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CHINA MOTOR BUS COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 026)

INTERIM RESULTS ANNOUNCEMENT 2011/2012

The Board of Directors announces that the unaudited operating profit of the Group for the six months ended 31st December, 2011 was HK\$25.01 million, compared with HK\$87.88 million for the same period last year, and the unaudited consolidated profit after taxation of the Group for the same period amounted to HK\$120.45 million, compared with HK\$275.57 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, 2011 - unaudited

(Expressed in Hong Kong dollars)

		Six months ended	
		31st December,	
		2011	2010
	Note	\$'000	\$'000
Turnover	2	41,223	125,396
Cost of sales		-	(45,498)
Gross profit		<u>41,223</u>	<u>79,898</u>
Finance (expenses)/income	4	(5,972)	16,980
Other income	5	654	1,263
Staff costs		(4,411)	(4,104)
Depreciation		(83)	(137)
Other operating expenses		(6,406)	(6,021)
Operating profit	3 & 6	<u>25,005</u>	<u>87,879</u>
Share of results of jointly controlled entities	7	29,436	49,395
Net valuation gains on investment properties		<u>82,919</u>	<u>151,000</u>
Profit before taxation		<u>137,360</u>	<u>288,274</u>
Taxation	8	(16,910)	(12,708)
Profit after taxation attributable to shareholders		<u><u>120,450</u></u>	<u><u>275,566</u></u>
Earnings per share (basic and diluted)	10	<u><u>HK\$2.64</u></u>	<u><u>HK\$6.04</u></u>

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, 2011 - unaudited

(Expressed in Hong Kong dollars)

	Six months ended	
	31st December,	
	2011	2010
	\$'000	\$'000
Profit for the period	<u>120,450</u>	<u>275,566</u>
Other comprehensive income for the period		
Exchange differences arising on consolidation	<u>(36,703)</u>	<u>21,140</u>
	<u>(36,703)</u>	<u>21,140</u>
Total comprehensive income for the period		
attributable to shareholders	<u>83,747</u>	<u>296,706</u>

CONSOLIDATED BALANCE SHEET**At 31st December, 2011 - unaudited**

(Expressed in Hong Kong dollars)

	At 31st December, 2011	At 30th June, 2011
Note	\$'000	\$'000
Non-current assets		
Fixed assets	2,266,519	2,178,732
Interest in jointly controlled entities	1,334,318	1,324,882
Other investments	10,365	11,915
Defined benefit asset	485	485
	<u>3,611,687</u>	<u>3,516,014</u>
Current assets		
Completed properties held for sale	60,584	86,815
Debtors, deposits and prepayments	68,645	99,022
Deposits with banks	2,552,050	2,543,415
Cash at banks and in hand	36,514	44,388
	<u>2,717,793</u>	<u>2,773,640</u>
Current liabilities		
Creditors and accruals	93,463	120,000
Taxation	18,573	23,363
Dividends payable	63,832	-
	<u>175,868</u>	<u>143,363</u>
Net current assets	<u>2,541,925</u>	<u>2,630,277</u>
Total assets less current liabilities	<u>6,153,612</u>	<u>6,146,291</u>
Non-current liabilities		
Deferred taxation	30,938	29,854
	<u>6,122,674</u>	<u>6,116,437</u>
CAPITAL AND RESERVES		
Share capital	91,189	91,189
Reserves	5,590,288	5,584,051
	<u>5,681,477</u>	<u>5,675,240</u>
Deferred profits	441,197	441,197
	<u>6,122,674</u>	<u>6,116,437</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, 2011, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ending 30th June, 2012. Details of these changes in accounting policies are set out below.

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) 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:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs 2010
- Amendments to HK(IFRIC) 14, *HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to HK(IFRIC) 14 have had no material impact on the Group’s financial statements as they were consistent with policies already adopted by the Group.

The remaining developments related primarily to clarification of certain disclosure requirements applicable to the Group’s financial statements. These developments have had no material impact on the contents of this interim financial report.

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 2011 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, 2011 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, 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23rd September, 2011.

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,	
	2011	2010
	\$'000	\$'000
Income from sale of properties	-	86,276
Rentals from investment properties	<u>41,223</u>	<u>39,120</u>
	<u>41,223</u>	<u>125,396</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.

3. Segment information (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, assets and liabilities

	For the six months ended 31st December, 2011			
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Turnover	41,223	-	-	41,223
Finance income	-	(5,972)	-	(5,972)
Other income	-	-	654	654
Total revenue	<u>41,223</u>	<u>(5,972)</u>	<u>654</u>	<u>35,905</u>
Segment results	39,595	(5,972)		33,623
Unallocated expenses				<u>(8,618)</u>
Operating profit				25,005
Share of results of jointly controlled entities	29,436	-		29,436
Net valuation gains on investment properties	82,919	-		<u>82,919</u>
Profit before taxation				<u><u>137,360</u></u>
	At 31st December, 2011			
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Segment assets	3,706,982	2,601,630	20,868	6,329,480
(including interest in jointly controlled entities)	1,334,318			1,334,318
Segment liabilities	86,150	-	120,656	206,806

3. Segment information (continued)

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>288,274</u>
At 30th June, 2011				
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Segment assets	3,666,663	2,602,215	20,776	6,289,654
(including interest in jointly controlled entities)	1,324,882			1,324,882
Segment liabilities	110,019	-	63,198	173,217

(b) Geographical information

	Group turnover		Operating profit	
	Six months ended 31st December, 2011	Six months ended 31st December, 2010	Six months ended 31st December, 2011	Six months ended 31st December, 2010
	\$'000	\$'000	\$'000	\$'000
Geographical location of operations				
Hong Kong	16,938	101,765	978	59,498
United Kingdom	24,285	23,631	24,027	28,381
	<u>41,223</u>	<u>125,396</u>	<u>25,005</u>	<u>87,879</u>

In addition, the turnover of the jointly controlled entities attributable to the Group for the period amounted to \$31,481,000 (2010: \$29,936,000).

4. Finance (expenses)/income

	Six months ended	
	31st December,	
	2011	2010
	\$'000	\$'000
Interest income	6,349	6,012
Dividend income from other investments	165	144
Exchange (losses)/gains	(8,790)	7,995
Net unrealised (losses)/gains on other investments at fair value	(3,696)	2,827
Gain on disposal of other investments	-	2
	<u>(5,972)</u>	<u>16,980</u>

5. Other income

	Six months ended	
	31st December,	
	2011	2010
	\$'000	\$'000
Management fee	248	248
Sundry income	406	1,015
	<u>654</u>	<u>1,263</u>

6. Operating profit

	Six months ended	
	31st December,	
	2011	2010
	\$'000	\$'000
Operating profit is arrived at after charging:		
Property expenses	1,359	1,187
Cost of property sold	-	45,498
	<u></u>	<u></u>

7. Share of results of jointly controlled entities

	Six months ended	
	31st December,	
	2011	2010
	\$'000	\$'000
Share of operating profit of jointly controlled entities	20,858	19,507
Share of write-back of provision for property held for development	-	18,500
Share of net valuation gains on investment properties	11,911	14,575
Share of taxation	<u>(3,333)</u>	<u>(3,187)</u>
Share of results of jointly controlled entities	<u>29,436</u>	<u>49,395</u>

8. Taxation

	Six months ended	
	31st December,	
	2011	2010
	\$'000	\$'000
Current tax - Provision for Hong Kong Profits Tax		
Tax for the period	<u>11,505</u>	<u>7,918</u>
	<u>11,505</u>	<u>7,918</u>
Current tax - Overseas		
Tax for the period	4,069	3,954
Under/(Over) provision in respect of prior years	<u>252</u>	<u>(195)</u>
	<u>4,321</u>	<u>3,759</u>
Deferred taxation		
Origination and reversal of temporary differences	<u>1,084</u>	<u>1,031</u>
	<u>1,084</u>	<u>1,031</u>
	<u>16,910</u>	<u>12,708</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the six months ended 31st December, 2011. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

A tax charge of \$3,333,000 (2010: \$3,187,000) being share of taxation of jointly controlled entities for the six months ended 31st December, 2011 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,	
	2011	2010
	\$'000	\$'000
Interim dividend declared after the interim period end of \$0.10 (2010: \$0.10) per share	4,559	4,559
Special dividend declared with interim dividend after the interim period end of \$0.50 (2010: \$0.50) per share	22,798	22,798
	<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,	
	2011	2010
	\$'000	\$'000
Second interim dividend declared in respect of previous financial year of \$0.30 (2010: \$0.30) per share	13,678	13,678
Final dividend approved in respect of previous financial year of \$0.10 (2010: \$0.10) per share	4,559	4,559
Special dividend approved with final dividend in respect of previous financial year of \$1.30 (2010: \$1.30) per share	<u>59,273</u>	<u>59,273</u>
	<u>77,510</u>	<u>77,510</u>

10. Earnings per share

The calculation of basic and diluted earnings per share is based on the earnings attributable to shareholders of \$120,450,000 (2010: \$275,566,000) and the weighted average of 45,594,656 ordinary shares (2010: 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, 2011	At 30th June, 2011
	\$'000	\$'000
Less than one month past due	420	637
1-3 months past due	70	497
Over 3 months past due	-	196
Total trade debtors	<u>490</u>	<u>1,330</u>
Deposits, prepayment and other receivables	<u>68,155</u>	<u>97,692</u>
	<u><u>68,645</u></u>	<u><u>99,022</u></u>

A defined credit policy is maintained within the Group.

An amount of \$1,207,000 (at 30th June, 2011: \$1,155,000) 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, 2011	At 30th June, 2011
	\$'000	\$'000
Due within 1 month	23	29
Due from 1 to 3 months	-	-
Due after 3 months	<u>201</u>	<u>201</u>
Total trade creditors	224	230
Other payables and accruals	<u>93,239</u>	<u>119,770</u>
	<u><u>93,463</u></u>	<u><u>120,000</u></u>

An amount of \$7,992,000 (at 30th June, 2011: \$6,293,000) included in creditors and accruals under current liabilities is expected to be settled after more than one year.

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, 2012. The Board has also resolved to pay a special dividend of HK\$0.50 per share in respect of the year ending 30th June, 2012. 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 16th March, 2012.

Dividend warrants will be posted to shareholders on or about 13th June, 2012.

CLOSURE OF REGISTER

The register of members will be closed from 15th March, 2012 to 16th March, 2012 (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 14th March, 2012.

REVIEW OF OPERATIONS

The unaudited operating profit of the Group for the six months ended 31st December, 2011, before including the effect of investment properties revaluation and share of results of jointly controlled entities was HK\$25.01 million, compared with HK\$87.88 million for the same period last year. The decrease reflects the fall in income from sales of units in Island Lodge and the effect of the exchange losses arising from the depreciation 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\$120.45 million, compared with HK\$275.57 million for the same period of the previous year. This reflects the fall in income from sales of units in Island Lodge and smaller investment properties revaluation gains.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARIZED BELOW: -

Inland Lot No. 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. The Group has, as a long-term investment, retained 5 residential units, all the retail units and 8 car parking spaces in the building to generate rental income. All other units in the development, save 2 car parking spaces, have now been sold.

Chai Wan Inland Lot No. 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 discussions with government, certain outstanding planning issues were clarified. The Company has engaged consultants to prepare a new application under Section 16 of the Town Planning Ordinance to redevelop the site into a residential and commercial complex, which will follow the “sustainable building design guidelines” and will have a more environmentally friendly design with wider separation between blocks, basement car parking spaces and an improved noise compliance rate. On 20th January, 2012, amendments to the Draft Chai Wan Outline Zoning Plan No. S/H20/19 were published by the Town Planning Board under the Town Planning Ordinance (Chapter 131). The impact of these new amendments on the site is being studied and will be taken into account in the proposed redevelopment of the site.

Aberdeen Inland Lot Nos. 338 & 339, Wong Chuk Hang Road, Aberdeen

Aberdeen Inland Lot Nos. 338 & 339 ("the site"), in which the Group has a 50% interest and Swire Properties Limited has a 50% interest, has a site area of about 25,500 sq. ft. According to the respective conditions of sale, the use of the site is restricted to industrial and/or godown purposes. The site, however, falls within the “Other Specified Uses (1) Business” zone of the Approved Aberdeen and Ap Lei Chau Outline Zoning Plan No. S/H15/27 dated 3rd May, 2011. As the work on the South Island Line progresses, demand for office space in the area increases. The joint venture company owning the site is therefore actively exploring the option of erecting a commercial building thereon and has recently applied to government for lease modifications to redevelop the site into a non-industrial development.

UK Properties

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

OUTLOOK

The European debt crisis and global economic uncertainties remain unabated. Interest rates are likely to stay low and exchange rates volatile in the foreseeable future, with a consequent impact on our finance income. In Hong Kong, capital values in residential properties continue to ease while commercial and retail properties remain relatively stable. The Group, with substantial funds available and no bank borrowing, will continue to seek good investment opportunities with prudence in these uncertain times.

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

During the six months ended 31st December, 2011, 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, 2011, the Group had the following loans to its affiliated companies (as defined by the Listing Rules):

	Amount \$'000	Type	Tenure
Island Land Development Ltd	401,850	Interest free, unsecured loan	No fixed terms of repayment
Hareton Ltd	205,407	Interest free, unsecured loan	No fixed terms of repayment
	<u>607,257</u>		

Combined balance sheet of the above affiliated companies at 31st December, 2011 is as follows:

	\$'000
Fixed assets	1,674,072
Property held for development	417,941
	<u>2,092,013</u>
Current assets	24,084
Current liabilities	<u>(28,163)</u>
	<u>(4,079)</u>
Non-current liabilities	<u>(46,573)</u>
	<u>2,041,361</u>

Attributable interest to the Group at 31st December, 2011 in the above affiliated companies amounted to \$1,020,681,000 (at 30th June, 2011: \$1,008,582,000).

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, 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 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. However, it is the Company’s intention to establish a remuneration committee during this financial year.

NGAN Kit-ling
Chairman

Hong Kong, 17th February, 2012

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*