

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



## **CHINA MOTOR BUS COMPANY, LIMITED**

(Incorporated in Hong Kong with limited liability)

(Stock code: 026)

### **INTERIM RESULTS ANNOUNCEMENT 2009/2010**

The Board of Directors announces that the unaudited operating profit of the Group for the six months ended 31st December, 2009 was HK\$173.47 million, compared with HK\$77.19 million for the same period last year, and the unaudited consolidated profit after taxation of the Group for the same period amounted to HK\$311.20 million, compared with a loss of HK\$156.39 million for the same period last year. These interim results have not been audited but have been reviewed by both the Company's auditors and the Company's audit committee. The independent review report of the auditors is included in the interim report to be sent to shareholders.

#### **CONSOLIDATED INCOME STATEMENT**

**for the six months ended 31st December, 2009 - unaudited**

(Expressed in Hong Kong dollars)

	Note	Six months ended	
		2009	2008
		\$'000	\$'000
<b>Turnover</b>	2	<b>324,344</b>	393,074
Cost of sales		<u>(142,940)</u>	<u>(218,005)</u>
<b>Gross profit</b>		<b>181,404</b>	175,069
Finance income/(expenses)	4	<b>1,631</b>	(86,538)
Other income	5	<b>642</b>	969
Staff costs		<b>(3,881)</b>	(3,974)
Depreciation		<b>(208)</b>	(218)
Other operating expenses		<b>(6,117)</b>	(8,115)
<b>Operating profit</b>	3 & 6	<b>173,471</b>	77,193
Share of results of jointly controlled entities	7	<b>78,672</b>	(55,305)
Net valuation gains/(losses) on investment properties		<b>100,121</b>	(197,538)
Profit/(loss) before taxation		<b>352,264</b>	(175,650)
Taxation	8	<b>(41,069)</b>	19,262
<b>Profit/(loss) after taxation attributable to shareholders</b>		<b>311,195</b>	(156,388)
<b>Earnings/(loss) per share (basic and diluted)</b>	10	<b>HK\$6.83</b>	(HK\$3.43)

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, 2009 - unaudited**  
(Expressed in Hong Kong dollars)

	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
<b>Profit/(loss) for the period</b>	<u>311,195</u>	<u>(156,388)</u>
<b>Other comprehensive income for the period</b>		
Exchange differences arising on consolidation	<u>(22,268)</u>	<u>(272,278)</u>
	<u>(22,268)</u>	<u>(272,278)</u>
<b>Total comprehensive income for the period attributable to shareholders</b>	<u><u>288,927</u></u>	<u><u>(428,666)</u></u>

**CONSOLIDATED BALANCE SHEET**

At 31st December, 2009 - unaudited

(Expressed in Hong Kong dollars)

	At 31st December, 2009	At 30th June, 2009
Note	\$'000	\$'000
<b>Non-current assets</b>		
Investment properties	1,859,416	1,781,563
Other fixed assets	<u>20,297</u>	<u>20,467</u>
Total fixed assets	1,879,713	1,802,030
Interest in jointly controlled entities	1,064,941	1,007,070
Other investments	11,159	8,823
Defined benefit asset	<u>881</u>	<u>881</u>
	<u>2,956,694</u>	<u>2,818,804</u>
<b>Current assets</b>		
Completed properties for sale	200,701	347,570
Debtors, deposits and prepayments	11 74,016	558,874
Deposits with banks	2,524,564	2,024,153
Cash at banks and in hand	<u>15,772</u>	<u>15,756</u>
	<u>2,815,053</u>	<u>2,946,353</u>
<b>Current liabilities</b>		
Creditors and accruals	12 211,400	516,948
Taxation	87,285	68,784
Dividends payable	<u>68,392</u>	<u>-</u>
	<u>367,077</u>	<u>585,732</u>
<b>Net current assets</b>	<u>2,447,976</u>	<u>2,360,621</u>
<b>Total assets less current liabilities</b>	<u>5,404,670</u>	<u>5,179,425</u>
<b>Non-current liabilities</b>		
Deferred profits	(441,197)	(441,197)
Deferred taxation	<u>(153,039)</u>	<u>(134,651)</u>
	<u>(594,236)</u>	<u>(575,848)</u>
<b>NET ASSETS</b>	<u>4,810,434</u>	<u>4,603,577</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	91,189	91,189
Reserves	<u>4,719,245</u>	<u>4,512,388</u>
<b>TOTAL EQUITY</b>	<u>4,810,434</u>	<u>4,603,577</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, 2009, 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 Group has adopted the following relevant new and revised HKFRSs, amendments and interpretations, which are relevant to the Group’s financial statements:

- HKAS 1 (Revised), *Presentation of financial statements*
- HKFRS 8, *Operating segments*

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. HKAS 1 (Revised) – *Presentation of financial statements*

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

b. HKFRS 8 – *Operating segments*

HKFRS 8 requires segment disclosure to be based on the way that the Group’s chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The standard also requires the disclosure of information about the products and services provided by the segments.

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 2009 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, 2009 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, 2009 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21st October, 2009.

## 2. Turnover

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

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
Income from sale of properties	284,990	353,868
Rentals from investment properties	<u>39,354</u>	<u>39,206</u>
	<u>324,344</u>	<u>393,074</u>

### 3. Segment information

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

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

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

Management evaluates performance primarily based on operating profit as well as the equity share of results of 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 deferred 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

<b>For the six months ended 31st December, 2009</b>				
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
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				<u>(7,861)</u>
Operating profit				173,471
Share of results of jointly controlled entities	78,672	-		78,672
Net valuation gains on investment properties	100,121	-		<u>100,121</u>
Profit before taxation				<u>352,264</u>
<b>At 31st December, 2009</b>				
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Segment assets (including interest in jointly controlled entities)	3,195,413	2,554,887	21,447	5,771,747
Segment liabilities	1,064,941	-	316,505	1,064,941
	644,808	-	316,505	961,313

### For the six months ended 31st December, 2008

	Property development			Consolidated
	and investment	Treasury management	Unallocated	
	\$'000	\$'000	\$'000	\$'000
Turnover	393,074	-	-	393,074
Finance income	-	(86,538)	-	(86,538)
Other income	-	-	969	969
Total revenue	<u>393,074</u>	<u>(86,538)</u>	<u>969</u>	<u>307,505</u>
Segment results	171,905	(86,538)		85,367
Unallocated expenses				(8,174)
Operating profit				77,193
Share of results of jointly controlled entities	(55,305)	-		(55,305)
Net valuation losses on investment properties	(197,538)	-		(197,538)
Loss before taxation				<u>(175,650)</u>

### At 30th June, 2009

	Property development			Consolidated
	and investment	Treasury management	Unallocated	
	\$'000	\$'000	\$'000	\$'000
Segment assets	3,692,991	2,050,770	21,396	5,765,157
(including interest in jointly controlled entities)	1,007,070			1,007,070
Segment liabilities	949,381	-	212,199	1,161,580

#### (b) Geographic information

	Group turnover		Operating profit	
	Six months ended		Six months ended	
	31st December,		31st December,	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	\$'000	\$'000	\$'000	\$'000
Geographical location of operations				
Hong Kong	299,604	367,009	153,848	94,503
United Kingdom	<u>24,740</u>	<u>26,065</u>	<u>19,623</u>	<u>(17,310)</u>
	<u>324,344</u>	<u>393,074</u>	<u>173,471</u>	<u>77,193</u>

In addition, the turnover of the jointly controlled entities attributable to the Group for the period amounted to \$29,201,000 (2008: \$29,041,000).

#### 4. Finance income/(expenses)

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income	8,321	22,417
Dividend income from other investments	144	175
Exchange losses	(9,170)	(104,938)
Net unrealised gains/(losses) on other investments at fair value	2,336	(4,171)
Losses on disposal of other investments	-	(21)
	<u>1,631</u>	<u>(86,538)</u>

#### 5. Other income

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Management fee	248	248
Sundry income	394	721
	<u>642</u>	<u>969</u>

#### 6. Operating profit

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating profit is arrived at after charging:		
Property expenses	1,480	2,854
Cost of property sold	142,940	218,005
	<u>144,420</u>	<u>220,859</u>

## 7. Share of results of jointly controlled entities

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
Share of operating profit of jointly controlled entities	18,733	19,396
Share of write-back of provision/(provision) for property held for development	8,000	(5,000)
Share of net valuation gains/(losses) on investment properties	65,896	(79,764)
Share of taxation	<u>(13,957)</u>	<u>10,063</u>
Share of results of jointly controlled entities	<u><u>78,672</u></u>	<u><u>(55,305)</u></u>

## 8. Taxation

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
<b>Current tax - Provision for Hong Kong Profits Tax</b>		
Tax for the period	19,032	14,862
Over provision in respect of prior years	<u>-</u>	<u>(1)</u>
	<u>19,032</u>	<u>14,861</u>
<b>Current tax - Overseas</b>		
Tax for the period	4,122	2,697
Over provision in respect of prior years	<u>(473)</u>	<u>(132)</u>
	<u>3,649</u>	<u>2,565</u>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences		
- relating to property valuation	17,527	(36,546)
- others	<u>861</u>	<u>(142)</u>
	<u>18,388</u>	<u>(36,688)</u>
	<u><u>41,069</u></u>	<u><u>(19,262)</u></u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the six months ended 31st December, 2009. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

A tax charge of \$13,957,000 (2008: a credit of \$10,063,000) being share of taxation of jointly controlled entities for the six months ended 31st December, 2009 is included in share of results of jointly controlled entities in the consolidated income statement.

## 9. Dividends

(a) Dividends attributable to the interim period:

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Interim dividend declared after the interim period end of \$0.10 per share (2008: \$0.10)	4,559	4,559
Special dividend declared with interim dividend after the interim period end of \$0.50 per share (2008: \$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 attributable to the previous financial years, declared/approved during the interim period:

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Second interim dividend declared in respect of previous financial year of \$0.30 per share (2008: \$0.30 per share)	13,678	13,678
Final dividend approved in respect of previous financial year of \$0.10 per share (2008: \$0.10 per share)	4,559	4,559
Special dividend approved with final dividend in respect of previous financial year of \$1.40 per share (2008: \$1.20 per share)	<u>63,833</u>	<u>54,714</u>
	<u>82,070</u>	<u>72,951</u>

## 10. Earnings/(loss) per share

The calculation of basic and diluted earnings/(loss) per share is based on the earnings attributable to shareholders of \$311,195,000 (2008: a loss of \$156,388,000) and the weighted average of 45,594,656 ordinary shares (2008: 45,594,656 shares) in issue during the period.

## 11. Debtors, deposits and prepayments

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

	<b>At 31st December, 2009</b>	<b>At 30th June, 2009</b>
	\$'000	\$'000
Current	-	500,053
Less than one month past due	797	919
1-3 months past due	580	39,885
More than 3 months but less than 12 months past due	146	-
Total trade debtors	<u>1,523</u>	<u>540,857</u>
Deposits, prepayment and other receivables	<u>72,493</u>	<u>18,017</u>
	<u><u>74,016</u></u>	<u><u>558,874</u></u>

A defined credit policy is maintained within the Group.

An amount of \$1,131,000 (at 30th June, 2009: \$1,139,000) included in debtors, deposits and prepayments under current assets is expected to be recovered after more than one year.

## 12. Creditors and accruals

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

	<b>At 31st December, 2009</b>	<b>At 30th June, 2009</b>
	\$'000	\$'000
Due within 1 month	-	34
Due from 1 to 3 months	-	-
Due after 3 months	<u>201</u>	<u>201</u>
Total trade creditors	201	235
Other payables and accruals, including sales/pre-sales deposits	<u>211,199</u>	<u>516,713</u>
	<u><u>211,400</u></u>	<u><u>516,948</u></u>

An amount of \$5,014,000 (at 30th June, 2009: \$8,062,000) included in creditors and accruals under current liabilities is expected to be settled after more than one year.

### **13. Comparative figures**

As a result of the application of HKAS 1 (revised), *Presentation of financial statements* and HKFRS 8 *Operating segments*, certain comparative figures have been reclassified to conform to current period's presentation. Further details of these developments are disclosed in note 1.

## **INTERIM DIVIDENDS**

The Board has resolved to pay an interim dividend of HK\$0.10 per share in respect of the year ending 30th June, 2010. The Board has also resolved to pay a special dividend of HK\$0.50 per share in respect of the year ending 30th June, 2010. 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 27th April, 2010.

Dividend warrants will be posted to shareholders on or about 29th June, 2010.

## **CLOSURE OF REGISTER**

The register of members will be closed from 26th April, 2010 to 27th April, 2010 (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 23rd April, 2010.

## **REVIEW OF OPERATIONS**

The unaudited operating profit of the Group for the six months ended 31st December, 2009, before including the effect of investment properties revaluation and share of results of jointly controlled entities was HK\$173.47 million, compared with HK\$77.19 million for the same period last year. The increase reflects the further sales of units in Island Lodge and a reduction in exchange losses as a result of the stabilisation of the value 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 associated deferred tax and the results of jointly controlled entities was HK\$311.20 million, compared with a loss of HK\$156.39 million for the same period of the previous year. The major reason was the gain in valuations of the Company's and the Company's jointly controlled entities' investment properties in line with prevailing market trends.

## **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 building and fitting out works have been completed. The occupation permit was

issued on 17th December, 2008 and the Certificate of Compliance was issued on 19th March, 2009. As at 31st December, 2009, approximately 90% of the residential units have been sold.

### **UK Properties**

The Group's freehold commercial properties in central London remain fully let. Market values of commercial properties in central London, especially those with good covenants, have risen during the second half of 2009. It is anticipated that 2010 will see further recovery in the London office markets.

### **OUTLOOK**

The capital values of commercial properties in Hong Kong and the United Kingdom have appreciated in the second half of 2009. This trend is anticipated to continue in 2010. Whilst modest recovery in the global economy is expected to continue, minor turbulence may yet be encountered. In view of this, the Group will continue to pursue favourable investment opportunities with caution and prudence.

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

During the six months ended 31st December, 2009, 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, 2009, the Group had the following loans to its affiliated companies (as defined by the Listing Rules):

	Amount \$'000	Type	Tenure
Island Land Development Ltd	452,350	Interest free, unsecured loan	No fixed terms of repayment
Hareton Ltd	207,707	Interest free, unsecured loan	No fixed terms of repayment
	<u>660,057</u>		

Combined balance sheet of the above affiliated companies at 31st December, 2009 is as follows:

	\$'000
Fixed assets	1,442,102
Retirement benefit assets	<u>357</u>
	<u>1,442,459</u>
Current assets	247,058
Current liabilities	<u>(24,562)</u>
	<u>222,496</u>
Non-current liabilities	<u>(75,884)</u>
	<u>1,589,071</u>

Attributable interest to the Group at 31st December, 2009 in the above affiliated companies amounted to \$794,536,000 (at 30th June, 2009: \$747,838,000).

## 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, 2009, 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, 23rd March, 2010

*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*