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Transport International Holdings Limited

(載通國際控股有限公司) *

(incorporated in Bermuda with limited liability)

(Stock code: 62)

2023 Final Results Announcement

FINANCIAL HIGHLIGHTS

- The Group's profit attributable to equity shareholders for the year ended 31 December 2023 was HK\$401.7 million (2022 (restated): HK\$549.0 million). Excluding the effect of the fair value changes on investment properties and investment property under development, the profit attributable to equity shareholders of the Company for 2023 and 2022 would have been HK\$114.3 million and HK\$100.4 million respectively.
- The Group's net profit in 2023 was primarily contributed from its investment income from equity investments and rental income from its investment properties. Nevertheless, these profits were partly offset by expected credit losses on certain listed debt securities.
- The Group's flagship company, The Kowloon Motor Bus Company (1933) Limited ("KMB"), recorded a profit after taxation of HK\$11.5 million for 2023 (2022 (restated): loss after taxation of HK\$49.9 million). The improvement in net result was mainly attributed to the increase in fare revenue, but partly offset by the increase in fuel and staff costs. Consequently, the contribution of KMB to the Group's net profit for 2023 was insignificant.
- The Group's earnings per share for 2023 were HK\$0.83 (2022 (restated): HK\$1.17).
- An ordinary final dividend of HK\$0.50 per share for 2023 has been declared (2022: HK\$0.50 per share). The total dividend for the year amounted to HK\$0.80 per share (2022: HK\$0.50 per share).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Fare revenue from franchised public bus services		7,266,043	6,090,564
Revenue from non-franchised transport services		238,717	195,832
Licence fee income		234,395	214,868
Media sales revenue		57,335	49,652
Gross rentals from investment properties		88,263	56,255
Revenue	4	7,884,753	6,607,171
Other income	5	68,106	705,766
Staff costs	6(a)	(4,144,457)	(4,063,411)
Depreciation		(1,132,687)	(1,116,279)
Fuel and oil		(1,054,009)	(762,256)
Spare parts		(228,108)	(212,353)
Toll charges		(255,674)	(270,171)
Other operating expenses	6(b)	(923,372)	(849,882)
Profit from operations		214,552	38,585
Change in fair value of investment properties and investment property under development		287,380	448,682
Finance costs	7	(110,064)	(37,610)
Share of profits/(losses) of associates		31,138	(6,909)
Share of profit of joint venture		8,110	8,249
Profit before taxation		431,116	450,997
Income tax (expense)/credit	9	(29,453)	98,050
Profit for the year		401,663	549,047
Earnings per share – basic and diluted	10	HK\$ 0.83	HK\$ 1.17

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Profit for the year	<u>401,663</u>	<u>549,047</u>
Other comprehensive income for the year (after tax and reclassification adjustments):		
<i>Items that will not be reclassified to profit or loss:</i>		
- Remeasurements of employee benefit assets, net of tax expense of HK\$8,282,000 (2022: tax credit of HK\$65,308,000)	41,911	(330,501)
- Remeasurement of provision for long service payments, net of tax credit of \$2,525,000 (2022: \$Nil)	(12,776)	-
- Equity investment at fair value through other comprehensive income ("FVOCI"): net movement in fair value reserve (non-recycling), net of nil tax	16,482	226,659
<i>Items that may be reclassified subsequently to profit or loss:</i>		
- Exchange differences on translation of financial statements of entities outside Hong Kong, net of nil tax	(16,669)	(56,317)
- Investments in financial assets measured at FVOCI (recycling): net movement in fair value reserve (recycling), net of nil tax	71,652	(169,005)
- Share of other comprehensive income of an associate, net of nil tax	546	432
Other comprehensive income for the year	<u>101,146</u>	<u>(328,732)</u>
Total comprehensive income for the year	<u>502,809</u>	<u>220,315</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	<i>Note</i>	At 31 December 2023 <i>HK\$'000</i>	At 31 December 2022 <i>HK\$'000</i> (Restated)	At 1 January 2022 <i>HK\$'000</i> (Restated)
Non-current assets				
Investment properties		5,406,500	1,468,800	1,503,300
Investment property under development		2,805,000	5,840,000	4,735,000
Interest in leasehold land		46,531	48,511	50,491
Other property, plant and equipment		7,780,661	7,779,247	7,985,606
		16,038,692	15,136,558	14,274,397
Intangible assets		529,090	529,090	419,729
Goodwill		84,051	84,051	84,051
Interest in associates		609,147	599,796	681,749
Interest in joint venture		748,560	751,187	750,799
Other financial assets		1,267,029	1,716,285	1,353,662
Employee benefit assets		1,609,273	1,540,991	1,959,462
Deferred tax assets		2,028	730	528
		20,887,870	20,358,688	19,524,377
Current assets				
Spare parts		109,694	95,503	103,421
Accounts receivable	11	1,025,064	957,169	605,137
Other financial assets		463,722	215,977	741,095
Deposits and prepayments		43,530	32,057	26,924
Current tax recoverable		1,915	2,551	5,857
Restricted bank deposits		447,551	442,891	411,749
Bank deposits and cash		1,207,743	1,799,592	825,787
		3,299,219	3,545,740	2,719,970
Current liabilities				
Accounts payable and accruals	12	1,804,116	1,531,101	1,665,467
Contingency provision – insurance	13	91,823	88,592	93,800
Bank loans		1,262,075	1,674,567	994,032
Lease liabilities		3,589	4,082	3,513
Current tax payable		7,366	13,481	2,657
		3,168,969	3,311,823	2,759,469
Net current assets/(liabilities)		130,250	233,917	(39,499)
Total assets less current liabilities		21,018,120	20,592,605	19,484,878

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023
(continued)

	<i>Note</i>	At 31 December 2023 <i>HK\$'000</i>	At 31 December 2022 <i>HK\$'000</i> (Restated)	At 1 January 2022 <i>HK\$'000</i> (Restated)
Non-current liabilities				
Bank loans		3,377,539	3,292,961	2,138,517
Lease liabilities		1,954	3,231	3,306
Deferred tax liabilities		1,010,093	999,092	1,182,099
Contingency provision – insurance	13	142,455	148,453	177,590
Provision for long service payments		80,492	61,821	919
		<u>4,612,533</u>	<u>4,505,558</u>	<u>3,502,431</u>
NET ASSETS		<u>16,405,587</u>	<u>16,087,047</u>	<u>15,982,447</u>
CAPITAL AND RESERVES				
Share capital		494,343	474,940	465,469
Reserves		15,911,244	15,612,107	15,516,978
TOTAL EQUITY		<u>16,405,587</u>	<u>16,087,047</u>	<u>15,982,447</u>

Notes:

1. Auditor's report

The Group's consolidated financial statements for the year ended 31 December 2023 have been audited in accordance with Hong Kong Standards on Auditing, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), by the Group's auditor, KPMG, Certified Public Accountants, whose unmodified auditor's report is included in the annual report to be sent to shareholders. The results have also been reviewed by the Company's Audit and Risk Management Committee.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been compared by KPMG to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor on this announcement.

2. Basis of preparation

The annual results set out in the announcement are extracted from the Group's consolidated financial statements, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, and the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for the current or 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.

3 Changes in accounting policies

(a) *Change in the measurement of investment properties and investment property under development (“Change in Measurement of IP and IPUD”)*

In previous years, the Group’s investment properties were stated at cost less subsequent accumulated depreciation and any accumulated impairment losses, and investment property under development was stated at cost. During the current year, the Group has changed its accounting policy with respect to the measurement of investment properties and investment property under development from using the cost model to fair value model. Under the fair value model, after initial recognition, the Group measures these investment properties at fair value at each reporting date, with changes in the fair value recognised in the consolidated statement of profit or loss. Where investment properties and investment property under development are carried at their fair value, there is a rebuttable presumption that 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 reporting date.

The Group believes the new policy more suitably reflects the value of the investment properties and investment property under development and will aid comparability with other listed companies, so the change in accounting policy provides more relevant information to the users of financial statements. The Group also assesses that income capitalisation approach is the appropriate valuation technique to determine the fair value of the investment properties of the Group when compared to other valuation techniques. These changes have been applied retrospectively and the relevant comparative amounts have been restated accordingly.

(b) *New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism*

In June 2022 the Hong Kong Special Administrative Region (“HKSAR”) Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payments (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have any impact on the opening balance of equity at 1 January 2022. It also did not have a material impact on the company-level statements of financial position as at 31 December 2022 and 31 December 2023.

The following table summarises the impacts of effect of (i) change in measurement of investment properties and investment property under development and (ii) the adoption of the HKICPA guidance on the comparatives presented in the Group's consolidated statement of profit or loss and statement of financial position:

	As previously reported HK\$'000	(i) Effect of Change in Measurement of IP and IPUD HK\$'000	(ii) Effect of adoption of the HKICPA guidance HK\$'000	As restated HK\$'000
<u>Consolidated statement of profit or loss for year ended 31 December 2022:</u>				
Staff costs	(4,003,091)	-	(60,320)	(4,063,411)
Depreciation	(1,123,053)	6,774	-	(1,116,279)
Change in fair value of investment properties and investment property under development	-	448,682	-	448,682
Profit before taxation	55,861	455,456	(60,320)	450,997
Income tax credit	87,779	318	9,953	98,050
Profit for the year	143,640	455,774	(50,367)	549,047
Earnings per share – Basic and diluted (HK\$)	0.31	0.97	(0.11)	1.17
<u>Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022:</u>				
Total comprehensive income for the year	(185,092)	455,774	(50,367)	220,315
<u>Consolidated statement of financial position as at 31 December 2022:</u>				
Investment properties	89,849	1,378,951	-	1,468,800
Investment property under development	4,465,199	1,374,801	-	5,840,000
Total non-current assets	17,604,936	2,753,752	-	20,358,688
Deferred tax liabilities	1,014,786	(5,741)	(9,953)	999,092
Provision for long service payments	1,501	-	60,320	61,821
Total non-current liabilities	4,460,932	(5,741)	50,367	4,505,558
Net assets	13,377,921	2,759,493	(50,367)	16,087,047
Reserves	12,902,981	2,759,493	(50,367)	15,612,107
Total equity	13,377,921	2,759,493	(50,367)	16,087,047

The following table illustrates the amounts that would have been in the Group's consolidated statement of profit or loss for the year ended 31 December 2023 and the consolidated statement of financial position as at that date, (i) if the Group had not changed its accounting policies in the measurement of investment properties and investment property under development and (ii) if the Group had continued to apply the practical expedient in paragraph 93(b) of HKAS 19:

	As reported HK\$'000	(i) Backing out effect of Change in Measurement of IP and IPUD HK\$'000	(ii) Backing out effect of adoption of the HKICPA guidance HK\$'000	If accounting policy had not been changed HK\$'000
<u>Consolidated statement of profit or loss for year ended 31 December 2023:</u>				
Staff costs	(4,144,457)	-	2,715	(4,141,742)
Depreciation	(1,132,687)	(40,549)	-	(1,173,236)
Change in fair value of investment properties and investment property under development	287,380	(287,380)	-	-
Profit before taxation	431,116	(327,929)	2,715	105,902
Income tax expense	(29,453)	(318)	(448)	(30,219)
Profit for the year	401,663	(328,247)	2,267	75,683
Earnings per share –				
Basic and diluted (HK\$)	0.83	(0.68)	0.01	0.16
<u>Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023:</u>				
Remeasurement of provision for long service payments	(12,776)	-	12,776	-
Other comprehensive income for the year	101,146	-	12,776	113,922
Total comprehensive income for the year	502,809	(328,247)	15,043	189,605
<u>Consolidated statement of financial position as at 31 December 2023:</u>				
Investment properties	5,406,500	(2,642,986)	-	2,763,514
Investment property under development	2,805,000	(438,695)	-	2,366,305
Total non-current assets	20,887,870	(3,081,681)	-	17,806,189
Deferred tax liabilities	1,010,093	6,059	12,926	1,029,078
Provision for long service payments	80,492	-	(78,336)	2,156
Total non-current liabilities	4,612,533	6,059	(65,410)	4,553,182
Net assets	16,405,587	(3,075,622)	65,410	13,395,375
Reserves	15,911,244	(3,075,622)	65,410	12,901,032
Total equity	16,405,587	(3,075,622)	65,410	13,395,375

4. Segment reporting

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated and expenses incurred by those segments. The measure used for reporting segment profit is net profit after taxation, adjusted for head office or corporate administration costs which are not specifically attributable to individual segments. Inter-segment revenue is priced with reference to the price charged to external parties for similar transactions.

Segment assets and segment liabilities include all current and non-current assets and liabilities, respectively, which are directly managed by the segments.

Information regarding the Group's reportable segments for the years ended 31 December 2023 and 2022 is set out below:

	Franchised bus operation		Property holdings and development		All other segments (Note)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)		(Restated)		(Restated)
Revenue from external customers	7,563,831	6,360,023	82,906	51,477	238,016	195,671	7,884,753	6,607,171
Inter-segment revenue	1,355	823	4,453	5,094	903	1,890	6,711	7,807
Reportable segment revenue	7,565,186	6,360,846	87,359	56,571	238,919	197,561	7,891,464	6,614,978
Reportable segment profit/(loss)	34,597	(81,326)	333,969	507,696	42,097	3,013	410,663	429,383
Interest income	4,745	4,016	-	-	318	-	5,063	4,016
Interest expense	(86,887)	(37,610)	(23,177)	-	-	-	(110,064)	(37,610)
Depreciation	(1,103,472)	(1,077,761)	(540)	(187)	(28,675)	(38,331)	(1,132,687)	(1,116,279)
Staff costs	(4,012,799)	(3,951,612)	-	-	(121,100)	(101,143)	(4,133,899)	(4,052,755)
Change in fair value of investment properties and investment property under development	-	-	287,380	448,682	-	-	287,380	448,682
Share of profits/(losses) of associates	-	-	-	-	31,138	(6,909)	31,138	(6,909)
Share of profit of joint venture	-	-	8,110	8,249	-	-	8,110	8,249
Income tax (expense)/credit	(8,193)	114,809	(7,408)	(6,467)	(13,852)	(10,292)	(29,453)	98,050
Reportable segment assets	10,665,139	11,281,358	9,020,713	8,070,368	1,550,081	1,497,166	21,235,933	20,848,892
- including interest in associates	-	-	-	-	609,147	599,796	609,147	599,796
- including interest in joint venture	-	-	748,560	751,187	-	-	748,560	751,187
Additions to non-current segment assets during the year	1,078,898	882,710	617,248	621,737	55,406	135,728	1,751,552	1,640,175
Reportable segment liabilities	4,617,357	5,259,533	3,051,451	2,416,037	87,247	96,914	7,756,055	7,772,484

Note: Other operating segments which do not meet the quantitative thresholds prescribed by HKFRS 8, *Operating segments*, for determining reportable segments are combined as "all other segments". Such operating segments mainly represented non-franchised transport operations and interest in associates.

4. Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets and liabilities

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
<i>Revenue</i>		
Reportable segment revenue	7,652,545	6,417,417
Revenue from all other segments	238,919	197,561
	<u>7,891,464</u>	<u>6,614,978</u>
Elimination of inter-segment revenue	(6,711)	(7,807)
Consolidated revenue	<u>7,884,753</u>	<u>6,607,171</u>
<i>Profit</i>		
Reportable segment profit	368,566	426,370
Profit from all other segments	42,097	3,013
	<u>410,663</u>	<u>429,383</u>
Unallocated (losses)/profits	(9,000)	119,664
Consolidated profit after taxation	<u>401,663</u>	<u>549,047</u>
<i>Assets</i>		
Reportable segment assets	19,685,852	19,351,726
Assets from all other segments	1,550,081	1,497,166
	<u>21,235,933</u>	<u>20,848,892</u>
Unallocated assets	2,951,156	3,055,536
Consolidated total assets	<u>24,187,089</u>	<u>23,904,428</u>
<i>Liabilities</i>		
Reportable segment liabilities	7,668,808	7,675,570
Liabilities from all other segments	87,247	96,914
	<u>7,756,055</u>	<u>7,772,484</u>
Unallocated liabilities	25,447	44,897
Consolidated total liabilities	<u>7,781,502</u>	<u>7,817,381</u>

4. Segment reporting (continued)

Geographic information

Substantially all of the Group's revenue from external customers, based on the location at which the services were provided, is generated in Hong Kong. The following table sets out information about the geographical location of the Group's investment properties, investment property under development, interest in leasehold land, other property, plant and equipment, intangible assets, goodwill, interest in associates and interest in joint venture ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the asset in the case of investment properties, investment property under development, interest in leasehold land and other property, plant and equipment, the location of the operation to which they are allocated in the case of intangible assets and goodwill, and the location of operations in the case of interest in associates and interest in joint venture.

	Specified non-current assets	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Hong Kong	17,239,295	16,339,189
The People's Republic of China ("PRC")	770,245	761,493
	18,009,540	17,100,682

5. Other income

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividend income from equity investments	91,454	64,861
Interest income on financial assets measured at FVOCI (recycling)	54,202	57,806
Interest income on financial assets measured at amortised cost	59,187	23,144
Net (loss)/gain on derecognition of investments in financial assets measured at FVOCI (recycling)	(7)	1,161
Net foreign exchange gain	1,748	12,719
Expected credit losses on other financial assets	<u>(260,000)</u>	<u>(92,000)</u>
	(53,416)	67,691
Claims received	15,493	10,954
Net miscellaneous business receipts	11,868	12,464
Net gain on disposal of other property, plant and equipment	3,606	5,453
Government subsidies (Note)	7,748	525,566
Sundry income	<u>82,807</u>	<u>83,638</u>
	<u>68,106</u>	<u>705,766</u>

Note: The amount in 2022 mainly represented subsidies from the HKSAR Government to relieve the operating pressure on corporates, including franchised and non-franchised bus operators as a result of the outbreak of the fifth wave of COVID-19.

6. Profit before taxation

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

(a) Staff costs

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Contributions to defined contribution retirement plans	178,599	166,868
(Income)/expenses recognised in respect of defined benefit plans:		
- Employee benefit assets	(18,089)	22,662
- Long service payments	9,808	69,239
Total retirement cost	170,318	258,769
Equity-settled share-based payment expenses	6,248	1,194
Salaries, wages and other benefits	3,968,844	3,805,601
	4,145,410	4,065,564
Less: staff costs included in cost of mask production	(953)	(2,153)
	<u>4,144,457</u>	<u>4,063,411</u>

(b) Other items

Insurance expenses (including the contingency provision for insurance)	181,506	186,475
Provision for toll exemption fund (Note)	149,723	130,304
	<u>331,229</u>	<u>316,779</u>

Note: The HKSAR Government announced that with effect from 17 February 2019, all franchised buses are exempted from paying tolls when using Government tunnels and roads. However, each franchised bus operator is required to spend an equivalent amount of the toll saved to set up its own dedicated account known as the "Toll Exemption Fund" which will normally be used to lower the magnitude of future fare increase. In addition, any additional fare revenue resulting from the increase of the bus fare on the jointly operated routes with other franchised bus operators arising from a fare adjustment is required to be paid into the Toll Exemption Fund. The balance of the Toll Exemption Fund of the Group as at 31 December 2023, included in accounts payable and accruals (Note 12), was HK\$420,764,000 (2022: HK\$450,374,000).

7. Finance costs

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank loans	234,566	81,164
Interest on lease liabilities	290	92
Total interest expense on financial liabilities not at fair value through profit or loss	<u>234,856</u>	<u>81,256</u>
Less: interest expense capitalised (Note)	<u>(124,792)</u>	<u>(43,646)</u>
	<u>110,064</u>	<u>37,610</u>

Note: The borrowing costs have been capitalised at the average interest rate of 4.60% per annum (2022: 1.92% per annum).

8. Dividends

(a) *Dividends paid/payable to equity shareholders of the Company attributable to the year*

	2023		2022	
	Per share <i>HK\$</i>	Total <i>HK\$'000</i>	Per share <i>HK\$</i>	Total <i>HK\$'000</i>
Interim dividend declared and paid	0.30	146,074	-	-
Final dividend proposed after the end of the reporting period	0.50	247,172	0.50	237,470
	<u>0.80</u>	<u>393,246</u>	<u>0.50</u>	<u>237,470</u>

The interim dividend with a scrip dividend alternative in respect of the six months ended 30 June 2023 was paid on 18 October 2023, of which HK\$74,360,000 was settled by the issuance of 7,428,592 shares at an issue price of HK\$10.01 per share under the scrip dividend scheme.

The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2022.

At the Board meeting held on 21 March 2024, the Directors recommended a final dividend of HK\$0.50 per share for 2023 (2022: HK\$0.50 per share). Such dividend, which will be proposed at the Annual General Meeting of the Company to be held on 16 May 2024, has not been recognised as a liability at the end of the reporting period.

8. Dividends (continued)

(b) *Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year*

	2023		2022	
	Per share	Total	Per share	Total
	<i>HK\$</i>	<i>HK\$'000</i>	<i>HK\$</i>	<i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year	0.50	237,470	0.50	232,735

The final dividend with a scrip dividend alternative in respect of the year ended 31 December 2022 was paid on 30 June 2023, of which HK\$118,667,000 was settled by the issuance of 11,974,451 shares at an issue price of HK\$9.91 per share under the scrip dividend scheme.

The final dividend with a scrip dividend alternative in respect of the year ended 31 December 2021 was paid on 30 June 2022, of which HK\$115,826,000 was settled by the issuance of 9,470,661 shares at an issue price of HK\$12.23 per share under the scrip dividend scheme.

9. Income tax expense/(credit)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Current tax – Hong Kong profits tax		
Provision for the year	20,521	19,563
Under/(over)-provision in respect of prior years	<u>4,703</u>	<u>(690)</u>
	<u>25,224</u>	<u>18,873</u>
PRC withholding tax	<u>283</u>	<u>978</u>
	<u>25,507</u>	<u>19,851</u>
Deferred tax		
Origination and reversal of temporary differences	<u>3,946</u>	<u>(117,901)</u>
Actual tax expense/(credit)	<u>29,453</u>	<u>(98,050)</u>

The provision for Hong Kong profits tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tier profits tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

10. Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$401,663,000 (2022 (restated): HK\$549,047,000) and the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2023	2022
Issued ordinary shares at 1 January	474,940,075	465,469,414
Effect of shares issued in respect of scrip dividend	7,595,665	4,800,198
Weighted average number of ordinary shares at 31 December	482,535,740	470,269,612

(b) *Diluted earnings per share*

There were no dilutive potential ordinary shares during the years presented and diluted earnings per share are the same as basic earnings per share.

11. Accounts receivable

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade and other receivables	966,990	924,397
Interest receivable	58,434	33,132
Less: loss allowance	<u>(360)</u>	<u>(360)</u>
	<u>1,025,064</u>	<u>957,169</u>

All of the accounts receivable are expected to be recovered within one year.

Included in accounts receivable are trade receivables (net of loss allowance) with the following ageing analysis, based on the due date, as of the end of the reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current	160,997	59,946
Less than 1 month past due	69,151	96,725
1 to 3 months past due	54,469	51,964
More than 3 months past due	<u>177,269</u>	<u>126,903</u>
	<u>461,886</u>	<u>335,538</u>

According to the Group's credit policy, the credit period granted to customers is generally between 30 days and 90 days. Therefore, all the balances which are not past due as disclosed above are within three months from the invoice date.

12. Accounts payable and accruals

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	144,811	121,700
Balance of passenger reward	-	-
Balance of Toll Exemption Fund (Note 6(b))	420,764	450,374
Retention payables	72,946	-
Other payables and accruals	1,160,673	954,105
Amount due to an associate	4,922	4,922
	<u>1,804,116</u>	<u>1,531,101</u>

All of the accounts payable and accruals are expected to be settled within one year.

Amount due to an associate is unsecured, interest-free and has no fixed terms of settlement.

Included in accounts payable and accruals are trade payables with the following ageing analysis, based on the due date, as of the end of the reporting period:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within 1 month or on demand	142,379	120,379
Due after 1 month but within 3 months	1,537	638
Due after more than 3 months	895	683
	<u>144,811</u>	<u>121,700</u>

The credit period granted to the Group is generally between 30 days and 90 days.

13. Contingency provision – insurance

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	237,045	271,390
Provision charged to profit or loss	66,148	48,840
Payments made during the year	(68,915)	(83,185)
At 31 December	234,278	237,045
	<hr/> <hr/>	<hr/> <hr/>
Representing:		
Current portion	91,823	88,592
Non-current portion	142,455	148,453
	234,278	237,045
	<hr/> <hr/>	<hr/> <hr/>

The Group is involved from time to time in litigation and claims in connection with its bus operations. Contingency provision – insurance represents amounts set aside annually by the Group to meet liabilities which are expected to arise from third party claims for incidents which have occurred prior to the end of the reporting period in connection with the Group's bus operations.

RESULTS

The Group's profit attributable to equity shareholders for the year ended 31 December 2023 was HK\$401.7 million (2022 (restated): HK\$549.0 million). Excluding the effect of the fair value changes on investment properties and investment property under development, the profit attributable to equity shareholders of the Company for 2023 and 2022 would have been HK\$114.3 million and HK\$100.4 million respectively.

The Group's net profit in 2023 was primarily contributed from its investment income from equity investments and rental income from its investment properties. Nevertheless, these profits were partly offset by expected credit losses on certain listed debt securities. Earnings per share for 2023 were HK\$0.83 (2022 (restated): HK\$1.17).

PROPOSED DIVIDEND

The Board has proposed the payment to shareholders registered as at 22 May 2024 an ordinary final dividend of HK\$0.50 per share (2022: HK\$0.50 per share) totalling HK\$247.2 million (2022: HK\$237.5 million). Together with the interim dividend of HK\$0.30 per share (2022: Nil) paid on 18 October 2023, total dividends for the year will amount to HK\$0.80 per share (2022: HK\$0.50 per share) and the total dividend payout will amount to HK\$393.2 million (2022: HK\$237.5 million).

The ordinary final dividend will be payable in cash, with an option for the shareholders of the Company to receive new and fully paid ordinary shares in lieu of cash or partly in cash or partly in shares under a scrip dividend scheme (the "Scrip Dividend Scheme"). The new shares will, on issue, not be entitled to the aforesaid ordinary final dividend, but will rank pari passu in all other respects with the existing shares. The circular containing details of the Scrip Dividend Scheme and the election form are expected to be sent to shareholders on or about 31 May 2024.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of ordinary final dividend at the forthcoming Annual General Meeting ("AGM") to be held on 16 May 2024 or at any adjournment thereof and the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited. The ordinary final dividend and the share

certificates to be issued under the Scrip Dividend Scheme are expected to be distributed and sent to shareholders on 28 June 2024.

The Transfer Books of the Company will be closed from 10 May 2024 to 16 May 2024, both dates inclusive. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Branch Share Registrars") at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 9 May 2024.

For the purpose of ascertaining shareholders' entitlement to the proposed ordinary final dividend of the Company for the year ended 31 December 2023, the Transfer Books of the Company will be closed on 22 May 2024. In order to qualify for the proposed ordinary final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars at the aforementioned address for registration not later than 4:30 p.m. on 21 May 2024.

MANAGEMENT REVIEW AND OUTLOOK

REVIEW OF OPERATIONS AND RESULTS OF INDIVIDUAL BUSINESS UNIT

Franchised Public Bus Operations

The Kowloon Motor Bus Company (1933) Limited ("KMB")

KMB recorded a profit after taxation of HK\$11.5 million for 2023, compared to the restated loss after taxation of HK\$49.9 million for 2022.

Fare revenue for 2023 was HK\$6,740.7 million, an increase of HK\$965.8 million or 16.7% compared with HK\$5,774.9 million for 2022. The increase was mainly due to the increase in fare revenue as a result of the rebound in bus patronage and the fare increase with effect from 18 June 2023. KMB's total ridership increased by 14.7% to 923.6 million passenger trips (a daily average of 2.53 million passenger trips) as compared with 805.4 million passenger trips (a daily average of 2.21 million passenger trips) for 2022.

Total operating expenses for 2023 amounted to HK\$7,070.3 million, an increase of HK\$346.7 million compared with HK\$6,723.6 million (restated) for 2022. The increase was mainly due to the increases in fuel costs, staff costs and depreciation resulting from high international fuel prices, pay rises and fleet replacement, respectively.

Long Win Bus Company Limited (“LWB”)

The profit after taxation of LWB for 2023 was HK\$23.1 million, compared to the restated loss after taxation of HK\$30.8 million for 2022.

LWB’s fare revenue for 2023 was HK\$526.7 million, an increase of HK\$210.2 million or 66.4% compared with HK\$316.5 million for 2022. The increase was mainly due to the significant increase in bus patronage resulting from the relaxation of travel restrictions, particularly with respect to visitor arrivals and departures and the fare increase with effect from 18 June 2023. LWB recorded a total ridership of 42.9 million passenger trips (a daily average of 118,000 passenger trips) for 2023, as compared with 28.6 million passenger trips (a daily average of 78,000 passenger trips) for 2022.

Total operating expenses for 2023 amounted to HK\$496.5 million, an increase of HK\$83.5 million or 20.2% compared with HK\$413.0 million (restated) for 2022. The increase in operating expenses was largely due to the rise in staff costs, fuel costs and toll charges as a result from the increasing service levels in response to the rebound in bus patronage.

Non-franchised Transport Operations

The Group’s Non-franchised Transport Operations Division reported a profit after taxation of HK\$13.9 million for 2023, compared to the restated profit after taxation of HK\$1.4 million for 2022. A review of the operations of the principal business units in this Division is set out as follows:

Sun Bus Holdings Limited and its Subsidiaries (the “SBH Group”)

The SBH Group is one of the leading non-franchised bus operators in Hong Kong, providing customised, premium, safe, reliable, and value-for-money transport services to a wide range of customers, including large residential estates, shopping malls, major employers, travel agents and schools, as well as the general public through chartered hire services.

The revenue of the SBH Group for 2023 increased by 7.4% compared with 2022. The increase was mainly due to the increase in local business and the resumption of cross-boundary services. Total operating expenses for 2023 decreased by 4.1% compared with 2022 as management implemented various cost control measures to streamline its business.

In 2023, the SBH Group continued to modernise its bus fleet with the latest Euro VI buses. As at 31 December 2023, the SBH Group had a fleet of 421 buses (2022: 396 buses).

New Hong Kong Bus Company Limited (“NHKB”)

NHKB operates a direct, economical, 24-hour cross-boundary shuttle bus service (commonly known as the “Huang Bus” service) serving regular commuters and leisure travellers between Lok Ma Chau in Hong Kong and Huanggang (皇崗) in Shenzhen.

The revenue of the NHKB rebounded significantly after the resumption of the Huang Bus service on 6 February 2023 as a result of full resumption of the immigration clearance service for passengers at the Lok Ma Chau Control Point. Total operating expenses for 2023 increased in response to the resumption of services compared with 2022.

As at 31 December 2023, NHKB had a fleet of 15 buses (2022: 15 buses).

Property Holdings and Development

The Group’s Property Holdings and Development Division reported a profit after taxation of HK\$334.0 million (including a fair value gain of HK\$287.4 million) for 2023, compared to the restated profit after taxation of HK\$507.7 million (including a fair value gain of HK\$448.7 million) for 2022. The decrease was primarily due to the lesser extent of HK\$161.3 million in the fair value gain on investment properties and investment property under development. A review of the Group’s investment properties is set out as follows:

KT Real Estate Limited (“KTRE”)

KTRE, a wholly-owned subsidiary of the Group, together with Turbo Result Limited (“TRL”), a subsidiary of Sun Hung Kai Properties Limited (“SHKP”), owns The Millennity situated at 98 How Ming Street, Kwun Tong, Kowloon, Hong Kong in equal shares as tenants in common for long-term investment purpose.

The Millennity, a premium integrated commercial project strategically located in the heart of Kwun Tong, is close to Kwun Tong and Ngau Tau Kok MTR stations. An occupation permit was obtained in November 2022.

The Millennity will provide Grade-A offices with a total gross floor area of approximately 650,000 square feet in two 20-storey towers and a large shopping mall in a 10-storey podium covering leisurely retail space of approximately 500,000 square feet. Nearly 400 parking spaces will be provided in a 4-storey parking garage in the basement, a number of which will be equipped with electric vehicle charging systems.

In December 2022, Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited and Kai Shing Management Services Limited, both subsidiaries of SHKP, were appointed as the marketing and leasing agent and the property manager for The Millennity, respectively.

During the year, two office towers of The Millennity have been completed and certain tenants have moved in, commencing their operations. The podium mall beneath The Millennity is still under construction and scheduled to have its grand opening in 2024.

As at 31 December 2023, the office portion of The Millennity was classified as investment property, while the remaining portion was classified as investment property under development in the consolidated statement of financial position. As at 31 December 2022, the entire portion of The Millennity was classified as investment property under development in the consolidated statement of financial position.

LCK Real Estate Limited (“LCKRE”)

LCKRE, a wholly-owned subsidiary of the Group, is the owner of a 17-storey commercial office building at 9 Po Lun Street, Lai Chi Kok, Kowloon, which has a total gross floor area of about 156,700 square feet. The building is situated next to Manhattan Hill. A portion of the lettable area is used by the Group as headquarters with the remaining lettable area leased out to offices, shops and restaurants, and classified as investment property in the consolidated statement of financial position.

LCK Commercial Properties Limited (“LCKCP”)

LCKCP, a wholly-owned subsidiary of the Group, is the owner of “Manhattan Midtown”, the commercial complex of Manhattan Hill. The 50,000 square feet shopping mall has provided Manhattan Hill residents and other shoppers with high quality retail facilities since its opening in March 2009. As at 31 December 2023, the entire lettable area of the shopping mall was leased out, generating a stream of recurring rental income for the Group, and classified as investment property in the consolidated statement of financial position.

TM Properties Investment Limited (“TMPI”)

TMPI is jointly owned by TM Properties Holdings Limited (“TMPH”), an indirect wholly-owned subsidiary of the Group, and Mega Odyssey Limited (“MOL”), an indirect wholly-owned subsidiary of SHKP subsequent to the disposal of TMPH’s 50% equity interest in TMPI to MOL in 2020. TMPI, the owner of the property at Tuen Mun Town Lot No. 80 in the New Territories, has become a 50%-owned joint venture of the Group.

TMPI owns an industrial property which is currently used for industrial use or godown purposes or both. On 23 June 2023, TMPI obtained approval from the Town Planning Board for a change of use from the existing industrial use to office, shop and services uses. As at 31 December 2023, the entire lettable area of the property has been leased out to generate rental income for the Group.

China Mainland Transport Operations

The Group’s China Mainland Transport Operations Division reported a profit after taxation of HK\$31.1 million for 2023, compared to the loss after taxation of HK\$6.9 million for 2022.

As at 31 December 2023, the Group's total interest in associates within the China Mainland Transport Operations Division amounted to HK\$609.1 million (2022: HK\$599.8 million). Such investments are mainly related to the operation of public transport services in Shenzhen, as well as taxi and car rental services in Beijing.

Shenzhen Bus Group Company Limited
(深圳巴士集團股份有限公司) (“SZBG”)

SZBG, which commenced operations in January 2005, is a Sino-foreign joint stock company formed by KMB (Shenzhen) Transport Investment Limited (九巴(深圳)交通投資有限公司), a wholly-owned subsidiary of the Group, and four other China Mainland investors. The Group has invested RMB387.1 million (equivalent to HK\$363.9 million at the investment date) in SZBG, representing a stake of 35%. SZBG mainly provides public bus, minibus and taxi services in Shenzhen City, Guangdong Province, operating a fleet of over 4,900 buses running on more than 330 routes and over 5,000 taxis. As a result of the cross-boundary reopening and the lifting of COVID-19 pandemic measures in 2023, the patronage of SZBG including its bus and taxi operations increased by 18.0% to 460.0 million in 2023 as compared to 389.9 million in 2022.

Beijing Beiqi Kowloon Taxi Company Limited
(北京北汽九龍出租汽車股份有限公司) (“BBKT”)

BBKT, a Sino-foreign joint stock company, was established in Beijing in March 2003. BBKT's shareholders include KMB (Beijing) Taxi Investment Limited (九巴(北京)出租汽車投資有限公司), a wholly-owned subsidiary of the Group, and four other China Mainland investors. The Group has invested RMB80.0 million (equivalent to HK\$75.5 million at the investment date) in BBKT, representing an equity interest of 31.38%. BBKT operated both taxi hire and car rental businesses in Beijing until April 2013, when, to sharpen its focus on the business opportunities provided by the booming but challenging car rental market, BBKT spun off its car rental business to another Sino-foreign joint stock company, namely Beijing Beiqi First Company Limited (北京北汽福斯特股份有限公司), which has the same shareholding structure as BBKT. As at 31 December 2023, BBKT had a fleet of over 3,500 taxis and around 2,000 employees.

Beijing Beiqi First Company Limited
(北京北汽福斯特股份有限公司) (“BBF”)

Established in April 2013 as a Sino-foreign joint stock company with the same shareholding structure as BBKT, BBF operates the car rental business formerly undertaken by BBKT. Being ISO 9001:2008 certified for its Quality Management Systems in the provision of car rental services, BBF is well placed to take advantage of the business opportunities afforded by business commuters as well as by the wide variety of events, conferences and exhibitions that are held in the capital. As at 31 December 2023, BBF had over 1,000 vehicles available for charter mainly in Beijing and Tianjin.

FINANCIAL LIQUIDITY AND RESOURCES

The Group closely monitors its liquidity requirement and financial resources to ensure that a healthy financial position is maintained such that cash inflows from operating activities together with the Group’s reserves of cash and liquid assets and undrawn banking facilities are sufficient to meet the requirements for loan repayments, daily operational needs and capital expenditure as well as potential business expansion and development. The Group’s operations are mainly financed by shareholders’ funds and bank loans. In general, major operating companies of the Group arrange their own financing to meet their operational and specific needs. The Group’s other subsidiaries are mainly financed by the Company’s capital base. The Group reviews its funding policy from time to time to ensure that cost-efficient and flexible funding is available to cater for the unique operating environment of each subsidiary.

As at 31 December 2023, the Group’s net borrowing (i.e. total borrowings less cash and deposits at banks) amounted to HK\$2,984.3 million (2022: HK\$2,725.0 million) with a liquidity ratio (the ratio of current assets to current liabilities) of 1.0 (2022: 1.1).

As at 31 December 2023, the Group had undrawn banking facilities totalling HK\$2,450.0 million (2022: HK\$620.0 million).

The finance costs incurred by the Group for the year ended 31 December 2023 were HK\$110.1 million, an increase of HK\$72.5 million compared with HK\$37.6 million for 2022. The increase was mainly due to the increase in average bank borrowings of the Group and the average interest rate from 1.78% per annum for 2022 to 4.24% per annum for 2023.

For the year ended 31 December 2023, the Group's interest income exceeded its total finance costs by HK\$3.3 million (2022: HK\$43.3 million).

CAPITAL EXPENDITURE

As at 31 December 2023, the Group's investment properties, investment property under development, interest in leasehold land and other property, plant and equipment (comprising buildings, buses and other motor vehicles, buses under construction, tools and others) amounted to HK\$16,038.7 million (2022 (restated): HK\$15,136.6 million). The increase was mainly due to the development of The Millennity and purchase of new buses by the Group for fleet replacement during the year. None of the assets was pledged or charged as at 31 December 2023.

EMPLOYEES AND REMUNERATION POLICIES

Running a transport operation is a labour intensive business, and staff costs accounted for about 54% (2022 (restated): 56%) of the total operating expenses of the Group in 2023. The Group closely monitors its headcount and staff remuneration in line with productivity and the prevailing market trends. The Group's total remuneration excluding retirement costs and equity-settled share-based payment expenses for 2023 amounted to HK\$3,968.8 million (2022: HK\$3,805.6 million). As at 31 December 2023, the Group employed over 13,000 staff (2022: over 13,000 staff).

OUTLOOK

The bus operating environment is filled with challenges stemming from the tense geopolitical situation, volatile international oil prices, continuous expansion of the local railway network, and post-pandemic changes in travel patterns. Despite these challenges, the bus industry has benefited from various economic stimulus measures introduced by the HKSAR Government, as well as other effective initiatives aimed at attracting tourists. As a result, travel demand from local residents and tourists continues to recover. This has led to a corresponding increase in bus passenger volume and fare-box revenue, particularly during weekends and public holidays when land boundary crossings are heavily frequented.

Looking ahead, the Group will seize the opportunities presented by the Greater Bay Area integration and strengthen transportation connectivity within the region. The Group has signed a strategic cooperation agreement with Shenzhen Bus Group Company Limited to promote cross-boundary transportation and interconnectivity, leveraging their respective resource advantages to advance the integration of transport between Shenzhen and Hong Kong. In addition, the Group has signed a memorandum of understanding for cooperation with the Integrated Transport Centre of Abu Dhabi, United Arab Emirates. Drawing on KMB's extensive experience in operating local public transport for over ninety years, the Group aims to contribute to the transformation of public transport in Abu Dhabi. This involves actively promoting and participating in the development of green transportation in the region, aligning with the national "Belt and Road" initiative.

The Northern Metropolis is one of the key development areas in Hong Kong and, upon completion, it is expected to add 500,000 housing units. Given the rising demand for transportation services to and from the mainland, the Group is fully committed to providing convenient bus services and favourable interchange options for both locals and visitors, ensuring a comfortable bus journey experience for all passengers.

The Millennity, located in the prime area of Kwun Tong in East Kowloon, has achieved LEED Platinum pre-certification and WELL Platinum pre-certification. It has also been awarded a Platinum pre-certification for new buildings under BEAM Plus by the Hong Kong Green Building Council. These certifications recognise The Millennity's outstanding performance in energy efficiency, environmental sustainability, and emissions reduction, among other aspects. The project consists of two buildings, including two 20-storey Grade-A office towers and a 10-storey large-scale shopping mall at the podium level. The office towers

have already been occupied by several major corporations and, with the opening of the large-scale shopping mall in 2024, The Millennity is expected to generate long-term, sustainable, and stable income for the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's own shares.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2023, except that three Directors of the Company were unable to attend the Annual General Meeting of the Company held on 18 May 2023, as provided for in code provision C.1.6, due to other engagements.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company, together with management and the Company's external auditors, KPMG, has reviewed the accounting principles and policies adopted by the Group, discussed auditing, internal control, risk management and financial reporting matters, and also reviewed the financial results for the year ended 31 December 2023.

By Order of the Board
Norman LEUNG Nai Pang
Chairman

Hong Kong, 21 March 2024

The Directors of the Company as at the date of this announcement are:

Independent Non-executive Directors:

Dr. Norman LEUNG Nai Pang, *GBS, JP* (Chairman)
Dr. John CHAN Cho Chak, *GBS, JP* (Deputy Chairman)
Dr. Eric LI Ka Cheung, *GBS, OBE, JP*
Professor LIU Pak Wai, *SBS, JP*
Mr. TSANG Wai Hung, *GBS, PDSM, JP*

Non-executive Directors:

Mr. Raymond KWOK Ping Luen, *JP* (Mr. WONG Hong Kit as his alternate)
Mr. Charles LUI Chung Yuen, *M.H.*
Mr. William LOUEY Lai Kuen (Mr. GAO Feng as his alternate)
Ms. Winnie NG, *JP*
Mr. Allen FUNG Yuk Lun
Dr. CHEUNG Wing Yui, *BBS*
Mr. LEE Luen Fai, *BBS, JP*
Mr. LUNG Po Kwan
Mr. Christopher KWOK Kai-wang, *JP*

Executive Director:

Mr. Roger LEE Chak Cheong (Managing Director)

** For identification purpose only*