

The Board of Directors announces that the unaudited consolidated operating profit of the Group for the six months ended 31st December, 2013 was HK\$53.78 million, compared with HK\$50.92 million for the same period last year, and the unaudited consolidated profit after taxation of the Group for the same period amounted to HK\$447.38 million, compared with HK\$265.04 million for the same period last year. These interim results have not been audited but have been reviewed by both the Company's auditors and the Company's audit committee. The independent review report of the auditors is attached.

**CONSOLIDATED INCOME STATEMENT**  
**for the six months ended 31st December, 2013 - unaudited**  
(Expressed in Hong Kong dollars)

		<b>Six months ended</b>	
		<b>31st December,</b>	
		<b>2013</b>	<b>2012</b>
	<i>Note</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Turnover</b>	2	<b>45,762</b>	45,748
Cost of sales		<u>-</u>	<u>(983)</u>
<b>Gross profit</b>		<b>45,762</b>	44,765
Finance income	4	<b>20,769</b>	17,802
Other income	5	<b>620</b>	590
Staff costs		<b>(5,287)</b>	(4,520)
Depreciation		<b>(98)</b>	(82)
Other operating expenses		<u><b>(7,986)</b></u>	<u>(7,640)</u>
<b>Operating profit</b>	3 & 6	<b>53,780</b>	50,915
Share of results of joint ventures	7	<b>44,160</b>	101,145
Valuation gains on investment properties		<u><b>356,680</b></u>	<u>119,800</u>
Profit before taxation		<b>454,620</b>	271,860
Income tax	8	<u><b>(7,241)</b></u>	<u>(6,820)</u>
<b>Profit after taxation attributable to shareholders</b>		<u><b>447,379</b></u>	<u>265,040</u>
<b>Earnings per share (basic and diluted)</b>	10	<u><b>HK\$9.81</b></u>	<u>HK\$5.81</u>

The notes on pages 6 to 17 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 9.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the six months ended 31st December, 2013 - unaudited**  
(Expressed in Hong Kong dollars)

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit for the period</b>	<u>447,379</u>	<u>265,040</u>
<b>Other comprehensive income for the period</b>		
Exchange differences arising on consolidation	<u>87,888</u>	<u>35,929</u>
	<u>87,888</u>	<u>35,929</u>
<b>Total comprehensive income for the period</b> <b>attributable to shareholders</b>	<u>535,267</u>	<u>300,969</u>

The notes on pages 6 to 17 form part of this interim financial report.

## CONSOLIDATED BALANCE SHEET

At 31st December, 2013 - unaudited

(Expressed in Hong Kong dollars)

		At 31st December, 2013 \$'000	At 30th June, 2013 \$'000 (restated)
<b>Non-current assets</b>			
Fixed assets		3,096,001	2,675,279
Interest in joint ventures		1,528,415	1,500,255
Other investments		<u>15,015</u>	<u>15,085</u>
		<u>4,639,431</u>	<u>4,190,619</u>
<b>Current assets</b>			
Debtors, deposits and prepayments	11	74,394	75,272
Deposits with banks		2,547,273	2,481,036
Cash at banks and in hand		<u>29,748</u>	<u>23,750</u>
		<u>2,651,415</u>	<u>2,580,058</u>
<b>Current liabilities</b>			
Creditors and accruals	12	70,261	71,337
Defined benefit obligation		-	889
Taxation		8,484	9,313
Dividends payable		<u>63,832</u>	<u>13,678</u>
		<u>142,577</u>	<u>95,217</u>
<b>Net current assets</b>		<u>2,508,838</u>	<u>2,484,841</u>
<b>Total assets less current liabilities</b>		<b>7,148,269</b>	6,675,460
<b>Non-current liabilities</b>			
Deferred taxation		<u>35,402</u>	<u>34,028</u>
		<u>7,112,867</u>	<u>6,641,432</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	91,189	91,189
Reserves		<u>6,580,481</u>	<u>6,109,046</u>
		<u>6,671,670</u>	<u>6,200,235</u>
Deferred profits		<u>441,197</u>	<u>441,197</u>
		<u>7,112,867</u>	<u>6,641,432</u>

The notes on pages 6 to 17 form part of this interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 31st December, 2013 - unaudited**  
(Expressed in Hong Kong dollars)

	Share capital \$'000	Capital redemption reserve \$'000	Other properties revaluation reserve \$'000	General reserve \$'000	Retained profits \$'000	Total equity \$'000
<b>At 1st July, 2012</b>						
- as previously reported	91,189	1,348	5,670	350,000	5,453,199	5,901,406
- prior year adjustments in respect of revised HKAS 19	-	-	-	-	(200)	(200)
- as restated	<u>91,189</u>	<u>1,348</u>	<u>5,670</u>	<u>350,000</u>	<u>5,452,999</u>	<u>5,901,206</u>
Dividends declared/approved in respect of the previous financial year	-	-	-	-	(77,510)	(77,510)
Realisation of other properties revaluation reserve	-	-	(14)	-	14	-
	-	-	(14)	-	(77,496)	(77,510)
Profit for the period	-	-	-	-	265,040	265,040
Other comprehensive income	-	-	-	-	35,929	35,929
Total comprehensive income for the period	-	-	-	-	300,969	300,969
<b>At 31st December, 2012</b>	<b><u>91,189</u></b>	<b><u>1,348</u></b>	<b><u>5,656</u></b>	<b><u>350,000</u></b>	<b><u>5,676,472</u></b>	<b><u>6,124,665</u></b>
<b>At 1st July, 2013</b>						
- as previously reported	91,189	1,348	5,643	360,000	5,743,243	6,201,423
- prior year adjustments in respect of revised HKAS 19	-	-	-	-	(1,188)	(1,188)
- as restated	<u>91,189</u>	<u>1,348</u>	<u>5,643</u>	<u>360,000</u>	<u>5,742,055</u>	<u>6,200,235</u>
Dividends declared/approved in respect of the previous financial year	-	-	-	-	(63,832)	(63,832)
Realisation of other properties revaluation reserve	-	-	(14)	-	14	-
	-	-	(14)	-	(63,818)	(63,832)
Profit for the period	-	-	-	-	447,379	447,379
Other comprehensive income	-	-	-	-	87,888	87,888
Total comprehensive income for the period	-	-	-	-	535,267	535,267
<b>At 31st December, 2013</b>	<b><u>91,189</u></b>	<b><u>1,348</u></b>	<b><u>5,629</u></b>	<b><u>360,000</u></b>	<b><u>6,213,504</u></b>	<b><u>6,671,670</u></b>

Included in retained profits is an amount of \$77,424,000 (at 31st December, 2012: \$50,378,000) arising from the translation of financial statements of foreign operations.

The notes on pages 6 to 17 form part of this interim financial report.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**for the six months ended 31st December, 2013 - unaudited**  
(Expressed in Hong Kong dollars)

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Net cash inflow from operating activities	<b>25,336</b>	12,780
Net cash inflow from investing activities	<b>201,285</b>	19,771
Net cash outflow from financing activities	<b>(13,678)</b>	<u>(13,678)</u>
Increase in cash and cash equivalents	<b>212,943</b>	18,873
Effect of foreign exchange rate changes	<b>39,048</b>	14,639
Cash and cash equivalents at 1st July	<b><u>1,162,749</u></b>	<u>680,248</u>
Cash and cash equivalents at 31st December	<b><u>1,414,740</u></b>	<u>713,760</u>
 <b>Analysis of the balances of cash and cash equivalents</b>		
Deposits with banks	<b>2,547,273</b>	2,542,620
Less: Deposits with banks with maturity more than three months	<b>(1,162,281)</b>	(1,853,216)
Cash at banks and in hand	<b><u>29,748</u></b>	<u>24,356</u>
	<b><u>1,414,740</u></b>	<u>713,760</u>

The notes on pages 6 to 17 form part of this interim financial report.

## NOTES ON UNAUDITED INTERIM FINANCIAL REPORT (Expressed in Hong Kong dollars)

### 1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30th June, 2013, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ending 30th June, 2014. Details of these changes in accounting policies are set out below.

The HKICPA has issued a number of new Hong Kong Financial Reporting Standards (“HKFRSs”) and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s financial statements:

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

#### **HKFRS 10, *Consolidated financial statements***

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

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

## **1. Basis of preparation (continued)**

### **HKFRS 11, *Joint arrangements***

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

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

### **HKFRS 12, *Disclosure of interests in other entities***

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

### **HKFRS 13, *Fair value measurement***

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial report. The Group has provided those disclosures in note 14. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

## 1. Basis of preparation (continued)

### **Revised HKAS 19, *Employee benefits***

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

As a result of the adoption of revised HKAS 19, the Group has changed its accounting policy with respect to defined benefit plans, for which the corridor method was previously applied. This change in accounting policy has been applied retrospectively by restating the balances at 30th June, 2013 as follows:

	As previously reported \$'000	Effect of adopting revised HKAS 19 \$'000	As restated \$'000
<b>Consolidated balance sheet as at 30th June, 2013</b>			
Defined benefit asset	299	(299)	-
Defined benefit obligation	-	889	889
Retained profits	5,743,243	(1,188)	5,742,055

This change in accounting policy does not have any material impact on profit and total comprehensive income and earnings per share for the six months ended 31st December, 2012.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.



## 1. Basis of preparation (continued)

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the board of directors is included on page 26.

The financial information relating to the financial year ended 30th June, 2013 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30th June, 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23rd September, 2013.

## 2. Turnover

The principal activities of the Group are property development and investment. Turnover represents rental income and income from sale of properties.

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Income from sale of properties	-	2,460
Rentals from investment properties	<u>45,762</u>	<u>43,288</u>
	<u>45,762</u>	<u>45,748</u>

## 3. Segment information

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 that 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 located in Hong Kong and London.

### 3. Segment information (continued)

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

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

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

#### (a) Segment results, assets and liabilities

#### **For the six months ended 31st December, 2013**

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'000
Turnover	45,762	–	–	45,762
Finance income	–	20,769	–	20,769
Other income	–	–	620	620
Total revenue	<u>45,762</u>	<u>20,769</u>	<u>620</u>	<u>67,151</u>
Segment results	43,790	20,769		64,559
Unallocated expenses				<u>(10,779)</u>
Operating profit				53,780
Share of results of joint ventures	44,160	–		44,160
Valuation gains on investment properties	356,680	–		356,680
Profit before taxation				<u>454,620</u>

#### **At 31st December, 2013**

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'000
Segment assets (including interest in joint ventures)	4,676,951	2,593,478	20,417	7,290,846
Segment liabilities	1,528,415	–	115,590	1,528,415
	62,389			177,979

### 3. Segment information (continued)

#### For the six months ended 31st December, 2012

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'000
Turnover	45,748	–	–	45,748
Finance income	–	17,802	–	17,802
Other income	–	–	590	590
Total revenue	<u>45,748</u>	<u>17,802</u>	<u>590</u>	<u>64,140</u>
Segment results	<u>42,560</u>	<u>17,802</u>		<u>60,362</u>
Unallocated expenses				(9,447)
Operating profit				50,915
Share of results of joint ventures	101,145	–		101,145
Valuation gains on investment properties	119,800	–		119,800
Profit before taxation				<u>271,860</u>

#### At 30th June, 2013

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000 (restated)	Consolidated \$'000 (restated)
Segment assets	4,228,361	2,522,154	20,162	6,770,677
(including interest in joint ventures)	1,500,255			1,500,255
Segment liabilities	61,855	–	67,390	129,245

#### (b) Geographical information

	Group turnover Six months ended 31st December, 2013      2012 \$'000      \$'000		Operating profit Six months ended 31st December, 2013      2012 \$'000      \$'000	
Geographical location of operations				
Hong Kong	<u>21,872</u>	21,664	<u>30,012</u>	27,077
United Kingdom	<u>23,890</u>	24,084	<u>23,768</u>	23,838
	<u>45,762</u>	<u>45,748</u>	<u>53,780</u>	<u>50,915</u>

In addition, the turnover of the joint ventures attributable to the Group for the period amounted to \$36,518,000 (2012: \$33,818,000).

#### 4. Finance income

	Six months ended 31st December,	
	2013	2012
	\$'000	\$'000
Interest income	4,866	8,712
Dividend income from other investments	258	242
Exchange gains	15,715	5,818
Net unrealised (losses) / gains on other investments at fair value	<u>(70)</u>	<u>3,030</u>
	<u><u>20,769</u></u>	<u><u>17,802</u></u>

#### 5. Other income

	Six months ended 31st December,	
	2013	2012
	\$'000	\$'000
Management fee	248	248
Sundry income	<u>372</u>	<u>342</u>
	<u><u>620</u></u>	<u><u>590</u></u>

#### 6. Operating profit

	Six months ended 31st December,	
	2013	2012
	\$'000	\$'000
Operating profit is arrived at after charging:		
Property expenses	1,617	1,842
Cost of property sold	<u>-</u>	<u>983</u>

## 7. Share of results of joint ventures

	<b>Six months ended 31st December,</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Share of operating profit of joint ventures	<b>25,162</b>	22,576
Share of net valuation gains on investment properties	<b>23,120</b>	82,296
Share of taxation	<b>(4,122)</b>	(3,727)
Share of results of joint ventures	<b><u>44,160</u></b>	<u>101,145</u>

## 8. Income tax

	<b>Six months ended 31st December,</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax - Provision for Hong Kong Profits Tax</b>		
Tax for the period	<b>1,898</b>	1,576
Over provision in respect of prior years	<b>(10)</b>	-
	<b><u>1,888</u></b>	<u>1,576</u>
<b>Current tax - Overseas</b>		
Tax for the period	<b>4,012</b>	4,024
Over provision in respect of prior years	<b>(33)</b>	(136)
	<b><u>3,979</u></b>	<u>3,888</u>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	<b>1,374</b>	1,356
	<b><u>1,374</u></b>	<u>1,356</u>
	<b><u>7,241</u></b>	<u>6,820</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the six months ended 31st December, 2013. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

A tax charge of \$4,122,000 (2012: \$3,727,000) being share of taxation of joint ventures for the six months ended 31st December, 2013 is included in share of results of joint ventures in the consolidated income statement.

## 9. Dividends

(a) Dividends payable to equity shareholders of the company attributable to the interim period:

	Six months ended 31st December,	
	2013 \$'000	2012 \$'000
Interim dividend declared after the interim period end of \$0.10 (2012: \$0.10) per share	4,559	4,559
Special dividend declared with interim dividend after the interim period end of \$0.50 (2012: \$0.50) per share	<u>22,798</u>	<u>22,798</u>
	<u><u>27,357</u></u>	<u><u>27,357</u></u>

The interim dividends declared after the interim period end have not been recognised as liabilities at the interim period end date.

(b) Dividends payable to equity shareholders of the company attributable to the previous financial year, declared/approved during the interim period:

	Six months ended 31st December,	
	2013 \$'000	2012 \$'000
Second interim dividend in respect of previous financial year declared after the balance sheet date of \$Nil (2012: \$0.30) per share	-	13,678
Final dividend approved in respect of previous financial year of \$0.10 (2012: \$0.10) per share	4,559	4,559
Special dividend approved with final dividend in respect of previous financial year of \$1.30 (2012: \$1.30) per share	<u>59,273</u>	<u>59,273</u>
	<u><u>63,832</u></u>	<u><u>77,510</u></u>

## 10. Earnings per share

The calculation of basic and diluted earnings per share is based on the earnings attributable to shareholders of \$447,379,000 (2012: \$265,040,000) and the weighted average of 45,594,656 ordinary shares (2012: 45,594,656 shares) in issue during the period.

## 11. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors with the following ageing analysis:

	<b>At 31st December, 2013 \$'000</b>	<b>At 30th June, 2013 \$'000</b>
Within 1 month	629	549
1 to 3 months	<u>96</u>	<u>222</u>
Total trade debtors	725	771
Deposits, prepayments and other receivables	<u>73,669</u>	<u>74,501</u>
	<u><b>74,394</b></u>	<u><b>75,272</b></u>

A defined credit policy is maintained within the Group.

An amount of \$1,299,000 (at 30th June, 2013: \$1,299,000) included in debtors, deposits and prepayments under current assets is expected to be recovered after more than one year.

## 12. Creditors and accruals

Included in creditors and accruals are trade creditors with the following ageing analysis:

	<b>At 31st December, 2013 \$'000</b>	<b>At 30th June, 2013 \$'000</b>
Within 1 month	75	17
1 to 3 months	-	-
Over 3 months	<u>201</u>	<u>201</u>
Total trade creditors	276	218
Other payables and accruals	<u>69,985</u>	<u>71,119</u>
	<u><b>70,261</b></u>	<u><b>71,337</b></u>

An amount of \$5,938,000 (at 30th June, 2013: \$8,183,000) included in creditors and accruals under current liabilities is expected to be settled after more than one year.

### 13. Share capital

Issued and fully paid:  
(of HK\$2 each)

	<b>At 31st December, 2013 \$'000</b>	<b>At 30th June, 2013 \$'000</b>
45,594,656 shares of HK\$2 each	<u><b>91,189</b></u>	<u><b>91,189</b></u>

### 14. Fair value measurement of financial instruments

(a) 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 values measured using significant unobservable inputs

At 31st December, 2013 and 30th June, 2013, the only financial instruments of the Group carried at fair value were other investments of \$15,015,000 (at 30th June, 2013: \$15,085,000) listed on the Stock Exchange of Hong Kong. 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 six months ended 31st December, 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2012: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31st December, 2013 and 30th June, 2013.



## **15. Material related party transactions**

Interest in joint ventures includes loans to the joint ventures at 31st December, 2013 amounting to \$555,257,000 (30th June, 2013: \$567,257,000) which are unsecured, interest-free and have no fixed terms of repayment.

## **16. Comparative figures**

As a result of the application of revised HKAS 19, *Employee benefits*, and HKFRS 13, *Fair value measurement*, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time. Further details of these developments are disclosed in note 1.

## **INTERIM DIVIDENDS**

The Board has resolved to pay an interim dividend of HK\$0.10 per share in respect of the year ending 30th June, 2014. The Board has also resolved to pay a special dividend of HK\$0.50 per share in respect of the year ending 30th June, 2014. The aggregate dividend of HK\$0.60 per share will be paid to shareholders whose names appear in the Company's register of members at the close of business on 14th March, 2014.

Dividend warrants will be posted to shareholders on or about 17th June, 2014.

## **CLOSURE OF REGISTER**

The register of members will be closed from 13th March, 2014 to 14th March, 2014 (both days inclusive) during which period no share transfer will be effected. To qualify for the interim dividend and the special dividend, all unregistered transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 12th March, 2014.

## **REVIEW OF OPERATIONS**

The unaudited operating profit of the Group for the six months ended 31st December, 2013, before including the effect of investment properties revaluation and share of results of joint ventures was HK\$53.78 million, compared with HK\$50.92 million for the same period last year. This reflects the increase in rentals from investment properties and the effect of the exchange gains arising from the appreciation of Sterling against the Hong Kong dollar. The unaudited profit attributable to shareholders for the same period after including the effect of investment properties revaluation and the results of joint ventures was HK\$447.38 million, compared with HK\$265.04 million for the same period of the previous year. This reflects larger revaluation gains on investment properties held by the Group, particularly in light of the successful appeal under Section 17(1) of the Town Planning Ordinance for Chai Wan Inland Lot No. 88.

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

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

The property, which is wholly-owned by the Company, continues to be held for investment purposes and at present derives rental income. The property has a site area of approximately 102,420 sq. ft. and is rezoned and designated as a Comprehensive Development Area under the current Approved Chai Wan Outline Zoning Plan No. S/H20/21. The Company has conducted lengthy discussions with government to clarify certain outstanding planning issues in connection with its application to the Town Planning Board for redevelopment of the site. Although initially the Company did not succeed in obtaining the approval of the Metro Planning Committee of the

Town Planning Board to its application, made under Section 16 of the Town Planning Ordinance, for permission to redevelop the site and certain adjoining space into a residential and commercial complex, the Town Planning Board has, on the application of the Company made under Section 17(1) of the Town Planning Ordinance for a review of the decision of the Metro Planning Committee, decided on 23rd August, 2013 to approve the Company's review application, subject to a number of planning conditions. Under the scheme in the review application, the site will be developed into three residential towers with shops, a covered Public Transport Terminus and a Public Open Space with a domestic plot ratio of approximately 5.98 and a non-domestic plot ratio of approximately 0.017 and the development would comprise of 780 flats with a maximum Building Height of 140mPD. The Company is currently studying the best ways of fulfilling the various planning conditions and considering the optimal options for the redevelopment of the site.

**Aberdeen Inland Lot Nos. 338 & 339, Wong Chuk Hang Road, Aberdeen (New lot to be known as Aberdeen Inland Lot No. 461)**

The Company has a 50% interest in the site through Heartwell Limited (“**Heartwell**”), a direct wholly owned subsidiary of the Company. The site is registered in the name of Hareton Limited (“**Hareton**”), a joint venture company whose issued share capital is held as to 50% by Heartwell and as to 50% by Swire Properties Limited (“**Swire Properties**”). The site has a site area of approximately 25,500 sq.ft. While the permitted use of the site under Government Lease is currently restricted to industrial and/or godown purposes, the site falls within the “Other Specified Uses (1) Business” zone of the Approved Aberdeen and Ap Lei Chau Outline Zoning Plan No. S/H15/27 dated 3rd May, 2011. In light of the forthcoming completion of the South Island Line in 2015, Hareton has been exploring the option of developing the site into an office building and has applied to the Government for a modification of the Government Lease to permit an office building to be built thereon. On 24th October, 2012, the Lands Department offered certain basic terms for the Lease Modification which Hareton did not consider as satisfactory. On 19th November, 2012, Hareton lodged an appeal against the Lease Modification Premium quoted by the Lands Department.

By a resolution of the shareholders of the Company passed at an extraordinary meeting of the Company held on 7th June, 2013, approval was given for the provision of financial assistance by the Company to Heartwell, for on-lending to Hareton, by way of an unsecured interest-free shareholder's loan from Heartwell to Hareton to enable Hareton to have sufficient funds to proceed with the Lease Modification at a re-assessed Lease Modification Premium and for the construction of an office building on the site. On 13th January, 2014, a re-assessed Lease Modification Premium of HK\$1,069,730,000 was offered by Lands Department. Since this re-assessed Lease Modification Premium is considered reasonable and the prospects of developing an office building on the site as a long-term investment is considered to be commercially

viable, the re-assessed premium offer has been accepted by both Heartwell and Swire Properties. Hareton will therefore proceed with the proposal to develop the office building on the site as a long-term investment. The shareholders' loan to be provided by Heartwell to Hareton shall be for the same amount and on the same terms as shareholders' loan to be provided by Swire Properties to Hareton, but in any event not exceeding the amount approved by shareholders and on the basis that it will be unsecured, interest-free and without any fixed term.

It is anticipated that a 28 storeyed Grade A office building (comprising three levels of basement carpark, an entrance floor on the ground floor, 25 office floors, one refuge floor and one mechanical floor) would be constructed on the site.

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

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

### **UK Properties**

The Group's freehold commercial properties in central London remain fully let.

## **OUTLOOK**

The outlook for the global economy has improved somewhat. Although it appears that the policy of Quantitative Easing will be phased out over time in the USA, interest rates are likely to remain low in the short and medium term, which will continue to negatively impact the Group's finance income.

In Hong Kong, the introduction of the Buyer's Stamp Duties and of Special Stamp Duties has resulted in some easing of capital values and rentals of both residential and of commercial properties. However, the Directors believe that the capital values and rentals would likely recover in the longer term. The Directors are therefore of the view that the completion of the office building by Hareton (a joint venture company owned by Heartwell Limited, a direct wholly owned subsidiary of the Company, and Swire Properties Limited) in Wong Chuk Hang and the resultant rental income of the completed office building should have a very positive effect for the Group's financials.

Moreover, the Group will still continue to look with caution for other favourable investment opportunities so as to further enhance shareholder value.

## DIRECTORS' INTEREST IN SHARES

As at 31st December, 2013, 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 Companies were as follows:

	Ordinary shares of HK\$2 each				Percentage of
	Personal interests	Family interests	Other interests	Total ordinary shares held	total issued shares
NGAN Kit-ling	4,848,345	-	33,468 (Note)	4,881,813	10.71%
Dr. NGAN Kit-keung	6,941,013	1,250	33,468 (Note)	6,975,731	15.30%
Dr. Henry NGAN	7,173,125	250	33,468 (Note)	7,206,843	15.81%
Dr. LIU Lit-mo	62,250	-	-	62,250	0.14%
Fritz HELMREICH	50,000	-	-	50,000	0.11%
Anthony Grahame STOTT	600	-	-	600	-
TSE Yiu-wah	137,800	-	-	137,800	0.30%

Note : The 33,468 shares in the Company are included in the estate of the late Madam WONG Yick-mui.

All the interests disclosed above represent long positions as at 31st December, 2013.

Save as disclosed above, as at 31st December, 2013, 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.

## **DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION**

Pursuant to Rules 13.51B(1) and 13.51B(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the changes in directors' information are set out as follows:

Ngan Kit-ling receives an emolument package comprising director's fee, contribution to retirement benefit scheme, and salary and other benefits having reference to her position as the Company's Chairman and Managing Director. Ngan Kit-ling's monthly salary has been increased from HK\$195,100 to HK\$204,850 with effect from 1st January, 2014, all other benefits remaining unchanged.

Dr. Ngan Kit-keung receives an emolument package comprising director's fee, contribution to retirement benefit scheme, and salary and other benefits having reference to his position as the Company's Assistant Managing Director. Dr. Ngan's monthly salary and housing allowance has been increased from HK\$111,740 to HK\$117,327 with effect from 1st January, 2014, all other benefits remaining unchanged.

With effect from 24th September, 2013, Mr. Anthony Grahame Stott has become a Director of Fidelity Asian Values PLC, an investment trust listed on the Main Board of the London Stock Exchange.

Dr. Liu Lit-mo has resigned as the Chairman and an Executive Director of Chong Hing Bank Limited with effect from 14th February, 2014.

Other than those disclosed above, there is no other information in respect of the above directors and any other directors of the Company required to be disclosed pursuant to Rules 13.51B(1) and 13.51B(3) of the Listing Rules.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY**

The Company has been notified of the following interests in the Company's issued shares at 31st December, 2013, amounting to 5% or more of the shares in issue:

<b>Substantial shareholders</b>	<b>Ordinary shares held</b>	<b>Percentage of total issued shares</b>
NGAN Kit-ling	4,881,813 ( <i>Note</i> )	10.71%
Dr. NGAN Kit-keung	6,975,731 ( <i>Note</i> )	15.30%
Dr. Henry NGAN	7,206,843 ( <i>Note</i> )	15.81%
CHAN Kwan Shat & WONG Wai Gin	5,553,200	12.18%
<b>Other persons</b>		
CHING Yung Yu	2,496,200	5.47%

*Note:* There is a duplication of 33,468 shares which are included in the estate of the late Madam WONG Yick-mui.

All the interests disclosed above represent long positions as at 31st December, 2013.

Save as disclosed above, so far as the directors are aware, as at 31st December, 2013, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

Apart from the foregoing, as at 31st December, 2013, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 31st December, 2013, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities.

## DISCLOSURE PURSUANT TO LISTING RULE 13.13 AND 13.22

At 31st December, 2013, the Group had the following loans to its affiliated companies (as defined by the Listing Rules):

	Amount \$'000	Type	Tenure
Island Land Development Ltd	349,850	Interest free, unsecured loan	No fixed terms of repayment
Hareton Ltd	205,407	Interest free, unsecured loan	No fixed terms of repayment
	<u>555,257</u>		

Combined balance sheet of the above affiliated companies at 31st December, 2013 is as follows:

	\$'000
Fixed assets	2,029,031
Property held for development	418,407
	<u>2,447,438</u>
Current assets	45,137
Current liabilities	(32,995)
	<u>12,142</u>
Non-current liabilities	(51,234)
	<u>2,408,346</u>

Attributable interest to the Group at 31st December, 2013 in the above affiliated companies amounted to \$1,204,173,000 (at 30th June, 2013: \$1,177,535,000).

## 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 10 of the Listing Rules. Having made specific enquiry of all the directors of the Company, 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 six months ended 31st December, 2013.



## **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the directors, the Company complied with the code provisions (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 31st December, 2013, except the following:

- (i) The Company has not separated the roles of the Chairman of the Board and the Chief Executive as required under code provision A2.1 of the Code. The Company believes that separation of Chairman and the Chief Executive would not result in enhanced efficiency and improved governance. The balance of power and authority between the Chief Executive and the Board is ensured by regular discussion and meetings of the full Board and active participation of independent non-executive directors.
- (ii) Code A4.2 provides that all directors including those appointed for a specified term should retire by rotation at least every three years. Certain executive directors of the Company do not rotate as there are specific provisions governing the rotation of directors in the Company’s Articles of Association.
- (iii) Code A5.1 provides that the Company should establish a nomination committee. The Company does not have a nomination committee as the role and the function of such a committee are performed by the Board. The Chairman and the other directors review from time to time the composition of the Board. The Board makes recommendations to shareholders on directors standing for re-election, providing information on directors to enable shareholders to make an informed decision on the re-election, and where necessary, to appoint directors to fill casual vacancies.
- (iv) Code A1.8 provides that the Company should arrange appropriate insurance cover in respect of legal action against its directors. Historically, the Company has not effected insurance cover in respect of legal action, if any, against its directors. As at 31st December, 2013, this matter was being further considered.

NGAN Kit-ling  
Chairman

Hong Kong, 18th February, 2014



## **REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA MOTOR BUS COMPANY, LIMITED**

*(incorporated in Hong Kong with limited liability)*

### **Introduction**

We have reviewed the interim financial report set out on pages 1 to 17 which comprises the consolidated balance sheet of China Motor Bus Company, Limited as of 31st December, 2013 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with the Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 31st December, 2013 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

### **KPMG**

Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

Hong Kong, 18th February, 2014