



# ***China Motor Bus Co., Ltd.***

**2024 ANNUAL REPORT**

*Stock Code 026*

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### **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.

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## Corporate Information

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### **BOARD OF DIRECTORS**

Dr. Henry NGAN

*Chairman*

\*Anthony Grahame STOTT, B.Sc., F.F.A.

\*Stephen TAN, M.B.A., B.A.

\*Dr. CHAU Ming-tak

Michael John MOIR

YUNG Shun-loy Jacky

\*Lynne Jane ARNETT (appointed on 6 September 2024)

(\*Independent Non-Executive Director)

### **SECRETARY**

KWOK Pun Tak

### **REGISTERED OFFICE**

2606-08, 26/F, Island Place Tower, 510 King's Road, North Point, Hong Kong

### **BANKERS**

The Hongkong & Shanghai Banking Corporation Limited  
Standard Chartered Bank

### **SOLICITORS**

Mayer Brown  
Linklaters  
Ngan & Co.

### **AUDITORS**

KPMG

*Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*

### **REGISTRARS AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **WEBSITES**

<http://www.chinamotorbus.com.hk>

<http://www.irasia.com/listco/hk/cmb/index.htm>

### **STOCK CODE**

026

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## Report of the Directors

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The directors submit herewith their annual report together with the audited financial statements for the year ended 30 June 2024.

### PRINCIPAL PLACE OF BUSINESS

China Motor Bus Company, Limited (the “company”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Room 2606-08, 26/F., Island Place Tower, 510 King’s Road, North Point, Hong Kong.

### GROUP’S ACTIVITIES, OPERATIONS AND BUSINESS REVIEW

The principal activities of the company and its subsidiaries (the “group”) are property development and investment. The principal activities and other particulars of the subsidiaries are set out in note 10 to the financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, Cap. 622 of the Laws of Hong Kong (the “Companies Ordinance”) can be found in the Chairman’s Statement, the Corporate Governance Report and the Environmental, Social and Governance Report of this annual report, which form part of this Report of the Directors.

The geographical analysis of the group’s turnover and operating profit is set out in note 2 to the financial statements.

### JOINT VENTURES

Particulars of joint ventures at 30 June 2024 are set out in note 11 to the financial statements.

### ASSOCIATES

Particulars of associates at 30 June 2024 are set out in note 12 to the financial statements.

### DIVIDEND

The company’s dividend policy is to pay regular dividends. In setting the company’s dividend policy, the board of directors of the company (the “Board”) recognises the need to strike a balance between paying regular cash dividends to shareholders and retaining sufficient cash to reinvest to grow the company’s future profits, enabling the payment of higher dividends to shareholders in the future.

The Board targets to declare dividends broadly equivalent to the profits earned from recurring income (i.e. profits from rentals and finance income), after tax, during the year in question. When further profits are made from the sale of investment properties/developments for sale, the Board will consider the payment of one off special dividends after taking into account the company’s opportunities to earn future profits from reinvestment of such proceeds. Unrealised profits due to revaluation of investment properties (as these are of a non-cash nature) are not considered when setting dividends.

The Board aims to declare/recommend three (3) dividend payments for each financial year of the company: a first interim dividend, in respect of the first six months ending on 31 December of the company’s financial year, to be declared in or around February in the calendar year immediately following the end of such six month period; a second interim dividend to be declared in or around July of such following calendar year, and a final dividend to be recommended by the Board and declared by the company at its Ordinary Yearly Meeting in or around November of such following calendar year.

A first interim dividend of HK\$0.10 (2023: HK\$0.10) per share and a special dividend of HK\$1.00 (2023: HK\$1.00) per share were paid on 25 June 2024. A second interim dividend of HK\$0.30 (2023: HK\$0.30) per share is payable on 17 October 2024. The directors now recommend that a final dividend of HK\$0.10 (2023: HK\$0.10) per share and a special dividend of HK\$1.70 (2023: HK\$1.70) per share be paid in respect of the year ended 30 June 2024.

Subject to the approval by shareholders at the forthcoming Ordinary Yearly Meeting, the final dividend and the special dividend will be payable on 7 February 2025.

### FIXED ASSETS

Movements in fixed assets during the year are set out in note 9 to the financial statements.

## Report of the Directors (Continued)

### DIRECTORS

The directors of the company during the year and up to the date of this report are given on page 2 and further information regarding directors is given on pages 36 to 37.

The company has received from each of its independent non-executive directors confirmation of his or her independence pursuant to rule 3.13 of the Listing Rules and still considers the independent non-executive directors to be independent.

In accordance with article 122 of the company's articles of association, Dr. Henry NGAN, Messrs. Anthony Grahame STOTT, Stephen TAN, Dr. CHAU Ming-tak, Michael John MOIR, YUNG Shun-loy Jacky and Ms. Lynne Jane ARNETT will retire from the board and all the said retiring directors being eligible, offer themselves for re-election in the forthcoming Ordinary Yearly Meeting (for details of directors, see Appendix I of the explanatory statement on re-election of directors, general mandate for repurchase of own shares and adoption of new articles of association and notice of ordinary yearly meeting accompanying this annual report).

### DIRECTORS OF SUBSIDIARIES

During the year and up to the date of this report, Dr. Henry NGAN, NGAN Kit-ling and YUNG Shun-loy Jacky have served on the board of one or more of the company's subsidiary or subsidiaries.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 June 2024, the interests and short positions of the directors and chief executive of the company in the shares, underlying shares and debentures of the company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Directors	China Motor Bus Co., Ltd. Ordinary shares				Percentage of total issued shares*
	Personal interests	Family interests	Other interests	Total interests	
Dr. Henry NGAN	7,173,125	250	33,468 (Note 1)	7,206,843	15.92%
Anthony Grahame STOTT	20,600	–	–	20,600	0.05%
Stephen TAN	600	–	–	600	–
Dr. CHAU Ming-tak	4,137	–	–	4,137	0.01%
Michael John MOIR	2,000	–	–	2,000	–
YUNG Shun-loy Jacky	29,200	–	–	29,200	0.06%

\* Shareholding percentages have been rounded to the nearest 2 decimal places

Note 1: Including 33,468 shares in other interests which are held by the estate of the late WONG Yick-mui, of which Dr. Henry NGAN, NGAN Kit-ling and the late NGAN Kit-keung by themselves and through the estate of the late NGAN Shing Kwan are interested as beneficiaries.

All the interests disclosed above represented long positions as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the directors or chief executive of the company or any of their spouses or children under 18 years of age had held any interests or short positions in the shares, underlying shares or debentures of the company or any of its associated corporations as defined in the SFO.

## Report of the Directors (Continued)

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the year under review, the company did not grant to any director or chief executive or to the spouse or children under 18 years of age of any such director or chief executive any right to subscribe for shares of the company.

At no time during the year was the company or any of its subsidiaries a party to any arrangements to enable the directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES OF THE COMPANY (OTHER THAN DIRECTORS OR CHIEF EXECUTIVE OF THE COMPANY)

The company has been notified of the interests of the following persons (other than Directors or Chief Executive of the company) in the company's issued shares at 30 June 2024, which were required to be recorded in the register kept under section 336 of the SFO:

<u>Substantial shareholders</u>	<u>Ordinary shares held</u>	<u>Percentage of total issued shares*</u>
NGAN Kit-ling	5,280,813 (Notes 1, 2 & 3)	11.66%
NGAN Soo Shieh Ven Maria	6,975,731 (Notes 3 & 4)	15.41%
CHAN E Pek Eliza (one of the administrators of CHAN Kwan Shat)	6,566,200 (Note 5)	14.50%
CHAN E Sun Ivy (one of the administrators of CHAN Kwan Shat)	6,088,600 (Note 5)	13.45%
CHAN Man Lung Eddie (one of the administrators of CHAN Kwan Shat)	5,553,200 (Note 5)	12.26%
CHAN Yee Mun Mary (one of the administrators of CHAN Kwan Shat)	5,553,200 (Note 5)	12.26%
 <u>Other person</u>		
CHEE Sing Wan Sylvana	3,766,200 (Note 6)	8.32%

\* Shareholding percentages have been rounded to the nearest 2 decimal places

Note 1: Including 33,468 shares which are held by the estate of the late WONG Yick-mui, of which Dr. Henry NGAN, NGAN Kit-ling and the late NGAN Kit-keung by themselves and through the estate of the late NGAN Shing Kwan are interested as beneficiaries.

Note 2: Including 50,000 shares held as the sole executrix and sole beneficiary under the will of her spouse, the late Fritz HELMREICH and 349,000 shares held by Kwan Mui Company Limited, which is held as to 31% of its issued shares by NGAN Kit-ling and as to 25% of its issued shares by the estate of the late NGAN Shing Kwan, of which NGAN Kit-ling is one of the two joint executors to whom probate was granted and a beneficiary as to one-third of the estate.

Note 3: NGAN Kit-ling is the sister of Dr. Henry NGAN. NGAN Soo Shieh Ven Maria is the sister-in-law of NGAN Kit-ling and Dr. Henry NGAN. They are presumed to be persons acting in concert under the Hong Kong Code on Takeovers and Mergers and they hold in the aggregate (including in their respective shareholding of 33,468 shares which represented the same interests held by the estate of the late WONG Yick-mui as stated in Notes 1 and 4) 42.99% of the total issued shares.

Note 4: Including 33,468 shares held by the estate of the late WONG Yick-mui as stated in Note 1 above, of which NGAN Soo Shieh Ven Maria is interested as one of the joint executors and beneficiary under the will of the late NGAN Kit-keung.

Note 5: There is a duplication of 5,553,200 shares which are held by the estate of the late CHAN Kwan Shat.

Note 6: The interest of 3,766,200 shares of CHEE Sing Wan Sylvana is held through Hyacinth Development Holdings Limited, a corporation wholly controlled by CHEE Sing Wan Sylvana.

All the interests disclosed above represented long positions as at 30 June 2024.

Apart from the foregoing, as at 30 June 2024, no other interests or short positions in the shares or underlying shares of the company required to be recorded in the register kept under section 336 of the SFO have been notified to the company.

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## Report of the Directors (Continued)

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### **DIRECTORS' INTEREST IN CONTRACTS**

No transaction, arrangement or contract of significance, to which the company or any of its subsidiaries was a party and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

### **PERMITTED INDEMNITY PROVISION**

Pursuant to the Articles of Association of the company and subject to the provisions of the Companies Ordinance, every director shall be indemnified by the company against all costs, losses and expenses which he may incur or become liable for by reason of any contract entered into or any act or thing done by him as a director or in any way in discharge of his duties. The company may also indemnify any director against any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted. Pursuant to the requirement of the Corporate Governance Code of the Listing Rules, the company has also arranged appropriate insurance cover in respect of legal action against its directors.

### **DIRECTORS' SERVICE CONTRACTS**

No director proposed for re-election at the forthcoming Ordinary Yearly Meeting has an unexpired service contract with the company which is not determinable by the company within one year without payment of compensation, other than normal statutory obligations.

### **EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID DIRECTORS/EMPLOYEES**

Details of emoluments of the directors and the five highest paid directors/employees of the company are set out in note 6 to the financial statements.

### **EMPLOYEES AND REMUNERATION POLICIES**

For the year ended 30 June 2024, the total staff costs of the group (including salaries, bonuses, social insurances and provident funds) are set out in notes 5(a) and 6 to the financial statements.

The group's remuneration policies are based on the merit, qualifications and competence of individual employees and are reviewed by the remuneration committee periodically. They aim to provide competitive remuneration of sufficient quantum to attract, retain and motivate employees of appropriate quality.

The emoluments of the directors are recommended by the remuneration committee and are decided by the Board. For executive directors, the emoluments will be based on merit, having regard to the group's operating results, individual performance and comparable market statistics. For non-executive directors including independent non-executive directors, only fixed fee will be paid and be set at an appropriate level to attract and retain high calibre non-executive talent by reference to the relevant time commitment and the size and complexity of the group and benchmarked against peer companies.

### **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.

### **SHARE CAPITAL**

Particulars of the movements in the share capital of the company during the year are set out in note 17(c) to the financial statements.

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## Report of the Directors (Continued)

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### EMPLOYEES' RETIREMENT SCHEME

As from 1 December 2000, the group has operated a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not covered by the company's defined benefit retirement scheme which was terminated on 31 March 2021. The MPF scheme is a defined contribution retirement scheme administered by an independent trustee. Under the MPF scheme, the employer and its employees are each required to make contributions to the MPF scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income as stipulated in the Mandatory Provident Fund Schemes Ordinance. In addition to the minimum contributions set out in the Mandatory Provident Fund Schemes Ordinance, the group provides certain voluntary top-up contributions to a selected employee participating in the MPF scheme.

For the MPF scheme, the contributions are expensed as incurred. There are no forfeitures available to reduce company contributions from those employees who have left the MPF scheme as they are fully entitled to their contributions upon leaving employment.

### COMMENTARY ON ANNUAL RESULTS

Rental income for the year has increased mainly because of improved occupancy rate for its residential properties and higher GBP exchange rate in respect of the rental income in the UK. However, weak market demand in office market and continued competition from other newly developed commercial areas on Hong Kong Island and Kowloon East may continue to affect the group's rental income in the coming year.

Finance income has increased this year as a result of higher interest income due to higher average interest rates during the year which is partly offset by exchange losses in the year.

The financial performance during the year aligned with the company's business model of preserving and generating value over the longer term, while delivering a steady income stream in the meantime.

### Revenue and Operating Profit

Turnover of the group for the year under review comprising rental income of its investment properties amounted to HK\$70 million (2023: HK\$67 million). The operating profit of the group for the year ended 30 June 2024 amounted to HK\$95 million, compared with HK\$74 million for the previous year. This reflects the effect of increase in rental income and interest income, partly offset by exchange losses in the current year. The loss after taxation attributable to shareholders of HK\$262 million (2023: HK\$155 million) was mainly attributable to the net valuation losses on investment properties held by the group and the joint ventures. The net valuation losses on investment properties of HK\$405 million (including net valuation losses of investment properties held by joint ventures) for the year were non-cash in nature, and as such, had no effect on the operating cash flow of the group. The overall financial position of the group remains healthy.

### Liquidity and Financial Resources

At 30 June 2024, the group had no bank borrowings (2023: HK\$Nil) and had cash and cash equivalents of HK\$1,212 million (2023: HK\$765 million) which were held in the form of short term deposits or cash at banks and in hand. Deposits with banks with maturity more than three months amounted to HK\$175 million (2023: HK\$700 million).

For the year under review, net cash inflow from operating activities was HK\$29 million (2023: HK\$25 million). Repayment of loans by and dividends from joint ventures amounted to HK\$78 million and HK\$16 million respectively (2023: HK\$74 million and HK\$14 million respectively). New loans made to an associate amounted to HK\$123 million (2023: HK\$55 million). The consolidated cash flow statement of the group for the year ended 30 June 2024 is set out on pages 47 to 48 of this annual report.



## Report of the Directors (Continued)

### Capital Structure of the group

For the year ended 30 June 2024, the group did not have any loan capital issued, any bank overdrafts and liabilities under acceptances, or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments.

### Capital Expenditure and Commitments

Capital expenditure incurred during the year amounted to HK\$154,000 (2023: HK\$119,000).

### MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the group's turnover and purchases attributable to the major customers and suppliers during the financial year is as follows:

	Percentage of the group's total	
	Turnover	Purchases
The largest customer	33%	
Five largest customers in aggregate	60%	
The largest supplier		54%
Five largest suppliers in aggregate		80%

So far as the directors are aware, at no time during the year have the directors, their associates or any shareholder of the company (which to the knowledge of the directors owns more than 5% of the company's share capital) had any interest in these major customers and suppliers.

### DISCLOSURE PURSUANT TO LISTING RULES 13.20 AND 13.22

At 30 June 2024, the group had the following loans to its affiliated companies (as defined by the Listing Rules):

Name of affiliated company	Group's attributable interest	Amount of unutilised loan facility HK\$000's	Amount of advances made by the group under the loan facility HK\$000's	Amount of other advances made by the group HK\$000's	Total financial assistance made available by the group HK\$000's
Hareton Limited	50%	923,650	876,350	205,407	2,005,407
Joyful Sincere Limited*	20%	644,168	1,313,832	–	1,958,000

\* via Windcharm Property Holdings Limited (formerly Windcharm Investments Limited)

The financial assistance and other advances mentioned 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 29 May 2015.

## Report of the Directors (Continued)

### DISCLOSURE PURSUANT TO LISTING RULES 13.20 AND 13.22 (Continued)

Combined statement of financial position of the above affiliated companies, excluding advances made by shareholders of HK\$8,732,674,000 at 30 June 2024 is as follows:

	HK\$000's
Non-current assets	4,276,518
Current assets	6,855,642
Current liabilities	(293,249)
	<u>6,562,393</u>
Non-current liabilities	(81,875)
	<u><u>10,757,036</u></u>

Attributable interest to the group at 30 June 2024 in the above affiliated companies amounted to HK\$3,411,295,000 (2023: HK\$3,562,711,000).

### SUMMARY OF FINANCIAL DATA

A summary of the group's financial data for the last five years is shown on page 85.

### RESERVES

The reserves available for distribution to shareholders are set out in note 17(e) to the financial statements.

### CONTINGENT LIABILITIES

The group did not have any material contingent liabilities as at 30 June 2024 (2023: Nil).

### FOREIGN EXCHANGE RISK MANAGEMENT

The group's primary foreign currency assets and liabilities are USD and GBP denominated bank deposits and direct property investment, rental income and other expenses in GBP in the United Kingdom, which are regularly monitored by management. The group is exposed to currency risk primarily arising from bank deposits denominated in USD and GBP.

Further details regarding the group's exposure at the end of the reporting period to currency risk are set out in note 18(d) to the financial statements.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

In the forthcoming year, the material investments of the group are expected to be focused on the redevelopment of Chai Wan Inland Lot No. 178, the new lot which was granted in exchange for the surrender of Chai Wan Inland Lot No. 88, and the funding needs for the group's share of construction costs of the redevelopment are expected to be met from the group's reserves. A significant part of the group's reserves is therefore earmarked for this project.

In addition, the Board may look for any favourable investment opportunities that may arise at any correction phase of the property market.

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## Report of the Directors (Continued)

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### **RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS**

The group regards its employees as valuable assets to the sustainable development of the group. In order to attract and motivate its employees, the group is committed to offer competitive remuneration package and to review such package regularly.

While the group adopts a simple business model, it has fostered good relationship and stays connected with its customers and suppliers through various platforms to obtain their suggestions and feedback.

### **PROPERTIES**

Particulars of the properties and property interests of the group are shown on page 86.

### **PUBLIC FLOAT**

As at the date of this report, the company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the company and within the knowledge of the directors.

### **AUDITORS**

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Ordinary Yearly Meeting.

By order of the board

Dr. Henry NGAN  
Chairman

Hong Kong, 27 September 2024

# Environmental, Social and Governance Report

## **ABOUT THIS REPORT**

This Environmental, Social and Governance Report (“ESG Report”) has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Guide”) in Appendix C2 to the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and aims to present the environmental, social and governance (“ESG”) performance of China Motor Bus Company, Limited (“Company”) and all of its subsidiaries (“Group”) during the period from 1 July 2023 to 30 June 2024 (“Reporting Period”). Corporate governance matters are addressed in greater detail in the Corporate Governance Report on pages 24 to 33 in this Annual Report. Except for the provisions that the Group considers are inapplicable to its operations, for which explanations have been given below, this ESG Report has complied with all the “Comply or Explain” provisions set out in the ESG Guide during the Reporting Period.

## **REPORTING BOUNDARY**

This ESG Report details the ESG performance and activities of the Group for the Reporting Period. The scope of reporting covers the Group’s operations in property investment, in which the Group has financial significance and operational influence.

In respect of environmental and social policies, this ESG Report covers various properties in Hong Kong owned or invested in by the Group, details of which are set out below:

### **Location of the Hong Kong Properties**

### **Existing Use**

#### **Properties held for investment**

Units 8-14, 3/F, Chai Wan Industrial City Phase I,  
60 Wing Tai Road, Chai Wan, Hong Kong

Industrial

21/F, 26/F (excluding Units 2606-08), 27/F & 28/F,  
Island Place Tower, Island Place, 510 King’s Road, North Point,  
Hong Kong

Office

Unit B, 37/F, Tower One Island Place;  
Units E & F 35/F, Units E-H 36/F & Units C-H 37/F, Tower Two Island Place,  
51-61 Tanner Road, North Point, Hong Kong

Residential

No. 3 Jordan Road, Kowloon, Hong Kong

Residential and commercial

Units A-E 47/F, Shop Nos. 1-7 G/F and 8 car parking spaces,  
Island Lodge, 180 Java Road, North Point, Hong Kong

Residential, commercial and  
car parking spaces

#### **Properties used and owned by the Group**

Units 2606-08, 26/F, Island Place Tower, Island Place,  
510 King’s Road, North Point, Hong Kong

Office

Unit D, 24/F, United Centre, 95 Queensway, Admiralty, Hong Kong

Office

Although the Group owns two properties in the United Kingdom which are managed by Savills (UK) Limited as management agent, the Group’s principal activities are conducted primarily in Hong Kong, and in particular, the properties as set out above represent the Group’s core organisation for policy formulation and operation management. As such, the key performance indicators (“KPIs”) and other statistical information contained herein will focus on such properties.

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## Environmental, Social and Governance Report (Continued)

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### **REPORTING PRINCIPLES**

In accordance with the ESG Guide, this ESG Report is underpinned by the following principles:

#### **Materiality:**

We regularly communicate with stakeholders to better understand their concerns relating to sustainability issues that affect them. Regular reference is made to peers, local and regional sustainability criteria which help to improve sustainability context, materiality and disclosures. Please refer to the section headed "GOVERNANCE STRUCTURE" below for details in relation to materiality assessment and stakeholder engagement.

#### **Quantitative:**

The Group does not operate any manufacturing factories nor carries out any property construction and development over its owned properties, and therefore the environmental and social impacts of its operations are minimal. Nevertheless, the Group continues to support low-carbon office and encourages its staff to save on the use of electricity and paper and keep its electricity consumption in kilowatt hours, electricity expenses and expenses on paper consumption under regular review. For properties under development in which the Group only has an investment, it insists that the activities under these investments be managed by joint venture partners who would adhere to a high standard of social responsibility in caring for the environment, like Swire Properties Limited.

#### **Consistency:**

This ESG Report is prepared in accordance with the ESG Guide, as well as consistent methodology for the assessment of the KPIs. There has been no change to the methods or KPIs used or any other relevant factors affecting a meaningful comparison of the ESG Report with the Group's 2023 ESG report.

### **GOVERNANCE STRUCTURE**

#### **Management approach and monitoring framework**

Good corporate governance is the key to effective ESG management. The Board takes the overall responsibility for the formulation, implementation and reporting of the Group's ESG strategy and for the oversight of the relevant ESG issues. It is also responsible for evaluating the impacts of ESG risks and opportunities taking into account the Group's long-term business objectives.

#### **Stakeholder Engagement**

The Group believes that the feedback from the stakeholders not only facilitates a comprehensive and pertinent assessment of its ESG performance, but also helps improve our performance accordingly. Engaging with our key stakeholders (including our shareholders, business partners, employees, suppliers, services providers, tenants and the community) on an ongoing basis provides an opportunity for the Group to listen to their concerns and build on common goals. This will in turn drive our business development initiatives in the right direction and make our operations sustainable. Accordingly, the Group communicates with the stakeholders in an open, honest and positive manner through various channels, including results announcements and annual reports.

The operation of the Group affects a spectrum of stakeholders, such as our shareholders, employees, suppliers, services providers and tenants, who have different expectations on the Group. The Group will continue to maintain its communications with them for the purpose of improving its ESG approaches.

## Environmental, Social and Governance Report (Continued)

Set out below is a table summarising the channels of communications deployed by the Group and areas of common concerns or common goals reached:

<b>Stakeholders</b>	<b>Channels of communications</b>	<b>Areas of common concerns/ common goals reached</b>
<b>Shareholders/investors</b>	<ul style="list-style-type: none"> <li>• annual and special general meetings</li> <li>• announcements, circulars, interim and annual reports</li> <li>• the Company's webpage at <a href="http://www.irasia.com/listco/hk/cmb/index.htm">http://www.irasia.com/listco/hk/cmb/index.htm</a> and <a href="http://www.chinamotorbus.com.hk">http://www.chinamotorbus.com.hk</a></li> <li>• investor relations contact by email at <a href="mailto:ir@chinamotorbus.com.hk">ir@chinamotorbus.com.hk</a> or by fax or by post</li> </ul>	<ul style="list-style-type: none"> <li>• business development and financial performance of the Group</li> <li>• information on environmental and social matters such as climate change and ESG strategies</li> <li>• corporate governance matters</li> </ul>
<b>Business partners</b>	<ul style="list-style-type: none"> <li>• meetings</li> <li>• conference calls</li> <li>• negotiations of business cooperation agreements</li> <li>• joint development of business</li> </ul>	<ul style="list-style-type: none"> <li>• compliance with applicable laws and regulations</li> <li>• properties developed with stakeholders' concerns taken into account</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• emails, meetings and conference calls</li> <li>• discussions with superiors</li> </ul>	<ul style="list-style-type: none"> <li>• remuneration packages</li> <li>• professional development</li> <li>• health and safety</li> <li>• training</li> </ul>
<b>Services providers</b>	<ul style="list-style-type: none"> <li>• meetings</li> <li>• conference calls</li> <li>• negotiations of commercial agreements</li> </ul>	<ul style="list-style-type: none"> <li>• compliance with applicable law and regulations</li> <li>• quality of service</li> <li>• fair competition</li> <li>• improvement of services to enhance attraction to the tenants</li> </ul>
<b>Tenants</b>	<ul style="list-style-type: none"> <li>• meetings</li> <li>• conference calls</li> <li>• negotiations of commercial agreements</li> </ul>	<ul style="list-style-type: none"> <li>• compliance with applicable law and regulations</li> <li>• quality of service</li> <li>• payment to the Group for its properties and services</li> <li>• ESG performance</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• community and volunteering activities</li> </ul>	<ul style="list-style-type: none"> <li>• more liveable environment</li> </ul>

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## Environmental, Social and Governance Report (Continued)

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### Materiality assessment

To prioritise relevant sustainability areas that would have a material impact on the Group's operations and reputation and our stakeholders, the Group has adopted a three-step process to conduct materiality assessment.

#### Step 1: Identification

Reviewing the list of sustainability issues identified against the ESG Guide, peers' disclosures and international reporting standards.

#### Step 2: Prioritisation

Ranking the identified topics by reference to the respective level of interest, risk and importance to the Group through various stakeholder engagements and generating a list of prioritised material topics based on the Group's understanding of the stakeholders' concerns and requirements as a result of stakeholder engagements.

#### Step 3: Validation

Reviewing and validating the list of material sustainability topics to ensure that they are relevant and material to the Group and our stakeholders for further action and disclosure as appropriate.

### Strategy and material areas of focus

On the basis of the business sector in which the Group operates (namely, property investment), we prioritise our sustainability management strategy into the following material areas of focus, which have been identified and selected after taking into consideration the areas of common concerns or the common goals reached through our stakeholder engagements:

Aspect	Material issues
Environmental	<ul style="list-style-type: none"><li>• Climate change</li><li>• Use of electricity</li></ul>
Social	<ul style="list-style-type: none"><li>• Health and safety of employees</li><li>• Labour standards</li><li>• Anti-corruption</li></ul>

### Goals and Targets

We believe that business longevity shall only be granted to those who look beyond short-term gains and consider the external impacts they have on the economy, society, and environment. We identify and evaluate the materiality of the diverse range of ESG topics that are interrelated with our business operations. Validated by the Board, the most material ESG topics guide the Group's corporate strategy. We recognise Board commitment is crucial in the Group's approach to sustainability. The Board conducts comprehensive reviews of goals and targets related to environmental and social matters. As we advance our sustainability journey, the Board endeavours to enhance its knowledge and awareness of the ESG landscape.

### ENVIRONMENTAL ASPECTS

The nature of the Group's business is property development and investment, which do not emit significant discharge, such as nitrogen oxides, sulphur oxides, and respirable suspended particulates or any significant volume of hazardous or non-hazardous waste. The management of the Group's properties are mostly conducted by joint venture partners and/or third parties service providers. The development of properties in which the Group has an interest are all undertaken by joint venture partners. The Group has reviewed the ESG policies of the principal joint venture partners and service providers, to ensure they meet appropriate standards.

The only property owned and managed by the Group is No. 3 Jordan Road at No. 3 Jordan Road, Kowloon:

- lighting in all the common areas has been replaced with energy efficient LED bulbs; and
- there is a process underway to replace all individual air-conditioning units with new energy efficiency units.

The Group supports emission reduction and promotes energy and water saving.

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## Environmental, Social and Governance Report (Continued)

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### EMISSIONS

As mentioned under the section headed "ENVIRONMENTAL ASPECTS", the development of the properties in which the Group has an interest are all conducted by our joint venture partners. As we do not undertake any manufacturing or construction works, the Group's main emissions, being greenhouse gas emissions, and wastes produced are primarily attributable to its use of resources in terms of electricity, water and paper during daily operation, the relevant KPIs for which are set out in the section headed "USE OF RESOURCES" below. The Group does not anticipate any material risks in its operations in respect of environmental protection concerns such as air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

In relation to the laws and regulations relating to type of air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, no non-compliance with such laws and regulations had been identified during the Reporting Period.

### USE OF RESOURCES

As mentioned above, the Group does not operate any manufacturing factories nor property construction work itself and therefore material risks of wastage of water or raw materials are not applicable to its operations. Consumption of electricity and water at the Group's properties are mostly by the tenants, therefore it is beyond the Group's direct control. However, we do encourage our tenants to minimise their resource consumption.

As part of our continuous effort to support efficient use of resources, the Group also has the following policies and business practices on resources management, under constant monitoring and review.

#### (1) Electricity

- Majority of the lights in the Group's office has been replaced with energy efficient LED lightings.
- There is a process underway to replace all individual air-conditioning units with energy efficiency units.

#### (2) Water

High-efficiency water equipment is used in the Group's office.

#### (3) Paper

The Group encourages employees to use recycled paper and conserve paper usage by using electronic copies and printing double sided to the extent practicable.



## Environmental, Social and Governance Report (Continued)

Our KPIs for use of resources are set out below:

	<b>KPIs</b>	<b>Details of KPIs/Remarks</b>
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	The electricity consumption by the Group (excluding consumption by our tenants), being predominantly indirect energy consumption, was approximately 128,000 kWh (2023: 136,000 kWh) producing CO <sub>2</sub> equivalent GHG emissions of approximately 59 tonnes (note 1) (2023: 63 tonnes) and an energy consumption intensity (by reference to area actually used and occupied by the Group) of approximately 57.5 kWh per square meter (2023: 61.0 kWh per square meter) during the Reporting Period.
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	The Group (excluding our tenants) utilised a total of approximately 52 m <sup>3</sup> (2023: 47 m <sup>3</sup> ) of water (note 2) with a water consumption intensity of approximately 0.05 m <sup>3</sup> (2023: 0.05 m <sup>3</sup> ) per square meter during the Reporting Period.
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	The Group has set a target for electricity consumption at not more than its current level for each year and in this relation, the Group constantly reviews its operation and aims to use energy efficient products and services whenever practicable.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	The Group sources its water from Water Supplies Department and has no issue in sourcing water in Hong Kong. The Group has set a target for water consumption at not more than its current level for each year and in this relation, the Group constantly reviews its operation and aims to adopt water-saving process and equipment whenever practicable.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A (The Group's business operation does not involve packaging finished products.)

Notes:

- 2023/24 Indirect (Scope 2) emissions are indirect GHG emissions from the generation of purchased electricity consumed by the Group, and are calculated based on the default factors provided by electricity providers in Hong Kong, Power Assets (0.66 kg CO<sub>2</sub> e/kWh) and CLP (0.39 kg CO<sub>2</sub> e/kWh).
- Heightened post-pandemic hygienic and sanitation practices in the commercial properties of the Group resulted in increased total water consumption in 2023/24.

### THE ENVIRONMENT AND NATURAL RESOURCES

Due to its nature, the Group's operation does not have any significant impact on the environment and natural resources. The largest impact on climate change is therefore the carbon emission arising from the Group's operations in its consumption of electricity from its own offices and properties it manages. Moving forward, the Group will constantly be working to maintain the consumption of energy, water and other natural resources across its operations at not more than its current level and to use environmental-friendly products and services whenever practicable adhering to the policies and KPIs for its use of resources indicated above.

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## Environmental, Social and Governance Report (Continued)

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### **CLIMATE CHANGE**

We recognise the importance of mitigating climate change and managing its associated risks and opportunities that may impact the success and sustainability of our business. The climate-related issues are integrated in business strategies and risk management system. During the year, we continued to monitor, assess and manage climate issues relevant to our business. The key physical and transition risks and our responses to address their likely impacts on our business operations are set out as follows:

**Acute physical risk:** The increased intensity of extreme weather conditions may cause severe damage to our building envelopes (such as broken windows, damaged glass doors and water leakage), resulting in disruptions to business operations and losses of revenue.

**Chronic physical risk:** Higher level of energy consumption at our properties to maintain room temperature at a comfortable level under heatwaves. Extreme weather events may increase operating and maintenance costs.

**Transition risk:** More stringent policy requirements from the governments regarding climate change, emission regulations and reporting requirements, which may potentially increase operating costs; shifting customer preference for environmental-friendly buildings may pressure revenue and costs.

Responses to mitigate the risks:

- Conduct regular checking and asset enhancement initiatives to prevent and alleviate the impacts arising from extreme weather events;
- Emergency protocols with protection measures in place to ensure continuity of the Group's daily operations during extreme weather; and
- Develop ESG policies in enhancing ESG performance (especially on reduction of carbon emission and energy usage) and climate resilience.

### **SOCIAL ASPECTS**

#### **EMPLOYMENT**

The Group ensures all its employees are fully aware of the terms and conditions of their employment and comply with the laws of Hong Kong in conjunction with the Group's human resources policies. Employees are not discriminated against on the basis of gender, age, marital status, ethnic background, religion, nationality, disability or any status protected by law.

In relation to the laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare including but not limited to Employment Ordinance (Chapter 57), Sex Discrimination Ordinance (Chapter 480), Disability Discrimination Ordinance (Chapter 487), Family Status Discrimination Ordinance (Chapter 527), Race Discrimination Ordinance (Chapter 602) and Mandatory Provident Fund Schemes Ordinance (Chapter 485), no non-compliance with such laws and regulations had been identified during the Reporting Period. The Group has adopted human resources policies over its recruitment process and management of its employees benefits and welfare in full compliance with these applicable laws and regulations.

## Environmental, Social and Governance Report (Continued)

Our KPIs for employment-related matters are set out below:

KPIs	Details of KPIs/Remarks	2024	2023	
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Breakdown of the Group's employees as at 30 June 2024 in Hong Kong and the United Kingdom.		
			2024	2023
		<b>By gender:</b>		
		Male	14	14
		Female	4	2
		<b>By employment type:</b>		
		Full-time	15	13
		Part-time	3	3
		<b>By age group:</b>		
		Below 45	0	0
Above 45	18	16		
<b>By geographical region:</b>				
Hong Kong	17	15		
United Kingdom	1	1		
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	<b>By gender:</b>		
		Male	0%	12%
		Female	0%	0%
		<b>By age group:</b>		
		Below 45	0%	0%
		Above 45	0%	12%
		<b>By geographical region:</b>		
		Hong Kong	0%	12%
		United Kingdom	0%	0%

In accordance with the principles of diversity and anti-discrimination in employment, the Company upholds gender equality in employment. At 30 June 2024, approximately 22% of the overall workforce (including senior management) were female, compared with approximately 12% at 30 June 2023. The Company targets to achieve a progressive increase in female representation subject to the overarching principle that recruitment is ultimately based on skills, experience and contribution that candidates are expected to bring.

### HEALTH AND SAFETY

The Group is committed to providing a healthy and safe workplace for its employees and to full compliance with all relevant laws and regulations.

In relation to the laws and regulations relating to safe working environment and protecting employees from occupational hazards including but not limited to Occupational Safety and Health Ordinance (Chapter 509), no non-compliance with such laws and regulations had been identified during the Reporting Period.

## Environmental, Social and Governance Report (Continued)

Our KPIs for health and safety-related matters are set out below:

	<b>KPIs</b>	<b>Details of KPIs/Remarks</b>
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Nil
KPI B2.2	Lost days due to work injury.	Nil (2023: Nil)
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	First aid boxes for emergency uses, hand sanitiser and surgical masks are kept in the Group's office for use with designated staff to ensure they are properly kept in stock. Offices and common areas are regularly sanitised to maintain a safe and hygienic working environment.

### DEVELOPMENT AND TRAINING

The Group recognises the importance of the development and vocational training of its staff. Staff are encouraged to ensure they maintain skill levels via continuing professional development programmes, where applicable.

Our KPIs for development and training-related matters are set out below:

	<b>KPIs</b>	<b>Details of KPIs/Remarks</b>		
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	The percentage of employees trained by gender and employee category during the Reporting Period:		
			2024	2023
		<b>By gender:</b>		
		Male	50%	50%
		Female	100%	100%
		<b>By employment category:</b>		
		Senior management	100%	100%
		Middle management	100%	100%
		Non-management	42%	30%
KPI B3.2	The average training hours completed per employee by gender and employee category.	The average training hours completed per employee by gender and employee category as at 30 June 2024:		
			2024	2023
		<b>By gender:</b>		
		Male	13 hrs	12 hrs
		Female	22 hrs	5 hrs
		<b>By employment category:</b>		
		Senior management	40 hrs	28.5 hrs
		Middle management	35 hrs	20 hrs
		Non-management	3 hrs	1.5 hrs

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## Environmental, Social and Governance Report (Continued)

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### LABOUR STANDARDS

The Group's labour standards primarily focus on conformity with local labour laws and regulations. At all levels, employment of child and forced labour is prohibited in the Group. Such policy was adopted from the very beginning of the Group's inception and we have kept them under constant review by our lawyers to ensure they are up to date.

In relation to the laws and regulations relating to the prevention of child and forced labour, no non-compliance with such laws and regulations had been identified during the Reporting Period.

Our KPIs for our labour standards are set out below:

	<b>KPIs</b>	<b>Details of KPIs/Remarks</b>
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	The Group has established a recruitment policy, of which only applicants meeting the age requirement may be employed. The Group will also require job seekers to provide valid identification documents to ensure that their actual ages meet the relevant requirements.
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	In the event that a job application from a child labour is received, the Group will refuse the application.

### SUPPLY CHAIN MANAGEMENT

Under the Group's current business model, most services are provided by joint venture partners and third parties services provider. The Group itself does not purchase regularly except for supplies typical for office operations like stationery, office equipment whose operations do not have high environmental or social risks. The Group monitors and supervises the works/services provided by its service providers, including having regular meetings with them.

## Environmental, Social and Governance Report (Continued)

The KPIs for the supply chain management aspect of the Group are set out below:

KPIs	Details of KPIs/Remarks												
KPI B5.1	<p>Number of suppliers by geographical region.</p> <p>As at 30 June 2024, the Group had a total of 88 (2023: 69) service providers in Hong Kong and the United Kingdom.</p> <p>A detailed breakdown of our service providers is presented below:</p> <table border="1"> <thead> <tr> <th></th> <th>2024</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>By geographical region:</b></td> </tr> <tr> <td>Hong Kong</td> <td>80%</td> <td>96%</td> </tr> <tr> <td>United Kingdom</td> <td>20%</td> <td>4%</td> </tr> </tbody> </table>		2024	2023	<b>By geographical region:</b>			Hong Kong	80%	96%	United Kingdom	20%	4%
	2024	2023											
<b>By geographical region:</b>													
Hong Kong	80%	96%											
United Kingdom	20%	4%											
KPI B5.2	<p>Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.</p> <p>The Group will obtain fee quotes from more than one suppliers, and obtain their references and track records for assessment in the engagement process.</p>												
KPI B5.3	<p>Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</p> <p>To better manage environmental and social risks along the supply chain, the Group encourages its employees to give preference to suppliers, service providers and business partners with high ESG standards if offered terms are similar. The Group also evaluates the ESG performance of its key suppliers, service providers and business partners on a regular basis. The Group will not engage any supplier, service provider or business partner with adverse reputation on environmental or social issues.</p>												
KPI B5.4	<p>Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</p> <p>The Group encourages its employees to procure goods and services in a responsible manner that considers ESG efforts and impacts of the key suppliers during selection and/or contract renewal. The Group also evaluates the ESG performance of its key suppliers on a regular basis. The Group will use eco-friendly products where available and practical and will not engage any supplier with adverse reputation on environmental issues.</p>												

### PRODUCT RESPONSIBILITY

The Group is committed to providing a quality product and service to its tenants and along with this commitment, the Group also aims at serving its tenants at the following standards:

- Before the handing over of any properties to the tenants, they would be shown the properties so as to have an actual understanding of the facilities and existing interior condition to avoid any dispute in the future.
- Only licensed estate agents shall be engaged by the Group.
- When possession of the property is handed over, a list of contacts will also be provided to the tenant for enquiry about tenancy matters or repair requests.

Complaints, if any, received by us usually relate to repair and maintenance. Upon receipt of a tenant's complaint, we will conduct inspection, assess the problem and determine how the issue should be addressed.

In relation to the laws and regulations relating to health and safety, advertising, labelling and data privacy matters including but not limited to Personal Data (Privacy) Ordinance (Chapter 486), no non-compliance with such laws and regulations had been identified during the Reporting Period.

## Environmental, Social and Governance Report (Continued)

Our KPIs for the product responsibility-related matters are set out below:

	<b>KPIs</b>	<b>Details of KPIs/Remarks</b>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A (The Group's operation does not involve sale or shipping of products.)
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	During the Reporting Period, the Group received no complaint from tenant (2023: Nil).
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	The Group respects all intellectual property rights and allows no unauthorised software installed in our computers. We only allow installation of licensed softwares.
KPI B6.4	Description of quality assurance process and recall procedures.	<p>Before a lease offer is sent out, we will check the condition of the unit and set the work agenda and the expected handover condition, based on the terms of the relevant offer and the existing condition of the unit.</p> <p>During the course of work, the Group will check the status of work from time to time and before handover, will ensure all the work items have been completed to the Group's satisfaction.</p>
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Before collecting tenants' information, we would clearly explain the aim and purpose of such collection to our tenants. The data will only be used for record purposes and prevention of crime. The data collected will be destroyed regularly to ensure data protection. The Group implements confidentiality policy to ensure confidential information are safeguarded. All employees are required to abide by this confidentiality policy during their employment by the Group as well as any time after the termination of their contract with the Group.

### **ANTI-CORRUPTION**

The Group aims to maintain high ethical standards and professionalism in its business operation. The Group has adopted the Anti-Corruption and Bribery Policy which provides guidance to employees on how to recognise and deal with bribery and corruption. Any employee found guilty of misconduct such as fraud, dishonesty or serious neglect of duty will be summarily dismissed. The Group has also established the Whistleblowing Policy to encourage employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report in confidence and anonymity to the chairman of the Audit Committee of the Company any suspected impropriety, misconduct or malpractice within the Group. These Policy and procedures aim to provide reporting channels and guidance on reporting possible improprieties in matters relating to the Group, and reassurance to the reporting person or entity of the protection that the Group will extend to them against dismissal, victimisation or any form of reprisal for any genuine and good faith reports made.

In respect of the laws and regulations relating to bribery, extortion, fraud and money laundering including but not limited to Prevention of Bribery Ordinance (Chapter 201), no non-compliance with such laws and regulations had been identified during the Reporting Period.

## Environmental, Social and Governance Report (Continued)

Our KPIs for anti-corruption practices are set out below:

	<b>KPIs</b>	<b>Details of KPIs/Remarks</b>
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	During the Reporting Period, there were no concluded legal case regarding corrupt practices brought against the Group or its employees.
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	As preventive measures, the accounting department of the Group will check and require that payments and receipts of money are supported by proper documents and records, so as to identify and prevent any potential corrupt practice engaged by any employee or member of the Group.  As aforesaid, there are in place in the Group an anti-corruption and bribery policy and a whistleblowing policy for reporting matters to the Audit Committee chairman.
KPI B7.3	Description of anti-corruption training provided to directors and staff.	During the Reporting Period, anti-corruption refresher training was provided to directors and staff to enhance their corruption prevention awareness.

### **COMMUNITY ASPECT**

#### **COMMUNITY INVESTMENT**

The Group believes that community support is essential to the Group's continued success and therefore supports its employees to participate in volunteer work, nurturing a culture of care and mutual support.

Our KPIs for community investment-related matters are set out below:

	<b>KPIs</b>	<b>Details of KPIs/Remarks</b>
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	The Group recognises community support is needed in many aspects, and does not intend to limit its contribution to any particular focus.
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Some individual members of the Board have been serving the community through voluntary participation in the management of the property and affairs of, or in playing an advisory role to, non-profit organisations, religious or mutual aid organisations, or local community associations. The Group also encourages its staff to participate in voluntary community service outside of their regular office hours.



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## Corporate Governance Report

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### **(A) CORPORATE GOVERNANCE CODE**

During the year ended 30 June 2024, all those principles as set out in the Corporate Governance Code (the “Code”) in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) which became applicable to China Motor Bus Company, Limited (the “Company”) in respect of the year under review were applied by the Company, and the relevant code provisions in the Code were met by the Company, with the exception of one deviation as set out in this report.

The Company supports high standards of corporate governance. The board (the “Board”) of directors (the “Directors”) of the Company reviews and develops the corporate governance policy from time to time to ensure the Company continues to follow the up-to-date Listing Rules.

### **(B) CORPORATE CULTURE**

A healthy culture lies at the heart of strong governance which is the cornerstone for achieving the Company’s mission of providing quality properties and services to create value for its stakeholders. Corporate culture can be defined as the values, attitudes and behaviours demonstrated by a company in its operations and relations with its stakeholders. The Board establishes and aligns the Company’s purpose, values and strategy with its culture to support the Company’s pursuit of success. The Board and the management promote the desired culture to the staff embracing the Company’s core values of Integrity, Sustainability, Quality and Prudence through acting with integrity, leading by example, effective communication, policies and procedures, and a clear remuneration and performance management. Accountability is also embedded in the corporate culture which instills and continually reinforces across the organisation values of acting lawfully, ethically and responsibly. Reference is made to staff and stakeholders engagements, complaints received, reports by whistle-blowers, staff turnover rate and any breach of regulatory requirements for potential areas of concerns.

### **(C) BASIS ON WHICH THE GROUP GENERATES LONG TERM VALUE**

The Group generates value through long-term capital appreciation and income from rentals arising from the investment properties of the Company, its subsidiaries and from joint ventures. In addition, profits are also generated from property development for sale. The Group continues to look for favourable investment opportunities with prudence so as to enhance shareholders value.

### **(D) DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all the Directors, the Company has been advised that all of its Directors have complied with the required standard as set out in the Model Code applicable during the year ended 30 June 2024.

## Corporate Governance Report (Continued)

### (E) BOARD OF DIRECTORS

#### (i) Composition of the Board, number of Board meetings and Directors' attendance

The Company's Board has a balance of skills and experience and a balanced composition of executive and non-executive Directors. During the year ended 30 June 2024 and up to the date of the publication of this Annual Report, the Directors of the Company are set out below:

##### **Executive Directors**

Dr. Henry NGAN (Chairman)  
YUNG Shun Loy Jacky (Chief Executive Officer)  
Michael John MOIR

##### **Independent Non-executive Directors**

Anthony Grahame STOTT  
Stephen TAN  
Dr. CHAU Ming Tak  
Lynne Jane ARNETT (appointed on 6 September 2024)

Five Board meetings were held during the year ended 30 June 2024 and the attendance of the Directors at meetings is set out below:

<b>Directors</b>	<b>Meetings attended/held</b>
<b>Executive Directors</b>	
Dr. Henry NGAN (Chairman)	5/5
YUNG Shun Loy Jacky	5/5
Michael John MOIR	5/5
<b>Independent non-executive Directors</b>	
Anthony Grahame STOTT	5/5
Stephen TAN	5/5
Dr. CHAU Ming Tak	5/5

Each Director has been appointed on the strength of his/her skills, experience, merits and potential to contribute to the Group and its businesses.

All non-executive Directors (including independent non-executive Directors of the Company (the "Independent Non-executive Directors")), do not have a specific term but are subject to retirement and re-election at each ordinary yearly meeting of the Company ("OYM") in accordance with the articles of association of the Company (the "Articles of Association").

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## Corporate Governance Report (Continued)

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### (E) BOARD OF DIRECTORS (Continued)

#### (ii) Operation of the Board

The Company is headed by an effective Board which makes decisions objectively in the interest of the Company. The Company's management has closely monitored compliance with any significant changes to laws and regulations that affect its corporate affairs and businesses, and changes to accounting standards, and adopted appropriate reporting formats in its interim report, annual report and other related documents to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. The Directors are either briefed during Board meetings or issued with regular updates and materials to keep them abreast of their responsibilities, where there are changes to the Company's or Directors' disclosure obligations.

Newly appointed Directors shall receive briefings and orientation on their legal and other responsibilities as a Director and the role of the Board. Pursuant to rule 3.09D of the Listing Rules, Ms. Lynne Jane ARNETT had obtained legal advice on 27 August 2024 and had confirmed that she understood her obligations as a Director. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make informed decisions and to discharge their duties and responsibilities as Directors.

During the year ended 30 June 2024, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills. The Company's external auditor had facilitated directors' training by the provision of presentations, briefings and materials for the Directors primarily relating to the roles, functions and duties of a listed company director.

Dr. Henry NGAN, Michael John MOIR and Dr. CHAU Ming Tak all received this training. Anthony Grahame STOTT, Stephen TAN and YUNG Shun Loy Jacky also received such briefings and materials and in addition attended other seminars on relevant subjects.

There is a clear division of responsibilities between the Board and the management. While decisions on the Group's operations are delegated to the management, decisions on important matters including those affecting the Group's strategy and policies, major investment and major commitments are made by the Board.

#### (iii) Independent Views and Input

The Board has established mechanisms to ensure independent views and input are available to the Board. The Board ensures the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors. Further, Independent Non-executive Directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views and input are available. The nomination committee of the Company (the "Nomination Committee") strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of Independent Non-executive Directors, and is mandated to assess annually the independence of Independent Non-executive Directors to ensure that they can continually exercise independent judgement. No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence. A Director (including Independent Non-executive Director) who has a material interest in a contract or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same. The Board through the Nomination Committee has reviewed the implementation of the above mechanisms during the year and considered that they were effective in ensuring independent views and input were available to the Board.

## Corporate Governance Report (Continued)

### (F) NOMINATION COMMITTEE

The Nomination Committee is chaired by Dr. Henry Ngan, the chairman of the Board and other members are Anthony Grahame STOTT, Stephen TAN, Dr. CHAU Ming Tak and Lynne Jane ARNETT (appointed on 6 September 2024), all being Independent Non-executive Directors.

The duties of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes; identifying individuals suitably qualified to become members of the Board and making recommendations to the Board; assessing the independence of Independent Non-executive Directors; and reviewing the policy on board diversity.

The major work performed by the Nomination Committee during the year ended 30 June 2024 included reviewing the structure, size, composition and diversity of the Board, assessing the independence of Independent Non-executive Directors, and recommending the re-appointment of retiring Directors.

The Nomination Committee met once during the year ended 30 June 2024 and the attendance of individual members at meeting is set out below:

<b>Members</b>	<b>Meetings attended/held</b>
Dr. Henry NGAN (Chairman)	1/1
Anthony Grahame STOTT	1/1
Stephen TAN	1/1
Dr. CHAU Ming Tak	1/1

The Nomination Committee's terms of reference can be found on the Company's website and the Stock Exchange's website.

### (G) NOMINATION OF DIRECTORS AND DIVERSITY

The Nomination Committee and the Board from time to time review the composition of the Board. The Board, based on the advice of the Nomination Committee, makes recommendations to shareholders on Directors standing for election or re-election, providing information on Directors to enable shareholders to make an informed decision on the election or re-election, and where necessary, appoint Directors to fill casual vacancies.

The Board recognises and acknowledges the advantages in a diverse Board membership, including but not limited to, gender, race, age, skills and experience, in order to provide the range of views and challenges important to encourage good decision making. Such criteria are regularly considered by the Nomination Committee and the whole Board, with a view to ensuring that the Board remains appropriately diverse.

In considering new Director appointments and/or recommended candidates to the shareholders, the Nomination Committee and the Board will not only make appointments/recommendations based on merit against objective criteria, but considering also the benefits of diversity to the Board as a whole in its decision making. Criteria that the Nomination Committee and the Board will consider include, but may not be limited to skills and experience; time commitment and enthusiasm for the role; and diversity in respect of both the individual and the Board as a whole.

The current Board has a clear diversity of experience, professional skills and knowledge, in Hong Kong as well as other countries, which should provide complementary skills and diverse viewpoints to enhance the Company's governance and strategy. The Board through the Nomination Committee has reviewed the implementation and effectiveness of the Company's policy on board diversity and considered that it was effective. Currently the Board has one female Director, representing 14 per cent of the Board. The Board targets to maintain at least the current level of female representation and will seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

Details of the Group's gender diversity at workforce level are set out in the "EMPLOYMENT" section of the Environmental, Social and Governance Report of this annual report.

## Corporate Governance Report (Continued)

### (H) AUDITOR

The Company has engaged KPMG as its auditor for the financial year ended 30 June 2024. The fees in relation to the audit and taxation services during the period provided by the auditor of the Company, amounted to HK\$4.7 million and HK\$0.5 million respectively. These fees have been reviewed by the audit committee of the Company (the "Audit Committee").

KPMG has confirmed to the Company that it is independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants. The lead audit engagement partner is subject to rotation every seven years. As part of the rotation, KPMG's current lead audit engagement partner was first appointed for the audit of the Group for the financial year ended 30 June 2023. Any engagement of the auditor for non-audit service is subject to the Group's internal policy adopted to ensure the provision of such service does not impair KPMG's independence or objectivity.

The Audit Committee has reviewed the independence and work of KPMG and was satisfied with its work, independence, objectivity, qualifications, expertise, resources and the effectiveness of the audit process. The Audit Committee recommended the Board to propose to shareholders to re-appoint KPMG as auditor of the Company for the financial year ending 30 June 2025 and authorise the Directors to fix their remuneration at the forthcoming OYM. The Board of Directors, after due consideration and with reference to the recommendation of the Audit Committee, resolved to recommend the shareholders to re-appoint KPMG as auditor of the Company for the financial year ending 30 June 2025 and authorise the Directors to fix their remuneration at the forthcoming OYM.

### (I) AUDIT COMMITTEE

The Audit Committee is chaired by Anthony Grahame STOTT, and other members are Stephen TAN, Dr. CHAU Ming Tak and Lynne Jane ARNETT (appointed on 6 September 2024). All members of the Audit Committee are Independent Non-executive Directors.

The Audit Committee is primarily responsible for the review of the financial information of the Company and the oversight of the Company's financial reporting system, the internal control and risk management systems, and the relationship with auditor.

The major work performed by the Audit Committee during the year ended 30 June 2024 included the review of the effectiveness of the Group's risk management and internal control systems, the review of the interim report and annual report before submission to the Board, and the approval of the auditor's remuneration.

The Audit Committee met three times during the year ended 30 June 2024 and the attendance of individual members at meetings is set out below:

<b>Members</b>	<b>Meetings attended/held</b>
Anthony Grahame STOTT (Chairman)	3/3
Stephen TAN	3/3
Dr. CHAU Ming Tak	3/3

During the year, the Audit Committee has met with the external auditor without executive Directors or management present.

The Audit Committee's terms of reference can be found on the Company's website and the Stock Exchange's website.

### **(J) RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

Effective risk management is essential for the long-term growth and sustainability of the businesses of the Group. The Board is responsible for the overall strategy and development of the Group's businesses. The Board also has the responsibility to evaluate and determine the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives and to ensure the Group establishes and maintains appropriate and effective risk management and internal control systems. Such risks include, amongst others, material risks relating to Environmental, Social and Governance. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management provides confirmation to the Board on the effectiveness of these systems.

The Board assesses the effectiveness of the risk management and internal control systems annually through the reviews performed by the Audit Committee, management and external auditor, and acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management of the Group combines a top-down strategic view with a bottom-up operational process. The Board, by the top-down approach, has a particular focus on determining the nature and extent of significant risks it is willing to take in achieving the strategic objectives of the Group. Each department of the Group is responsible for identifying its own risks and designing, implementing and monitoring the relevant risk management and internal control systems. This bottom-up approach is embedded in the operations of the Group. The risks are prioritised according to severity of impact and probability of occurrence. Risk management is integrated with the Group's internal control systems. The Group's internal control systems are built on a sound control environment with a strong commitment to high ethical standards and professionalism. Whistleblowing to the Audit Committee chairman without fear of reprisals is facilitated. Any employee found guilty of misconduct such as fraud, dishonesty or serious neglect of duty will be summarily dismissed. It also includes an appropriate organisational structure with clearly defined responsibilities, accountability and authorities underpinning proper segregation of duties and other control activities, complemented by monitoring and reporting mechanism. The risk management policy and internal control procedures of the Group are regularly reviewed and updated to serve as a guideline for risk management and internal control systems.

#### **Significant Risks and Controls/Mitigation during the year ended 30 June 2024**

##### **(i) Market and Economic Risk**

The value of the Group's investment properties and development interests is dependent on the state of the economy in Hong Kong and to a lesser extent, the United Kingdom, which affects demand for the Group's rental and development properties. The Group manages economic and market risks by keeping close track of the economic conditions in the property markets in which it operates and setting sales or rental strategies commensurate with market demand.

##### **(ii) Regulatory and Compliance Risk**

As a listed property development and investment company owning properties in Hong Kong and the United Kingdom, the Group is exposed to and subject to extensive and fast-evolving government policies and regulations of Hong Kong and the United Kingdom. Any non-compliance with these policies and regulations may cause damage to the Group and affect its ability to deliver its primary objectives. The Group is committed to complying with the relevant policies, regulations and guidelines applicable to its operations through internal guidelines, staff training, review process, compliance monitoring by experienced and professional staff as well as by consultation with external expert.

### (J) RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS (Continued)

#### Significant Risks and Controls/Mitigation during the year ended 30 June 2024 (Continued)

##### (iii) Property Development Risk

The Group has a significant financial interest in the development of the Chai Wan Inland Lot No. 178, and the costs of construction, timing and sale prices are all important risks for this development. The Group continuously monitors progress of this development to ensure the project maintains high quality within budget and timescale.

##### (iv) Financial Risks

The Group has no debt and maintains substantial short-term deposits in Hong Kong dollar, United States dollar and British pound sterling. As such, it is subject to exchange rate risk and interest rate fluctuations. The Group is mindful of its development obligations in Hong Kong dollar and regularly monitors its currency exposure in light of existing commitments and potential opportunities. Higher interest rates also would result in higher treasury income, and the Group constantly monitors available rates, while ensuring that deposits are not over concentrated in any one bank.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules;
- conducts its affairs with close regard to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission;
- prohibits staff from the unauthorised use of confidential or inside information; and
- ensures, through its own internal reporting processes and the consideration of their outcome by management, the appropriate handling and dissemination of inside information.

Code provision D.2.5 of the Code 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.

For the year ended 30 June 2024, the Board has received confirmation from management of the effectiveness and adequacy of the Group’s risk management and internal control systems. The Board through the Audit Committee had reviewed the risk management and internal control systems of the Group, including financial, operational and compliance controls. Based on the result of the review, the Board considered that, the risk management and internal control systems of the Group were effective and adequate during the year.

## Corporate Governance Report (Continued)

### (K) WHISTLEBLOWING AND ANTI-CORRUPTION POLICY

The Group aims to maintain high ethical standards and professionalism in its business operation. The Group has adopted the Anti-Corruption and Bribery Policy which provides guidance to employees on how to recognise and deal with bribery and corruption. Any employee found guilty of misconduct such as fraud, dishonesty or serious neglect of duty will be summarily dismissed. The Group has also established the Whistleblowing Policy to encourage employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report in confidence and anonymity to the chairman of the Audit Committee any suspected impropriety, misconduct or malpractice within the Group. These policy and procedures aim to provide reporting channels and guidance on reporting possible improprieties in matters relating to the Group, and reassurance to the reporting person or entity of the protection that the Group will extend to them against dismissal, victimisation or any form of reprisal for any genuine and good faith reports made.

In relation to the laws and regulations relating to bribery, extortion, fraud and money laundering, no non-compliance with such laws and regulations (including the Prevention of Bribery Ordinance) had been identified during this reporting period.

### (L) REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") is chaired by Anthony Grahame STOTT, and other members are Stephen TAN, Dr. CHAU Ming Tak and Lynne Jane ARNETT (appointed on 6 September 2024). All members of the Remuneration Committee are Independent Non-executive Directors.

The Remuneration Committee is responsible for formulating and recommending remuneration policy to the Board and reviewing the remuneration packages of Directors and senior management. The Remuneration Committee performs an advisory role by making recommendations to the Board while the Board retains the final authority to approve the remuneration of the Company's executive Directors, non-executive Directors and senior management.

The work performed by the Remuneration Committee during the year ended 30 June 2024 included the review of the remuneration policy of the Company and the recommendation of remuneration packages for the Board and senior management.

The Remuneration Committee met twice during the year ended 30 June 2024 and the attendance of individual members at meetings is set out below:

<b>Members</b>	<b>Meetings attended/held</b>
Anthony Grahame STOTT (Chairman)	2/2
Stephen TAN	2/2
Dr. CHAU Ming Tak	2/2

The Remuneration Committee's terms of reference can be found on the Company's website and the Stock Exchange's website.

Pursuant to code provision E.1.5 of the Code, remuneration of the members of senior management (excluding executive Directors whose remuneration is reported in note 6 to the financial statements) by band for the year ended 30 June 2024 is set out below:

<b>In the band of</b>	<b>Number of individuals</b>
Nil to HK\$1,000,000	1
HK\$1,000,001 to HK\$2,000,000	1



## Corporate Governance Report (Continued)

### (M) DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the Group's financial statements. A statement by the auditor of their reporting responsibilities for the year ended 30 June 2024 is set out in the Independent Auditor's Report on pages 38 to 41 of this Annual Report.

### (N) DIRECTORS' TIME COMMITMENT

The Board reviews Directors' contributions and time commitment to the Company from time to time.

### (O) GENERAL MEETING OF SHAREHOLDERS

The 85th Ordinary Yearly Meeting of shareholders was held on 4 December 2023 and the attendance of the Directors is set out below:

<b>Directors</b>	<b>General Meeting attended/held</b>
<b>Executive directors</b>	
Dr. Henry NGAN (Chairman)	1/1
YUNG Shun Loy Jacky	1/1
Michael John MOIR	1/1
<b>Independent non-executive directors</b>	
Anthony Grahame STOTT	1/1
Stephen TAN	1/1
Dr. CHAU Ming Tak	1/1

### **(P) SHAREHOLDERS RIGHTS AND SHAREHOLDERS COMMUNICATION POLICY**

#### **(i) Shareholders Rights**

The OYM provides a forum for communication between shareholders and the Board. The notice of the OYM is despatched to all shareholders at least 21 days prior to such OYM. The Chairman of the Board and the Chairmen of all the Board committees, or in their absence, other members of the respective committees, are available to answer questions at the OYM. The Auditor is also invited to attend the OYM to answer questions about the audit, the accounting policies and auditor's independence.

The Board may, at any time it thinks proper and it shall, in compliance with Section 566 of the Hong Kong Companies Ordinance, on the requisition in writing of the holders of not less than one-twentieth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary meeting of the Company, and in case of such requisition the following provisions shall have effect:

- (a) The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the registered office and may consist of several documents in like form, each signed by one or more requisitionists. The meeting must be convened for the purposes specified in the requisition, and if convened otherwise than by the Board, for those purposes only.
- (b) In case the Board, for twenty-one days after such deposit, fails to convene an extraordinary meeting, the requisitionists, or a majority of them in value, may themselves convene the meeting for the purpose so specified but not for any other purpose; but any meeting so convened shall not be held after three months from the date of the deposit.

Shareholders may put forward proposals for consideration at the OYM in accordance with Sections 615 and 616 of the Companies Ordinance and the Articles of Association in writing to the Company Secretary at the Company's registered address.

No person not being a Director retiring at a meeting shall, unless recommended by the Board for election, be eligible for election for the office of Director at any general meeting unless no earlier than the day after the despatch of the notice of the meeting appointed for such election and not less than seven clear days before the day appointed for the meeting there has been left at the head office of the Company notice in writing by some members duly qualified to be present and vote at the meeting for which such notice is given of his intention to propose such person for election, and also notice in writing signed by the person to be proposed of his willingness to be elected, and subject to such person being eligible under Article 118 of the Articles of Association.

#### **(ii) Shareholders Communication Policy**

The Company has established the Shareholders Communication Policy which aims at promoting effective communication with the Company's shareholders and the investment community, enabling them to exercise their rights in an informed manner. It is the Company's general policy to maintain an on-going dialogue with shareholders and the investment community. The Company also ensures effective and timely dissemination of information to shareholders and the investment community. As a channel to promote effective communication, the Group maintains a website at [www.chinamotorbus.com.hk](http://www.chinamotorbus.com.hk) where the Company's announcements, annual reports, circulars, notices of general meetings and other information are posted. Shareholders and the investment community may make enquiries, suggestions or views to the Company through the Company's Investor Relations by email at [ir@chinamotorbus.com.hk](mailto:ir@chinamotorbus.com.hk), or by facsimile to (852) 2556 1981, or by post to the registered office of the Company at 2606-08, 26/F, Island Place Tower, 510 King's Road, North Point, Hong Kong, or by raising questions at general meetings. The Board has reviewed the implementation of the Shareholders Communication Policy during the year. Having considered the active engagement by the Company with the shareholders via the different means in accordance with the Policy, the Board is satisfied that the Shareholders Communication Policy is effective.

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## Chairman's Statement

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### GROUP RESULTS AND DIVIDENDS

The Board announces that the operating profit of the Group for the year ended 30 June 2024 amounted to HK\$95 million, compared with HK\$74 million in the previous year. This reflects the effect of increase in rental income and interest income, partly offset by exchange losses in the current year. The audited consolidated loss after taxation attributable to shareholders amounted to HK\$262 million as compared with a consolidated loss after taxation attributable to shareholders of HK\$155 million in the previous year, which reflects the net valuation losses on investment properties held by the Group and the joint ventures. The net valuation losses on investment properties were non-cash in nature, and as such, had no effect on the operating cash flow of the Group. The overall financial position of the Group remains healthy.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Wednesday, 4 December 2024 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 Property Holdings Limited (formerly known as Windcharm Investments Limited), with the remaining 80% held by a wholly owned subsidiary of Swire Properties Limited. A wholly owned subsidiary of Windcharm Property Holdings Limited has purchased Chai Wan Inland Lot No. 88 (the "Old Lot") from the Company and is in the process of redeveloping it into a residential and commercial complex with an aggregate residential and retail gross floor area of 64,500 sq. m.

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

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

The redevelopment is proceeding well on plan. Foundation work for both Site A and Site B have been completed. In Site B, concrete work has reached 41/F in Tower 2 and 43/F in Tower 3. In Site A, concrete work has reached 4/F. The development is expected to be completed in phases, with the first occupation permit expected to be obtained in 2025.

The applications for pre-sale consent of Phase 1 (Site B) and Phase 2 (Site A) residential units were submitted in December 2023 and May 2024 respectively and are under review by the Lands Department.

#### **South Island Place (8 Wong Chuk Hang Road, Aberdeen, Hong Kong)**

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

Currently, approximately 88% of the office space in South Island Place has been let to high quality tenants.

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

As at 30 June 2024, the offices in Island Place were 66% occupied while the residential units were 100% occupied. In Island Lodge, both the residential units and the retail units were 100% occupied. 3 Jordan Road, which comprises furnished apartments and retail units, has an occupancy rate of 89%.

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## Chairman's Statement (Continued)

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### **UK Properties**

Scorpio House, the Group's investment property in Central London, remains fully let.

As announced on 13 September 2024, a wholly owned subsidiary of the Company has entered into a Sale and Purchase Agreement to sell Albany House in Victoria in Central London adjacent to St. James Park Underground Station at the consideration of £47 million (equivalent to approximately HK\$478 million) subject to approval by the Company's shareholders in an extra-ordinary general meeting to be held.

### **FUTURE OUTLOOK**

It is anticipated that the global economic environment will continue to be challenging for the remainder of 2024. With the US presidential election coming up on 5 November 2024, analysts expect that there may be changes in policy and government regulations following the election. The ongoing and widening geopolitical tensions, as well as the slowdown in the Chinese property market, could prolong the difficult financial conditions and lead to growth disappointments. The global investment and economic environment is therefore likely to remain highly uncertain.

Nevertheless, the US Federal Reserve has recently lowered interest rates for the first time in more than four years by half percentage point. It is anticipated that rates may fall another half percentage point by the end of the year. Following the interest rate cut by the US Federal Reserve, the Chinese authorities have on 24 September 2024 announced a strong monetary stimulus package, including interest rate reductions as well as property and stock market support measures. Analysts generally believe the stimulus package to be in the right direction to support China's economy.

In Hong Kong, while the residential market has seen a surge in transactions following the abolition in the first quarter of 2024 of all demand-side stamp duty measures for residential properties, the momentum appears to have stalled after the first half of the year. Local analysts now predict that after key interest rates in the US have started to come down, local banks in Hong Kong may follow suit later in the year and the anticipated interest rate cut will help boost property transactions and improve market sentiment. However, the office market will, in view of reduced demand and new supply of office spaces, continue to be challenging. For the retail market, although vacancy rates appear to have largely stabilised across different districts, the shift in the consumption pattern of inbound visitors and the continuing outbound travel trend of local residents may continue to adversely affect the retail market.

In the UK, the property market has seen an increase in the number of large size transactions over the preceding year, although still reflecting a not-insignificant decline on the 10-year average. Offices bought for refurbishment or redevelopment has remained to be the overriding theme.

For the Group's local property development project, as stated above, the redevelopment of Chai Wan Inland Lot No. 178, No. 391 Chai Wan Road, Chai Wan, has been proceeding well on plan.

Although in the financial year ended 30 June 2024 the capital values across the Group's investment property portfolio have, like other companies in the sector, been negatively impacted by macroeconomic factors, the Group's financial position has remained healthy, as the Group maintains a high liquidity and does not have external borrowings. Looking ahead and particularly having regard to the good progress which has been made in the redevelopment of the Chai Wan Inland Lot No.178 site, the Group should be well placed to benefit from future improvement in market conditions.

The directors have and will continue to carefully monitor the market and pursue opportunities to enhance shareholder value. As demonstrated by the recent exchange of conditional Sale Contract for the disposal of Albany House in London, the potential disposal will bring a healthy financial gain for the Company and its shareholders. Although the Group's turnover will be reduced after completion of the sale, it is noteworthy that a reduction of the current annual revenue of approximately HK\$23.9 million from Albany House cannot be avoided even if there had not been any disposal of the building, as the existing tenant will be vacating at the end of its lease in December 2024 and a major refurbishment of the building would be required before it could be offered for re-letting.

Dr. Henry NGAN  
Chairman

Hong Kong, 27 September 2024

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## Information on Directors and Senior Management

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Dr. Henry NGAN, (86), Chairman, Director of the Company since 1976. Medical Practitioner. Executive Director since 1998. Chairman of the Nomination Committee of the Company. Also Director of Island Communication Enterprises Limited, Communication Holdings Limited, Heartwell Limited, Island Communication Investments Limited, Grand Island Place Investments Limited, Oxney Investments Limited, Communication Properties Limited, Prosperous Orient Limited, Eaglefield Properties Limited, Forever Vitality Limited and Affluent Dragon Island Limited, all of which are subsidiaries of the Company. A substantial shareholder of the Company as defined in the Securities and Futures Ordinance. Brother of NGAN Kit-ling. Brother-in-law of NGAN Soo Shieh Ven Maria. Save as disclosed herein, Dr. NGAN has no relationships with any other Directors, senior management or substantial or controlling shareholders of the Company.

Anthony Grahame STOTT, (70), B.Sc., F.F.A., Affiliate of the ACCA, Independent Non-executive Director of the Company since 2002. Chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company. Chairman of the Management Board of the Institute and Faculty of Actuaries from 1 February 2019 to 31 March 2024 and previously a Director of Fidelity Asian Values PLC, a UK company listed on the Main Board of the London Stock Exchange, from 24 September 2013 to 23 November 2022 and of Jelf Group PLC, a UK company listed on the AIM market of the London Stock Exchange, from 1 December 2010 to 1 December 2015. He is an actuary who between 1982 and 2002 was with Watson Wyatt & Co., a leading global actuarial and management consultancy, from 1992 to 1996 as Managing Director Hong Kong and from 1995 to 2002 as Regional Director Asia Pacific. He was president of the Actuarial Association in Hong Kong in 1984 as well as having been a member of a number of Hong Kong Government advisory committees. Mr. STOTT has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Stephen TAN, M.B.A., B.A., (70), Independent Non-executive Director of the Company since 2014. A member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Tan is an executive director of Asia Financial Holdings Limited, an independent non-executive director of Pioneer Global Group Limited, and an independent non-executive director of Keck Seng Investments (Hong Kong) Limited, all of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. Mr. TAN also sits on the boards of Bank Consortium Trust Company Limited and Hong Kong Life Insurance Limited. He is a Standing Committee Member of The Chinese General Chamber of Commerce, the Honorary President of Federation of Hong Kong Shantou Community Organisations and the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited. Mr. TAN is a voting member of Tung Wah Group of Hospitals Advisory Board, a member of the Board of Governors of Hong Kong Sinfonietta Limited and a charter member of The Rotary Club of The Peak. Mr. TAN has no relationships with any Directors, senior management or substantial or controlling shareholder of the Company.

Dr CHAU Ming Tak (72), Independent Non-executive Director of the Company since 2016. Members of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He is a medical practitioner. He had 16 years of experience in hospital administration as a member of the hospital management team of Queen Mary Hospital. He is, at present, the Honorary Consultant and Independent Member of the Doctors' Advisory Committee, Canossa Hospital. He is also actively involved in voluntary community services as Committee Member of Steering Committee of Hong Kong Southern District Health Centre, Advisor of the Southern District Healthy and Safe Association and Advisor, Management Committee on Health Services of the Aberdeen Kai-fong Welfare Association. Dr CHAU has no relationships with any Directors, senior management or substantial or controlling shareholder of the Company.

Michael John MOIR, (74), B.Sc., M.Eng., FRICS, FHKIS, Executive Director of the Company since 27 November 2020. He was formerly CPS Project Director of the Hong Kong Jockey Club from 2017 to 2019 and Director of Property of the Hong Kong Jockey Club from 2010 to 2016. He was also Chairman of M2 Strategic, a Hong Kong-based consultancy providing leadership and strategy advice for property developers and investors, from 2009 to 2010. Between 2003 and 2009, Mr. MOIR was Director of Inverleith Property Services Limited, a property development and management consultancy company in the UK. From 2001 to 2003, he was Managing Director of PCCW Infrastructure and Executive Director of Pacific Century Regional Developments. Mr. MOIR served as Consultant to the Hong Kong Housing Authority advising on its public housing development policies and practices from 2000 to 2001. Prior to 1999, he was Director and General Manager of Swire Properties Limited. Mr. MOIR also had 9 years of experience in engineering consultancy at Ove Arup & Partners from 1972 to 1981. Mr. MOIR has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

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## Information on Directors and Senior Management (Continued)

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YUNG Shun Loy Jacky, (61), B.Soc.Sc., LLB., FCPA(HK), FCCA(UK), CPA(Australia), Executive Director of the Company since 1 March 2022 and Chief Executive Officer of the Company since 3 January 2022. Also Director of Island Communication Enterprises Limited, Communication Holdings Limited, Heartwell Limited, Island Communication Investments Limited, Grand Island Place Investments Limited, Oxney Investments Limited, Communication Properties Limited, Prosperous Orient Limited, Eaglefield Properties Limited, Forever Vitality Limited and Affluent Dragon Island Limited, all of which are subsidiaries of the Company. He served as the company secretary and assistant chief financial officer of China Mobile Limited from 1997 to 2005, and as the company secretary and deputy chief financial officer of China Telecom Corporation Limited from 2005 to 2015, and as the company secretary of China Unicom (Hong Kong) Limited from 2015 to 2022. He had also served as the Company's chief accountant from 1988 to 1995. Mr. YUNG has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Lynne Jane ARNETT, (69), Independent Non-executive Director of the Company since 6 September 2024. Ms. ARNETT graduated from the University of Wales Institute of Science and Technology with a Bachelor of Science (Hons) in Architecture Studies and a Bachelor of Architecture. She is also a member of the Royal Institute of British Architects. She is currently a Senior Associate at CL3 Architects Limited, an innovative architectural firm based in Hong Kong and has her own sole proprietorship company, L Jane Arnett Architecture + Design. Ms. ARNETT has extensive experience in architectural and interior design project management with a diverse portfolio in Hong Kong, China and South East Asia. Ms. ARNETT has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

### SENIOR MANAGEMENT

Y. T. YUEN, (62), BBA(Hons), FCCA, CPA, Chief Accountant of the Company since 1999. He also served as Acting Chief Executive Officer of the Company during 27 November 2020 to 2 January 2022. Has 39 years experience in accounting field. Mr. YUEN has no relationships with any Directors, senior management or substantial or controlling shareholder of the Company.

KWOK Pun Tak, (71), FCG, HKFCG, Company Secretary. Joined the Company in 2002. Has over 40 years company secretarial experience. Mr. KWOK has no relationships with any Directors, senior management or substantial or controlling shareholder of the Company.

For details of the Directors' and chief executive's interests in the shares of the Company, please refer to the paragraph headed "Directors' and Chief Executive's interests in shares" of the "Report of the Directors" section of this annual report.

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## Independent Auditor's Report

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### **TO THE MEMBERS OF CHINA MOTOR BUS COMPANY, LIMITED**

*(Incorporated in Hong Kong with limited liability)*

#### **Opinion**

We have audited the consolidated financial statements of China Motor Bus Company, Limited ("the company") and its subsidiaries ("the group") set out on pages 42 to 84, which comprise the consolidated statement of financial position as at 30 June 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 30 June 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

#### **Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditor's Report (Continued)

### Key audit matters (Continued)

<b>Valuation of investment properties ("IP") owned by the group and the group's joint ventures</b>	
<i>Refer to the accounting policy in note 1(g)(i) and notes 9 and 11 to the consolidated financial statements</i>	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>The group held a portfolio of IP in Hong Kong and the United Kingdom with a fair value of HK\$1,941 million as at 30 June 2024, representing 27% of the group's total assets as at that date.</p> <p>In addition, the group owns interests in IP in Hong Kong via joint ventures, which are equity accounted for in the consolidated financial statements. The group's interest in joint ventures totalled HK\$2,545 million as at 30 June 2024, representing 35% of the group's total assets as at that date. The IP owned by these joint ventures constituted a significant component of the underlying assets of the joint ventures.</p> <p>The group's IP and those owned by the group's joint ventures comprise office premises, retail shops, residential premises, industrial premises and car parking spaces.</p> <p>The fair values of IP were assessed by the directors based on independent valuations prepared by qualified external property valuers in accordance with recognised industry standards. Assessing the fair values of IP requires management and the external property valuers to make a number of judgemental assumptions, particularly relating to the valuation methodology adopted, capitalisation rates and market rents. The net decrease in fair value of the group's IP recorded in the consolidated income statement amounted to HK\$172 million for the year ended 30 June 2024, while the net changes in fair value of the joint ventures' IP are included in the share of results of joint ventures.</p> <p>We identified valuation of the IP as a key audit matter because of its significance to the consolidated financial statements and because the valuation of IP is inherently subjective and involves significant judgement and estimation, which increases the risk of error or potential management bias.</p>	<p>Our audit procedures to assess the valuation of IP included the following:</p> <ul style="list-style-type: none"> <li>obtaining and inspecting the valuation reports prepared by the external property valuers on which the directors' assessment of the fair values of IP was based;</li> <li>assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity;</li> <li>with the assistance of our internal property valuation specialists, discussing with the external property valuers their valuation methodology and challenging the key estimates and assumptions adopted in the valuations by comparing capitalisation rates, prevailing market rents and comparable market transactions with the available market data and by utilising the industry knowledge and experience of our internal property valuation specialists; and</li> <li>comparing tenancy information, including committed rents and occupancy rates, provided by the group and the joint ventures to the external property valuers with underlying contracts and related documentation, on a sample basis.</li> </ul>



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## Independent Auditor's Report (Continued)

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### **Information other than the consolidated financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the consolidated financial statements**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the group's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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## Independent Auditor's Report (Continued)

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### Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Tsz Kei.

### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

27 September 2024

## Consolidated Income Statement for the Year Ended 30 June 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$000's	2023 \$000's
<b>Turnover</b>	2	69,550	66,935
Finance income	3	63,600	43,271
Other income	4	1,062	1,122
Staff costs	5(a)	(15,784)	(15,068)
Depreciation		(3,364)	(3,392)
Other operating expenses	5(b)	(20,225)	(19,015)
<b>Operating profit</b>	2, 5	94,839	73,853
Share of results of joint ventures	11	(176,067)	47,601
Share of results of associates		(2,168)	(120)
Net valuation losses on investment properties	9	(172,117)	(272,336)
<b>Loss before taxation</b>		(255,513)	(151,002)
Income tax	7(a)	(6,706)	(4,234)
<b>Loss after taxation attributable to shareholders</b>		(262,219)	(155,236)
<b>Loss per share</b>			
Basic and diluted	8	\$ (5.79)	\$ (3.43)

The notes on pages 49 to 84 form part of these financial statements. Details of dividends payable to equity shareholders of the company are set out in note 17(b).

## Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2024

(Expressed in Hong Kong dollars)

	2024	2023
	\$000's	\$000's
<b>Loss for the year</b>	(262,219)	(155,236)
<b>Other comprehensive income for the year</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation	(2,277)	43,290
<b>Other comprehensive income for the year</b>	(2,277)	43,290
<b>Total comprehensive income for the year attributable to shareholders</b>	(264,496)	(111,946)

The notes on pages 49 to 84 form part of these financial statements.

# Consolidated Statement of Financial Position at 30 June 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$000's	2023 \$000's
<b>Non-current assets</b>			
Fixed assets	9	2,031,572	2,207,948
Interest in joint ventures	11	2,545,128	2,815,195
Interest in associates	12	1,311,181	1,189,949
Other investments	13	11,534	13,353
		<u>5,899,415</u>	<u>6,226,445</u>
<b>Current assets</b>			
Debtors, deposits and prepayments	14	9,493	11,963
Current tax recoverable	16(a)	2,115	877
Deposits with banks		1,274,405	1,390,371
Cash at banks and in hand		112,230	74,903
		<u>1,398,243</u>	<u>1,478,114</u>
<b>Current liabilities</b>			
Creditors and accruals	15	47,267	45,451
Current tax payable	16(a)	3,978	2,342
		<u>51,245</u>	<u>47,793</u>
<b>Net current assets</b>			
		<u>1,346,998</u>	<u>1,430,321</u>
<b>Total assets less current liabilities</b>			
		7,246,413	7,656,766
<b>Non-current liability</b>			
Deferred taxation	16(b)	47,881	48,852
<b>NET ASSETS</b>			
		<u>7,198,532</u>	<u>7,607,914</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	17(c)	92,537	92,537
Other reserves		7,105,995	7,515,377
<b>TOTAL EQUITY</b>			
		<u>7,198,532</u>	<u>7,607,914</u>

Approved and authorised for issue by the board of directors on 27 September 2024.

Dr. Henry NGAN )  
Director )

YUNG Shun-loy Jacky )  
Director )

The notes on pages 49 to 84 form part of these financial statements.

## Consolidated Statement of Changes in Equity for the Year Ended 30 June 2024

(Expressed in Hong Kong dollars)

	Other reserves					Total \$000's
	Share capital \$000's	Other properties revaluation reserve \$000's	Deferred profits reserve \$000's	Retained profits \$000's	Subtotal \$000's	
<b>At 1 July 2022</b>	92,537	5,396	263,823	7,505,403	7,774,622	7,867,159
<b>Changes in equity for 2022/2023:</b>						
Dividends declared/approved in respect of the previous year (note 17(b))	-	-	-	(95,147)	(95,147)	(95,147)
Realisation of other properties revaluation reserve	-	(27)	-	27	-	-
Share repurchased and cancelled	-	-	-	(2,348)	(2,348)	(2,348)
Dividends declared in respect of the current year (note 17(b))	-	-	-	(49,804)	(49,804)	(49,804)
	-	(27)	-	(147,272)	(147,299)	(147,299)
Loss for the year	-	-	-	(155,236)	(155,236)	(155,236)
Other comprehensive income – Exchange differences arising on consolidation	-	-	-	43,290	43,290	43,290
	-	-	-	43,290	43,290	43,290
Total comprehensive income	-	-	-	(111,946)	(111,946)	(111,946)
<b>At 30 June 2023</b>	92,537	5,369	263,823	7,246,185	7,515,377	7,607,914

## Consolidated Statement of Changes in Equity for the Year Ended 30 June 2024 (Continued)

(Expressed in Hong Kong dollars)

	Other reserves					Total \$000's
	Share capital \$000's	Other properties revaluation reserve \$000's	Deferred profits reserve \$000's	Retained profits \$000's	Subtotal \$000's	
<b>At 1 July 2023</b>	92,537	5,369	263,823	7,246,185	7,515,377	7,607,914
<b>Changes in equity for 2023/2024:</b>						
Dividends declared/approved in respect of the previous year (note 17(b))	-	-	-	(95,082)	(95,082)	(95,082)
Realisation of other properties revaluation reserve	-	(27)	-	27	-	-
Dividends declared in respect of the current year (note 17(b))	-	-	-	(49,804)	(49,804)	(49,804)
	-	(27)	-	(144,859)	(144,886)	(144,886)
Loss for the year	-	-	-	(262,219)	(262,219)	(262,219)
Other comprehensive income						
- Exchange differences arising on consolidation	-	-	-	(2,277)	(2,277)	(2,277)
	-	-	-	(2,277)	(2,277)	(2,277)
Total comprehensive income	-	-	-	(264,496)	(264,496)	(264,496)
<b>At 30 June 2024</b>	92,537	5,342	263,823	6,836,830	7,105,995	7,198,532

Included in retained profits is a deficit of \$234,905,000 (2023: \$232,628,000) arising from the translation of financial statements of foreign operations.

The notes on pages 49 to 84 form part of these financial statements.

## Consolidated Cash Flow Statement for the Year Ended 30 June 2024

(Expressed in Hong Kong dollars)

	2024	2023
	\$000's	\$000's
<b>Operating activities</b>		
Operating profit	94,839	73,853
Adjustments for:		
– Depreciation	3,364	3,392
– Dividend income from other investments	(735)	(530)
– Interest income	(66,351)	(43,960)
– Net unrealised losses on other investments	1,819	1,265
– Foreign exchange losses	1,884	1,221
	<u>34,820</u>	<u>35,241</u>
<b>Operating profit before changes in working capital</b>	34,820	35,241
Decrease in debtors, deposits and prepayments	6	186
Increase/(decrease) in creditors and accruals	1,566	(665)
	<u>36,392</u>	<u>34,762</u>
<b>Cash generated from operations</b>	36,392	34,762
Tax paid		
– Hong Kong Profits Tax paid	(2,054)	(3,211)
– Overseas tax paid	(5,208)	(6,462)
	<u>29,130</u>	<u>25,089</u>
<b>Net cash generated from operating activities</b>	29,130	25,089
<b>Investing activities</b>		
Purchase of fixed assets	(154)	(119)
Decrease in deposits with banks with maturity more than three months	525,407	18,796
Dividends from joint ventures	16,000	14,000
Dividends from other investments	735	530
Interest received	68,793	35,659
Advance of loan to an associate	(123,400)	(54,980)
Repayment of loan by a joint venture	78,000	74,000
	<u>565,381</u>	<u>87,886</u>
<b>Net cash generated from investing activities</b>	565,381	87,886



## Consolidated Cash Flow Statement for the Year Ended 30 June 2024 (Continued)

(Expressed in Hong Kong dollars)

	2024 \$000's	2023 \$000's
<b>Financing activities</b>		
Shares repurchased	–	(2,348)
Dividends paid	(144,613)	(138,755)
<b>Net cash used in financing activities</b>	<u>(144,613)</u>	<u>(141,103)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	449,898	(28,128)
<b>Effect of foreign exchange rates</b>	(3,130)	20,247
<b>Cash and cash equivalents at 1 July</b>	<u>765,157</u>	<u>773,038</u>
<b>Cash and cash equivalents at 30 June</b>	<u>1,211,925</u>	<u>765,157</u>
<b>Analysis of the balances of cash and cash equivalents</b>		
Deposits with banks	1,274,405	1,390,371
Less: Deposits with banks with maturity more than three months	(174,710)	(700,117)
Cash at banks and in hand	<u>112,230</u>	<u>74,903</u>
	<u>1,211,925</u>	<u>765,157</u>

The notes on pages 49 to 84 form part of these financial statements.

# Notes to the Financial Statements

(Expressed in Hong Kong dollars)

## 1 MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and 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. Material accounting policies adopted by the group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current accounting period reflected in these financial statements.

### (b) Basis of preparation of financial statements

The consolidated financial statements for the year ended 30 June 2024 comprise the company and its subsidiaries (together referred to as "the group") and the group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties and other properties, and the marking to market of certain investments in securities as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (c) Changes in accounting policies

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

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 22).

### (d) Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (e) Associates and joint ventures

An associate is an entity in which the group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the group or company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the group's share of acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(j)). At each reporting date, the group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss.

Unrealised profits and losses resulting from transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

#### (f) Investments in equity instruments

Investments in equity instruments are classified and measured at fair value through profit or loss ("FVTPL") except when the equity investment is not held for trading and an election is made to present the fair value changes in other comprehensive income ("FVTOCI"). This election is made on an investment-by-investment basis on initial recognition and is irrevocable. The gains or losses (both on subsequent measurement and derecognition) of investments that are measured at FVTPL are recognised in profit or loss. If the equity investment is designated as at FVTOCI, all gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, except for dividend income that is generally recognised in profit or loss in accordance with the policy set out in note 1(q)(ii).

Investments are recognised/derecognised on the date the group commits to purchase/sell the investments.

#### (g) Fixed assets

##### (i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(q)(i).

# Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (g) Fixed assets (Continued)

#### (ii) Other properties and fixed assets

Other properties and fixed assets are stated at cost less accumulated depreciation (see note 1(h)) and impairment losses (see note 1(j)). Where other properties are transferred from investment properties when there is a change in use as evidenced by commencement of owner-occupation, their fair value at the date of change in use is deemed to be the cost of the properties.

Certain other properties are stated at their deemed cost by reference to their fair value at the date of a revaluation in 2002 (see note 9) less any subsequent accumulated depreciation (see note 1(h)) and impairment losses (see note 1(j)). Changes arising on the revaluation of other properties in 2002 were dealt with in other comprehensive income and were accumulated separately in equity in the other properties revaluation reserve. Under section 292(5) of the Hong Kong Companies Ordinance, the other properties revaluation reserve can be treated as realised to the extent that depreciation charged to the statement of profit or loss on revalued assets exceeds the amount that would have been charged based on the historical cost of those assets. A transfer is made from the other properties revaluation reserve to retained profits in each reporting period to reflect this realisation.

(iii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iv) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

### (h) Depreciation

Depreciation is calculated to write off the cost or valuation of the company's and the group's fixed assets over their estimated useful lives as follows:

Other properties	–	over the period of the lease
Plant, fixtures and equipment	–	on a straight line basis to write off the assets over 10 or 5 years

### (i) Leased assets

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

When the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(q)(i).

# Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (i) Credit losses and impairment of assets

#### (i) Credit losses from financial assets

The group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost and lease receivables. Financial assets measured at fair value, including derivative financial assets, are not subject to the ECL assessment.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive). The expected cash shortfalls for fixed-rate financial assets and interest and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

#### (ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that fixed assets (other than investment properties carried at fair value) and investments in subsidiaries in the company's statement of financial position may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the recoverable amount is estimated.

##### – Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

##### – Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

##### – Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

#### (iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1 (i) (i) and (ii)).

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## Notes to the Financial Statements (Continued)

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(Expressed in Hong Kong dollars)

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (k) Trade and other receivables

A receivable is recognised when the group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for credit losses (see note 1(j)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for credit losses.

#### (l) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoiced amount.

#### (m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 1(j)(i).

#### (n) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost to the group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### (o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (o) Income tax (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(g)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset only if certain criteria are met.

#### (p) Provisions, contingent liabilities and onerous contracts

##### (i) Provisions and contingent liabilities

Provisions are recognised when the group or the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (p) Provisions, contingent liabilities and onerous contracts (Continued)

(ii) Onerous contracts

An onerous contract exists when the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

#### (q) Revenue and other income

Income is classified by the group as revenue when it arises from the provision of services or the use by others of the group's assets under leases in the ordinary course of the group's business.

Revenue is recognised when control over service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(ii) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

#### (r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss. Exchange differences arising on consolidation are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.



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## Notes to the Financial Statements (Continued)

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(Expressed in Hong Kong dollars)

### 1 MATERIAL ACCOUNTING POLICIES (Continued)

#### (s) Related parties

- (a) A person, or a close member of that person's family, is related to the group if that person:
- (i) has control or joint control over the group;
  - (ii) has significant influence over the group; or
  - (iii) is a member of the key management personnel of the group or the group's parent.
- (b) An entity is related to the group if any of the following conditions applies:
- (i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### (t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 2 TURNOVER AND SEGMENT REPORTING

#### (a) Turnover

The principal activities of the group are property development and investment. The principal activities of the subsidiaries are set out in note 10 to the financial statements.

Turnover represents rental income.

	2024	2023
	\$000's	\$000's
Rentals from investment properties	<u>69,550</u>	<u>66,935</u>

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

	Group turnover		Operating profit	
	2024	2023	2024	2023
	\$000's	\$000's	\$000's	\$000's
Geographical locations of operations				
Hong Kong	38,897	37,552	46,026	33,403
United Kingdom	30,653	29,383	48,813	40,450
	<u>69,550</u>	<u>66,935</u>	<u>94,839</u>	<u>73,853</u>

In addition, the turnover of the joint ventures attributable to the group for the year amounted to \$102,390,000 (2023: \$101,294,000).

#### (b) 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.

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

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

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

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 2 TURNOVER AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

(i) Segment results, assets and liabilities

	Property development and investment		Treasury management		Unallocated		Consolidated	
	2024 \$'000's	2023 \$'000's	2024 \$'000's	2023 \$'000's	2024 \$'000's	2023 \$'000's	2024 \$'000's	2023 \$'000's
Turnover	69,550	66,935	-	-	-	-	69,550	66,935
Finance income	-	-	63,600	43,271	-	-	63,600	43,271
Other income	-	-	-	-	1,062	1,122	1,062	1,122
<b>Total revenue</b>	<b>69,550</b>	<b>66,935</b>	<b>63,600</b>	<b>43,271</b>	<b>1,062</b>	<b>1,122</b>	<b>134,212</b>	<b>111,328</b>
Segment results	57,668	58,285	63,600	43,271	-	-	121,268	101,556
Net unallocated expenses	-	-	-	-	-	-	(26,429)	(27,703)
Operating profit	-	-	-	-	-	-	94,839	73,853
Share of results of joint ventures	(176,067)	47,601	-	-	-	-	(176,067)	47,601
Share of results of associates	(2,168)	(120)	-	-	-	-	(2,168)	(120)
Net valuation losses on investment properties	(172,117)	(272,336)	-	-	-	-	(172,117)	(272,336)
Income tax	-	-	-	-	-	-	(6,706)	(4,234)
Loss after taxation attributable to shareholders	-	-	-	-	-	-	(262,219)	(155,236)
Depreciation for the year	(170)	(170)	-	-	(3,194)	(3,222)	(3,364)	(3,392)
Fixed assets	1,941,746	2,115,005	-	-	89,826	92,943	2,031,572	2,207,948
Other investments	-	-	11,534	13,353	-	-	11,534	13,353
Debtors, deposits and prepayments	1,901	1,908	7,364	9,806	228	249	9,493	11,963
Current tax recoverable	-	-	-	-	2,115	877	2,115	877
Deposits with banks with maturity more than three months	-	-	174,710	700,117	-	-	174,710	700,117
Cash and cash equivalents	-	-	1,211,925	765,157	-	-	1,211,925	765,157
<b>Segment assets</b>	<b>1,943,647</b>	<b>2,116,913</b>	<b>1,405,533</b>	<b>1,488,433</b>	<b>92,169</b>	<b>94,069</b>	<b>3,441,349</b>	<b>3,699,415</b>
Interest in joint ventures	2,545,128	2,815,195	-	-	-	-	2,545,128	2,815,195
Interest in associates	1,311,181	1,189,949	-	-	-	-	1,311,181	1,189,949
<b>Total assets</b>							<b>7,297,658</b>	<b>7,704,559</b>
Creditors and accruals	18,549	18,400	-	-	28,718	27,051	47,267	45,451
Current tax payable	-	-	-	-	3,978	2,342	3,978	2,342
Deferred taxation	-	-	-	-	47,881	48,852	47,881	48,852
<b>Segment liabilities</b>	<b>18,549</b>	<b>18,400</b>	<b>-</b>	<b>-</b>	<b>80,577</b>	<b>78,245</b>	<b>99,126</b>	<b>96,645</b>
Additions to non-current assets other than other investments during the year	76	119	-	-	78	-	154	119

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 2 TURNOVER AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

(ii) Geographical information

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

In presenting geographical information, revenue is based on the geographical locations of customers. Specified non-current assets, which represent non-current assets other than other investments, are based on the geographical location of assets.

	Hong Kong		United Kingdom	
	2024	2023	2024	2023
	\$000's	\$000's	\$000's	\$000's
Turnover	38,897	37,552	30,653	29,383
Specified non-current assets	<u>5,384,276</u>	<u>5,678,481</u>	<u>503,605</u>	<u>534,611</u>

### 3 FINANCE INCOME

	2024	2023
	\$000's	\$000's
Dividend income from other investments	735	530
Exchange (losses)/gains	(1,667)	46
Interest income	66,351	43,960
Net unrealised losses on other investments	(1,819)	(1,265)
	<u>63,600</u>	<u>43,271</u>

### 4 OTHER INCOME

	2024	2023
	\$000's	\$000's
Management fee	496	497
Unclaimed dividends forfeited	537	462
Sundry income	29	163
	<u>1,062</u>	<u>1,122</u>

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 5 OPERATING PROFIT

Operating profit is arrived at

	2024	2023
	\$000's	\$000's
after charging:		
(a) Staff costs		
Contributions to defined contribution retirement scheme	339	290
Salaries, wages and other benefits	15,445	14,778
	<u>15,784</u>	<u>15,068</u>
(b) Other operating expenses		
Auditor's remuneration		
– audit services	4,700	4,598
– tax services	541	255
Legal and professional fees	4,276	3,922
Property expenses	7,306	6,920
Rent and rates	413	414
Others	2,989	2,906
	<u>20,225</u>	<u>19,015</u>
and after crediting:		
Rental income less outgoings which includes	62,244	60,015
– gross rental income from investment properties	<u>69,550</u>	<u>66,935</u>

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 6 EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE AND FIVE HIGHEST PAID DIRECTORS/EMPLOYEES

#### (a) Directors and chief executive

Directors' and chief executive's emoluments disclosed pursuant to section 383 of the Hong Kong Companies Ordinance, Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the Listing Rules are as follows:

Name	Directors' fees	Salaries, allowances and benefits in kind	Group's contributions to retirement scheme	Total
	\$'000's	\$'000's	\$'000's	\$'000's
2024				
<b>Executive directors</b>				
Dr. Henry NGAN	605	600	–	1,205
Michael John MOIR	400	600	–	1,000
YUNG Shun-loy, Jacky	405	3,563	198	4,166
<b>Independent Non-executive Directors</b>				
Anthony Grahame STOTT	600	–	–	600
Stephen TAN	400	–	–	400
Dr. CHAU Ming-tak	400	–	–	400
	<u>2,810</u>	<u>4,763</u>	<u>198</u>	<u>7,771</u>
2023				
<b>Executive directors</b>				
Dr. Henry NGAN	605	600	–	1,205
Michael John MOIR	400	600	–	1,000
YUNG Shun-loy, Jacky	404	3,563	185	4,152
<b>Non-executive director</b>				
Fritz HELMREICH (Passed away on 17 October 2022)	121	177	–	298
<b>Independent Non-executive Directors</b>				
Anthony Grahame STOTT	600	–	–	600
Stephen TAN	400	–	–	400
Dr. CHAU Ming-tak	400	–	–	400
	<u>2,930</u>	<u>4,940</u>	<u>185</u>	<u>8,055</u>

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 6 EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE AND FIVE HIGHEST PAID DIRECTORS/EMPLOYEES (Continued)

#### (b) Employees

Set out below is an analysis of the emoluments for the year ended 30 June 2024 of two employees (2023: two) of the group who, not being a director nor chief executive of the company for any period during the financial year, are among the top five highest paid individuals (including directors and chief executive of the company and other employees of the group) employed by the group.

#### (i) Aggregate emoluments

	2024	2023
	\$000's	\$000's
Basic salary, housing allowance and other benefits	2,927	2,747
Retirement scheme contribution	37	37
	<u>2,964</u>	<u>2,784</u>

#### (ii) Bandings

Bands (in HK\$)	Number	Number
\$Nil – \$1,000,000	–	–
\$1,000,001 – \$1,500,000	1	1
\$1,500,001 – \$2,000,000	1	1
Total	<u>2</u>	<u>2</u>

### 7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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 \$2 million of profits of a qualifying corporation (Island Communication Investments Limited, the wholly owned subsidiary, is the qualifying corporation) will be taxed at 8.25%, and profits above \$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.

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(a) Taxation in the consolidated income statement represents:

	2024	2023
	\$000's	\$000's
<b>Current tax – Provision for Hong Kong Profits Tax</b>		
Tax for the year	3,693	3,463
(Over)/under-provision in respect of prior years	(3)	2
	<u>3,690</u>	<u>3,465</u>
<b>Current tax – Overseas</b>		
Tax for the year	3,823	4,078
Under/(over)-provision in respect of prior years	147	(538)
	<u>3,970</u>	<u>3,540</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(954)	(4,750)
Effect on deferred tax balance resulting from a change in tax rate	–	1,979
	<u>(954)</u>	<u>(2,771)</u>
	<u>6,706</u>	<u>4,234</u>

(b) Reconciliation between the actual tax expense and accounting loss at applicable tax rates:

	2024	2023
	\$000's	\$000's
Loss before taxation	<u>(255,513)</u>	<u>(151,002)</u>
Notional tax on loss before taxation calculated at applicable tax rates	(42,429)	(28,085)
Tax effect of non-deductible expenses	63,006	42,736
Tax effect of non-taxable income	(15,135)	(13,215)
Under/(over)-provision in respect of prior years	144	(536)
Tax effect of tax losses not recognised	1,129	1,373
Tax effect on deferred tax balance resulting from a change in tax rate	–	1,979
Statutory tax concession	(9)	(18)
Actual tax expense	<u>6,706</u>	<u>4,234</u>

### 8 LOSS PER SHARE

The calculation of basic and diluted loss per share is based on loss attributable to shareholders of \$262,219,000 (2023: \$155,236,000) and the weighted average of 45,276,856 (2023: 45,298,195) shares in issue during the year.



## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 9 FIXED ASSETS

	Investment properties	Other properties	Plant, fixtures and equipment	Total
	\$000's	\$000's	\$000's	\$000's
Cost or valuation:				
At 1 July 2022	2,364,393	105,076	5,011	2,474,480
Exchange adjustment	22,554	-	-	22,554
Additions	-	-	119	119
Revaluation deficit	(272,336)	-	-	(272,336)
At 30 June 2023	2,114,611	105,076	5,130	2,224,817
Representing:				
Cost	-	85,000	5,130	90,130
2002 valuation (note (b))	-	20,076	-	20,076
2023 valuation	2,114,611	-	-	2,114,611
	2,114,611	105,076	5,130	2,224,817
Cost or valuation:				
At 1 July 2023	2,114,611	105,076	5,130	2,224,817
Exchange adjustment	(1,049)	-	-	(1,049)
Additions	-	-	154	154
Revaluation deficit	(172,117)	-	-	(172,117)
At 30 June 2024	1,941,445	105,076	5,284	2,051,805
Representing:				
Cost	-	85,000	5,284	90,284
2002 valuation (note (b))	-	20,076	-	20,076
2024 valuation	1,941,445	-	-	1,941,445
	1,941,445	105,076	5,284	2,051,805
Accumulated depreciation:				
At 1 July 2022	-	9,032	4,445	13,477
Charge for the year	-	3,160	232	3,392
At 30 June 2023	-	12,192	4,677	16,869
At 1 July 2023	-	12,192	4,677	16,869
Charge for the year	-	3,161	203	3,364
At 30 June 2024	-	15,353	4,880	20,233
Net book value:				
At 30 June 2024	1,941,445	89,723	404	2,031,572
At 30 June 2023	2,114,611	92,884	453	2,207,948
<b>Tenure of title to properties:</b>				
2024				
Held in Hong Kong				
- Long leases	286,980	89,723	-	376,703
- Medium term leases	1,150,860	-	-	1,150,860
	1,437,840	89,723	-	1,527,563
Held outside Hong Kong				
- Freehold	503,605	-	-	503,605
	1,941,445	89,723	-	2,031,168
2023				
Held in Hong Kong				
- Long leases	323,500	92,884	-	416,384
- Medium term leases	1,256,500	-	-	1,256,500
	1,580,000	92,884	-	1,672,884
Held outside Hong Kong				
- Freehold	534,611	-	-	534,611
	2,114,611	92,884	-	2,207,495

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 9 FIXED ASSETS (Continued)

#### (a) Fair value measurement of properties

##### (i) Fair value hierarchy

The fair value of the group's investment properties is measured at the end of the reporting period on a recurring basis and is categorised as Level 3 measured using significant unobservable inputs under the fair value hierarchy as defined in HKFRS 13, *Fair value measurement* (see note 18(f)(i)).

The group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur. During the year ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (2023: Nil).

The group's investment properties which are situated in Hong Kong and held under long and medium term leases, have been revalued at 30 June 2024 by Professional Property Services Limited, an independent firm of professional surveyors with recent experience in the location and category of property being valued.

The group's investment properties which are situated in the United Kingdom and are freehold properties, have been revalued at 30 June 2024 by Savills (UK) Limited and Avison Young (UK) Limited, independent firms of professional surveyors with recent experience in the location and category of property being valued.

The group reviews the valuations performed by independent valuers for financial reporting purposes. Such valuations are reviewed and approved by the directors.

##### (ii) Information about Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs
Investment properties: – Hong Kong	Income capitalisation approach and, where appropriate, direct comparison	Prevailing market rents	\$10.5–\$94 per square foot per month (2023: \$10.5–\$94 per square foot per month)
		Prevailing capital values	\$5,200–\$39,700 per square foot (2023: \$5,600–\$44,700 per square foot)
		Capitalisation rates	2.8%–4.6% (2023: 2.6%–3.9%)
– United Kingdom	Income capitalisation approach and, where appropriate, residual method	Prevailing market rents	GBP4.42–GBP6.25 per square foot per month (2023: GBP3.5–GBP3.83 per square foot per month)
		Capitalisation rates	5.55%–5.90% (2023: 4.98%–5.62%)

The fair value of investment properties located in Hong Kong was arrived at by considering the capitalised income derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions. The fair value measurement is positively correlated to the market rents and capital values and negatively correlated to the capitalisation rates.

The fair value of investment properties located in the United Kingdom was arrived at by considering the capitalised income derived from the existing tenancies and the reversionary potential of the properties, assuming refurbishment for continuing office use in the case of Albany House. The fair value measurement is negatively correlated to the capitalisation rates.

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 9 FIXED ASSETS (Continued)

#### (a) Fair value measurement of properties (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2024 \$000's	2023 \$000's
<b>Investment properties – Hong Kong</b>		
At 1 July 2023/2022	1,580,000	1,736,700
Fair value adjustment	<u>(142,160)</u>	<u>(156,700)</u>
At 30 June	<u>1,437,840</u>	<u>1,580,000</u>
<b>Investment properties – United Kingdom</b>		
At 1 July 2023/2022	534,611	627,693
Exchange adjustment	(1,049)	22,554
Fair value adjustment	<u>(29,957)</u>	<u>(115,636)</u>
At 30 June	<u>503,605</u>	<u>534,611</u>

Fair value adjustment of investment properties is recognised in the line item "net valuation losses on investment properties" on the face of the consolidated income statement. All the net losses recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

(b) In 2002, a valuation was carried out for other properties at the time which are held for own use and the carrying values of these properties were then re-stated to their revalued amount. The 2002 revaluation was treated as if it were the "deemed cost" of these properties and no subsequent valuations have been carried out. The carrying amount of other properties revalued in 2002 of the group at 30 June 2024 would have been \$10,879,000 (2023: \$10,917,000) had they been carried at their initial acquisition cost less accumulated depreciation.

#### (c) Fixed assets leased out under operating leases

The group leases out investment properties in Hong Kong and the United Kingdom under operating leases. The leases for investment properties in Hong Kong typically run for an initial period of one to three years. The leases for investment properties in the United Kingdom run for an initial period of fifteen to twenty-five years. Lease payments are subject to upward only rent review for every five years for investment properties in the United Kingdom. Rentals from investment properties does not include variable lease payments that do not depend on an index or a rate.

The undiscounted lease income under non-cancellable operating leases in place at the reporting date will be receivable by the group in future periods as follows:

	2024 \$000's	2023 \$000's
Within one year	43,777	59,457
After one year but within two years	18,480	28,022
After two years but within three years	14,006	9,660
After three years but within four years	8,343	8,365
After four years but within five years	8,343	8,365
After five years	<u>10,766</u>	<u>19,159</u>
	<u>103,715</u>	<u>133,028</u>

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 10 INTEREST IN SUBSIDIARIES

	The company	
	2024	2023
	\$'000's	\$'000's
Unlisted shares, at cost	1,018,356	1,018,356

Details of the subsidiaries are as follows:

Name of company	Place of incorporation	Place of operation	Particular of issued shares/ share capital	Percentage		Principal activity
				directly held	indirectly held	
Island Communication Enterprises Limited	Hong Kong	Hong Kong	185,073,024 shares	100%	–	Investment holding
Heartwell Limited	Hong Kong	Hong Kong	9,000,002 shares	100%	–	Investment holding
Communication Holdings Limited	British Virgin Islands	Hong Kong	35,900,010 shares of \$10 each	100%	–	Investment holding
Forever Vitality Limited	Hong Kong	Hong Kong	100 shares	100%	–	Property development
Affluent Dragon Island Limited	Hong Kong	Hong Kong	2 shares	100%	–	Investment holding
Island Communication Investments Limited	British Virgin Islands	Hong Kong	2 shares of \$1 each	–	100%	Investment property holding
Grand Island Place Investments Limited	British Virgin Islands	Hong Kong	2 shares of \$1 each	–	100%	Investment property holding
Oxney Investments Limited	British Virgin Islands	United Kingdom	1 share of US\$1 each	–	100%	Investment property holding
Communication Properties Limited	British Virgin Islands	United Kingdom	1 share of US\$1 each	–	100%	Investment property holding
Eaglefield Properties Limited	British Virgin Islands	United Kingdom	1 share of US\$1 each	–	100%	Investment property holding
Prosperous Orient Limited	Hong Kong	Hong Kong	2 shares	–	100%	Investment property holding

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 11 INTEREST IN JOINT VENTURES

	2024	2023
	\$000's	\$000's
Share of net assets	1,463,371	1,655,438
Loan to a joint venture	1,081,757	1,159,757
	<u>2,545,128</u>	<u>2,815,195</u>

Details of the group's interest in the joint ventures, all of which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name of joint ventures	Form of business structure	Place of incorporation	Place of operation	Particulars of issued shares/ share capital	Proportion of ownership interest		Principal activity	Financial year end
					Group's effective interest or held by a subsidiary			
Swire and Island Communication Developments Limited	Incorporated	British Virgin Islands	Hong Kong	60 'A' shares of \$10 each 40 'B' shares of \$10 each 1 non-voting dividend share of \$10 each	–	100%	Property development for investment	31 December
Hareton Limited	Incorporated	Hong Kong	Hong Kong	100 shares	50%		Property development for investment	31 December

All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.

Share of the results of the joint ventures are as follows:

	2024	2023
	\$000's	\$000's
Share of revenue	<u>102,390</u>	<u>101,294</u>
Share of operating profit	67,401	65,029
Share of valuation losses on investment properties	(232,905)	(6,931)
Share of taxation	<u>(10,563)</u>	<u>(10,497)</u>
	<u>(176,067)</u>	<u>47,601</u>

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 11 INTEREST IN JOINT VENTURES (Continued)

Summarised financial information of the joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

#### (a) Swire and Island Communication Developments Limited

	2024	2023
	\$000's	\$000's
<b>Gross amounts of the joint venture's</b>		
Non-current assets	1,155,000	1,142,000
Current assets	70,345	74,137
Current liabilities	(41,264)	(38,638)
Deferred taxation	(70,791)	(70,718)
Equity	1,113,290	1,106,781
<b>Included in the above assets and liabilities:</b>		
Cash and cash equivalents	4,737	11,099
Current financial liabilities (excluding creditors and accruals)	-	-
Non-current financial liabilities (excluding creditors and accruals)	-	-
Revenue	75,668	72,068
Profit from continuing operations	46,509	49,951
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	46,509	49,951
<b>Included in the above profit:</b>		
Depreciation and amortisation	-	-
Interest income	3,369	2,029
Interest expense	-	-
Income tax expense	(5,802)	(5,424)
<b>Reconciled to the group's interest in the joint venture</b>		
Gross amounts of net assets of the joint venture	1,113,290	1,106,781
Group's effective interest	40%	40%
Group's share of net assets of the joint venture	445,316	442,712
Carrying amount in the consolidated financial statements	445,316	442,712
Group's dividend received from the joint venture	16,000	14,000

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 11 INTEREST IN JOINT VENTURES (Continued)

#### (b) Hareton Limited

	2024 \$000's	2023 \$000's
<b>Gross amounts of the joint venture's</b>		
Non-current assets	4,276,518	4,753,602
Current assets	54,927	112,800
Current liabilities	(2,213,459)	(2,375,561)
Deferred taxation	(81,875)	(65,389)
Equity	2,036,111	2,425,452
<b>Included in the above assets and liabilities:</b>		
Cash and cash equivalents	7,249	16,928
Current financial liabilities (excluding creditors and accruals)	(2,163,514)	(2,319,514)
Non-current financial liabilities (excluding creditors and accruals)	-	-
Revenue	144,245	144,934
(Loss)/profit from continuing operations	(389,341)	55,242
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	(389,341)	55,242
<b>Included in the above (loss)/profit:</b>		
Depreciation and amortisation	(95)	(182)
Interest income	3,166	1,293
Interest expense	-	-
Income tax expense	(16,486)	(16,674)
<b>Reconciled to the group's interest in the joint venture</b>		
Gross amounts of net assets of the joint venture	2,036,111	2,425,452
Group's effective interest	50%	50%
Group's share of net assets of the joint venture	1,018,055	1,212,726
Group's share of shareholders' loan (note)	1,081,757	1,159,757
	<u>2,099,812</u>	<u>2,372,483</u>
Carrying amount in the consolidated financial statements		
Group's dividend received from the joint venture	<u>-</u>	<u>-</u>

Note: In accordance with the terms of the shareholders' agreement, both parties to the joint venture have provided loan capital to the joint venture in proportion to their shareholdings and under equal terms. The loans are unsecured, interest-free and subordinated to the other financing obtained by the joint venture. Repayment of any amount of the loan requires both shareholders' approval and is subject to the joint venture having sufficient assets after taking into account the external financing and accumulated profits. Accordingly, the shareholder's loan forms an integral part of the company's equity investment in the joint venture and is recognised as such.

### 12 INTEREST IN ASSOCIATES

	2024 \$000's	2023 \$000's
Share of net liabilities	(2,651)	(483)
Loan to an associate	1,313,832	1,190,432
	<u>1,311,181</u>	<u>1,189,949</u>

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 12. INTEREST IN ASSOCIATES (Continued)

Details of the group's interest in the associates, all of which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name of associates	Form of business structure	Place of incorporation	Place of operation	Particulars of issued shares/share capital	Proportion of ownership interest			Principal activity	Financial year end
					Group's effective interest	Held by a subsidiary	Held by an associate		
Windcharm Property Holdings Limited (formerly Windcharm Investments Limited)	Incorporated	British Virgin Islands	Hong Kong	10 shares of US\$1 each	20%	20%	-	Investment holding	31 December
Joyful Sincere Limited	Incorporated	Hong Kong	Hong Kong	1 share	20%	-	100%	Property development for resale and investment	31 December

The above associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

#### Windcharm Property Holdings Limited and its subsidiary, Joyful Sincere Limited

	2024 \$000's	2023 \$000's
<b>Gross amounts of the associates'</b>		
Current assets	6,800,340	6,057,880
Current liabilities	(243,427)	(107,046)
Non-current liabilities	(6,570,168)	(5,953,247)
Equity	(13,255)	(2,413)
<b>Included in the above assets and liabilities:</b>		
Cash and cash equivalents	2,812	42,702
Current financial liabilities (excluding creditors and accruals)	(121)	(121)
Non-current financial liabilities (excluding creditors and accruals)	(6,570,168)	(5,953,247)
Revenue	-	-
Loss from continuing operations	(10,842)	(599)
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	(10,842)	(599)
<b>Included in the above loss:</b>		
Depreciation and amortisation	-	-
Interest income	-	-
Interest expense	-	-
Income tax expense	-	-
<b>Reconciled to the group's interest in the associates</b>		
Gross amounts of net liabilities of the associates	(13,255)	(2,413)
Group's effective interest	20%	20%
Group's share of net liabilities of the associates	(2,651)	(483)
Group's share of shareholders' loan (note)	1,313,832	1,190,432
Carrying amount in the consolidated financial statements	1,311,181	1,189,949

Note: In accordance with the terms of the funding agreement, both parties to the associate have provided loan capital to the associate in proportion to their shareholdings and under equal terms. The loans are unsecured, interest-free and subordinated to the other financing obtained by the associate except that a certain portion of the loans would bear interest of 4.5% per annum if and to the extent that the associate shall have surplus funds after payment of developments costs and other liabilities. Repayment of any amount of the loan requires both shareholders' approval and is subject to the associate having sufficient assets after taking into account the external financing and accumulated profits. Accordingly, the shareholder's loan forms an integral part of the company's equity investment in the associate and is recognised as such.



## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 13 OTHER INVESTMENTS

	2024	2023
	\$000's	\$000's
Equity securities listed in Hong Kong, at fair value through profit or loss	11,534	13,353

### 14 DEBTORS, DEPOSITS AND PREPAYMENTS

#### (a) Ageing analysis

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

	2024	2023
	\$000's	\$000's
Within 1 month	266	340
1 to 3 months	319	340
Over 3 months	161	55
Total trade debtors	746	735
Deposits, prepayments and other receivables	1,383	1,422
Interest receivable	7,364	9,806
	9,493	11,963

A defined credit policy is maintained within the group.

The following amounts are expected to be recovered after more than one year:

	2024	2023
	\$000's	\$000's
Deposits and prepayments	1,220	1,230

#### (b) Expected credit losses of trade debtors

The group measures loss allowances for trade debtors at an amount equal to lifetime expected credit losses. Given the group has not experienced any significant credit losses in the past and holds sufficient rental deposits from tenants to cover the potential exposure to credit risk, the allowance for credit losses is therefore insignificant.

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 15 CREDITORS AND ACCRUALS

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

	2024 \$000's	2023 \$000's
Within 1 month	244	80
1 to 3 months	5	–
Over 3 months	201	201
Total trade creditors	450	281
Other payables and accruals	46,817	45,170
	<u>47,267</u>	<u>45,451</u>

The following amounts are expected to be settled after more than one year:

	2024 \$000's	2023 \$000's
Other payables and accruals	6,161	6,859

### 16 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2024 \$000's	2023 \$000's
Provision for Hong Kong Profits Tax for the year	3,693	3,463
Provisional Profits Tax paid	–	(1,121)
	<u>3,693</u>	<u>2,342</u>
Balance of Profits Tax provision relating to prior years	285	–
	<u>3,978</u>	<u>2,342</u>
Overseas taxation	3,823	4,078
Provisional overseas tax paid	(5,938)	(4,955)
	<u>(2,115)</u>	<u>(877)</u>
	<u>1,863</u>	<u>1,465</u>

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 16 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (Continued)

#### (b) Deferred tax (assets)/liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of the related depreciation	Revaluation of properties	Other provisions	Total
	\$000's	\$000's	\$000's	\$000's
At 1 July 2022	45,498	6,144	(410)	51,232
Exchange adjustment	139	252	–	391
Charged/(credited) to profit or loss	777	(5,527)	–	(4,750)
Effect of deferred tax balance resulting from a change in tax rate charged to profit or loss	1,115	864	–	1,979
	<u>47,529</u>	<u>1,733</u>	<u>(410)</u>	<u>48,852</u>
At 30 June 2023	<u>47,529</u>	<u>1,733</u>	<u>(410)</u>	<u>48,852</u>
At 1 July 2023	47,529	1,733	(410)	48,852
Exchange adjustment	(13)	(4)	–	(17)
Charged/(credited) to profit or loss	774	(1,728)	–	(954)
	<u>48,290</u>	<u>1</u>	<u>(410)</u>	<u>47,881</u>
At 30 June 2024	<u>48,290</u>	<u>1</u>	<u>(410)</u>	<u>47,881</u>

#### (c) Deferred tax assets not recognised

The group has not recognised deferred tax assets in respect of tax losses of \$147,469,000 (2023: \$140,749,000). The tax losses do not expire under current tax legislation.

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 17 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Movements in components of equity:

The reconciliation between the opening and closing balances of each component of the group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the company's individual components of equity between the beginning and the end of the year are set out below:

#### The company

	Share capital \$000's	Other reserves			Subtotal \$000's	Total \$000's
		Other properties revaluation reserve \$000's	Deferred profits reserve \$000's	Retained profits \$000's		
<b>At 1 July 2022</b>	92,537	5,396	52,758	2,276,717	2,334,871	2,427,408
<b>Changes in equity for 2022/2023:</b>						
Dividends declared/approved in respect of the previous year (note 17(b))	-	-	-	(95,147)	(95,147)	(95,147)
Realisation of other properties revaluation reserve	-	(27)	-	27	-	-
Share repurchased and cancelled	-	-	-	(2,348)	(2,348)	(2,348)
Dividends declared in respect of the current year (note 17(b))	-	-	-	(49,804)	(49,804)	(49,804)
Total comprehensive income for the year	-	-	-	(12,237)	(12,237)	(12,237)
<b>At 30 June 2023</b>	<u>92,537</u>	<u>5,369</u>	<u>52,758</u>	<u>2,117,208</u>	<u>2,175,335</u>	<u>2,267,872</u>
<b>At 1 July 2023</b>	92,537	5,369	52,758	2,117,208	2,175,335	2,267,872
<b>Changes in equity for 2023/2024:</b>						
Dividends declared/approved in respect of the previous year (note 17(b))	-	-	-	(95,082)	(95,082)	(95,082)
Realisation of other properties revaluation reserve	-	(27)	-	27	-	-
Dividends declared in respect of the current year (note 17(b))	-	-	-	(49,804)	(49,804)	(49,804)
Total comprehensive income for the year	-	-	-	(10,759)	(10,759)	(10,759)
<b>At 30 June 2024</b>	<u>92,537</u>	<u>5,342</u>	<u>52,758</u>	<u>1,961,590</u>	<u>2,019,690</u>	<u>2,112,227</u>

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (b) Dividends

(i) Dividends payable to equity shareholders of the company attributable to the year:

	2024	2023
	\$000's	\$000's
First interim dividend declared and paid of \$0.10 (2023: \$0.10) per share	4,528	4,528
Special dividend declared and paid of \$1.00 (2023: \$1.00) per share	45,276	45,276
Second interim dividend declared after the end of the reporting period of \$0.30 (2023: \$0.30) per share	13,583	13,583
Final dividend proposed after the end of the reporting period of \$0.10 (2023: \$0.10) per share	4,528	4,528
Special dividend proposed after the end of the reporting period of \$1.70 (2023: \$1.70) per share	76,971	76,971
	<u>144,886</u>	<u>144,886</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.

(ii) Dividends payable to equity shareholders of the company attributable to the previous financial year, approved and paid during the year:

	2024	2023
	\$000's	\$000's
Second interim dividend declared in respect of previous financial year of \$0.30 (2023: \$0.30) per share	13,583	13,592
Final dividend approved in respect of previous financial year of \$0.10 (2023: \$0.10) per share	4,528	4,531
Special dividend approved in respect of previous financial year of \$1.70 (2023: \$1.70) per share	76,971	77,024
	<u>95,082</u>	<u>95,147</u>

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (c) Share capital

(i) Issued share capital

	2024		2023	
	No. of shares	Amount \$000's	No. of shares	Amount \$000's
<b>Ordinary shares, issued and fully paid:</b>				
At 1 July	45,276,856	92,537	45,308,056	92,537
Shares repurchased and cancelled	–	–	(31,200)	–
At 30 June	<u>45,276,856</u>	<u>92,537</u>	<u>45,276,856</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.

(ii) Purchase of own shares

During the year ended 30 June 2023, 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	Lowest price paid per share	Aggregate price paid
		\$	\$	\$000's
March/2023	31,200	80.00	69.50	2,338
Total expenses on shares repurchased during the year				<u>10</u>
Total				<u>2,348</u>

The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the repurchased shares of \$2,348,000 (including expenses) was paid wholly out of retained profits. All the repurchased shares were cancelled during prior year. The repurchase was carried out pursuant to the general mandate granted by the shareholders at the Ordinary Yearly Meeting held on 1 December 2022 and were conducted in the interest of the company and its shareholders as a whole. The repurchases might lead to an enhancement of the company's net assets per share.

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## Notes to the Financial Statements (Continued)

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(Expressed in Hong Kong dollars)

### 17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (d) Nature and purpose of reserves

- (i) Other properties revaluation reserve

The other properties revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for other properties in note 1(g).

The other properties revaluation reserve is not available for distribution to shareholders because it does not constitute realised profits within the meaning of Part 6 of the Hong Kong Companies Ordinance.

- (ii) Deferred profits reserve

Deferred profits represent profits from the sale of land and buildings to joint ventures.

#### (e) Distributability of reserves

At 30 June 2024, the aggregate amount of reserves available for distribution to equity shareholders of the company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was \$1,717,243,000 (2023: \$1,870,159,000).

#### (f) Capital management

The group's primary objectives when managing capital are to safeguard the group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders. The capital structure of the group consists of equity attributable to shareholders of the company, comprising issued share capital, reserves and retained profits.

The group currently does not have external loans and borrowings.

The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. There were no changes in the group's approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 18 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the group's business. The group is also exposed to equity price risk arising from its equity investments in other entities.

The group's exposure to these risks and the financial risk management policies and practices used by the group to manage these risks are described below.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a financial loss to the group. The group's credit risk is primarily attributable to deposits with banks. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies.

The group maintains bank deposits with authorised financial institutions.

#### (b) Liquidity risk

The treasury function of the group is centralised. The group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the group can be required to pay.

	Carrying amount/ contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
	\$000's	\$000's	\$000's	\$000's
At 30 June 2024				
Trade creditors	450	450	–	–
Other payables	46,817	40,656	4,071	2,090
	<u>47,267</u>	<u>41,106</u>	<u>4,071</u>	<u>2,090</u>
At 30 June 2023				
Trade creditors	281	281	–	–
Other payables	45,170	38,311	5,991	868
	<u>45,451</u>	<u>38,592</u>	<u>5,991</u>	<u>868</u>



## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 18 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (c) Interest rate risk

- (i) The group has no interest-bearing borrowings. The group is exposed to interest rate risk through the impact of rates changes on income-earning financial assets. The following table details their interest rate profile at the end of the reporting period.

	2024		2023	
	Effective interest rate (%)	\$000's	Effective interest rate (%)	\$000's
Deposits with banks	3.70–5.55	<u>1,274,405</u>	3.30–5.25	<u>1,390,371</u>

- (ii) Sensitivity analysis

At 30 June 2024, it is estimated that if interest rates had been 1% higher, with all other variables held constant, it would decrease the group's loss after taxation and increase the group's retained profits by approximately \$12.7 million (2023: approximately \$13.9 million). On the other hand, it is estimated that if the interest rates had been 1% lower (subject to a floor of 0%), with all other variables held constant, it would increase the group's loss after taxation and decrease the group's retained profits by approximately \$12.7 million (2023: approximately \$13.9 million).

The sensitivity analysis above indicates the instantaneous change in the group's loss after taxation and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The impact on the group's loss after taxation and retained profits is estimated as an annualised impact on interest income of such a change in interest rates. The analysis is performed on the same basis for 2023.

#### (d) Currency risk

The group owns assets and conducts its business primarily in Hong Kong and the United Kingdom with its cash flows substantially denominated in Hong Kong dollars ("HKD") and GBP.

The group's primary foreign currency assets and liabilities are USD and GBP denominated bank deposits and direct property investment, rental income and other expenses in GBP in the United Kingdom which are regularly monitored by management.

The group is exposed to currency risk primarily arising from bank deposits denominated in USD and GBP.

- (i) The following table details the group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the group's entities to which they relate. For presentation purpose, the amounts of the exposure are shown in HKD, translated using the spot rate at the year end date.

	Exposure to foreign currencies (expressed in HKD)			
	2024		2023	
	USD \$000's	GBP \$000's	USD \$000's	GBP \$000's
Deposits with banks	534,187	1	507,223	1
Cash at banks and in hand	27	15,076	26	1,068
Debtors, deposits and prepayments	4,243	–	5,587	–
Net exposure arising from recognised assets and liabilities	<u>538,457</u>	<u>15,077</u>	<u>512,836</u>	<u>1,069</u>

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## Notes to the Financial Statements (Continued)

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(Expressed in Hong Kong dollars)

### 18 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (d) Currency risk (Continued)

(ii) Sensitivity analysis

At 30 June 2024, it is estimated that an increase/decrease of 10% (2023: 10%) in foreign exchange rate of GBP against HKD, with all other variables held constant, would decrease/increase the group's loss after taxation and increase/decrease the group's retained profits by approximately \$1.5 million (2023: approximately \$0.1 million).

The sensitivity analysis above indicates the instantaneous change in the group's profit/loss after taxation and retained profits that would arise if foreign exchange rates to which the group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

Results of the analysis as above represent an aggregation of the instantaneous effects on each of the group entities' profit/loss after taxation and retained profits measured in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to the group's exposure to currency risk for financial instruments in existence at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the group's presentation currency. The analysis is performed on the same basis for 2023.

#### (e) Equity price risk

The group is exposed to equity price changes arising from other investments (see note 13). They have been chosen taking reference to their longer term growth potential and are monitored regularly for performance.

Given that the volatility of the stock markets may not have a direct correlation with the group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the group's portfolio of other investments.

At 30 June 2024, it is estimated that an increase/decrease of 5% (2023: 5%) in the market value of the group's other investments, with all other variables held constant, would decrease/increase the group's loss after taxation and increase/decrease the group's retained profits by approximately \$0.6 million (2023: approximately \$0.7 million) respectively. The analysis is performed on the same basis for 2023.

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 18 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

#### (f) Fair value measurement

- (i) Financial instruments measured at fair value

##### *Fair value hierarchy*

HKFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

At 30 June 2024, the only financial instruments of the group carried at fair value were other investments of \$11,534,000 (2023: \$13,353,000) listed on the Stock Exchange of Hong Kong (see note 13). These instruments are measured at fair value on a recurring basis and their fair value measurements fall into Level 1 of the fair value hierarchy described above.

During the years ended 30 June 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

- (ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the group's and the company's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2024 and 30 June 2023.

### 19 MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Key management personnel remuneration

Remuneration for key management personnel of the group, including amounts paid to the company's directors and chief executive is disclosed in note 6.

Total remuneration is included in "staff costs" (see note 5(a)).

#### (b) Transactions with related parties

Loan to a joint venture and an associate at 30 June 2024 are disclosed in notes 11 and 12. The loans are unsecured, interest-free and have no fixed terms of repayment.

- (c) The related party transaction in respect of note 19(a) constitutes a fully exempted connected transaction as defined in Chapter 14A of the Listing Rules while the related party transaction in respect of note 19(b) does not constitute a connected transaction.

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 20 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2024 \$000's	2023 \$000's
<b>Non-current assets</b>			
Fixed assets		57,752	60,473
Interest in subsidiaries	10	<u>1,018,356</u>	<u>1,018,356</u>
		1,076,108	<u>1,078,829</u>
<b>Current assets</b>			
Debtors, deposits and prepayments		1,349	3,052
Amounts due from subsidiaries		2,016,910	1,971,419
Deposits with banks		155,034	303,318
Cash at banks and in hand		<u>22,185</u>	<u>23,172</u>
		2,195,478	<u>2,300,961</u>
<b>Current liabilities</b>			
Creditors and accruals		26,031	25,566
Amounts due to subsidiaries		<u>1,132,543</u>	<u>1,085,567</u>
		1,158,574	<u>1,111,133</u>
<b>Net current assets</b>		<u>1,036,904</u>	<u>1,189,828</u>
<b>Total assets less current liabilities</b>		2,113,012	2,268,657
<b>Non-current liability</b>			
Deferred taxation		<u>785</u>	<u>785</u>
<b>NET ASSETS</b>		<u>2,112,227</u>	<u>2,267,872</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	17(a)	92,537	92,537
Other reserves		<u>2,019,690</u>	<u>2,175,335</u>
<b>TOTAL EQUITY</b>		<u>2,112,227</u>	<u>2,267,872</u>

Approved and authorised for issue by the board of directors on 27 September 2024.

Dr. Henry NGAN )  
Director

YUNG Shun-loy Jacky )  
Director

## Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

### 21 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

On 13 September 2024, Oxney Investments Limited ("Oxney"), a wholly-owned subsidiary of the company, entered into a sale and purchase agreement with Blue Orchid (Farringdon) Limited, an independent third party, pursuant to which Oxney conditionally agreed to sell and Blue Orchid (Farringdon) Limited conditionally agreed to purchase, the entire interest in Albany House at a consideration of GBP47,000,000 (the "Disposal"). Completion of the Disposal is conditional upon the company having obtained the approval for the Disposal from its shareholders at a general meeting to be convened.

### 22 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 30 June 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, <i>Presentation of financial statements:</i> <i>Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements:</i> <i>Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to HKAS 7, <i>Statement of cash flows</i> and HKFRS 7, <i>Financial Instruments:</i> <i>Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025
HKFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

The group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## Financial Summary

(Expressed in Hong Kong dollars)

	2024 \$000's	2023 \$000's	2022 \$000's	2021 \$000's	2020 \$000's
<b>Consolidated income statement</b>					
Turnover	69,550	66,935	72,983	78,382	82,972
Operating profit	94,839	73,853	46,678	95,291	90,792
Share of results of joint ventures	(176,067)	47,601	117,317	(81,076)	8,816
Share of results of associates	(2,168)	(120)	(71)	15	4
Profit on disposal of the interest in a joint venture	-	-	-	-	237,772
Net valuation losses on investment properties	(172,117)	(272,336)	(78,235)	(17,376)	(216,170)
(Loss)/profit before taxation	(255,513)	(151,002)	85,689	(3,146)	121,214
Income tax	(6,706)	(4,234)	(13,342)	(14,776)	(9,719)
(Loss)/profit after taxation attributable to shareholders	(262,219)	(155,236)	72,347	(17,922)	111,495
<b>Consolidated statement of financial position</b>					
Fixed assets	2,031,572	2,207,948	2,461,003	2,624,589	2,564,671
Interest in joint ventures	2,545,128	2,815,195	2,855,594	2,817,277	2,908,353
Interest in associates	1,311,181	1,189,949	1,135,089	187,981	187,966
Other investments	11,534	13,353	14,618	15,983	12,358
Net current assets	1,346,998	1,430,321	1,452,087	2,485,480	2,761,558
Deferred taxation	(47,881)	(48,852)	(51,232)	(47,466)	(41,567)
<b>NET ASSETS</b>	<b>7,198,532</b>	<b>7,607,914</b>	<b>7,867,159</b>	<b>8,083,844</b>	<b>8,393,339</b>
<b>Capital and reserves</b>					
Share capital	92,537	92,537	92,537	92,537	92,537
Other reserves	7,105,995	7,515,377	7,774,622	7,991,307	8,300,802
<b>TOTAL EQUITY</b>	<b>7,198,532</b>	<b>7,607,914</b>	<b>7,867,159</b>	<b>8,083,844</b>	<b>8,393,339</b>
(Loss)/earnings per share	\$ (5.79)	\$ (3.43)	\$ 1.60	\$ (0.40)	\$ 2.46
Dividends per share	\$ 3.20	\$ 3.20	\$ 3.20	\$ 9.50	\$ 39.30

## Group Properties

(at 30 June 2024)

Location	Lot number	Use	Term of lease	Total Gross Floor Area <sup>1</sup> (sq. ft.)	Group's interest
<b>Properties held for investment by the Company or its subsidiaries</b>					
Units 8-14, 3/F, Chai Wan Industrial City Phase I 60 Wing Tai Road, Chai Wan	CWIL 132	Industrial	Medium	9,390	100%
21/F, 26/F (excluding Units 2606-08), 27/F and 28/F Island Place Tower Island Place 510 King's Road, North Point	IL 8849	Office	Medium	77,227	100%
Unit B 37/F One Island Place; Units E and F 35/F, Units E-H 36/F and Units C-H 37/F Two Island Place 51-61 Tanner Road, North Point	IL 8849	Residential	Medium	11,872	100%
No. 3 Jordan Road, Kowloon	Remaining Portion of KIL 1300	Residential and commercial	Medium	29,906	100%
Units A-E 47/F; Shop Nos. 1-7 G/F and 8 car parking spaces Island Lodge 180 Java Road, North Point	IL 7105	Residential, commercial and car parking spaces	Long	13,566	100%
Albany House, Petty France SW1 London		Office	Freehold	57,809 <sup>2</sup>	100%
Scorpio House, SW3 London		Office	Freehold	19,494 <sup>2</sup>	100%
<b>Properties held for investment by joint ventures</b>					
Island Place 500 King's Road, North Point, Hong Kong	IL 8849	Commercial and car parking spaces	Medium	150,223	40%
South Island Place 8 Wong Chuk Hang Road, Aberdeen, Hong Kong	AIL 461 RP	Office and car parking spaces	Medium	382,499	50%
<b>Properties under development for sale by associates</b>					
391 Chai Wan Road, Chai Wan, Hong Kong	CWIL 178	Residential, commercial and car parking spaces	Medium	694,278	20%

Notes:

1. Excluded car parking space areas
2. Net internal areas as defined in the RICS Property Measurement