monetary Fund has recently lowered economic growth forecasts for 2022 and 2023 and has warned of the increased risk of a global recession.

In Hong Kong, the 5th wave of local coronavirus outbreak in the first quarter of 2022 has significantly hampered local economic growth. The implementation of stringent social distancing measures and border closures severely hit domestic consumption, resulting in a 3.9% contraction in GDP from the year earlier in the first quarter. That said, with the pandemic gradually coming under control and the gradual lifting of travel restrictions and quarantine requirements by the Government, the local economy has improved in overall terms in the second quarter of 2022, and real GDP decreased at a moderated pace of 1.3% from a year earlier. While there may be significant headwind in the short term, it is hoped that the local economy will progressively regain momentum over time.

In the UK, economic uncertainty and the depreciation of Sterling may have an impact on the rental income and capital value of our UK properties.

Macroeconomic factors will continue to create uncertainties in the Group's operating performance and in the capital values across the portfolio of the Group's investment properties, particularly rises in Hong Kong interest rates. In the office market, the outflow of talent and shifts in the way people work brought about by the pandemic have posed threat to demand for office space. In contrast, in the residential market, an increase in the number of transactions has been observed and the price decline also appears to be moderating. Retail sales in Hong Kong have also been reported to have risen in the second quarter of 2022. 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. Having regard to the steady progress which has been made in the redevelopment of the Chai Wan Inland Lot No.178 site, the Group should also be well placed to benefit from any future improvement in the market conditions.

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, 2022



# CHINA MOTOR BUS COMPANY, LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 026)

The Board of Directors announces that the audited consolidated profit of the group for the year ended 30th June, 2022 amounted to HK\$72 million, compared with a consolidated loss of HK\$18 million for the previous year.

## CONSOLIDATED INCOME STATEMENT

for the year ended 30th June, 2022

(Expressed in Hong Kong dollars)

		2022	2021
	Note	HK\$000's	HK\$000's
<b>Turnover</b>	2	72,983	78,382
Finance income	4	8,532	50,157
Other income	5	1,285	2,357
Staff costs		(14,041)	(12,059)
Depreciation		(3,408)	(3,408)
Other operating expenses	6(b)	(18,673)	(20,138)
<b>Operating profit</b>	2 & 6	46,678	95,291
Share of results of joint ventures	7	117,317	(81,076)
Share of results of associates		(71)	15
Net valuation losses on investment properties		(78,235)	(17,376)
<b>Profit/(loss) before taxation</b>		85,689	(3,146)
Income tax	8	(13,342)	(14,776)
<b>Profit/(loss) after taxation attributable to shareholders</b>		72,347	(17,922)
<b>Earnings/(loss) per share</b>			
Basic and diluted	9	HK\$1.60	HK\$(0.40)

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, 2022**

(Expressed in Hong Kong dollars)

	<b>2022</b>	<b>2021</b>
	<b>HK\$000's</b>	<b>HK\$000's</b>
<b>Profit/(loss) for the year</b>	<u>72,347</u>	<u>(17,922)</u>
<b>Other comprehensive income for the year</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation	<u>(144,046)</u>	<u>138,853</u>
<b>Other comprehensive income for the year</b>	<u>(144,046)</u>	<u>138,853</u>
<b>Total comprehensive income for the year attributable to shareholders</b>	<u><u>(71,699)</u></u>	<u><u>120,931</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****At 30th June, 2022**

(Expressed in Hong Kong dollars)

	Note	2022 HK\$000's	2021 HK\$000's
<b>Non-current assets</b>			
Fixed assets		2,461,003	2,624,589
Interest in joint ventures		2,855,594	2,817,277
Interest in associates		1,135,089	187,981
Other investments		14,618	15,983
		<u>6,466,304</u>	<u>5,645,830</u>
<b>Current assets</b>			
Debtors, deposits and prepayments	10	3,838	4,529
Deposits with banks		1,405,278	2,412,418
Cash at banks and in hand		86,673	117,119
		<u>1,495,789</u>	<u>2,534,066</u>
<b>Current liabilities</b>			
Creditors and accruals	11	39,569	39,836
Current tax payable		4,133	8,750
		<u>43,702</u>	<u>48,586</u>
<b>Net current assets</b>		<u>1,452,087</u>	<u>2,485,480</u>
<b>Total assets less current liabilities</b>		<u>7,918,391</u>	<u>8,131,310</u>
<b>Non-current liability</b>			
Deferred taxation		51,232	47,466
<b>NET ASSETS</b>		<u>7,867,159</u>	<u>8,083,844</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12(b)	92,537	92,537
Other reserves		7,774,622	7,991,307
<b>TOTAL EQUITY</b>		<u>7,867,159</u>	<u>8,083,844</u>

## Notes

### 1. Basis of preparation

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

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the group. Of these, the following developments are relevant to the group’s consolidated financial statements:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*
- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30th June, 2021*

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, 2022 and 2021 included in this preliminary announcement of annual results 2022 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, 2021 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, 2022 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.

	2022 HK\$000's	2021 HK\$000's
Rentals from investment properties	72,983	78,382
	=====	=====

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

	Group turnover		Operating profit	
	2022 HK\$000's	2021 HK\$000's	2022 HK\$000's	2021 HK\$000's
<i>Geographical locations of operations</i>				
Hong Kong	40,503	46,200	14,961	64,461
United Kingdom	<u>32,480</u>	<u>32,182</u>	<u>31,717</u>	<u>30,830</u>
	72,983	78,382	46,678	95,291
	=====	=====	=====	=====

In addition, the turnover of the joint ventures attributable to the group for the year amounted to \$105,803,000 (2021: \$92,208,000).

## 3. Segment reporting

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

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



### 3. Segment reporting (continued)

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

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

Segment assets principally comprise all tangible assets and current assets directly attributable to each segment with the exception of 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	
	2022	2021	2022	2021	2022	2021	2022	2021
	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	72,983	78,382	-	-	-	-	72,983	78,382
Finance income	-	-	8,532	50,157	-	-	8,532	50,157
Other income	-	-	-	-	1,285	2,357	1,285	2,357
Total revenue	<u>72,983</u>	<u>78,382</u>	<u>8,532</u>	<u>50,157</u>	<u>1,285</u>	<u>2,357</u>	<u>82,800</u>	<u>130,896</u>
Segment results	65,409	72,125	8,532	50,157	-	-	73,941	122,282
Net unallocated expenses							<u>(27,263)</u>	<u>(26,991)</u>
Operating profit							46,678	95,291
Share of results of joint ventures	117,317	(81,076)	-	-	-	-	117,317	(81,076)
Share of results of associates	(71)	15	-	-	-	-	(71)	15
Net valuation losses on investment properties	(78,235)	(17,376)	-	-	-	-	(78,235)	(17,376)
Income tax							<u>(13,342)</u>	<u>(14,776)</u>
Profit/(loss) after taxation attributable to shareholders							<u>72,347</u>	<u>(17,922)</u>
Depreciation for the year	(190)	(190)	-	-	(3,218)	(3,218)	<u>(3,408)</u>	<u>(3,408)</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	
	2022	2021	2022	2021
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
Turnover	40,503	46,200	32,480	32,182
	=====	=====	=====	=====

### 4. Finance income

	2022	2021
	HK\$000's	HK\$000's
Dividend income from other investments	477	484
Exchange gains	5,023	35,328
Interest income	4,397	10,720
Net unrealised (losses)/gains on other investments	<u>(1,365)</u>	<u>3,625</u>
	8,532	50,157
	=====	=====

### 5. Other income

	2022	2021
	HK\$000's	HK\$000's
Management fee	497	497
Unclaimed dividends forfeited	302	440
Sundry income	<u>486</u>	<u>1,420</u>
	1,285	2,357
	=====	=====

## 6. Operating profit

Operating profit is arrived at

	2022 HK\$000's	2021 HK\$000's
<i>after charging:</i>		
(a) Staff costs:		
Contributions to defined contribution retirement scheme	197	116
Salaries, wages and other benefits	13,844	12,456
Income recognised in respect of defined benefit retirement scheme	<u>-</u>	<u>(513)</u>
	<u>14,041</u>	<u>12,059</u>
(b) Other operating expenses:		
Auditor's remuneration		
- audit services	4,403	4,234
- tax services	249	245
- other audit-related services	-	134
Legal and professional fees	4,695	6,890
Property expenses	6,362	6,002
Rent and rates	385	401
Others	<u>2,579</u>	<u>2,232</u>
	<u>18,673</u>	<u>20,138</u>
<i>and after crediting:</i>		
Rental income less outgoings	66,621	71,772
which includes		
- gross rental income from investment properties	<u>72,983</u>	<u>78,382</u>

## 7. Share of results of joint ventures

	2022	2021
	HK\$000's	HK\$000's
Share of revenue	105,803	92,208
Share of operating profit	71,402	62,964
Share of valuation gains/(losses) on investment properties	57,681	(131,887)
Share of taxation	(11,766)	(12,153)
	<u>117,317</u>	<u>(81,076)</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.

	2022	2021
	HK\$000's	HK\$000's
<b>Current tax – Provision for Hong Kong Profits Tax</b>		
Tax for the year	3,170	4,336
(Over)/under-provision in respect of prior years	<u>(3)</u>	<u>2</u>
	<u>3,167</u>	<u>4,338</u>
<b>Current tax - Overseas</b>		
Tax for the year	5,462	4,479
Under-provision in respect of prior years	<u>99</u>	<u>60</u>
	<u>5,561</u>	<u>4,539</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>4,614</u>	<u>5,899</u>
	<u>13,342</u>	<u>14,776</u>

## 9. Earnings/(loss) per share

The calculation of basic and diluted earnings/(loss) per share is based on profit attributable to shareholders of HK\$72,347,000 (2021: loss attributable to shareholders of HK\$17,922,000) and the weighted average of 45,308,056 (2021: 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>2022</b>	<b>2021</b>
	<b>HK\$000's</b>	<b>HK\$000's</b>
Within 1 month	487	525
1 to 3 months	<u>-</u>	<u>54</u>
Total trade debtors	487	579
Deposits, prepayments and other receivables	<u>3,351</u>	<u>3,950</u>
	<u>3,838</u>	<u>4,529</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>2022</b>	<b>2021</b>
	<b>HK\$000's</b>	<b>HK\$000's</b>
Within 1 month	31	418
1 to 3 months	-	-
Over 3 months	<u>201</u>	<u>201</u>
Total trade creditors	232	619
Other payables and accruals	<u>39,337</u>	<u>39,217</u>
	<u>39,569</u>	<u>39,836</u>

## 12. Capital, reserves and dividends

### (a) Dividends

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

	2022 HK\$000's	2021 HK\$000's
First interim dividend declared and paid of HK\$0.10 (2021: HK\$0.10) per share	4,531	4,531
Special dividend declared and paid of HK\$1.00 (2021: HK\$1.00) per share	45,308	45,308
Second interim dividend declared after the end of the reporting period of HK\$0.30 (2021: HK\$0.30) per share	13,592	13,592
Final dividend proposed after the end of the reporting period of HK\$0.10 (2021: HK\$0.10) per share	4,531	4,531
Special dividend proposed after the end of the reporting period of HK\$1.70 (2021: HK\$1.70) per share	<u>77,024</u>	<u>77,024</u>
	<u>144,986</u>	<u>144,986</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

	2022		2021	
	No. of shares	Amount HK\$000's	No. of shares	Amount HK\$000's
<b>Ordinary shares, issued and fully paid:</b>				
At 1st July 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. Review of results

The annual results for the year ended 30th June, 2022 have been audited by the group's external auditors, KPMG, and also reviewed by the company's audit committee.

## **ADDITIONAL INFORMATION**

### **Dividends**

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Thursday, 1st December, 2022 the payment of a final dividend of HK\$0.10 per share. The Directors will also recommend to the shareholders the payment of a special dividend of HK\$1.70 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$1.00 per share, a second interim dividend of HK\$0.30 per share, will make a total dividend for the year of HK\$3.20 per share, compared with HK\$3.20 per share for the previous year.

Subject to the approval by shareholders at the forthcoming Ordinary Yearly Meeting, the final dividend and the special dividend will be payable on 9th February, 2023.

### **Closure of Register**

For ascertaining the shareholders' entitlement to attend and vote at the Ordinary Yearly Meeting to be held on Thursday, 1st December, 2022, the Register of Members of the company will be closed from Monday, 28th November, 2022 to Thursday, 1st December, 2022, 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 Friday, 25th November, 2022.

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, 19th January, 2023 to Friday, 20th January, 2023, 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, 18th January, 2023.

### **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.

## Disclosure pursuant to Listing Rules 13.20 and 13.22

At 30th June, 2022, 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%	771,650	1,028,350	205,407	2,005,407
Joyful Sincere Limited	20%	822,548	1,135,452	-	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 \$8,144,774,000, at 30th June, 2022 is as follows:

	<b>HK\$000's</b>
Non-current assets	4,783,107
Current assets	5,847,760
Current liabilities	(67,764)
	<u>5,779,996</u>
Non-current liabilities	(48,716)
	<u><u>10,514,387</u></u>

Attributable interest to the group at 30th June, 2022 in the above affiliated companies amounted to HK\$3,554,195,000 (2021: HK\$2,624,274,000).



## 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, 2022, except the following:

- (i) Former Code A5.1 provided that the company should establish a nomination committee. The company did not have a nomination committee as the role and the function of such a committee were formerly performed by the Board before 21st February, 2022. Following the upgrading of former Code A5.1 to Listing Rule 3.27A with effect from 1st January, 2022, the company established a Nomination Committee on 21st February, 2022 comprising of the Chairman of the Board and all the independent non-executive directors.
- (ii) Code D2.5 provides that the Company should have an internal audit function. Given the structure and size of the group’s business, the Board at present believes that there is no need to establish an internal audit function.

## Forward-looking Statements

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

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

Hong Kong, 29th September, 2022

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\*, Michael John MOIR and YUNG Shun-loy Jacky.

\*Independent non-executive director