



China Motor Bus Co., Ltd.

Stock Code 026

2025

ANNUAL REPORT

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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.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Henry NGAN *Chairman*

YUNG Shun Loy Jacky *Chief Executive Officer*

Michael John MOIR

Non-executive Director

Dr. Sarah NGAN (appointed on 2 June 2025)

Independent Non-executive Directors

Anthony Grahame STOTT

Stephen TAN

Dr. CHAU Ming Tak

Lynne Jane ARNETT (appointed on 6 September 2024)

SECRETARY

CHU Lai Shan Sammie

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

Johnson Stokes & Master

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

www.chinamotorbus.com.hk

www.irasia.com/listco/hk/cmb/index.htm

STOCK CODE

026

Report of the Directors

The directors (the “Directors”) of China Motor Bus Company, Limited (the “Company”, together with its subsidiaries the “Group”) submit herewith their annual report together with the audited financial statements for the year ended 30 June 2025.

PRINCIPAL PLACE OF BUSINESS

China Motor Bus Company, Limited is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Rooms 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 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 2025 are set out in note 11 to the financial statements.

ASSOCIATES

Particulars of associates at 30 June 2025 are set out in note 12 to the financial statements.

DIVIDEND

The board of Directors of the Company (the “Board”) adopted and approved an amended dividend policy in February 2025 which aims to pay sustainable and regular dividends. In setting the Company’s dividend policy, 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.

Dividend payment will be determined based on the Group’s financial performance, future capital requirements, financial position, general economic and business conditions etc. including, among others, 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 or losses 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 and/or recommend three dividend payments for each financial year of the Company: namely, 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 (2024: HK\$0.10) per share and a special dividend of HK\$4.90 (2024: HK\$1.00) per share were paid on 24 June 2025, having considered the principles set forth in the amended Dividend Policy and the profit on the disposal of an investment property in December 2024. A second interim dividend of HK\$0.30 (2024: HK\$0.30) per share is payable on 17 October 2025. With due regards to the amended Dividend Policy, the Directors now recommend that a final dividend of HK\$0.10 (2024: HK\$0.10) per share and a special dividend of HK\$1.70 (2024: HK\$1.70) per share be paid in respect of the year ended 30 June 2025.

Subject to the approval by shareholders at the forthcoming Ordinary Yearly Meeting, the final dividend and the special dividend will be payable on 6 February 2026.

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 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 37 to 38.

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 Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and still considers the independent non-executive Directors to be independent.

In accordance with articles 109 and 114 of the Company's articles of association (the "Articles of Association"), Dr. Henry NGAN, Mr. Anthony Grahame STOTT, Mr. Stephen TAN, Dr. CHAU Ming Tak, Mr. Michael John MOIR, Mr. YUNG Shun Loy Jacky, Ms. Lynne Jane ARNETT and Dr. Sarah NGAN will retire from the Board and all the said retiring Directors being eligible, have offered themselves for re-election in the forthcoming Ordinary Yearly Meeting (details of the Directors for re-election are set out in Appendix I to the circular accompanying this annual report).

DIRECTORS OF SUBSIDIARIES

During the year and up to the date of this report, Dr. Henry NGAN, Ms. NGAN Kit-ling and Mr. 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 INTEREST IN SHARES

As at 30 June 2025, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long Positions in Ordinary Shares of the Company

Name of Directors	China Motor Bus Co., Ltd. Number of shares held					Percentage of total issued shares ⁽²⁾
	Personal interests	Family interests	Other interests	Total		
Dr. Henry NGAN	7,173,125	250	33,468 ⁽¹⁾	7,206,843		15.94%
Anthony Grahame STOTT	50,600	–	–	50,600		0.11%
Stephen TAN	600	–	–	600		0.00%
Dr. CHAU Ming Tak	4,137	–	–	4,137		0.01%
Michael John MOIR	2,000	–	–	2,000		0.00%
YUNG Shun Loy Jacky	29,200	–	–	29,200		0.06%
Lynne Jane ARNETT	600	–	–	600		0.00%
Dr. Sarah NGAN	600	–	–	600		0.00%

Notes:

(1) Including 33,468 shares in other interests 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.

(2) Shareholding percentages have been rounded to the nearest two decimal places.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company 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 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 SHARES (OTHER THAN DIRECTORS OR CHIEF EXECUTIVE)

As at 30 June 2025, the interests or short positions of substantial shareholders and other persons (other than a Director or Chief Executive of the Company) in the Company's issued shares and underlying shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long Positions in Ordinary Shares of the Company

	Number of shares held	Percentage of total issued shares ⁽⁶⁾
<u>Substantial shareholders</u>		
NGAN Kit-ling	5,280,813 ⁽¹⁾⁽²⁾⁽³⁾	11.68%
NGAN Soo Shieh Ven Maria	6,975,731 ⁽³⁾⁽⁴⁾	15.43%
<u>Other person</u>		
CHEE Sing Wan Sylvana	3,766,200 ⁽⁵⁾	8.33%

Notes:

- (1) Including 33,468 shares 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.
- (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.
- (3) NGAN Kit-ling is the sister of Dr. Henry NGAN and the aunt of his daughter, Dr. Sarah 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 Codes on Takeovers and Mergers and Share Buy-backs and they hold in the aggregate (including in their respective shareholding in 33,468 shares held by the estate of the late WONG Yick-mui as stated in Notes (1) and (4) 43.04% of the total issued shares.
- (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.
- (5) 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.
- (6) Shareholding percentages have been rounded to the nearest two decimal places.

Apart from the foregoing, as at 30 June 2025, 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.

Report of the Directors (Continued)

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association 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 or she may incur or become liable for by reason of any contract entered into or any act or thing done by him or her as a Director or in any way in discharge of his or her duties. The Company may also indemnify any Director against any liability incurred by him or her in defending any proceedings (whether civil or criminal) in which judgment is given in his or her favour or in which he or she 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 or any of its subsidiaries which is not determinable by the employer 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 2025, 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 a 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

During the year ended 30 June 2025, the Company purchased 58,000 shares of the Company (the "Repurchased Securities") on the Stock Exchange at a total consideration (before expenses) of HK\$3,004,000. After cancellation of the Repurchased Securities on 7 November 2024, the total number of shares of the Company in issue was 45,218,856 shares. Details of the share repurchases made during the year is set out in note 17(c) to the financial statements.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if applicable) 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.

Report of the Directors (Continued)

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 decreased mainly because of the disposal of Albany House in December 2024 leading to its rental income being forgone in the second half of the financial year. 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 decreased this year mainly as a result of lower interest income due to lower average interest rates during the year which is partly offset by exchange gains 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, Operating Profit and Result for the year

Turnover of the Group for the year under review comprising rental income of its investment properties amounted to HK\$53 million (2024: HK\$70 million). The operating profit of the Group for the year ended 30 June 2025 amounted to HK\$77 million, compared with HK\$95 million for the previous year. This reflected the effect of decrease in rental income and interest income, partly offset by exchange gains in the current year. The loss after taxation attributable to shareholders of HK\$185 million (2024: HK\$262 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\$390 million (including net valuation losses of investment properties held by joint ventures) for the year (2024: HK\$405 million) 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. Benefitting from the profit of HK\$109 million on disposal of an investment property in the UK during the year, the loss after taxation attributable to shareholders has narrowed compared with the previous year. During the year, a subsidiary of the Group has ceased its foreign operation and its related exchange reserve was reclassified to profit or loss.

Liquidity and Financial Resources

At 30 June 2025, the Group had no bank borrowings (2024: HK\$Nil) and had cash and cash equivalents of HK\$1,336 million (2024: HK\$1,212 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\$110 million (2024: HK\$175 million).

For the year under review, net cash inflow from operating activities was HK\$5 million (2024: HK\$29 million). Repayment of loans by and dividends from joint ventures amounted to HK\$57 million and HK\$18 million respectively (2024: HK\$78 million and HK\$16 million respectively). New loans made to an associate amounted to HK\$293 million (2024: HK\$123 million). The consolidated cash flow statement of the Group for the year ended 30 June 2025 is set out on pages 48 to 49 of this annual report.

Report of the Directors (Continued)

Capital structure of the Group

For the year ended 30 June 2025, 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\$261,000 (2024: HK\$154,000).

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	20%	
Five largest customers in aggregate	51%	
The largest supplier		62%
Five largest suppliers in aggregate		79%

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 2025, 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%	980,650	819,350	205,407	2,005,407
Joyful Sincere Limited*	20%	351,368	1,606,632	–	1,958,000

* via Windcharm Property Holdings 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)

The combined statement of financial position of the above affiliated companies, excluding advances made by shareholders of HK\$10,082,674,000 at 30 June 2025 is as follows:

	HK\$000's
Non-current assets	3,811,200
Current assets	8,373,191
Current liabilities	(389,227)
	7,983,964
Non-current liabilities	(91,323)
	11,703,841

Attributable interest to the Group at 30 June 2025 in the above affiliated companies amounted to HK\$3,450,149,000 (2024: HK\$3,411,295,000).

SUMMARY OF FINANCIAL DATA

A summary of the Group's financial data for the last five years is shown on page 87.

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 2025 (2024: 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.

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

Report of the Directors (Continued)

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 88.

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, 29 September 2025

Environmental, Social and Governance Report

ABOUT THIS REPORT

This Environmental, Social and Governance Report (the “ESG Report”) of China Motor Bus Company, Limited (the “Company”, together with all subsidiaries the “Group”) has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) set out 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 the Group during the period from 1 July 2024 to 30 June 2025 (“Reporting Period”). Corporate governance matters are addressed in greater detail in the Corporate Governance Report on pages 24 to 34 in this Annual Report. Except for the provisions that the Group considers are inapplicable to our 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 which are detailed below:

Location of the Hong Kong Properties	Existing Use
<i>Properties held for investment</i>	
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 and 28/F, Island Place Tower, 510 King’s Road, North Point, Hong Kong	Office
Unit B, 37/F, Tower One Island Place, 51-61 Tanner Road, North Point, Hong Kong	Residential
Units E-F, 35/F and Units E-H, 36/F and Units C-H, 37/F, Tower Two Island Place, 51-61 Tanner Road, North Point, Hong Kong	Residential
3 Jordan, No. 3 Jordan Road, Kowloon, Hong Kong (“3 Jordan”)	Residential and commercial
Units A-E, 47/F and 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
<i>Properties used and owned by the Group</i>	
Units 2606-08, 26/F, Island Place Tower, 510 King’s Road, North Point, Hong Kong	Office
Unit D, 24/F, United Centre, 95 Queensway, Admiralty, Hong Kong	Office

Apart from the above-mentioned, the Group owns a property in the United Kingdom for which Savills (UK) Limited has been appointed as its management agent.

The Group’s principal activities are conducted primarily in Hong Kong and in particular, those Hong Kong properties 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 those properties during the Reporting Period.

Environmental, Social and Governance Report (Continued)

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. Details in relation to materiality assessment and stakeholder engagement are set out in the section headed "GOVERNANCE STRUCTURE" below.

Quantitative:

The Group does not operate any manufacturing factories or carry out any construction and development over our owned properties and therefore our operations have minimal impact on the environment and society. Nevertheless, the Group continues to support low-carbon office by encouraging staff to save electricity and paper, and reviews regularly our electricity consumption (in kilowatt hours), electricity costs and paper consumption expenses. For the properties under development in which the Group has a stake, we insist on having these investment projects managed by joint venture partners which upholds high standard of social responsibility in terms of environment management, like Swire Properties Limited.

Balance:

The information provided in this ESG Report is based on the Group's policies, documents and recorded practices. It provides an unbiased overview of the Group's ESG performance and areas for improvement.

Consistency:

This ESG Report has been prepared in accordance with the ESG Guide and a consistent methodology for assessment of 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 2024 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

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

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

Environmental, Social and Governance Report (Continued)

Stakeholder Engagement (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:

Stakeholders	Channels of communications	Areas of common concerns/ common goals reached
Shareholders/investors	• ordinary yearly meetings and extraordinary meetings • announcements, circulars, interim and annual reports • the Company's webpage at www.irasia.com/listco/hk/cmb/ and www.chinamotorbus.com.hk • investor relations contact by email at ir@chinamotorbus.com.hk or by fax or by post	• business development and financial performance of the Group • information on environmental and social matters such as climate change and ESG strategies • corporate governance matters
Business partners	• meetings • conference calls • negotiations of business cooperation agreements • joint development of business	• compliance with applicable laws and regulations • properties developed with stakeholders' concerns taken into account
Employees	• emails, meetings and conference calls • discussions with superiors	• remuneration packages • professional development • health and safety • training
Service providers	• meetings • conference calls • negotiations of commercial agreements	• compliance with applicable laws and regulations • quality of services • fair competition • improvement of services to enhance attraction to the tenants
Tenants	• meetings • conference calls • negotiations of commercial agreements	• compliance with applicable laws and regulations • quality of services • payment to the Group for our properties and services • ESG performance
Community	• community and volunteering activities	• build a more liveable environment

Environmental, Social and Governance Report (Continued)

Materiality assessment

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

Step 1: Identification

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

Step 2: Prioritisation

Rank the identified topics by reference to the respective level of interest, risk and importance to the Group through various stakeholder engagements and generate 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

Review and validate 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	• Climate change mitigation and resilience • Use of resources
Social	• Occupational health and safety • Labour practices • Anti-corruption

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 that 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 our knowledge and awareness of the ESG landscape.

Environmental, Social and Governance Report (Continued)

ENVIRONMENTAL

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

For the only property under our ownership and management, i.e. 3 Jordan, we have carried out the following environmental management works:

- Installation of energy efficient LED bulbs in all common areas; and
- Progressive replacement of all existing individual air-conditioners by new energy-efficient air-conditioning units.

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

Emissions

As mentioned above, the development works of the properties in which the Group has a stake are all conducted by our joint venture partners. Since we do not participate in any manufacturing or construction works, the Group's main emissions (being greenhouse gas emissions) and wastes generated are primarily attributable to the use of resources such as electricity, water and paper during our daily operation. The relevant KPIs are set out in the section headed "Use of Resources" below. The Group does not anticipate any material risks in our 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.

With regard to the laws and regulations relating to types 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 was identified during the Reporting Period.

Use of Resources

Since the Group does not operate any manufacturing factories or directly participate in any property construction work, the material risks of water or raw materials wastage are not applicable to our operations. Electricity and water consumption at the Group's properties are mostly generated by the tenants and is therefore beyond the Group's direct control. Nevertheless, we do encourage our tenants to minimise their resources consumption.

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

Electricity Management

- Installation of energy-efficient LED lighting in most area of the Group's office.
- Progressive replacement of all existing individual air-conditioners by new energy-efficient air conditioning units.

Water Conservation

- Installation of high-efficiency water equipment in the Group's office.

Waste Management

- Reduce paper usage by maintaining digital records, using recycled paper and double-sided printing to the extent practicable.
- Encourage waste separation, recovery and recycling in office.

Environmental, Social and Governance Report (Continued)

Use of Resources (Continued)

Our KPIs for use of resources are set out below:

	KPIs	Details of KPIs/Remarks
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 petrol consumption by the Group's motor vehicles, being direct energy consumption, was approximately 4,000 litres (2024: 4,000 litres) producing CO₂ equivalent GHG emissions (scope 1) of approximately 10 tonnes (note 1) (2024: 10 tonnes) and an energy consumption intensity (by reference to area actually used and occupied by the Group) of approximately 1.8 litres per square metre (2024: 1.8 litres per square metre) during the Reporting Period. The electricity consumption by the Group (excluding consumption by tenants), being predominantly indirect energy consumption, was approximately 122,000 kWh (2024: 128,000 kWh) producing CO₂ equivalent GHG emissions (scope 2) of approximately 53 tonnes (note 2) (2024: 59 tonnes) and an energy consumption intensity (by reference to area actually used and occupied by the Group) of approximately 54.9 kWh per square meter (2024: 57.5 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 tenants) utilised a total of approximately 75 m ³ (2024: 52 m ³) of water (note 3) with a water consumption intensity of approximately 0.07 m ³ (2024: 0.05 m ³) 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 targets to maintain energy consumption and greenhouse gas emission at no higher than current levels for each year and in this relation, the Group constantly reviews our 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 water from Water Supplies Department and has no issue in sourcing water in Hong Kong. The Group has set a target to maintain water consumption at no higher than current level for each year and in this relation, the Group constantly reviews our 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.	Not applicable (The Group's business operation does not involve finished products packaging.)

Notes:

- 2024/25 Direct (Scope 1) emissions are direct GHG emissions from the petrol consumption by the Group's motor vehicles and are calculated based on the coefficients and methodologies provided in Reporting Guidance on Environmental KPIs published by the Stock Exchange of Hong Kong Limited.
- 2024/25 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 (0.6 kg CO₂ e/kWh) and CLP (0.38 kg CO₂ e/kWh).
- The Group is committed to improving tenants' living experience and has therefore strengthened hygiene and cleaning measures in the commercial property under our ownership and management, resulting in an increase in total water consumption for 2024/25.

Environmental, Social and Governance Report (Continued)

The Environment and Natural Resources

Due to our business nature, the Group's operations do not have any significant impact on the environment and natural resources. The Group's biggest impact on climate change is therefore the carbon emissions generated by electricity consumption in our offices and managed properties. Moving forward, the Group will strive to maintain the consumption of energy, water and other natural resources across our operations at no higher than the current levels and to use environmental-friendly products and services whenever practicable while adhering to the policies and KPIs for our use of resources indicated above.

Climate Change

The Group recognises the importance of mitigating climate change and managing our 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 potential 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 governments policies on climate change, emission regulations and reporting requirements may potentially increase operating costs. A shift in customer preference towards 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

Employment

The Group ensures all employees are fully aware of the terms and conditions of their employment which are in compliance 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. During the Reporting Period, the Board has enhanced corporate governance by established Workforce Diversity Policy to set out our approach and commitment to inclusion and diversity in workforce (including senior management).

With regard to 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 was identified during the Reporting Period. The Group has adopted human resources policies over our recruitment process and employees benefits and welfare management to ensure full compliance with the applicable laws and regulations.

Environmental, Social and Governance Report (Continued)

Employment (Continued)

Our KPIs for employment related matters are set out below:

KPIs		Details of KPIs/Remarks		
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 total workforce by gender, employment type, age group and geographical region as at 30 June 2025:		
			2025	2024
		By gender		
		Male	14	14
		Female	5	4
		By employment type		
		Full-time	16	15
		Part-time	3	3
		By age group		
		50 or below	3	2
		Above 50	16	16
		By geographical region		
		Hong Kong	18	17
		United Kingdom	1	1
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Breakdown of the Group’s employee turnover rate by gender, age group and geographical region as at 30 June 2025:		
			2025	2024
		By gender		
		Male	14%	0%
		Female	0%	0%
		By age group		
		50 or below	0%	0%
		Above 50	13%	0%
		By geographical region		
		Hong Kong	11%	0%
		United Kingdom	0%	0%

In accordance with the principles of workforce diversity and anti-discrimination, the Company upholds gender equality and fair employment practices. At 30 June 2025, approximately 26% (2024: 22%) of the overall workforce (including senior management) were female. 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 of candidates.

Environmental, Social and Governance Report (Continued)

Health and Safety

The Group is committed to providing a healthy and safe workplace for our employees and complying with all relevant laws and regulations.

With regard 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 was identified during the Reporting Period.

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

KPIs	Details of KPIs/Remarks
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.
KPI B2.2	Lost days due to work injury.
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.

Development and Training

The Group recognises the importance of staff development and vocational training. Employees are encouraged to maintain their skill levels through continuing professional development programmes, where applicable.

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

KPIs		Details of KPIs/Remarks		
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:		
			2025	2024
		By gender		
		Male	77%	50%
		Female	100%	100%
		By employee category		
		Senior Management	100%	100%
		Middle Management	100%	100%
		Non-management	77%	42%
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 during the Reporting Period:		
			2025	2024
		By gender		
		Male	19 hrs	13 hrs
		Female	40 hrs	22 hrs
		By employee category		
		Senior Management	65 hrs	40 hrs
		Middle Management	34 hrs	35 hrs
		Non-management	14 hrs	3 hrs

Environmental, Social and Governance Report (Continued)

Labour Standard

The Group's labour standards primarily focus on conformity with local labour laws and regulations. Child labour and forced labour are prohibited at all levels of 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.

With regard to the laws and regulations relating to the prevention of child labour and forced labour, no non-compliance with such laws and regulations was identified during the Reporting Period.

Our KPIs for labour standards are set out below:

	KPIs	Details of KPIs/Remarks
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 also requires 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 reject the application.

OPERATING PRACTICES

Supply Chain Management

Under the Group's current business model, most construction works or property management services are provided by joint venture partners and third-party service providers. The Group does not make regular purchases apart from typical office operating supplies such as stationery and office equipment. Therefore, our operations do not pose significant environmental and social risks. The Group monitors and supervises the works and services provided by our service providers, including having regular meetings with them.

Our KPIs for the supply chain management aspect are set out below:

	KPIs	Details of KPIs/Remarks												
KPI B5.1	Number of suppliers by geographical region.	As at 30 June 2025, the Group had a total of 89 (2024: 88) service providers in Hong Kong and the United Kingdom. Breakdown of our service providers by geographical region is presented below: <table> <tr> <th></th><th>2025</th><th>2024</th></tr> <tr> <td>By geographical region:</td><td></td><td></td></tr> <tr> <td>Hong Kong</td><td>78%</td><td>80%</td></tr> <tr> <td>United Kingdom</td><td>22%</td><td>20%</td></tr> </table>		2025	2024	By geographical region:			Hong Kong	78%	80%	United Kingdom	22%	20%
	2025	2024												
By geographical region:														
Hong Kong	78%	80%												
United Kingdom	22%	20%												
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	The Group will obtain fee quotes from more than one suppliers for major purchases, together with their references and track records for assessment in the engagement process.												

Environmental, Social and Governance Report (Continued)

Supply Chain Management (Continued)

	KPIs	Details of KPIs/Remarks
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	To better manage environmental and social risks along the supply chain, the Group encourages our employees to give preference to suppliers, service providers and business partners with high ESG standards when the terms offered are similar. The Group also assesses the ESG performance of our key suppliers, service providers and business partners regularly. The Group will not engage any supplier, service provider or business partner with an adverse reputation on environmental or social issues.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	The Group encourages our employees to procure goods and services in a responsible manner and to consider the ESG efforts and impacts of the key suppliers during selection and/or contract renewal. The Group also regularly evaluates the ESG performance of our key suppliers. The Group uses eco-friendly products where available and practical and does not engage any supplier with an adverse reputation on environmental issues.

Product Responsibility

The Group is committed to providing tenants with quality products and services. Along with this commitment, the Group aims to serve our tenants with the following standards:

- Before handing over any property, tenants will be shown around the property so that they can actually understand the property's facilities and the existing internal condition to avoid any disputes in the future.
- Only licensed estate agents are engaged by the Group.
- When handing over possession of the property, tenants are provided with a contact list for tenancy matters inquiries or repair requests.

Complaints that the Group receives, if any, are usually related to repair and maintenance issues. Upon receipt of a tenant's complaint, we will conduct inspection, assess the problem and determine how the issue should be addressed.

With regard 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 was identified during the Reporting Period.

Environmental, Social and Governance Report (Continued)

Product Responsibility (Continued)

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

	KPIs	Details of KPIs/Remarks
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable (The Group's operation does not involve sale or shipment.)
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 tenants (2024: 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 permit the installation of licensed software.
KPI B6.4	Description of quality assurance process and recall procedures.	Before issuance of a lease offer, we will check the condition of the premises and set a work plan and the expected handover condition based on the terms of the relevant offer and the existing condition of the premises. During the course of work, we will check the work progress regularly to ensure that all the work items are completed to the satisfaction of the Group prior to handover.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Before collecting tenants information, we will clearly explain to them the purpose and the use of information collected. The data will only be used for the purposes of record keeping and prevention of crime. The data collected will be destroyed regularly to ensure data protection. The Group implements a confidentiality policy to ensure confidential information are safeguarded. All employees are required to abide by this confidentiality policy during their employment with the Group and at any time after termination of their contract with the Group.

Anti-corruption

The Group aims to maintain high ethical standards and professionalism in our business operation. The Group has adopted an Anti-Corruption and Bribery Policy to provide 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 a Whistleblowing Policy to encourage our employees 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 policies and procedures aim to provide reporting channels and guidance on reporting possible improprieties in matters relating to the Group, and to reassure 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)

Anti-corruption (Continued)

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

	KPIs	Details of KPIs/Remarks
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 our 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 documentation and records, so as to identify and prevent any potential corruption practices 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

Community Investment

The Group believes that community support is essential to the Group's continued success and therefore encourages our 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:

	KPIs	Details of KPIs/Remarks
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	The Group recognises community requires support in many aspects and does not intend to confine our contributions to any particular focus.
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Some individual Board members have been serving the community through voluntarily 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 our staff to participate in voluntary community service outside regular office hours.

Corporate Governance Report

China Motor Bus Company, Limited (the “Company”, together with its subsidiaries the “Group”) is committed to maintaining high standard of business ethics and corporate governance. We believe that operating the Group’s business in an open and responsible manner and practising good corporate governance aligns with the long-term interests of the Group and its shareholders. The Company’s principal corporate governance practices and activities during the year ended 30 June 2025 are highlighted in this report which is available on the Company’s website.

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2025, the Company has applied all the principles of the Corporate Governance Code (the “CG Code”) as set out 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”) that are applicable to the Group. Relevant code provisions in the CG Code were met by the Company except for one deviation as mentioned in this report.

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.

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.

GENERATING LONG-TERM VALUE

The Group generates value through long-term capital appreciation and rental income arising from the investment properties of the Company, its subsidiaries and 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.

BOARD OF DIRECTORS

Composition of the Board, number of Board meetings and Directors’ attendance

The Board has a balanced mix of skills and experience and a balanced composition of executive and non-executive Directors. During the year ended 30 June 2025 and up to the date of this Annual Report, the Directors are set out below:

Executive Directors

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

Non-executive Director

Dr. Sarah NGAN (appointed on 2 June 2025)

Independent Non-executive Directors

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

Corporate Governance Report (Continued)

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

Five Board meetings were held during the year ended 30 June 2025 and the attendance of the Directors at the meetings is set out below:

Directors	Meetings attended/held
<i>Executive Directors</i>	
Dr. Henry NGAN (Chairman)	5/5
YUNG Shun Loy Jacky (Chief Executive Officer)	5/5
Michael John MOIR	5/5
<i>Non-executive Director</i>	
Dr. Sarah NGAN (appointed on 2 June 2025)	0/0
<i>Independent Non-executive Directors</i>	
Anthony Grahame STOTT	5/5
Stephen TAN	5/5
Dr. CHAU Ming Tak	5/5
Lynne Jane ARNETT (appointed on 6 September 2024)	3/3

Each Director has been appointed on the strength of his or 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").

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 regularly briefed during Board meetings or provided with 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. Lynne Jane ARNETT (appointed as Independent Non-executive Director on 6 September 2024) and Dr. Sarah NGAN (appointed as Non-executive Director on 2 June 2025) had obtained legal advice referred to in rule 3.09D of the Listing Rules on 27 August 2024 and 8 April 2025 respectively. Each of them had confirmed her understanding of the obligations as a Director of the Company. The Company has also provided appropriate information to the Directors in a timely manner to enable them to make informed decisions and to discharge their duties and responsibilities.

Corporate Governance Report (Continued)

Operation of the Board (Continued)

During the year ended 30 June 2025, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills. The Company's external auditor facilitated directors' training by the provision of webinars, presentations and reading materials primarily related to roles, functions and duties of directors of listed companies, corporate governance matters, economy and capital markets, financial reporting, taxation and risk management, legal and regulatory updates, and digital and information technology. Certain Directors also attended other external seminars or webinars organised by professional bodies on relevant subjects. In addition, anti-corruption webinar or such training materials arranged by the Independent Commission Against Corruption were provided to the Directors in order to reinforce their awareness on preventing corruption. All Directors are required to confirm their respective training records on yearly basis. The trainings received by the Directors are summarised below:

Directors	Director's duties and governance	Economy and capital markets	Financial reporting, taxation and risk management	Legal and regulatory	Digital and information technology
Executive Directors					
Henry NGAN (Chairman)	✓	✓	✓	✓	✓
YUNG Shun Loy Jacky (Chief Executive Officer)	✓	✓	✓	✓	✓
Michael John MOIR	✓	✓	✓	✓	✓
Non-executive Director					
Dr. Sarah NGAN (appointed on 2 June 2025)	✓	✓	✓	✓	✓
Independent Non-executive Directors					
Anthony Grahame STOTT	✓	✓	✓	✓	✓
Stephen TAN	✓	✓	✓	✓	✓
Dr. CHAU Ming Tak	✓	✓	✓	✓	✓
Lynne Jane ARNETT (appointed on 6 September 2024)	✓	✓	✓	✓	✓

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.

Corporate Governance Report (Continued)

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 the availability of independent views and input to the Board.

Directors' Time Commitment

All Directors should ensure that they have devoted sufficient time and attention to the affairs of the Company to discharge their responsibilities. They are required to disclose to the Company the number and nature of offices held in public companies or organisations and other significant commitments at the time of their appointments, as well as to disclose any subsequent changes in a timely manner. The Board reviews Directors' contributions and time commitment to the Company from time to time.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") is chaired by Anthony Grahame STOTT. Other members are Stephen TAN, Dr. CHAU Ming Tak, Lynne Jane ARNETT (appointed on 6 September 2024) and Dr. Sarah NGAN (appointed on 2 June 2025). All members of the Audit Committee are Non-executive Directors and the majority of them are Independent Non-executive Directors.

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

The major works performed by the Audit Committee during the year ended 30 June 2025 included reviewing the effectiveness of the Group's risk management and internal control systems, reviewing the interim report and annual report prior to submission to the Board, and approving the auditor's remuneration.

The Audit Committee held three meetings during the year ended 30 June 2025 and the attendance of individual member at the meetings is set out below:

Members	Meetings attended/held
Anthony Grahame STOTT (Chairman)	3/3
Stephen TAN	3/3
Dr. CHAU Ming Tak	3/3
Lynne Jane ARNETT (appointed on 6 September 2024)	2/2
Dr. Sarah NGAN (appointed on 2 June 2025)	0/0

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

The terms of reference of the Audit Committee are available on the respective websites of the Company and the Stock Exchange.

Corporate Governance Report (Continued)

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") is chaired by Anthony Grahame STOTT, Other members are Stephen TAN, Dr. CHAU Ming Tak, Lynne Jane ARNETT (appointed on 6 September 2024) and Dr. Sarah NGAN (appointed on 2 June 2025). All members of the Remuneration Committee are non-executive Directors and the majority of them 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 major works performed by the Remuneration Committee during the year ended 30 June 2025 included reviewing remuneration policy of the Company and recommending remuneration packages for the Board and senior management.

The Remuneration Committee held four meetings during the year ended 30 June 2025 and the attendance of individual member at the meetings is set out below:

Members	Meetings attended/held
Anthony Grahame STOTT (Chairman)	4/4
Stephen TAN	4/4
Dr. CHAU Ming Tak	4/4
Lynne Jane ARNETT (appointed on 6 September 2024)	3/3
Dr. Sarah NGAN (appointed on 2 June 2025)	0/0

The terms of reference of the Remuneration Committee are available on the respective websites of the Company and the Stock Exchange.

Pursuant to code provision E.1.5 of the CG 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 2025 is set out below:

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

Corporate Governance Report (Continued)

NOMINATION COMMITTEE

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

The principal 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 Board members and making recommendations to the Board; assessing the independence of Independent Non-executive Directors; reviewing the policies on Board diversity and workforce diversity.

For the year ended 30 June 2025, the major work performed by the Nomination Committee included reviewing the structure, size, composition and diversity of the Board, assessing the independence of Independent Non-executive Directors, and recommending to the Board the appointment of additional Directors and the re-appointment of retiring Directors.

The Nomination Committee held three meetings during the year ended 30 June 2025 and the attendance of individual member at the meetings is set out below:

Members	Meetings attended/held
Dr. Henry NGAN (Chairman)	3/3
Anthony Grahame STOTT	3/3
Stephen TAN	3/3
Dr. CHAU Ming Tak	3/3
Lynne Jane ARNETT (appointed on 6 September 2024)	2/2

On 29 August 2025, the Company amended the terms of reference of the Nomination Committee with reference to certain new provisions of the revised CG Code implemented on 1 July 2025. The amended terms of reference of the Nomination Committee are available on the respective websites of the Company and the Stock Exchange.

NOMINATION OF DIRECTORS AND DIVERSITY

The Nomination Committee and the Board from time to time review the composition of the Board. Based on the advice of the Nomination Committee, the Board makes recommendations to shareholders on Directors standing for election or re-election, provides Directors' information to enable shareholders to make informed decisions on the election or re-election, and where necessary, appoints Directors to fill casual vacancies or as an addition to the Board.

The Board recognises and acknowledges the advantages in a diverse Board membership, including but not limited to, gender, race, age, skills and experience, as a means of fostering a broad range of views and challenges important to encourage sound decision making. Such criteria are regularly evaluated by the Nomination Committee and the whole Board to ensure that Board membership remains appropriately diverse.

In considering new Director appointments and/or recommending candidates to shareholders, the Nomination Committee and the Board will not only make appointments or recommendations based on merit against objective criteria, but will also consider the benefits of diversity to the entire Board in their decision making process. Criteria that the Nomination Committee and the Board will consider include, but not 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, providing 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. As at the date of this annual report, the Board has two female Directors, representing 25 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.

Corporate Governance Report (Continued)

NOMINATION OF DIRECTORS AND DIVERSITY (Continued)

The Board has further adopted the Workforce Diversity Policy in February 2025 which outlines the Company's approach and commitment to inclusion and diversity in the workforce (including senior management). Key components include adhering to non-discriminatory employment practices and procedures, encouraging collaboration among the workforce, providing training and development opportunities to employees and reviewing the relevance and effectiveness of the policy from time to time. Details of the Group's workforce (including senior management) diversity are set out in the "Employment" section of the Environmental, Social and Governance Report of this annual report.

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 by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 30 June 2025.

COMPANY SECRETARY

The company secretary is an employee of the Company who reports to the Chairman and the Chief Executive Officer directly. The company secretary supports the Board by ensuring that good information flow within the Board and that Board policies and procedures are strictly followed. The company secretary is also responsible for advising the Board on governance matters and facilitating the induction and professional development of Directors.

CHU Lai Shan Sammie has been appointed to succeed KWOK Pun Tak as the Company Secretary with effect from 1 November 2024. Ms. CHU confirmed that she has taken no less than 15 hours of relevant professional training during the financial year.

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 that 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 Group's risk management and internal control systems, with management providing 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 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 but 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.

Corporate Governance Report (Continued)

Significant Risks and Controls/Mitigation during the year ended 30 June 2025

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.

Regulatory and Compliance Risk

As a listed property development and investment company with 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 internal professional as well as consultation with external expert.

Property Development Risk

The Group has material financial interest in the Chai Wan Inland Lot No. 178 development project, in which the construction costs, timing and selling prices are significant risk factors. The Group continuously monitors the progress of this development project to ensure that it maintains high quality within budget and timescale.

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 would also result in higher treasury income and the Group constantly monitors available rates while ensuring that deposits are not overly concentrated in any one bank.

With respect to procedures and internal control for handling and disseminating 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 CG 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 2025, the Board has received confirmation from management on 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)

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 respect of 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) was identified during this reporting period.

AUDITOR

The Company has engaged KPMG as its auditor for the financial year ended 30 June 2025. The fees in relation to audit and taxation services during the year provided by the auditor of the Company, amounted to approximately HK\$4.8 million and HK\$0.6 million respectively. In addition, the Company had appointed KPMG to provide non-audit services for a major transaction during the year under review, amounted to approximately HK\$1.1 million. These fees have been reviewed by 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 the 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 to the Board that the re-appointment of KPMG as the Company's auditor for the financial year ending 30 June 2026 and the authorisation of the Directors to fix its remuneration be recommended to the shareholders for consideration at the forthcoming OYM. After due consideration and with reference to the recommendation of the Audit Committee, the Board resolved to recommend the shareholders to re-appoint KPMG as auditor of the Company for the financial year ending 30 June 2026 and authorise the Directors to fix their remuneration at the forthcoming OYM.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the Group's financial statements. A statement by the auditor of its reporting responsibilities for the year ended 30 June 2025 is set out in the Independent Auditor's Report on pages 39 to 42 of this Annual Report.

Corporate Governance Report (Continued)

GENERAL MEETINGS OF SHAREHOLDERS

During the year, an extraordinary meeting was held on 31 October 2024 and the 86th Ordinary Yearly Meeting was held on 4 December 2024. The attendance of the Directors at these meetings is set out below:

	Extraordinary meeting attended/held	86th Ordinary yearly meeting attended/held
Directors		
<i>Executive Directors</i>		
Dr. Henry NGAN (Chairman)	1/1	1/1
YUNG Shun Loy Jacky (Chief Executive Officer)	1/1	1/1
Michael John MOIR	1/1	1/1
<i>Non-executive Director</i>		
Dr. Sarah NGAN (appointed on 2 June 2025)	0/0	0/0
<i>Independent non-executive Directors</i>		
Anthony Grahame STOTT	1/1	1/1
Stephen TAN	1/1	1/1
Dr. CHAU Ming Tak	1/1	1/1
Lynne Jane ARNETT (appointed on 6 September 2024)	1/1	1/1

SHAREHOLDERS RIGHTS AND SHAREHOLDERS COMMUNICATION POLICY

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 21 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.

Corporate Governance Report (Continued)

Shareholders Rights (Continued)

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 during a period of 7 days commencing on the day after the dispatch of the notice of the meeting, there has been left at the head office of the Company notice in writing by a member (other than the person to be proposed) 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 110 of the Articles of Association.

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 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, 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.

CONSTITUTIONAL DOCUMENTS

At the 86th ordinary yearly meeting held on 4 December 2024, a special resolution was passed to adopt the new Articles of Association to, among other matters, enable the Company to disseminate corporate communications to its securities holders by electronic means and to incorporate other changes to align the Company's constitutional documents with the latest amendments to the Listing Rules and the Companies Ordinance.

The latest version of the Articles of Association is available on the respective websites of the Company and the Stock Exchange.

CHANGES AFTER CLOSURE OF FINANCIAL YEAR

This report takes into account the changes that occurred between the end of financial year 2024/2025 and the date of the approval of this report.

Chairman's Statement

GROUP RESULTS AND DIVIDENDS

The Board announces that the operating profit of the Group for the year ended 30 June 2025 amounted to HK\$77 million, compared with HK\$95 million in the previous year. This mainly reflected the effect of a decrease in rental income which primarily resulted from the disposal of an investment property during the year. The audited consolidated loss after taxation attributable to shareholders narrowed to HK\$185 million for the year from HK\$262 million in the previous year, which mainly benefitted from the profit of HK\$109 million on disposal of an investment property during the year. The loss after taxation attributable to shareholders was largely due to net valuation losses of HK\$390 million on investment properties held by the Group and its joint ventures for the year. 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 Friday, 5 December 2025 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\$4.90 per share, and a second interim dividend of HK\$0.30 per share, will make a total dividend for the year of HK\$7.10 per share, compared with HK\$3.20 per share for the previous year.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARIZED BELOW:

The Headland Residences, 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, with the remaining 80% held by a wholly owned subsidiary of Swire Properties Limited. A wholly owned subsidiary of Windcharm Property Holdings Limited is in the process of developing a residential and commercial complex, to be named "The Headland Residences", with an aggregate residential and retail gross floor area of 64,500 sq. m.

This development 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 a carpark in the basement floors which will provide, among others, 260 carparking spaces. The development also includes a clubhouse featuring 30 premium indoor and outdoor amenities, a 25-metre outdoor swimming pool, a children's swimming pool, children's playing area, gymnasium and a unique Roman Bath.

The redevelopment is proceeding according to plan. In Site B, the occupation permit for Tower 2 and Tower 3 was issued on 29 August 2025 and podium fitting out works, hard landscape and soft landscape works are in progress. In Site A, Tower 1 concreting work of main roof floor has been completed and concreting work towards upper roof floors are in progress.

Following the grant of pre-sale consent for Site B in January 2025, pre-sale of units in Tower 2 and Tower 3 of The Headland Residences has commenced on 6 September 2025.

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).

As at 30 June 2025, approximately 93% 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 2025, the Group's offices at Island Place were 44% occupied while the Group's residential units at Island Place were 100% occupied. At Island Lodge, both the Group's residential units and retail units were 100% occupied. The Group's investment property at 3 Jordan Road, which comprises furnished apartments and retail units, has an occupancy rate of 93%.

Chairman's Statement (Continued)

UK Properties

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

As announced on 13 December 2024, the sale by a wholly owned subsidiary of the Company of Albany House in Victoria in Central London at the consideration of £47 million was completed on that date and the full purchase price (equivalent to approximately HK\$463 million at the then prevailing exchange rate) has been received.

FUTURE OUTLOOK

As foreshadowed by previous predictions of the Hong Kong SAR Government, Hong Kong's economy has seen slow but solid growth in the first half of 2025, and is expected to continue growing for the rest of 2025. Supported by Government's various measures to boost consumption and the recently robust stock market, the real GDP growth forecast for Hong Kong for 2025 as a whole is estimated by the Government at 2% to 3%.

Hong Kong's property market has also seen a level of stability in 2025 in a number of sectors, despite continuing challenges. In the residential market, the lowering of interest rates, rising stock prices, improved rental yields and a reduction in stamp duty for properties valued up to HK\$4 million has seen the start of an increase in demand in the housing market. In the office market, the rise in IPO activities is expected to stimulate demand from financial related services firms and to bolster growth in the office rental market, although the abundant future new supply pipeline will continue to weigh on rental performance. In the retail market, the proactive promotion of mega events by the Government will benefit the retail market catchment areas, although vacancy pressure is still expected to continue to persist until there is notable improvement in retail sales.

Against the backdrop of the local property market, the rental performance of the Group's investment properties is likely to remain subdued for both the Group's office properties and the Group's retail properties. For the Group's trading properties, pre-sales of units in Phase 1 of The Headland Residences in Chai Wan, comprising 592 units across Towers 2 and 3, has commenced on 6 September 2025. Listed prices range from around HK\$18,000 to around HK\$26,000 per sq. ft. saleable area before applicable discounts, or from around HK\$15,000 to HK\$22,000 per sq. ft. saleable area after applicable discounts. Over 15% of the units in Towers 2 and 3 have so far been sold and further increases in demand for high quality new developments can only be positive for future sales at The Headland Residences.

In the U.K., the economy has stagnated in the third quarter of 2025 after seeing growth in the first two quarters, and economists expect a slowdown to take hold. The Bank of England has in August 2025 cut the Base Interest Rate by 25 basis points to 4%, and many analysts expect a further rate cut before the end of the year. Despite uncertainty in the economic outlook, the London commercial property market has remained relatively stable in 2025. For Scorpio House, the office building in London which is held by the Group as long term investment, the rental is due for review in October 2025 and is expected to increase significantly after this review. The capital value of the property is also projected to increase amidst improving sentiment in the London commercial real estate market and expectations of further base rate reductions. As the Group will no longer receive rental income from Albany House, turnover is expected to fall in the coming financial year.

The directors will continue to monitor the investment market and evaluate opportunities to enhance shareholder value.

Dr. Henry NGAN
Chairman

Hong Kong, 29 September 2025

Information on Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Henry NGAN, aged 87, Chairman, Director of the Company since 1976. Medical Practitioner. Executive Director since 1998. Also chairman of the Nomination Committee of the Company and 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 and brother-in-law of NGAN Soo Shieh Ven Maria, both are substantial shareholders of the Company as defined in the Securities and Futures Ordinance. Father of Dr. Sarah NGAN, a Non-executive Director of the Company. Save as disclosed herein, Dr. NGAN has no relationships with any other Directors, senior management or substantial or controlling shareholders of the Company and has not held any other position with the Company or with the subsidiaries of the Company.

Michael John MOIR, B.Sc., M.Eng., FRICS, FHKIS, aged 75, 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.

YUNG Shun Loy Jacky, B.Soc.Sc., LLB., FCPA(HK), FCCA(UK), CPA(Australia), aged 62, 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 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.

NON-EXECUTIVE DIRECTOR

Dr. Sarah NGAN, aged 52, Independent Non-executive Director of the Company since 2025. Also member of each of the Audit Committee and the Remuneration Committee of the Company. Dr. Sarah NGAN is a medical practitioner. She is a consultant in Medical Oncology at Guy's and St. Thomas' NHS Foundation Trust. She has extensive management and leadership experience as a senior consultant within an organisation with an annual 2.6 million patient contacts. As well as leading and motivating complex multidisciplinary teams within her organisation, she has led transformational projects leading and setting up new services, focusing on delivering value with limited resources. She has been involved in governance, quality improvement and audit review, and has been a medical advisor on the board of charities. She graduated from the University of London with a Bachelor of Medical Sciences (1st-class Honours). She also attained Bachelor of Medicine and Bachelor of Surgery from Barts and The London School of Medicine and Dentistry as well as a PhD from Imperial College London. Dr. Sarah NGAN is the daughter of Dr. Henry NGAN, the Chairman and Executive Director and substantial shareholder of the Company. She is also a niece of NGAN Kit Ling and NGAN Soo Shieh Ven Maria, two substantial shareholders of the Company. Except as disclosed, Dr. Sarah NGAN has no relationship with any directors, senior management or substantial or controlling shareholders of the Company.

Information on Directors and Senior Management (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Anthony Grahame STOTT, B.Sc., F.F.A., Affiliate of the ACCA, aged 71, Independent Non-executive Director of the Company since 2002. Also 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 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., aged 71, Independent Non-executive Director of the Company since 2014. Also 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, aged 73, Independent Non-executive Director of the Company since 2016. Also member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr. CHAU 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 was the Honorary Consultant and Independent Member of the Doctors' Advisory Committee, Canossa Hospital. He is actively involved in voluntary community services as Advisor of Steering Committee of Hong Kong Southern District Health Centre, Advisor of the Southern District Healthy and Safe Association, Advisor of the Management Committee on Health Services of the Aberdeen Kai-fong Welfare Association and Vice Chairman of the Association of Queen Mary Hospital Alumni. Dr. CHAU has no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Lynne Jane ARNETT, aged 70, Independent Non-executive Director of the Company since 2024. Also member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. 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

YUEN Yiu Tat, BBA(Hons), FCCA, CPA, aged 63, 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 40 years of experience in accounting field. Mr. YUEN has no relationships with any Directors, senior management or substantial or controlling shareholder of the Company.

CHU Lai Shan Sammie, BA(Hons), MCG, FCG, HKFCG(PE), aged 50, Company Secretary of the Company since 1 November 2024. Has over 20 years of experience in company secretarial, corporate governance and compliance functions in listed and private companies.

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

Independent Auditor's Report



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 43 to 86, which comprise the consolidated statement of financial position as at 30 June 2025, 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 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 ("HKSA") as 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 matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Independent Auditor's Report (Continued)

Key audit matter (Continued)

Valuation of investment properties ("IP") owned by the Group and the Group's joint ventures	
<i>Refer to the accounting policy in note 1(g)(i) and notes 9 and 11 to the consolidated financial statements</i>	
The Key Audit Matter	How the matter was addressed in our audit
The Group held a portfolio of IP in Hong Kong and the United Kingdom with a fair value of HK\$1,483 million as at 30 June 2025, representing 21% of the Group's total assets as at that date. 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\$2,263 million as at 30 June 2025, representing 33% 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. 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. 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\$128 million for the year ended 30 June 2025, while the net changes in fair value of the joint ventures' IP are included in the share of results of joint ventures. 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.	Our audit procedures to assess the valuation of IP included the following: - 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; - assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity; - 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 - 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.

Independent Auditor's Report (Continued)

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 HKFRS Accounting Standards as 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 HKSA's 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 HKSA's, 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.

Independent Auditor's Report (Continued)

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 (practising certificate number: P07071).

KPMG

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

29 September 2025

Consolidated Income Statement for the Year Ended 30 June 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$000's	2024 \$000's
Turnover	2	53,063	69,550
Finance income	3	62,540	63,600
Other income	4	1,614	1,062
Staff costs	5(a)	(17,201)	(15,784)
Depreciation		(3,347)	(3,364)
Other operating expenses	5(b)	(19,950)	(20,225)
Operating profit	2	76,719	94,839
Share of results of joint ventures	11	(207,164)	(176,067)
Share of results of associates	12	(3,140)	(2,168)
Profit on disposal of an investment property	9(c)	109,249	–
Net valuation losses on investment properties	9	(127,948)	(172,117)
Release of exchange reserve upon cessation of a subsidiary's foreign operation		(24,704)	–
Loss before taxation	5	(176,988)	(255,513)
Income tax	7(a)	(7,516)	(6,706)
Loss after taxation attributable to shareholders		<u>(184,504)</u>	<u>(262,219)</u>
Loss per share			
Basic and diluted	8	\$ <u>(4.08)</u>	\$ <u>(5.79)</u>

The notes on pages 50 to 86 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 2025

(Expressed in Hong Kong dollars)

	2025	2024
	\$000's	\$000's
Loss for the year	(184,504)	(262,219)
Other comprehensive income for the year		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation	91,347	(2,277)
Release of exchange reserve upon cessation of a subsidiary's foreign operation	24,704	—
Other comprehensive income for the year	116,051	(2,277)
Total comprehensive income for the year attributable to shareholders	(68,453)	(264,496)

The notes on pages 50 to 86 form part of these financial statements.

Consolidated Statement of Financial Position at 30 June 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$000's	2024 \$000's
Non-current assets			
Fixed assets	9	1,569,938	2,031,572
Interest in joint ventures	11	2,262,964	2,545,128
Interest in associates	12	1,600,841	1,311,181
Other investments	13	13,950	11,534
		<u>5,447,693</u>	<u>5,899,415</u>
Current assets			
Debtors, deposits and prepayments	14	7,554	9,493
Current tax recoverable	16(a)	–	2,115
Deposits with banks		1,345,462	1,274,405
Cash at banks and in hand		99,973	112,230
		<u>1,452,989</u>	<u>1,398,243</u>
Current liabilities			
Creditors and accruals	15	40,780	47,267
Current tax payable	16(a)	4,322	3,978
		<u>45,102</u>	<u>51,245</u>
Net current assets		<u>1,407,887</u>	<u>1,346,998</u>
Total assets less current liabilities		6,855,580	7,246,413
Non-current liability			
Deferred taxation	16(b)	49,587	47,881
NET ASSETS		<u>6,805,993</u>	<u>7,198,532</u>
CAPITAL AND RESERVES			
Share capital	17(c)	92,537	92,537
Other reserves		6,713,456	7,105,995
TOTAL EQUITY		<u>6,805,993</u>	<u>7,198,532</u>

Approved and authorised for issue by the Board of Directors on 29 September 2025.

Dr. Henry NGAN

)
) Director
)

YUNG Shun-loy Jacky

)
) Director
)

The notes on pages 50 to 86 form part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2025

(Expressed in Hong Kong dollars)

	Share capital	Other reserves			Subtotal	Total
		Other properties revaluation reserve	Deferred profits reserve	Retained profits		
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
At 1 July 2023	92,537	5,369	263,823	7,246,185	7,515,377	7,607,914
Changes in equity for 2023/2024:						
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)
At 30 June 2024	92,537	5,342	263,823	6,836,830	7,105,995	7,198,532

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2025 (Continued)

(Expressed in Hong Kong dollars)

	Share capital	Other reserves			Subtotal	Total
		Other properties revaluation reserve	Deferred profits reserve	Retained profits		
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
At 1 July 2024	92,537	5,342	263,823	6,836,830	7,105,995	7,198,532
Changes in equity for 2024/2025:						
Dividends declared/approved in respect of the previous year (note 17(b))	–	–	–	(94,977)	(94,977)	(94,977)
Realisation of other properties revaluation reserve	–	(27)	–	27	–	–
Share repurchased and cancelled (note 17(c))	–	–	–	(3,015)	(3,015)	(3,015)
Dividends declared in respect of the current year (note 17(b))	–	–	–	(226,094)	(226,094)	(226,094)
	–	(27)	–	(324,059)	(324,086)	(324,086)
Loss for the year	–	–	–	(184,504)	(184,504)	(184,504)
Other comprehensive income						
– Exchange differences arising on consolidation	–	–	–	91,347	91,347	91,347
– Release of exchange reserve upon cessation of a subsidiary's foreign operation	–	–	–	24,704	24,704	24,704
	–	–	–	116,051	116,051	116,051
Total comprehensive income	–	–	–	(68,453)	(68,453)	(68,453)
At 30 June 2025	92,537	5,315	263,823	6,444,318	6,713,456	6,805,993

Included in retained profits is a deficit of \$118,854,000 (2024: \$234,905,000) arising from the translation of financial statements of foreign operations.

The notes on pages 50 to 86 form part of these financial statements.

Consolidated Cash Flow Statement for the Year Ended 30 June 2025

(Expressed in Hong Kong dollars)

	2025 \$000's	2024 \$000's
Operating activities		
Operating profit	76,719	94,839
Adjustments for:		
– Depreciation	3,347	3,364
– Dividend income from other investments	(682)	(735)
– Interest income	(58,008)	(66,351)
– Net unrealised (gains)/losses on other investments	(2,416)	1,819
– Foreign exchange (gains)/losses	(2,699)	1,884
Operating profit before changes in working capital	16,261	34,820
(Increase)/decrease in debtors, deposits and prepayments	(293)	6
(Decrease)/increase in creditors and accruals	(7,022)	1,566
Cash generated from operations	8,946	36,392
Tax paid		
– Hong Kong Profits Tax paid	(3,762)	(2,054)
– Overseas tax paid	–	(5,208)
Net cash generated from operating activities	5,184	29,130
Investing activities		
Net proceed from sale of an investment property	454,174	–
Purchase of fixed assets	(261)	(154)
Decrease in deposits with banks with maturity more than three months	66,349	525,407
Dividends from joint ventures	18,000	16,000
Dividends from other investments	682	735
Interest received	60,386	68,793
Advance of loan to an associate	(292,800)	(123,400)
Repayment of loan by a joint venture	57,000	78,000
Net cash generated from investing activities	363,530	565,381

Consolidated Cash Flow Statement for the Year Ended 30 June 2025 (Continued)

(Expressed in Hong Kong dollars)

	2025 \$000's	2024 \$000's
Financing activities		
Shares repurchased	(3,015)	–
Dividends paid	(320,632)	(144,613)
Net cash used in financing activities	<u>(323,647)</u>	<u>(144,613)</u>
Net increase in cash and cash equivalents	45,067	449,898
Effect of foreign exchange rates	78,615	(3,130)
Cash and cash equivalents at 1 July	<u>1,211,925</u>	<u>765,157</u>
Cash and cash equivalents at 30 June	<u>1,335,607</u>	<u>1,211,925</u>
Analysis of the balances of cash and cash equivalents		
Deposits with banks	1,345,462	1,274,405
Less: Deposits with banks with maturity more than three months	(109,828)	(174,710)
Cash at banks and in hand	<u>99,973</u>	<u>112,230</u>
	<u>1,335,607</u>	<u>1,211,925</u>

The notes on pages 50 to 86 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 HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), 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 HKFRS Accounting Standards 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 2025 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 HKFRS Accounting Standards 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 certain amendments to HKFRS Accounting Standards 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 21).

(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(ii)) 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)).

Notes to the Financial Statements (Continued)

(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.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss.

Notes to the Financial Statements (Continued)

(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.

	2025 \$000's	2024 \$000's
Rentals from investment properties	53,063	69,550

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

	Group turnover		Operating profit	
	2025 \$000's	2024 \$000's	2025 \$000's	2024 \$000's
Geographical locations of operations				
Hong Kong	34,954	38,897	34,448	46,026
United Kingdom	18,109	30,653	42,271	48,813
	53,063	69,550	76,719	94,839

In addition, the turnover of the joint ventures attributable to the Group for the year amounted to \$98,457,000 (2024: \$102,390,000).

(b) Segment reporting

The Group manages its businesses according to the nature of the operations and the services 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	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Turnover	53,063	69,550	-	-	-	-	53,063	69,550
Finance income	-	-	62,540	63,600	-	-	62,540	63,600
Other income	-	-	-	-	1,614	1,062	1,614	1,062
Total revenue	53,063	69,550	62,540	63,600	1,614	1,062	117,217	134,212
Segment results	42,475	57,668	62,540	63,600	-	-	105,015	121,268
Net unallocated expenses							(28,296)	(26,429)
Operating profit							76,719	94,839
Share of results of joint ventures	(207,164)	(176,067)	-	-	-	-	(207,164)	(176,067)
Share of results of associates	(3,140)	(2,168)	-	-	-	-	(3,140)	(2,168)
Profit on disposal of an investment property	109,249	-	-	-	-	-	109,249	-
Net valuation losses on investment properties	(127,948)	(172,117)	-	-	-	-	(127,948)	(172,117)
Release of exchange reserve upon cessation of a subsidiary's foreign operation	(24,704)	-	-	-	-	-	(24,704)	-
Income tax							(7,516)	(6,706)
Loss after taxation attributable to shareholders							(184,504)	(262,219)
Depreciation for the year	(152)	(170)	-	-	(3,195)	(3,194)	(3,347)	(3,364)
Fixed assets	1,483,294	1,941,746	-	-	86,644	89,826	1,569,938	2,031,572
Other investments	-	-	13,950	11,534	-	-	13,950	11,534
Debtors, deposits and prepayments	2,295	1,901	4,986	7,364	273	228	7,554	9,493
Current tax recoverable	-	-	-	-	-	2,115	-	2,115
Deposits with banks with maturity more than three months	-	-	109,828	174,710	-	-	109,828	174,710
Cash and cash equivalents	-	-	1,335,607	1,211,925	-	-	1,335,607	1,211,925
Segment assets	1,485,589	1,943,647	1,464,371	1,405,533	86,917	92,169	3,036,877	3,441,349
Interest in joint ventures	2,262,964	2,545,128	-	-	-	-	2,262,964	2,545,128
Interest in associates	1,600,841	1,311,181	-	-	-	-	1,600,841	1,311,181
Total assets							6,900,682	7,297,658
Creditors and accruals	11,562	18,549	-	-	29,218	28,718	40,780	47,267
Current tax payable	-	-	-	-	4,322	3,978	4,322	3,978
Deferred taxation	-	-	-	-	49,587	47,881	49,587	47,881
Segment liabilities	11,562	18,549	-	-	83,127	80,577	94,689	99,126
Additions to non-current assets other than other investments during the year	248	76	-	-	13	78	261	154

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	
	2025	2024	2025	2024
	\$000's	\$000's	\$000's	\$000's
Turnover	34,954	38,897	18,109	30,653
Specified non-current assets	5,250,996	5,384,276	182,747	503,605

3 FINANCE INCOME

	2025	2024
	\$000's	\$000's
Dividend income from other investments	682	735
Exchange gains/(losses)	1,434	(1,667)
Interest income	58,008	66,351
Net unrealised gains/(losses) on other investments	2,416	(1,819)
	62,540	63,600

4 OTHER INCOME

	2025	2024
	\$000's	\$000's
Management fee	496	496
Unclaimed dividends forfeited	525	537
Sundry income	593	29
	1,614	1,062

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2025 \$000's	2024 \$000's
(a) Staff costs		
Contributions to defined contribution retirement scheme	371	339
Salaries, wages and other benefits	16,830	15,445
	<u>17,201</u>	<u>15,784</u>
(b) Other operating expenses		
Auditor's remuneration		
– audit services	4,775	4,700
– tax services	569	541
Legal and professional fees	2,857	4,276
Property expenses	8,062	7,306
Rent and rates	421	413
Others	3,266	2,989
	<u>19,950</u>	<u>20,225</u>
(c) Other items		
Rental income less outgoings which includes	(45,001)	(62,244)
– gross rental income from investment properties	(53,063)	(69,550)
Transaction costs incurred for the disposal of an investment property, including auditor's fee of \$1,081,000	<u>9,011</u>	<u>–</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 \$000's	Salaries, allowances and benefits in kind \$000's	Group's contributions to retirement scheme \$000's	Total \$000's
2025				
Executive directors				
Dr. Henry NGAN	605	600	–	1,205
Michael John MOIR	400	600	–	1,000
YUNG Shun-loy, Jacky	405	3,770	209	4,384
Non-executive director				
Dr. Sarah NGAN (appointed on 2 June 2025)	32	–	–	32
Independent non-executive directors				
Anthony Grahame STOTT	600	–	–	600
Stephen TAN	400	–	–	400
Dr. CHAU Ming-tak	400	–	–	400
Lynne Jane ARNETT (appointed on 6 September 2024)	327	–	–	327
	<u>3,169</u>	<u>4,970</u>	<u>209</u>	<u>8,348</u>
2024				
Executive directors				
Dr. Henry NGAN	605	600	–	1,205
Michael John MOIR	400	600	–	1,000
YUNG Shun-loy, Jacky	405	3,563	198	4,166
Independent non-executive directors				
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>

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 2025 of two employees (2024: 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

	2025 \$000's	2024 \$000's
Basic salary, housing allowance and other benefits	3,086	2,927
Retirement scheme contribution	37	37
	<u>3,123</u>	<u>2,964</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:

	2025 \$000's	2024 \$000's
Current tax – Provision for Hong Kong Profits Tax		
Tax for the year	2,865	3,693
Over-provision in respect of prior years	–	(3)
	<u>2,865</u>	<u>3,690</u>
Current tax – Overseas		
Tax for the year	3,477	3,823
(Over)/under-provision in respect of prior years	(121)	147
	<u>3,356</u>	<u>3,970</u>
Deferred tax		
Origination and reversal of temporary differences	1,295	(954)
	<u>7,516</u>	<u>6,706</u>

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

	2025 \$000's	2024 \$000's
Loss before taxation	(176,988)	(255,513)
Notional tax on loss before taxation calculated at applicable tax rates	(18,730)	(42,429)
Tax effect of non-deductible expenses	67,212	63,006
Tax effect of non-taxable income	(42,116)	(15,135)
(Over)/under-provision in respect of prior years	(121)	144
Tax effect of tax losses not recognised	1,276	1,129
Statutory tax concession	(5)	(9)
Actual tax expense	<u>7,516</u>	<u>6,706</u>

8 LOSS PER SHARE

The calculation of basic and diluted loss per share is based on loss attributable to shareholders of \$184,504,000 (2024: \$262,219,000) and the weighted average of 45,236,990 (2024: 45,276,856) shares in issue during the year.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

9 FIXED ASSETS

	Investment properties \$000's	Other properties \$000's	Plant, fixtures and equipment \$000's	Total \$000's
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
Cost or valuation:				
At 1 July 2024	1,941,445	105,076	5,284	2,051,805
Exchange adjustment	14,325	–	–	14,325
Additions	–	–	261	261
Revaluation deficit	(127,948)	–	–	(127,948)
Disposal	(344,925)	–	–	(344,925)
At 30 June 2025	1,482,897	105,076	5,545	1,593,518
Representing:				
Cost	–	85,000	5,545	90,545
2002 valuation (note (b))	–	20,076	–	20,076
2025 valuation	1,482,897	–	–	1,482,897
	1,482,897	105,076	5,545	1,593,518
Accumulated depreciation:				
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
At 1 July 2024	–	15,353	4,880	20,233
Charge for the year	–	3,161	186	3,347
At 30 June 2025	–	18,514	5,066	23,580
Net book value:				
At 30 June 2025	1,482,897	86,562	479	1,569,938
At 30 June 2024	1,941,445	89,723	404	2,031,572
Tenure of title to properties:				
2025				
Held in Hong Kong				
– Long leases	249,800	86,562	–	336,362
– Medium term leases	1,050,350	–	–	1,050,350
	1,300,150	86,562	–	1,386,712
Held outside Hong Kong				
– Freehold	182,747	–	–	182,747
	1,482,897	86,562	–	1,569,459
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

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 2025, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (2024: 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 2025 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 property which is situated in the United Kingdom and is freehold property, has been revalued at 30 June 2025 by Savills (UK) Limited, an independent firm 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	\$10.8 – \$94 per square foot per month (2024: \$10.5 – \$94 per square foot per month)
		Prevailing capital values	\$4,600 – \$31,900 per square foot (2024: \$5,200 – \$39,700 per square foot)
		Capitalisation rates	3.3% – 5.1% (2024: 2.8% – 4.6%)
– United Kingdom	Income capitalisation approach	Prevailing market rents	GBP4.42 per square foot per month (2024: GBP4.42 – GBP6.25 per square foot per month)
		Capitalisation rates	5.63% (2024: 5.55% – 5.90%)

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 property 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. 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:

	2025 \$000's	2024 \$000's
Investment properties – Hong Kong		
At 1 July 2024/2023	1,437,840	1,580,000
Fair value adjustment	<u>(137,690)</u>	<u>(142,160)</u>
At 30 June	<u>1,300,150</u>	<u>1,437,840</u>
Investment properties – United Kingdom		
At 1 July 2024/2023	503,605	534,611
Exchange adjustment	14,325	(1,049)
Fair value adjustment	9,742	(29,957)
Disposal during the year	<u>(344,925)</u>	<u>–</u>
At 30 June	<u>182,747</u>	<u>503,605</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 2025 would have been \$10,840,000 (2024: \$10,879,000) had they been carried at their initial acquisition cost less accumulated depreciation.
- (c) On 13 September 2024, Oxney Investments Limited (“Oxney”), an indirectly wholly owned subsidiary, entered into a sale and purchase agreement with an independent third party, pursuant to which Oxney conditionally agreed to sell the investment property, Albany House, at a cash consideration of GBP47,000,000. The disposal of Albany House with the carrying value of \$344,925,000 was completed on 13 December 2024, resulting in a profit on disposal of \$109,249,000 after deducting the relevant transaction cost.

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

9 FIXED ASSETS (Continued)

(d) 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:

	2025	2024
	\$'000's	\$'000's
Within one year	33,125	43,777
After one year but within two years	23,196	18,480
After two years but within three years	16,617	14,006
After three years but within four years	12,847	8,343
After four years but within five years	12,674	8,343
After five years	2,637	10,766
	<u>101,096</u>	<u>103,715</u>

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

10 INTEREST IN SUBSIDIARIES

	The Company	
	2025	2024
	\$'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 directly held	Percentage indirectly held	Principal activity
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	Hong Kong	1 share of US\$1 each	–	100%	Investment 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

	2025	2024
	\$000's	\$000's
Share of net assets	1,238,207	1,463,371
Loan to a joint venture	1,024,757	1,081,757
	<u>2,262,964</u>	<u>2,545,128</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% 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:

	2025	2024
	\$000's	\$000's
Share of revenue	<u>98,457</u>	<u>102,390</u>
Share of operating profit	65,361	67,401
Share of valuation losses on investment properties	(261,925)	(232,905)
Share of taxation	<u>(10,600)</u>	<u>(10,563)</u>
	<u>(207,164)</u>	<u>(176,067)</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

	2025 \$000's	2024 \$000's
Gross amounts of the joint venture's		
Non-current assets	1,090,000	1,155,000
Current assets	57,105	70,345
Current liabilities	(41,078)	(41,264)
Deferred taxation	(71,039)	(70,791)
Equity	1,034,988	1,113,290
Included in the above assets and liabilities:		
Cash and cash equivalents	13,976	4,737
Current financial liabilities (excluding creditors and accruals)	–	–
Non-current financial liabilities (excluding creditors and accruals)	–	–
Revenue	73,492	75,668
(Loss)/profit for the year	(33,302)	46,509
Total comprehensive income	(33,302)	46,509
Included in the above (loss)/profit:		
Interest income	2,744	3,369
Income tax expense	(6,418)	(5,802)
Reconciled to the Group's interest in the joint venture		
Gross amounts of net assets of the joint venture	1,034,988	1,113,290
Group's effective interest	40%	40%
Group's share of net assets of the joint venture	413,995	445,316
Carrying amount in the consolidated financial statements	413,995	445,316
Group's dividend received from the joint venture	18,000	16,000

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

11 INTEREST IN JOINT VENTURES (Continued)

(b) Hareton Limited

	2025 \$'000's	2024 \$'000's
Gross amounts of the joint venture's		
Non-current assets	3,805,799	4,276,518
Current assets	50,856	54,927
Current liabilities	(2,116,908)	(2,213,459)
Deferred taxation	(91,323)	(81,875)
Equity	1,648,424	2,036,111
Included in the above assets and liabilities:		
Cash and cash equivalents	23,592	7,249
Current financial liabilities (excluding creditors and accruals)	(2,049,514)	(2,163,514)
Non-current financial liabilities (excluding creditors and accruals)	–	–
Revenue	138,120	144,245
Loss for the year	(387,687)	(389,341)
Total comprehensive income	(387,687)	(389,341)
Included in the above loss:		
Depreciation and amortisation	–	(95)
Interest income	739	3,166
Income tax expense	(16,066)	(16,486)
Reconciled to the Group's interest in the joint venture		
Gross amounts of net assets of the joint venture	1,648,424	2,036,111
Group's effective interest	50%	50%
Group's share of net assets of the joint venture	824,212	1,018,055
Group's share of shareholders' loan (note)	1,024,757	1,081,757
Carrying amount in the consolidated financial statements	1,848,969	2,099,812
Group's dividend received from the joint venture	–	–

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

	2025 \$'000's	2024 \$'000's
Share of net liabilities	(5,791)	(2,651)
Loan to an associate	1,606,632	1,313,832
	1,600,841	1,311,181

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	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

	2025 \$'000's	2024 \$'000's
Gross amounts of the associates'		
Non-current assets	5,401	–
Current assets	8,321,903	6,800,340
Current liabilities	(322,006)	(243,427)
Non-current liabilities	(8,034,250)	(6,570,168)
Equity	(28,952)	(13,255)
Included in the above assets and liabilities:		
Cash and cash equivalents	20,119	2,812
Current financial liabilities (excluding creditors and accruals)	(121)	(121)
Non-current financial liabilities (excluding creditors and accruals)	(8,034,250)	(6,570,168)
Revenue	–	–
Loss for the year	(15,697)	(10,842)
Total comprehensive income	(15,697)	(10,842)
Included in the above loss:		
Income tax credit	5,401	–
Reconciled to the Group's interest in the associates		
Gross amounts of net liabilities of the associates	(28,952)	(13,255)
Group's effective interest	20%	20%
Group's share of net liabilities of the associates	(5,791)	(2,651)
Group's share of shareholders' loan (note)	1,606,632	1,313,832
Carrying amount in the consolidated financial statements	1,600,841	1,311,181

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

	2025	2024
	\$'000's	\$'000's
Equity securities listed in Hong Kong, at fair value through profit or loss	13,950	11,534

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:

	2025	2024
	\$'000's	\$'000's
Within 1 month	345	266
1 to 3 months	364	319
Over 3 months	442	161
Total trade debtors	1,151	746
Deposits, prepayments and other receivables	1,417	1,383
Interest receivable	4,986	7,364
	7,554	9,493

A defined credit policy is maintained within the Group.

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

	2025	2024
	\$'000's	\$'000's
Deposits and prepayments	1,253	1,220

(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:

	2025 \$000's	2024 \$000's
Within 1 month	21	244
1 to 3 months	–	5
Over 3 months	201	201
Total trade creditors	222	450
Other payables and accruals	40,558	46,817
	<u>40,780</u>	<u>47,267</u>

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

	2025 \$000's	2024 \$000's
Other payables and accruals	<u>7,210</u>	<u>6,161</u>

16 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

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

	2025 \$000's	2024 \$000's
Provision for Hong Kong Profits Tax for the year	2,865	3,693
Provisional Profits Tax paid	(871)	–
	<u>1,994</u>	<u>3,693</u>
Balance of Profits Tax provision relating to prior years	1,087	285
	<u>3,081</u>	<u>3,978</u>
Overseas taxation	3,477	3,823
Provisional overseas tax paid	–	(5,938)
	<u>3,477</u>	<u>(2,115)</u>
Balance of Profits Tax provision relating to prior years	(2,236)	–
	<u>1,241</u>	<u>(2,115)</u>
	<u>4,322</u>	<u>1,863</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 2023	47,529	1,733	(410)	48,852
Exchange adjustment	(13)	(4)	–	(17)
Charged/(credited) to profit or loss	774	(1,728)	–	(954)
At 30 June 2024	48,290	1	(410)	47,881
At 1 July 2024	48,290	1	(410)	47,881
Exchange adjustment	411	–	–	411
(Credited)/charged to profit or loss	(586)	1,881	–	1,295
At 30 June 2025	48,115	1,882	(410)	49,587

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of tax losses of \$155,200,000 (2024: \$147,469,000). 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

	Other reserves					
	Share capital	Other properties revaluation reserve	Deferred profits reserve	Retained profits	Subtotal	Total
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
At 1 July 2023	92,537	5,369	52,758	2,117,208	2,175,335	2,267,872
Changes in equity for 2023/2024:						
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)
At 30 June 2024	<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>
At 1 July 2024	92,537	5,342	52,758	1,961,590	2,019,690	2,112,227
Changes in equity for 2024/2025:						
Dividends declared/approved in respect of the previous year (note 17(b))	-	-	-	(94,977)	(94,977)	(94,977)
Shares repurchased and cancelled (note 17(c))	-	-	-	(3,015)	(3,015)	(3,015)
Realisation of other properties revaluation reserve	-	(27)	-	27	-	-
Dividends declared in respect of the current year (note 17(b))	-	-	-	(226,094)	(226,094)	(226,094)
Total comprehensive income for the year	-	-	-	(26,277)	(26,277)	(26,277)
At 30 June 2025	<u>92,537</u>	<u>5,315</u>	<u>52,758</u>	<u>1,611,254</u>	<u>1,669,327</u>	<u>1,761,864</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:

	2025 \$000's	2024 \$000's
First interim dividend declared and paid of \$0.10 (2024: \$0.10) per share	4,522	4,528
Special dividend declared and paid of \$4.90 (2024: \$1.00) per share	221,572	45,276
Second interim dividend declared after the end of the reporting period of \$0.30 (2024: \$0.30) per share	13,566	13,583
Final dividend proposed after the end of the reporting period of \$0.10 (2024: \$0.10) per share	4,522	4,528
Special dividend proposed after the end of the reporting period of \$1.70 (2024: \$1.70) per share	76,872	76,971
	<u>321,054</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:

	2025 \$000's	2024 \$000's
Second interim dividend declared in respect of previous financial year of \$0.30 (2024: \$0.30) per share	13,583	13,583
Final dividend approved in respect of previous financial year of \$0.10 (2024: \$0.10) per share	4,522	4,528
Special dividend approved in respect of previous financial year of \$1.70 (2024: \$1.70) per share	76,872	76,971
	<u>94,977</u>	<u>95,082</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

	2025		2024	
	No. of shares	Amount \$000's	No. of shares	Amount \$000's
Ordinary shares, issued and fully paid:				
At 1 July	45,276,856	92,537	45,276,856	92,537
Shares repurchased and cancelled	(58,000)	–	–	–
At 30 June	<u>45,218,856</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 2025, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

	Number of shares repurchased	Highest price paid per share \$	Lowest price paid per share \$	Aggregate price paid \$000's
Month/year				
October 2024	58,000	53.01	50.96	3,004
Total expenses on shares repurchased during the year				<u>11</u>
Total				<u>3,015</u>

The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the repurchased shares of \$3,015,000 (including expenses) was paid wholly out of retained profits. All the repurchased shares were cancelled during the year. The repurchase was carried out pursuant to the general mandate granted by the shareholders at the Ordinary Yearly Meeting held on 4 December 2023 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.

Notes to the Financial Statements (Continued)

(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 2025, 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 \$1,372,490,000 (2024: \$1,717,243,000).

(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 2025				
Trade creditors	222	222	–	–
Other payables	40,558	33,348	4,250	2,960
	<u>40,780</u>	<u>33,570</u>	<u>4,250</u>	<u>2,960</u>
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>

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.

	2025		2024	
	Effective interest rate (%)		Effective interest rate (%)	
		\$000's		\$000's
Deposits with banks	0.75–4.50	<u>1,345,462</u>	3.70–5.55	<u>1,274,405</u>

- (ii) Sensitivity analysis

At 30 June 2025, 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 \$13.5 million (2024: approximately \$12.7 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 \$13.4 million (2024: approximately \$12.7 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 2024.

(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)			
	2025		2024	
	USD	GBP	USD	GBP
	\$000's	\$000's	\$000's	\$000's
Deposits with banks	381,882	149,537	534,187	1
Cash at banks and in hand	27	15,145	27	15,076
Debtors, deposits and prepayments	1,969	218	4,243	–
Creditors and accruals	–	(114)	–	–
Net exposure arising from recognised assets and liabilities	<u>383,878</u>	<u>164,786</u>	<u>538,457</u>	<u>15,077</u>

Notes to the Financial Statements (Continued)

(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 2025, it is estimated that an increase/decrease of 10% (2024: 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 \$16.5 million (2024: approximately \$1.5 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 2024.

(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 2025, it is estimated that an increase/decrease of 5% (2024: 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 \$0.7 million (2024: approximately \$0.6 million) respectively. The analysis is performed on the same basis for 2024.

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 2025, the only financial instruments of the Group carried at fair value were other investments of \$13,950,000 (2024: \$11,534,000) 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 2025 and 2024, 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 2025 and 30 June 2024.

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

Loans to a joint venture and an associate at 30 June 2025 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	2025 \$'000's	2024 \$'000's
Non-current assets			
Fixed assets		52,064	57,752
Interest in subsidiaries	10	1,018,356	1,018,356
		1,070,420	1,076,108
Current assets			
Debtors, deposits and prepayments		456	1,349
Amounts due from subsidiaries		2,252,797	2,016,910
Deposits with banks		29,241	155,034
Cash at banks and in hand		19,633	22,185
		2,302,127	2,195,478
Current liabilities			
Creditors and accruals		26,937	26,031
Amounts due to subsidiaries		1,582,969	1,132,543
		1,609,906	1,158,574
Net current assets		692,221	1,036,904
Total assets less current liabilities		1,762,641	2,113,012
Non-current liability			
Deferred taxation		777	785
NET ASSETS		1,761,864	2,112,227
CAPITAL AND RESERVES	17(a)		
Share capital		92,537	92,537
Other reserves		1,669,327	2,019,690
TOTAL EQUITY		1,761,864	2,112,227

Approved and authorised for issue by the Board of Directors on 29 September 2025.

Dr. Henry NGAN)
Director

YUNG Shun-loy Jacky)
Director

Notes to the Financial Statements (Continued)

(Expressed in Hong Kong dollars)

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2025

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 2025 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 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025
Amendments to HKFRS 9, <i>Financial Instruments</i> and HKFRS 7, <i>Financial Instruments: Disclosures: Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
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, except for HKFRS 18, where the structure of the Group's consolidated income statement and consolidated statement of comprehensive income is expected to change.

Financial Summary

(Expressed in Hong Kong dollars)

	2025 \$000's	2024 \$000's	2023 \$000's	2022 \$000's	2021 \$000's
Consolidated income statement					
Turnover	53,063	69,550	66,935	72,983	78,382
Operating profit	76,719	94,839	73,853	46,678	95,291
Share of results of joint ventures	(207,164)	(176,067)	47,601	117,317	(81,076)
Share of results of associates	(3,140)	(2,168)	(120)	(71)	15
Profit on disposal of investment properties	109,249	–	–	–	–
Net valuation losses on investment properties	(127,948)	(172,117)	(272,336)	(78,235)	(17,376)
Release of exchange reserve upon cessation of a subsidiary's foreign operation	(24,704)	–	–	–	–
(Loss)/profit before taxation	(176,988)	(255,513)	(151,002)	85,689	(3,146)
Income tax	(7,516)	(6,706)	(4,234)	(13,342)	(14,776)
(Loss)/profit after taxation attributable to shareholders	(184,504)	(262,219)	(155,236)	72,347	(17,922)
Consolidated statement of financial position					
Fixed assets	1,569,938	2,031,572	2,207,948	2,461,003	2,624,589
Interest in joint ventures	2,262,964	2,545,128	2,815,195	2,855,594	2,817,277
Interest in associates	1,600,841	1,311,181	1,189,949	1,135,089	187,981
Other investments	13,950	11,534	13,353	14,618	15,983
Net current assets	1,407,887	1,346,998	1,430,321	1,452,087	2,485,480
Deferred taxation	(49,587)	(47,881)	(48,852)	(51,232)	(47,466)
NET ASSETS	6,805,993	7,198,532	7,607,914	7,867,159	8,083,844
Capital and reserves					
Share capital	92,537	92,537	92,537	92,537	92,537
Other reserves	6,713,456	7,105,995	7,515,377	7,774,622	7,991,307
TOTAL EQUITY	6,805,993	7,198,532	7,607,914	7,867,159	8,083,844
(Loss)/earnings per share	\$ (4.08)	\$ (5.79)	\$ (3.43)	\$ 1.60	\$ (0.40)
Dividends per share	\$ 7.10	\$ 3.20	\$ 3.20	\$ 3.20	\$ 9.50

Group Properties

(at 30 June 2025)

Location	Lot number	Use	Term of lease	Total Gross Floor Area ¹ (sq. ft.)	Group's interest
Properties held for investment by the Company or its subsidiaries					
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 6A, 6B, 7 and 8), 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%
Scorpio House, SW3 London		Office	Freehold	19,494 ²	100%
Properties held for investment by joint ventures					
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%
Properties under development for sale by associate					
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