



# CHINA MOTOR BUS COMPANY, LIMITED

(Incorporated in Hong Kong under the Companies Ordinance Cap. 32)

(Stock code: 26)

## INTERIM RESULTS ANNOUNCEMENT 2006/2007

The Board of Directors announces that the unaudited consolidated profit of the Group for the six months ended 31st December, 2006 after making provisions for taxation amounted to HK\$270.83 million, compared with HK\$168.63 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 PROFIT AND LOSS ACCOUNT

for the six months ended 31st December, 2006 - unaudited

(Expressed in Hong Kong dollars)

		<b>Six months ended</b>	
		<b>31st December,</b>	
		<b>2006</b>	<b>2005</b>
	Note	\$'000	\$'000
<b>Turnover</b>	2	37,519	33,700
Finance income	3	48,744	18,370
Other income	4	607	10,560
Staff costs		(3,717)	(3,573)
Depreciation		(279)	(561)
Other operating expenses		(5,512)	(6,952)
Operating profit	2 & 5	<u>77,362</u>	<u>51,544</u>
Share of results of jointly controlled entities		78,493	94,328
Valuation gains on investment properties		<u>144,000</u>	<u>31,000</u>
Profit before taxation		299,855	176,872
Taxation	6	<u>(29,024)</u>	<u>(8,238)</u>
<b>Profit after taxation attributable to shareholders</b>		<u><u>270,831</u></u>	<u><u>168,634</u></u>
Interim dividends declared after the interim period end	7	<u><u>27,357</u></u>	<u><u>27,357</u></u>
<b>Earnings per share (basic and diluted)</b>	8	<u><u>HK\$5.94</u></u>	<u><u>HK\$3.70</u></u>
<b>Interim dividend per share</b>		<u><u>HK\$0.10</u></u>	<u><u>HK\$0.10</u></u>
<b>Special dividend per share</b>		<u><u>HK\$0.50</u></u>	<u><u>HK\$0.50</u></u>

**CONSOLIDATED BALANCE SHEET**  
**At 31st December, 2006 - unaudited**  
(Expressed in Hong Kong dollars)

	<b>At 31st December, 2006 \$'000</b>	<b>At 30th June, 2006 \$'000</b>
<b>Non-current assets</b>		
Fixed assets	2,057,789	1,848,115
Interest in jointly controlled entities	901,245	833,752
Other investments	12,672	11,876
Defined benefit asset	803	803
	<u>2,972,509</u>	<u>2,694,546</u>
<b>Current assets</b>		
Properties under development for sale	606,181	587,862
Debtors, deposits and prepayments	6,066	4,905
Deposits with banks	1,310,284	1,237,471
Cash at banks and in hand	10,723	11,477
	<u>1,933,254</u>	<u>1,841,715</u>
<b>Current liabilities</b>		
Creditors and accruals	62,352	42,256
Taxation	3,894	3,944
Dividends payable	50,154	-
	<u>116,400</u>	<u>46,200</u>
<b>Net current assets</b>	<u>1,816,854</u>	<u>1,795,515</u>
<b>Total assets less current liabilities</b>	<u>4,789,363</u>	<u>4,490,061</u>
<b>Representing:</b>		
Share capital	91,189	91,189
Reserves	4,101,583	3,828,919
	<u>4,192,772</u>	<u>3,920,108</u>
Deferred profits	441,197	441,197
Deferred taxation	155,394	128,756
	<u>4,789,363</u>	<u>4,490,061</u>

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

**1. Significant accounting policies**

**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”). It was authorised for issuance on 23rd March, 2007.

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, 2006, except for the adoption of certain new standards, amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1st January, 2006. The adoption of the new standards, amendments and interpretations had no material effect on the Group’s results of operation and financial position.

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 2006 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 Hong Kong Financial Reporting Standards.

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports”, issued by 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, 2006 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, 2006 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, 2006.

## 2. Turnover and segment information

The principal activities of the Group are property development and investment.

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

### (a) Business segments

#### For the six months ended 31st December, 2006

	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Turnover	37,519	-	-	37,519
Finance income	-	48,744	-	48,744
Other income	-	-	607	607
Total revenue	<u>37,519</u>	<u>48,744</u>	<u>607</u>	<u>86,870</u>
Segment results	35,587	48,744		84,331
Unallocated expenses				(6,969)
Operating profit				77,362
Share of results of jointly controlled entities	78,493	-		78,493
Valuation gains on investment properties	144,000	-		144,000
Profit before taxation				<u>299,855</u>

#### For the six months ended 31st December, 2005

	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Turnover	33,700	-	-	33,700
Finance income	-	18,370	-	18,370
Other income	-	-	10,560	10,560
Total revenue	<u>33,700</u>	<u>18,370</u>	<u>10,560</u>	<u>62,630</u>
Segment results	31,714	18,370		50,084
Unallocated				1,460
Operating profit				51,544
Share of results of jointly controlled entities	94,328	-		94,328
Valuation gains on investment properties	31,000	-		31,000
Profit before taxation				<u>176,872</u>

(b) Geographical segments

	Group turnover		Operating profit	
	Six months ended 31st December, <b>2006</b> <b>2005</b>		Six months ended 31st December, <b>2006</b> <b>2005</b>	
	\$'000	\$'000	\$'000	\$'000
Geographical location of operations				
Hong Kong	9,017	7,294	40,964	27,195
United Kingdom	<u>28,502</u>	<u>26,406</u>	<u>36,398</u>	<u>24,349</u>
	<u>37,519</u>	<u>33,700</u>	<u>77,362</u>	<u>51,544</u>

In addition, the turnover of the jointly controlled entities attributable to the Group for the period amounted to \$23,140,000 (2005: \$102,223,000).

**3. Finance income**

	<b>Six months ended 31st December, 2006      2005</b>	
	\$'000	\$'000
Interest income	32,563	26,941
Dividend income from other investments	164	159
Exchange gains/(losses)	15,221	(8,507)
Net unrealised gains/(losses) on other investments at fair value	<u>796</u>	<u>(223)</u>
	<u>48,744</u>	<u>18,370</u>

**4. Other income**

	<b>Six months ended 31st December, 2006      2005</b>	
	\$'000	\$'000
Management fee	248	248
Gain on disposal of fixed assets	3	-
Recognition of deferred profits	-	10,001
Sundry income	<u>356</u>	<u>311</u>
	<u>607</u>	<u>10,560</u>

## 5. Operating profit

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating profit is arrived at after charging:		
Property expenses	<u>1,691</u>	<u>1,700</u>

## 6. Taxation

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax - Provision for Hong Kong Profits Tax</b>		
Tax for the period	<u>21</u>	<u>67</u>
	<u>21</u>	<u>67</u>
<b>Current tax - Overseas</b>		
Tax for the period	2,553	2,467
Overprovision in respect of prior years	<u>(189)</u>	<u>(338)</u>
	<u>2,364</u>	<u>2,129</u>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences		
- relating to property valuation	25,200	5,425
- others	<u>1,439</u>	<u>617</u>
	<u>26,639</u>	<u>6,042</u>
	<u>29,024</u>	<u>8,238</u>

The provision for Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the six months ended 31st December, 2006. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

Share of taxation of jointly controlled entities for the six months ended 31st December, 2006 amounting to \$906,000 (2005: \$10,604,000) is included in share of results of jointly controlled entities in the consolidated profit and loss account.

## 7. Dividends

(a) Dividends attributable to the interim period:

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Interim dividend declared after the interim period end of \$0.10 per share (2005: \$0.10)	4,559	4,559
Special dividend declared with interim dividend after the interim period end of \$0.50 per share (2005: \$0.50)	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 attributable to the previous financial years, declared/approved during the interim period:

	<b>Six months ended</b>	
	<b>31st December,</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Second interim dividend declared in respect of previous financial year of \$0.30 per share (at 30th June, 2006:\$0.30 per share)	13,678	13,678
Final dividend approved in respect of previous financial year of \$0.10 per share (at 30th June, 2006: \$0.10 per share)	4,559	4,559
Special dividend approved with final dividend in respect of previous financial year of \$1.00 per share (at 30th June, 2006: \$1.00 per share)	45,595	45,595
	<u>63,832</u>	<u>63,832</u>

## 8. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to shareholders of \$270,831,000 (2005: \$168,634,000) and the weighted average of 45,594,656 ordinary shares (2005: 45,594,656 shares) in issue during the period.

## 9. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

## **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, 2007. The Board has also resolved to pay a special dividend of HK\$0.50 per share in respect of the year ending 30th June, 2007. 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 25th April, 2007.

Dividend warrants will be posted to shareholders on or about 28th June, 2007.

## **CLOSURE OF REGISTER**

The register of members will be closed from 24th April, 2007 to 25th April, 2007 (both days inclusive) during which period no share transfer will be effected. To qualify for the interim 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, 2007.

## **REVIEW OF OPERATIONS**

The unaudited profit attributable to shareholders for the six months ended 31st December, 2006 was HK\$270.83 million, an increase of 61% over the profit of the same period of the previous year. The increase in profit was mainly attributable to the increase in revaluation gains of investment properties of the Group, net of related deferred taxation, and the increase in finance income.

## **HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARIZED BELOW: -**

### **The Remaining Portion of Kowloon Inland Lot No. 1300 (No. 3 Jordan Road, Kowloon)**

The 26-storey building comprising 48 apartments and retail units continues to be popular with tenants and has a satisfactory occupancy record.

### **Inland Lot 7105, Kam Hong Street, North Point**

The property has a site area of approximately 17,870 sq.ft. After completing negotiations with Government on the modification of the Government Lease, including payment of a premium of HK\$568.3 million in October 2005, your Company has transferred the site to a wholly-owned subsidiary of the Company to enable the site to be developed into a commercial and residential complex with a total gross floor area not exceeding 16,866.6 square meters. The subsidiary has appointed a wholly-owned subsidiary of Swire Properties Ltd. to design and build the development on the site and to market and sell the units on its behalf. The superstructure contract was awarded in November 2006 and construction of the superstructure is in progress. At 31st December, 2006, the site formation and foundation work had been completed. The project is planned for completion in the first half of 2009.



### **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. In February 2002, the Town Planning Board approved, subject to a number of planning conditions, the Company's application under Section 16 of the Town Planning Ordinance for redevelopment. Planning approval was extended in January 2005 for a further three years subject to the same conditions. Discussion with Government on the modification of the Government Lease and the process of planning for the redevelopment of the site is ongoing.

### **UK Properties**

The Group's commercial properties in London, namely Albany House, Thanet House and Scorpio House were fully let and continue to perform well.

### **OUTLOOK**

The Group intends to continue with its long term policy to pursue investment opportunities, both locally and overseas, in a prudent manner.

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

During the six months ended 31st December, 2006, 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, 2006, the Group had the following loans to its affiliated companies (as defined by the Listing Rules):

	Amount	Type	Tenure
	\$'000		
Island Land Development Ltd	524,350	Interest free, unsecured loan	No fixed terms of repayment
Hareton Ltd	207,707	Interest free, unsecured loan	No fixed terms of repayment
	<u>732,057</u>		

Combined balance sheet of the above affiliated companies at 31st December, 2006 is as follows:

	\$'000
Fixed assets	1,202,800
Retirement benefit assets	<u>200</u>
	<u>1,203,000</u>
Current assets	115,976
Current liabilities	<u>(15,626)</u>
	<u>100,350</u>
Non-current liabilities	<u>(36,974)</u>
	<u><u>1,266,376</u></u>

Attributable interest to the Group at 31st December, 2006 in the above affiliated companies amounted to \$633,188,000 (at 30th June, 2006: \$567,349,000).

## **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, 2006, 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.

## **PUBLICATION OF INTERIM RESULTS ON THE EXCHANGE’S WEBSITE**

The interim results announcement and the interim report will be published on the website of The Stock Exchange of Hong Kong Limited (“the Exchange”) in due course.

NGAN Kit-ling  
Chairman

Hong Kong, 23rd March, 2007

*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*