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CHINA MOTOR BUS COMPANY, LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 026)

Chairman's Statement

GROUP RESULTS AND DIVIDENDS

The Board of Directors announces that the audited consolidated profit of the Group for the year ended 30th June, 2011 amounted to HK\$664 million, compared with HK\$529 million (restated) for the previous year, which reflects the increase in the value of investment properties in Hong Kong. Share of results of jointly controlled entities increased compared with last year also due to the increase in value of investment properties held by the jointly controlled entities. The operating profit of the Group for the year amounted to HK\$178 million, compared with HK\$301 million for the previous year, which reflects the fall in income from sale of completed property held for sale.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Thursday, 24th November, 2011 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\$1.30 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$0.50 per share, and a second interim dividend of HK\$0.30 per share payable on 1st November, 2011, will make a total dividend for the year of HK\$2.30 per share, compared with HK\$2.30 per share for the previous year.

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. Apart from 5 residential units to be retained by the Group as a long-term investment, all residential units have now been 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 property has a site area of approximately 102,420 sq. ft. In May 2001, the site was rezoned and designated as a Comprehensive Development Area. After lengthy discussion with government, certain outstanding issues have now been clarified. The Company has engaged consultants to prepare for a new application under Section 16 of the Town Planning Ordinance to redevelop the site into a residential and commercial complex in compliance with “sustainable building design guidelines”. The proposed development will have a more environmentally friendly design with wider separation between blocks, basement car parking spaces and an improved noise compliance rate.

UK Properties

The Group’s freehold commercial properties are situated in prime locations in central London and remain fully let.

FUTURE OUTLOOK

The global financial markets, especially in USA and Europe, are once more adversely affected by economic uncertainties and an impending debt crisis. In Hong Kong, capital values in residential properties have started to ease, although the commercial and retail sectors still remain relatively strong. In the face of the present economic climate, the Group will continue to look with caution for favourable investment opportunities so as to further enhance shareholder value.

NGAN Kit-ling
Chairman

Hong Kong, 23rd September, 2011



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ANNOUNCEMENT

The Board of Directors announces that the audited consolidated profit of the group for the year ended 30th June, 2011 amounted to HK\$664 million, compared with HK\$529 million (restated) for the previous year.

CONSOLIDATED INCOME STATEMENT

for the year ended 30th June, 2011

(Expressed in Hong Kong dollars)

		2011	2010
	Note	\$000's	\$000's
			(restated)
Turnover	2	260,547	513,483
Cost of sales		<u>(97,766)</u>	<u>(179,487)</u>
Gross profit		162,781	333,996
Finance income/(expenses)	4	35,326	(12,757)
Other income	5	3,156	1,753
Staff costs		(8,196)	(8,278)
Depreciation		(225)	(373)
Other operating expenses		<u>(15,078)</u>	<u>(13,079)</u>
Operating profit	2 & 6	177,764	301,262
Share of results of jointly controlled entities		281,838	100,861
Net valuation gains on investment properties		<u>232,512</u>	<u>172,505</u>
Profit before taxation		692,114	574,628
Taxation	7	<u>(27,905)</u>	<u>(45,472)</u>
Profit after taxation attributable to shareholders		<u>664,209</u>	<u>529,156</u>
Earnings per share	9		
Basic and diluted		<u>HK\$14.57</u>	<u>HK\$11.61</u>

Details of dividends payable to equity shareholders of the company attributable to the profit for the year are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30th June, 2011

(Expressed in Hong Kong dollars)

	2011	2010
	\$000's	\$000's (restated)
Profit for the year	664,209	529,156
Other comprehensive income for the year		
Exchange differences arising on consolidation	<u>45,662</u>	<u>(73,461)</u>
Total comprehensive income for the year attributable to shareholders	<u><u>709,871</u></u>	<u><u>455,695</u></u>

CONSOLIDATED BALANCE SHEET

At 30th June, 2011

(Expressed in Hong Kong dollars)

	Note	2011 \$000's	2010 \$000's (restated)	2009 \$000's (restated)
Non-current assets				
Fixed assets		2,178,732	1,900,750	1,802,030
Interest in jointly controlled entities		1,324,882	1,083,844	1,015,783
Other investments		11,915	9,806	8,823
Defined benefit asset		485	637	881
		<u>3,516,014</u>	<u>2,995,037</u>	<u>2,827,517</u>
Current assets				
Completed property held for sale		86,815	175,099	347,570
Debtors, deposits and prepayments	10	99,022	118,770	558,874
Deposits with banks		2,543,415	2,513,399	2,024,153
Cash at banks and in hand		44,388	21,605	15,756
		<u>2,773,640</u>	<u>2,828,873</u>	<u>2,946,353</u>
Current liabilities				
Creditors and accruals	11	120,000	183,291	516,948
Taxation		23,363	102,156	68,784
		<u>143,363</u>	<u>285,447</u>	<u>585,732</u>
Net current assets		<u>2,630,277</u>	<u>2,543,426</u>	<u>2,360,621</u>
Total assets less current liabilities		<u>6,146,291</u>	<u>5,538,463</u>	<u>5,188,138</u>
Non-current liabilities				
Deferred taxation		29,854	27,030	22,973
		<u>6,116,437</u>	<u>5,511,433</u>	<u>5,165,165</u>
CAPITAL AND RESERVES				
Representing:-				
Share capital		91,189	91,189	91,189
Reserves		5,584,051	4,979,047	4,632,779
		<u>5,675,240</u>	<u>5,070,236</u>	<u>4,723,968</u>
Deferred profits		441,197	441,197	441,197
		<u>6,116,437</u>	<u>5,511,433</u>	<u>5,165,165</u>

Notes

1. Basis of preparation

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

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 material impact on the group's financial statements.

(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 balance sheet 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.

1. Basis of preparation (continued)

This change in policy has been applied retrospectively by restating the opening balances at 1st July, 2009 and 2010, with consequential adjustments to comparatives for the year ended 30th June, 2010. This has resulted in a reduction in the amount of deferred tax provided on valuation gains as follows:

	<i>As previously reported</i>	<i>Effect of adoption of amendments to HKAS 12</i>	<i>As restated</i>
	\$000's	\$000's	\$000's
Consolidated income statement			
for the year ended 30th June, 2010:			
- Share of results of jointly controlled entities	92,677	8,184	100,861
- Taxation	(73,813)	28,341	(45,472)
- Profit after taxation attributable to shareholders	492,631	36,525	529,156
- Earnings per share			
Basic and diluted	\$10.80	\$0.81	\$11.61
Consolidated balance sheet			
as at 30th June, 2010:			
- Interest in jointly controlled entities	1,066,947	16,897	1,083,844
- Deferred taxation	(167,049)	140,019	(27,030)
- Reserves	4,822,131	156,916	4,979,047
Consolidated balance sheet			
as at 1st July, 2009:			
- Interest in jointly controlled entities	1,007,070	8,713	1,015,783
- Deferred taxation	(134,651)	111,678	(22,973)
- Reserves	4,512,388	120,391	4,632,779
	=====	=====	=====

2. Turnover

The principal activities of the company and the group are property development and investment.

Turnover represents rental income and income from sale of properties. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2011	2010
	HK\$000's	HK\$000's
Income from sale of properties	181,667	436,334
Rentals from investment properties	<u>78,880</u>	<u>77,149</u>
	260,547	513,483
	=====	=====

The analysis of geographical location of the operations of the company and its subsidiaries during the year is as follows:

	Group turnover		Operating profit	
	2011	2010	2011	2010
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
<i>Geographical locations of operations</i>				
Hong Kong	212,538	465,534	118,893	269,714
United Kingdom	<u>48,009</u>	<u>47,949</u>	<u>58,871</u>	<u>31,548</u>
	260,547	513,483	177,764	301,262
	=====	=====	=====	=====

The turnover of the jointly controlled entities attributable to the group for the year amounted to \$59,893,000 (2010: \$58,298,000).

3. Segment reporting

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

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

3. Segment reporting (continued)

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

Management evaluates performance primarily based on operating profit as well as the equity share of results of 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, dividends payable and other corporate liabilities.

(a) Segment results

	Property development and investment		Treasury management		Unallocated		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$000's	HK\$000's (restated)	HK\$000's	HK\$000's	HK\$000's	HK\$000's	HK\$000's	HK\$000's (restated)
Turnover	260,547	513,483	-	-	-	-	260,547	513,483
Finance income/ (expenses)	-	-	35,326	(12,757)	-	-	35,326	(12,757)
Other income	-	-	-	-	3,156	1,753	3,156	1,753
Total revenue	260,547	513,483	35,326	(12,757)	3,156	1,753	299,029	502,479
Segment results	159,881	330,841	35,326	(12,757)			195,207	318,084
Unallocated expenses							(17,443)	(16,822)
Operating profit							177,764	301,262
Share of results of jointly controlled entities	281,838	100,861	-	-			281,838	100,861
Net valuation gains on investment properties	232,512	172,505	-	-			232,512	172,505
Taxation							(27,905)	(45,472)
Profit attributable to shareholders							664,209	529,156
Depreciation for the year	(72)	(202)	-	-	(153)	(171)	(225)	(373)

3. Segment reporting (continued)

(b) Geographical information

The group participates in two principal economic environments. Hong Kong is a major market for the group's business. In the United Kingdom, the major business is property investment.

	Hong Kong		United Kingdom	
	2011	2010	2011	2010
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
Turnover	212,538	465,534	48,009	47,949
	=====	=====	=====	=====

4. Finance income/(expenses)

	2011	2010
	HK\$000's	HK\$000's
Interest income	11,590	12,722
Dividend income from other investments	350	340
Exchange gains/(losses)	21,133	(26,802)
Net unrealised gains on other investments	2,251	983
Gain on disposal of other investments	<u>2</u>	<u>-</u>
	35,326	(12,757)
	=====	=====

5. Other income

	2011	2010
	HK\$000's	HK\$000's
Management fee	497	497
Unclaimed dividends forfeited	326	245
Sundry income	<u>2,333</u>	<u>1,011</u>
	3,156	1,753
	=====	=====

6. Operating profit

Operating profit is arrived at

	2011	2010
	HK\$000's	HK\$000's
<i>after charging:</i>		
(a) Staff costs:		
Contributions to defined contribution retirement scheme	114	111
Expenses recognised in respect of defined benefit retirement schemes	152	244
Salaries, wages and other benefits	<u>7,930</u>	<u>7,923</u>
	8,196	8,278
	=====	=====
(b) Other items:		
Auditor's remuneration		
- audit services (Note)	2,974	2,795
- tax services	892	814
- other services	975	-
Legal and professional fees	2,973	1,826
Property expenses	2,342	2,783
Cost of property sold	97,766	179,487
	=====	=====
Note: including under-provision in respect of previous year		
<i>and after crediting:</i>		
Rental income less outgoings	76,538	74,366
which includes		
- gross rental income from investment properties	78,880	77,149
	=====	=====

7. Taxation

The provision for Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year ended 30th June, 2011. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

	2011	2010
	HK\$000's	HK\$000's
		(restated)
Current tax – Provision for Hong Kong Profits Tax		
Tax for the year	17,100	33,868
Over-provision in respect of prior years	<u>-</u>	<u>(1)</u>
	17,100	33,867
	-----	-----
Current tax - Overseas		
Tax for the year	8,045	7,994
Over-provision in respect of prior years	<u>(64)</u>	<u>(446)</u>
	7,981	7,548
	-----	-----
Deferred tax		
Origination and reversal of temporary differences	<u>2,824</u>	<u>4,057</u>
	27,905	45,472
	=====	=====

Share of taxation of jointly controlled entities for the year ended 30th June, 2011 amounting to tax charge of \$7,127,000 (2010: \$6,238,000 as restated) is included in share of results of jointly controlled entities in the consolidated income statement.

8. Dividends

Dividends payable to equity shareholders of the company attributable to the year:

	2011	2010
	HK\$000's	HK\$000's
First interim dividend declared and paid of HK\$0.10 (2010: HK\$0.10) per share	4,559	4,559
Special dividend declared and paid of HK\$0.50 (2010: HK\$0.50) per share	22,798	22,798
Second interim dividend declared after the balance sheet date of HK\$0.30 (2010: HK\$0.30) per share	13,678	13,678
Final dividend proposed after the balance sheet date of HK\$0.10 (2010: HK\$0.10) per share	4,559	4,559
Special dividend proposed after the balance sheet date of HK\$1.30 (2010: HK\$1.30) per share	<u>59,273</u>	<u>59,273</u>
	104,867	104,867
	=====	=====

The interim dividend, final dividend and special dividend declared or proposed after the balance sheet date have not been recognised as liabilities at the balance sheet date.

9. Earnings per share

The calculation of basic and diluted earnings per share is based on profit attributable to shareholders of HK\$664,209,000 (2010: HK\$529,156,000 as restated) and the weighted average of 45,594,656 (2010: 45,594,656) shares in issue during the year.

10. Debtors, deposits and prepayments

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

	2011	2010
	HK\$000's	HK\$000's
Current	-	34,293
Less than one month past due	637	345
1-3 months past due	497	108
Over 3 months past due	<u>196</u>	<u>-</u>
Total trade debtors	1,330	34,746
Deposits, prepayment and other receivables	<u>97,692</u>	<u>84,024</u>
	99,022	118,770
	=====	=====

A defined credit policy is maintained within the group.

11. Creditors and accruals

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

	2011	2010
	HK\$000's	HK\$000's
Due within 1 month	29	9
Due from 1 to 3 months	-	-
Due after 3 months	<u>201</u>	<u>201</u>
Total trade creditors	230	210
Other payables and accruals, including sales/pre-sales deposits	<u>119,770</u>	<u>183,081</u>
	120,000	183,291
	=====	=====

12. Review of results

The annual results for the year ended 30th June, 2011 have been reviewed by the company's audit committee.

Dividends

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Thursday, 24th November, 2011 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\$1.30 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$0.50 per share, and a second interim dividend of HK\$0.30 per share, will make a total dividend for the year of HK\$2.30 per share, compared with HK\$2.30 per share for the previous year.

Subject to the approval by shareholders at the forthcoming Ordinary Yearly Meeting, the final dividend and the special dividend will be payable on 31st January, 2012.

Closure of Register

For ascertaining the shareholders' entitlement to attend and vote at the Ordinary Yearly Meeting to be held on Thursday, 24th November, 2011, the Register of Members of the Company will be closed from Monday, 21st November, 2011 to Wednesday, 23rd November, 2011, both days inclusive. To qualify to attend and vote at the Ordinary Yearly Meeting, all transfer documents accompanied by the relevant share certificates should be lodged with the Company's Registrar, 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 Friday, 18th November, 2011.

For ascertaining the shareholders' entitlement to the proposed final dividend and the special dividend, the Register of Members of the Company will be closed from Wednesday, 30th November, 2011 to Friday, 2nd December, 2011, both days inclusive. To qualify for the proposed final dividend and the special dividend, all transfer documents accompanied by the relevant share certificates should be lodged with the Company's Registrar, 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 Tuesday, 29th November, 2011.

Purchase, sale or redemption of the company's listed securities

During the year, neither the company nor any of its subsidiaries has repurchased, sold or redeemed any of the company's listed securities.

Group Results

The Board of Directors announces that the audited consolidated profit of the group for the year ended 30th June, 2011 amounted to HK\$664 million, compared with HK\$529 million (restated) for the previous year, which reflects the increase in the value of investment properties in Hong Kong. Share of results of jointly controlled entities increased compared with last year also due to the increase in value of investment properties held by the jointly controlled entities. The operating profit of the group for the year amounted to HK\$178 million, compared with HK\$301 million for the previous year, which reflects the fall in income from the sale of completed property held for sale.

Future Outlook

The global financial markets, especially in USA and Europe, are once more adversely affected by economic uncertainties and an impending debt crisis. In Hong Kong, capital values in residential properties have started to ease, although the commercial and retail sectors still remain relatively strong. In the face of the present economic climate, the Group will continue to look with caution for favourable investment opportunities so as to further enhance shareholder value.

Disclosure pursuant to Listing Rule 13.22

At 30th June, 2011, the group had the following loans to its affiliated companies (as defined by the Listing Rules):

Company	Amount HK\$000's	Type	Tenure
Island Land Development Limited	413,850	Interest free, unsecured loan	No fixed terms of repayment
Hareton Limited	205,407	Interest free, unsecured loan	No fixed terms of repayment
	<u>619,257</u> =====		

Combined balance sheet of the above affiliated companies at 30th June, 2011 is as follows:

	HK\$000's
Fixed assets	1,651,089
Property held for development	<u>417,941</u>
	2,069,030

Current assets	20,884
Current liabilities	<u>(27,333)</u>
	(6,449)

Non-current liabilities	<u>(45,418)</u>

	2,017,163
	=====

Attributable interest to the group at 30th June, 2011 in the above affiliated companies amounted to HK\$1,008,582,000 (2010: HK\$805,008,000 as 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 year ended 30th June, 2011, 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 provides that all directors including those appointed for a specified term should retire by rotation at least every three years. Certain executive directors of the company do not rotate as there are specific provisions governing the rotation of directors in the company’s Articles of Association.
- (iii) Code B1.1 provides 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 annually the remuneration of the executive directors and determines their remuneration.

By Order of the Board
Kwok Pun Tak
Secretary

Hong Kong, 23rd September, 2011

As at the date hereof, 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