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CHINA MOTOR BUS COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 026)

INTERIM RESULTS ANNOUNCEMENT 2010/2011

The Board of Directors announces that the unaudited operating profit of the Group for the six months ended 31st December, 2010 was HK\$87.88 million, compared with HK\$173.47 million for the same period last year, and the unaudited consolidated profit after taxation of the Group for the same period amounted to HK\$275.57 million, compared with HK\$338.22 million (restated) for the same period last year. These interim results have not been audited but have been reviewed by both the Company's auditors and the Company's audit committee. The independent review report of the auditors is included in the interim report to be sent to shareholders.

CONSOLIDATED INCOME STATEMENT

for the six months ended 31st December, 2010 - unaudited

(Expressed in Hong Kong dollars)

		Six months ended	
		31st December,	
		2010	2009
	Note	\$'000	\$'000 (restated)
Turnover	2	125,396	324,344
Cost of sales		<u>(45,498)</u>	<u>(142,940)</u>
Gross profit		79,898	181,404
Finance income	4	16,980	1,631
Other income	5	1,263	642
Staff costs		(4,104)	(3,881)
Depreciation		(137)	(208)
Other operating expenses		<u>(6,021)</u>	<u>(6,117)</u>
Operating profit	3 & 6	87,879	173,471
Share of results of jointly controlled entities	7	49,395	89,545
Net valuation gains on investment properties		151,000	100,121
Profit before taxation		<u>288,274</u>	<u>363,137</u>
Taxation	8	<u>(12,708)</u>	<u>(24,916)</u>
Profit after taxation attributable to shareholders		275,566	338,221
Earnings per share (basic and diluted)	10	HK\$6.04	HK\$7.42

Details of dividends payable to equity shareholders of the Company are set out in note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31st December, 2010 - unaudited
(Expressed in Hong Kong dollars)

	2010	2009
	\$'000	\$'000 (restated)
Profit for the period	<u>275,566</u>	<u>338,221</u>
Other comprehensive income for the period		
Exchange differences arising on consolidation	<u>21,140</u>	<u>(22,268)</u>
	<u>21,140</u>	<u>(22,268)</u>
Total comprehensive income for the period attributable to shareholders	<u><u>296,706</u></u>	<u><u>315,953</u></u>

CONSOLIDATED BALANCE SHEET**At 31st December, 2010 - unaudited**

(Expressed in Hong Kong dollars)

	At 31st December, 2010	At 30th June, 2010
Note	\$'000	\$'000 (restated)
Non-current assets		
Fixed assets	2,072,776	1,900,750
Interest in jointly controlled entities	1,108,939	1,083,844
Other investments	12,166	9,806
Defined benefit asset	637	637
	<u>3,194,518</u>	<u>2,995,037</u>
Current assets		
Completed properties for sale	131,028	175,099
Debtors, deposits and prepayments	11 107,325	118,770
Deposits with banks	2,525,440	2,513,399
Cash at banks and in hand	20,884	21,605
	<u>2,784,677</u>	<u>2,828,873</u>
Current liabilities		
Creditors and accruals	12 140,789	183,291
Taxation	15,884	102,156
Dividends payable	63,832	-
	<u>220,505</u>	<u>285,447</u>
Net current assets	<u>2,564,172</u>	<u>2,543,426</u>
Total assets less current liabilities	<u>5,758,690</u>	<u>5,538,463</u>
Non-current liabilities		
Deferred taxation	28,061	27,030
	<u>5,730,629</u>	<u>5,511,433</u>
CAPITAL AND RESERVES		
Share capital	91,189	91,189
Reserves	5,198,243	4,979,047
	5,289,432	5,070,236
Deferred profits	441,197	441,197
	<u>5,730,629</u>	<u>5,511,433</u>

Notes on unaudited interim financial report
(Expressed in Hong Kong dollars)

1. Basis of preparation

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30th June, 2010, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations issued by the HKICPA, which are effective in the current accounting period.

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

- HKFRSs (Amendments) *Improvements to HKFRSs 2009*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, with the exception of the amendments to *HKAS 12, Income taxes*, in respect of the recognition of deferred tax on investment properties carried at fair value under *HKAS 40, Investment property*. The amendments are effective for annual periods beginning on or after 1st January, 2012, but as permitted by the amendments, the Group has decided to adopt the amendments early.

Except as described below, the adoption of the above new or revised standards, amendments and interpretations had no significant impact on the interim financial information of the Group.

a. HKFRSs (Amendments) - *Improvements to HKFRSs 2009*

The improvements to HKFRSs 2009 consist of further amendments to existing standards, including amendments to HKAS 17 Leases. The amendment to HKAS 17 requires the land element of long-term leases to be classified as a finance lease rather than an operating lease if it transfers substantially all the risks and rewards of ownership. It is not expected that these amendments will have a significant effect on the Group’s results or net assets.

b. Amendments to HKAS 12 - *Income Taxes - Deferred tax: Recovery of underlying assets*

The change in policy arising from the amendments to HKAS 12 is the only change which has had a material impact on the current or comparative periods. As a result of this change in policy, the Group now measures any deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the reporting date. Previously, where these properties were held under leasehold or freehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the asset's value through use.

This change in accounting policy has been applied retrospectively. As a result of the adoption of this new policy, the opening balance of retained profits as at 1st July, 2010 has increased by HK\$156,916,000 (2009: HK\$120,391,000), deferred tax liabilities has reduced by HK\$140,019,000 (2009: HK\$111,678,000), and interest in jointly controlled entities has increased by HK\$16,897,000 (2009: HK\$8,713,000). In addition, the Group's profit attributable to shareholders for the six months ended 31st December, 2010 has increased by HK\$27,320,000 (2009: HK\$27,026,000).

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

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

The financial information relating to the financial year ended 30th June, 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30th June, 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20th October, 2010.

2. Turnover

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

	Six months ended	
	31st December,	
	2010	2009
	\$'000	\$'000
Income from sale of properties	86,276	284,990
Rentals from investment properties	<u>39,120</u>	<u>39,354</u>
	<u><u>125,396</u></u>	<u><u>324,344</u></u>

3. Segment information

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

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

3. Segment information (continued)

The 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 jointly controlled entities of each segment.

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

(a) Segment results, assets and liabilities

	For the six months ended 31st December, 2010			
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Turnover	125,396	-	-	125,396
Finance income	-	16,980	-	16,980
Other income	-	-	1,263	1,263
Total revenue	<u>125,396</u>	<u>16,980</u>	<u>1,263</u>	<u>143,639</u>
Segment results	78,401	16,980		95,381
Unallocated expenses				<u>(7,502)</u>
Operating profit				87,879
Share of results of jointly controlled entities	49,395	-		49,395
Net valuation gains on investment properties	151,000	-		<u>151,000</u>
Profit before taxation				<u><u>288,274</u></u>
	At 31st December, 2010			
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Segment assets	3,396,819	2,561,240	21,136	5,979,195
(including interest in jointly controlled entities)	1,108,939			1,108,939
Segment liabilities	132,962	-	115,604	248,566

3. Segment information (continued)

For the six months ended 31st December, 2009				
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
	(restated)			(restated)
Turnover	324,344	-	-	324,344
Finance income	-	1,631	-	1,631
Other income	-	-	642	642
Total revenue	<u>324,344</u>	<u>1,631</u>	<u>642</u>	<u>326,617</u>
Segment results	179,701	1,631		181,332
Unallocated expenses				(7,861)
Operating profit				<u>173,471</u>
Share of results of jointly controlled entities	89,545	-		89,545
Net valuation gains on investment properties	100,121	-		<u>100,121</u>
Profit before taxation				<u><u>363,137</u></u>
At 30th June, 2010				
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
	(restated)		(restated)	(restated)
Segment assets	3,256,297	2,546,488	21,125	5,823,910
(including interest in jointly controlled entities)	1,083,844			1,083,844
Segment liabilities	174,016	-	138,461	312,477

(b) Geographical information

	Group turnover		Operating profit	
	Six months ended 31st December, 2010	Six months ended 31st December, 2009	Six months ended 31st December, 2010	Six months ended 31st December, 2009
	\$'000	\$'000	\$'000	\$'000
Geographical location of operations				
Hong Kong	101,765	299,604	59,498	153,848
United Kingdom	<u>23,631</u>	<u>24,740</u>	<u>28,381</u>	<u>19,623</u>
	<u><u>125,396</u></u>	<u><u>324,344</u></u>	<u><u>87,879</u></u>	<u><u>173,471</u></u>

In addition, the turnover of the jointly controlled entities attributable to the Group for the period amounted to \$29,936,000 (2009: \$29,201,000).

4. Finance income

	Six months ended 31st December,	
	2010	2009
	\$'000	\$'000
Interest income	6,012	8,321
Dividend income from other investments	144	144
Exchange gains/(losses)	7,995	(9,170)
Net unrealised gains on other investments at fair value	2,827	2,336
Gain on disposal of other investments	2	-
	<u>16,980</u>	<u>1,631</u>

5. Other income

	Six months ended 31st December,	
	2010	2009
	\$'000	\$'000
Management fee	248	248
Sundry income	1,015	394
	<u>1,263</u>	<u>642</u>

6. Operating profit

	Six months ended 31st December,	
	2010	2009
	\$'000	\$'000
Operating profit is arrived at after charging:		
Property expenses	1,187	1,480
Cost of property sold	45,498	142,940
	<u>46,685</u>	<u>144,420</u>

7. Share of results of jointly controlled entities

	Six months ended	
	31st December,	
	2010	2009
	\$'000	\$'000
		(restated)
Share of operating profit of jointly controlled entities	19,507	18,733
Share of write-back of provision for property held for development	18,500	8,000
Share of net valuation gains on investment properties	14,575	65,896
Share of taxation	<u>(3,187)</u>	<u>(3,084)</u>
Share of results of jointly controlled entities	<u>49,395</u>	<u>89,545</u>

8. Taxation

	Six months ended	
	31st December,	
	2010	2009
	\$'000	\$'000
		(restated)
Current tax - Provision for Hong Kong Profits Tax		
Tax for the period	<u>7,918</u>	<u>19,032</u>
	<u>7,918</u>	<u>19,032</u>
Current tax - Overseas		
Tax for the period	3,954	4,122
Over provision in respect of prior years	<u>(195)</u>	<u>(473)</u>
	<u>3,759</u>	<u>3,649</u>
Deferred taxation		
Origination and reversal of temporary differences	<u>1,031</u>	<u>2,235</u>
	<u>1,031</u>	<u>2,235</u>
	<u>12,708</u>	<u>24,916</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the six months ended 31st December, 2010. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

A tax charge of \$3,187,000 (2009: \$3,084,000 (restated)) being share of taxation of jointly controlled entities for the six months ended 31st December, 2010 is included in share of results of jointly controlled entities in the consolidated income statement.

9. Dividends

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

	Six months ended	
	31st December,	
	2010	2009
	\$'000	\$'000
Interim dividend declared after the interim period end of \$0.10 per share (2009: \$0.10)	4,559	4,559
Special dividend declared with interim dividend after the interim period end of \$0.50 per share (2009: \$0.50)	<u>22,798</u>	<u>22,798</u>
	<u>27,357</u>	<u>27,357</u>

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

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

	Six months ended	
	31st December,	
	2010	2009
	\$'000	\$'000
Second interim dividend declared in respect of previous financial year of \$0.30 per share (2009: \$0.30 per share)	13,678	13,678
Final dividend approved in respect of previous financial year of \$0.10 per share (2009: \$0.10 per share)	4,559	4,559
Special dividend approved with final dividend in respect of previous financial year of \$1.30 per share (2009: \$1.40 per share)	<u>59,273</u>	<u>63,833</u>
	<u>77,510</u>	<u>82,070</u>

10. Earnings per share

The calculation of basic and diluted earnings per share is based on the earnings attributable to shareholders of \$275,566,000 (2009: \$338,221,000 (restated)) and the weighted average of 45,594,656 ordinary shares (2009: 45,594,656 shares) in issue during the period.

11. Debtors, deposits and prepayments

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

	At 31st December, 2010	At 30th June, 2010
	\$'000	\$'000
Current	23,997	34,293
Less than one month past due	938	345
1-3 months past due	628	108
Total trade debtors	<u>25,563</u>	<u>34,746</u>
Deposits, prepayment and other receivables	<u>81,762</u>	<u>84,024</u>
	<u><u>107,325</u></u>	<u><u>118,770</u></u>

A defined credit policy is maintained within the Group.

An amount of \$1,156,000 (at 30th June, 2010: \$1,134,000) included in debtors, deposits and prepayments under current assets is expected to be recovered after more than one year.

12. Creditors and accruals

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

	At 31st December, 2010	At 30th June, 2010
	\$'000	\$'000
Due within 1 month	-	9
Due from 1 to 3 months	-	-
Due after 3 months	201	201
Total trade creditors	<u>201</u>	<u>210</u>
Other payables and accruals, including sales/pre-sales deposits	<u>140,588</u>	<u>183,081</u>
	<u><u>140,789</u></u>	<u><u>183,291</u></u>

An amount of \$6,614,000 (at 30th June, 2010: \$5,178,000) included in creditors and accruals under current liabilities is expected to be settled after more than one year.

13. Comparative figures

Certain comparative figures have been adjusted or re-classified as a result of the changes in accounting polices. Further details are disclosed in note 1.

INTERIM DIVIDENDS

The Board has resolved to pay an interim dividend of HK\$0.10 per share in respect of the year ending 30th June, 2011. The Board has also resolved to pay a special dividend of HK\$0.50 per share in respect of the year ending 30th June, 2011. The aggregate dividend of HK\$0.60 per share will be paid to shareholders whose names appear in the Company's register of members at the close of business on 18th March, 2011.

Dividend warrants will be posted to shareholders on or about 14th June, 2011.

CLOSURE OF REGISTER

The register of members will be closed from 17th March, 2011 to 18th March, 2011 (both days inclusive) during which period no share transfer will be effected. To qualify for the interim dividend and the special dividend, all unregistered transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16th March, 2011.

REVIEW OF OPERATIONS

The unaudited operating profit of the Group for the six months ended 31st December, 2010, before including the effect of investment properties revaluation and share of results of jointly controlled entities was HK\$87.88 million, compared with HK\$173.47 million for the same period last year. The decrease reflects the fall in income from sales of units in Island Lodge, partially offset by the exchange gains arising from the appreciation of Sterling against the Hong Kong dollar. The unaudited profit attributable to shareholders for the same period after including the effect of investment properties revaluation and the results of jointly controlled entities was HK\$275.57 million, compared with HK\$338.22 million (restated) for the same period of the previous year. The decrease reflects the fall in income from sales of units in Island Lodge, partially offset by the increase in investment properties revaluation gains and exchange gains.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARIZED BELOW: -

Inland Lot 7105, Kam Hong Street, North Point (ISLAND LODGE)

This prestigious development comprises 184 luxurious residential units with sizes

ranging from 777 sq. ft. to 2,265 sq. ft. in a single 45-storey block with a tastefully decorated clubhouse, 50 car parking spaces and retail facilities on the ground floor. The occupation permit was issued on 17th December, 2008 and the Certificate of Compliance was issued on 19th March, 2009. Only a handful of residential units remains to be sold.

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

The property, which is wholly-owned by the Company, continues to be held for investment purposes and derives rental income. The site is zoned and designated as a Comprehensive Development Area and has a site area of approximately 102,420 sq. ft. After lengthy discussion with government, certain outstanding issues have been clarified. The Company is preparing for a new application under Section 16 of Town Planning Ordinance to redevelop the site into a residential and commercial complex with a more environmentally friendly design and improved noise compliance rate to meet public aspirations.

UK Properties

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

OUTLOOK

While the global financial markets generally have improved since the onset of the financial crises, the recovery on the whole has not been as strong as many had hoped for. A number of uncertainties therefore remain and continue to affect the economic outlook.

The Group remains in a strong financial position with substantial funds available and with no bank borrowing. The Group will continue to look cautiously for investment opportunities with a view to further increasing shareholder value.

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

During the six months ended 31st December, 2010, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE PURSUANT TO LISTING RULE 13.13 AND 13.22

At 31st December, 2010, the Group had the following loans to its affiliated companies (as defined by the Listing Rules):

	Amount \$'000	Type	Tenure
Island Land Development Ltd	426,350	Interest free, unsecured loan	No fixed terms of repayment
Hareton Ltd	205,407	Interest free, unsecured loan	No fixed terms of repayment
	<u>631,757</u>		

Combined balance sheet of the above affiliated companies at 31st December, 2010 is as follows:

	\$'000
Fixed assets	1,415,074
Property held for development	280,000
Retirement benefit assets	645
	<u>1,695,719</u>
Current assets	17,250
Current liabilities	<u>(22,878)</u>
	<u>(5,628)</u>
Non-current liabilities	<u>(44,263)</u>
	<u>1,645,828</u>

Attributable interest to the Group at 31st December, 2010 in the above affiliated companies amounted to \$822,914,000 (at 30th June, 2010: \$805,008,000 (restated)).

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company complied with the code provisions (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 31st December, 2010, except the following:

- (i) The Company has not separated the roles of the Chairman of the Board and the Chief Executive Officer as required under code provision A2.1 of the Code. The Company believes that separation of Chairman and the Chief Executive Officer would not result in enhanced efficiency and improved governance. The balance of power and authority between Chief Executive Officer and the Board is ensured by regular discussion and meetings of the full Board and active participation of independent non-executive directors.
- (ii) Code A4.2 stipulates that all directors including those appointed for a specified term should retire by rotation at least every three years. Certain executive directors of the Company do not rotate as there are specific provisions governing the rotation of directors in the Company’s Articles of Association.
- (iii) Code B1.1 stipulates that the Company should establish a remuneration committee. The Company has not established a remuneration committee in view of the Company’s size and simple structure. The full Board reviews the remuneration of the executive directors and determines their remuneration.

NGAN Kit-ling
Chairman

Hong Kong, 18th February, 2011

As at the date of this announcement, the Board of Directors of the company comprises NGAN Kit-ling, Dr. NGAN Kit-keung, Dr. Henry NGAN, Dr. LIU Lit-mo, Fritz HELMREICH, Anthony Grahame STOTT* and TSE Yiu-wah*.*

** Independent non-executive director*