



China Motor Bus Co. Ltd.

2012-2013
INTERIM REPORT
Stock Code: 026

The Board of Directors announces that the unaudited consolidated operating profit of the Group for the six months ended 31st December, 2012 was HK\$50.92 million, compared with HK\$25.01 million for the same period last year, and the unaudited consolidated profit after taxation of the Group for the same period amounted to HK\$265.04 million, compared with HK\$120.45 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 attached.

CONSOLIDATED INCOME STATEMENT
for the six months ended 31st December, 2012 - unaudited

(Expressed in Hong Kong dollars)

		Six months ended	
		31st December,	
		2012	2011
	<i>Note</i>	<i>\$'000</i>	<i>\$'000</i>
Turnover	2	45,748	41,223
Cost of sales		<u>(983)</u>	-
Gross profit		44,765	41,223
Finance income/(expenses)	4	17,802	(5,972)
Other income	5	590	654
Staff costs		(4,520)	(4,411)
Depreciation		(82)	(83)
Other operating expenses		<u>(7,640)</u>	(6,406)
Operating profit	3 & 6	50,915	25,005
Share of results of jointly controlled entities	7	101,145	29,436
Net valuation gains on investment properties		<u>119,800</u>	82,919
Profit before taxation		271,860	137,360
Income tax	8	<u>(6,820)</u>	(16,910)
Profit after taxation attributable to shareholders		<u>265,040</u>	<u>120,450</u>
Earnings per share (basic and diluted)	10	<u>HK\$5.81</u>	<u>HK\$2.64</u>

The notes on pages 6 to 13 form part of this interim financial report. 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, 2012 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended	
	31st December,	
	2012	2011
	\$'000	\$'000
Profit for the period	<u>265,040</u>	<u>120,450</u>
Other comprehensive income for the period		
Exchange differences arising on consolidation	<u>35,929</u>	<u>(36,703)</u>
	<u>35,929</u>	<u>(36,703)</u>
Total comprehensive income for the period		
attributable to shareholders	<u>300,969</u>	<u>83,747</u>

The notes on pages 6 to 13 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 31st December, 2012 - unaudited

(Expressed in Hong Kong dollars)

		At 31st December, 2012	At 30th June, 2012
	<i>Note</i>	<i>\$'000</i>	<i>\$'000</i>
Non-current assets			
Fixed assets		2,644,296	2,497,688
Interest in jointly controlled entities		1,437,352	1,356,207
Other investments		14,941	11,911
Defined benefit asset		403	403
		<u>4,096,992</u>	<u>3,866,209</u>
Current assets			
Completed properties held for sale		-	688
Debtors, deposits and prepayments	11	76,951	74,827
Deposits with banks		2,542,620	2,496,955
Cash at banks and in hand		24,356	26,400
		<u>2,643,927</u>	<u>2,598,870</u>
Current liabilities			
Creditors and accruals	12	70,308	71,251
Taxation		7,253	19,117
Dividends payable		63,832	-
		<u>141,393</u>	<u>90,368</u>
Net current assets		<u>2,502,534</u>	<u>2,508,502</u>
Total assets less current liabilities		6,599,526	6,374,711
Non-current liabilities			
Deferred taxation		33,464	32,108
		<u>6,566,062</u>	<u>6,342,603</u>
CAPITAL AND RESERVES			
Share capital	13	91,189	91,189
Reserves		6,033,676	5,810,217
		6,124,865	5,901,406
Deferred profits		441,197	441,197
		<u>6,566,062</u>	<u>6,342,603</u>

The notes on pages 6 to 13 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31st December, 2012 - unaudited
(Expressed in Hong Kong dollars)

	Share capital \$'000	Capital redemption reserve \$'000	Other properties revaluation reserve \$'000	General reserve \$'000	Retained profits \$'000	Total equity \$'000
At 1st July, 2011	<u>91,189</u>	<u>1,348</u>	<u>5,697</u>	<u>340,000</u>	<u>5,237,006</u>	<u>5,675,240</u>
Dividends declared/approved in respect of the previous financial year	-	-	-	-	(77,510)	(77,510)
Realisation of other properties revaluation reserve	-	-	(14)	-	14	-
	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>-</u>	<u>(77,496)</u>	<u>(77,510)</u>
Profit for the period	-	-	-	-	120,450	120,450
Other comprehensive income	-	-	-	-	(36,703)	(36,703)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,747</u>	<u>83,747</u>
At 31st December, 2011	<u>91,189</u>	<u>1,348</u>	<u>5,683</u>	<u>340,000</u>	<u>5,243,257</u>	<u>5,681,477</u>
At 1st July, 2012	<u>91,189</u>	<u>1,348</u>	<u>5,670</u>	<u>350,000</u>	<u>5,453,199</u>	<u>5,901,406</u>
Dividends declared/approved in respect of the previous financial year	-	-	-	-	(77,510)	(77,510)
Realisation of other properties revaluation reserve	-	-	(14)	-	14	-
	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>-</u>	<u>(77,496)</u>	<u>(77,510)</u>
Profit for the period	-	-	-	-	265,040	265,040
Other comprehensive income	-	-	-	-	35,929	35,929
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,969</u>	<u>300,969</u>
At 31st December, 2012	<u>91,189</u>	<u>1,348</u>	<u>5,656</u>	<u>350,000</u>	<u>5,676,672</u>	<u>6,124,865</u>

The notes on pages 6 to 13 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 31st December, 2012 - unaudited
(Expressed in Hong Kong dollars)

	Six months ended	
	31st December,	
	2012	2011
	\$'000	\$'000
Net cash inflow from operating activities	12,780	6,959
Net cash inflow from investing activities	19,771	68,339
Net cash outflow from financing activities	<u>(13,678)</u>	<u>(13,678)</u>
Increase in cash and cash equivalents	18,873	61,620
Effect of foreign exchange rate changes	14,639	(16,673)
Cash and cash equivalents at 1st July	<u>680,248</u>	<u>1,376,883</u>
Cash and cash equivalents at 31st December	<u>713,760</u>	<u>1,421,830</u>
 Analysis of the balances of cash and cash equivalents		
Deposits with banks	2,542,620	2,552,050
Less: Deposits with banks with maturity more than three months	(1,853,216)	(1,166,734)
Cash at banks and in hand	<u>24,356</u>	<u>36,514</u>
	<u>713,760</u>	<u>1,421,830</u>

The notes on pages 6 to 13 form part of this interim financial report.

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, 2012, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ending 30th June, 2013. 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 Group had adopted the amendments to HKAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*, early to the financial statements for the year ended 30th June, 2011. In addition, the amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*, are relevant to the Group’s financial statements.

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

The amendments to HKAS 1 require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future by presenting them separately from those that would never be reclassified to profit or loss. 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 2012 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.

1. Basis of preparation (continued)

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 on page 20.

The financial information relating to the financial year ended 30th June, 2012 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, 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 17th September, 2012.

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,	
	2012	2011
	\$'000	\$'000
Income from sale of properties	2,460	-
Rentals from investment properties	43,288	41,223
	<u>45,748</u>	<u>41,223</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 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, 2012

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'000
Turnover	45,748	–	–	45,748
Finance income	–	17,802	–	17,802
Other income	–	–	590	590
Total revenue	<u>45,748</u>	<u>17,802</u>	<u>590</u>	<u>64,140</u>
Segment results	42,560	17,802		60,362
Unallocated expenses				<u>(9,447)</u>
Operating profit				50,915
Share of results of jointly controlled entities	101,145	–		101,145
Net valuation gains on investment properties	119,800	–		<u>119,800</u>
Profit before taxation				<u>271,860</u>

At 31st December, 2012

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'000
Segment assets	4,134,444	2,585,628	20,847	6,740,919
(including interest in jointly controlled entities)	1,437,352			1,437,352
Segment liabilities	62,370	–	112,487	174,857

3. Segment information (continued)

For the six months ended 31st December, 2011

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'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				(8,618)
Operating profit				25,005
Share of results of jointly controlled entities	29,436	–		29,436
Net valuation gains on investment properties	82,919	–		82,919
Profit before taxation				<u>137,360</u>

At 30th June, 2012

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'000
Segment assets	3,904,488	2,539,917	20,674	6,465,079
(including interest in jointly controlled entities)	1,356,207			1,356,207
Segment liabilities	62,102	–	60,374	122,476

(b) Geographical information

Geographical location of operations	Group turnover		Operating profit	
	Six months ended 31st December, 2012	2011	Six months ended 31st December, 2012	2011
	\$'000	\$'000	\$'000	\$'000
Hong Kong	21,664	16,938	27,077	978
United Kingdom	24,084	24,285	23,838	24,027
	<u>45,748</u>	<u>41,223</u>	<u>50,915</u>	<u>25,005</u>

In addition, the turnover of the jointly controlled entities attributable to the Group for the period amounted to \$33,818,000 (2011: \$31,481,000).

4. Finance income/(expenses)

	Six months ended	
	31st December,	
	2012	2011
	\$'000	\$'000
Interest income	8,712	6,349
Dividend income from other investments	242	165
Exchange gains/(losses)	5,818	(8,790)
Net unrealised gains /(losses) on other investments at fair value	3,030	(3,696)
	<u>17,802</u>	<u>(5,972)</u>

5. Other income

	Six months ended	
	31st December,	
	2012	2011
	\$'000	\$'000
Management fee	248	248
Sundry income	342	406
	<u>590</u>	<u>654</u>

6. Operating profit

	Six months ended	
	31st December,	
	2012	2011
	\$'000	\$'000
Operating profit is arrived at after charging:		
Property expenses	1,842	1,359
Cost of property sold	983	-

7. Share of results of jointly controlled entities

	Six months ended	
	31st December,	
	2012	2011
	\$'000	\$'000
Share of operating profit of jointly controlled entities	22,576	20,858
Share of net valuation gains on investment properties	82,296	11,911
Share of taxation	(3,727)	(3,333)
Share of results of jointly controlled entities	<u>101,145</u>	<u>29,436</u>

8. Income tax

	Six months ended	
	31st December,	
	2012	2011
	\$'000	\$'000
Current tax - Provision for Hong Kong Profits Tax		
Tax for the period	<u>1,576</u>	<u>11,505</u>
	<u>1,576</u>	<u>11,505</u>
Current tax - Overseas		
Tax for the period	4,024	4,069
(Over)/Under provision in respect of prior years	<u>(136)</u>	<u>252</u>
	<u>3,888</u>	<u>4,321</u>
Deferred taxation		
Origination and reversal of temporary differences	<u>1,356</u>	<u>1,084</u>
	<u>1,356</u>	<u>1,084</u>
	<u>6,820</u>	<u>16,910</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the six months ended 31st December, 2012. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

A tax charge of \$3,727,000 (2011: \$3,333,000) being share of taxation of jointly controlled entities for the six months ended 31st December, 2012 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,	
	2012	2011
	\$'000	\$'000
Interim dividend declared after the interim period end of \$0.10 (2011: \$0.10) per share	4,559	4,559
Special dividend declared with interim dividend after the interim period end of \$0.50 (2011: \$0.50) per share	<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.

9. Dividends (continued)

(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,	
	2012	2011
	\$'000	\$'000
Second interim dividend declared in respect of previous financial year of \$0.30 (2011: \$0.30) per share	13,678	13,678
Final dividend approved in respect of previous financial year of \$0.10 (2011: \$0.10) per share	4,559	4,559
Special dividend approved with final dividend in respect of previous financial year of \$1.30 (2011: \$1.30) per share	59,273	59,273
	<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 \$265,040,000 (2011: \$120,450,000) and the weighted average of 45,594,656 ordinary shares (2011: 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	At 30th
	December,	June,
	2012	2012
	\$'000	\$'000
Current	2,140	-
Less than one month past due	795	393
1-3 months past due	113	112
Over 3 months past due	13	-
Total trade debtors	3,061	505
Deposits, prepayments and other receivables	73,890	74,322
	<u>76,951</u>	<u>74,827</u>

A defined credit policy is maintained within the Group.

An amount of \$1,298,000 (at 30th June, 2012: \$1,284,000) 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, 2012 \$'000	At 30th June, 2012 \$'000
Due within 1 month	50	25
Due from 1 to 3 months	-	-
Due after 3 months	<u>201</u>	<u>201</u>
Total trade creditors	251	226
Other payables and accruals	<u>70,057</u>	<u>71,025</u>
	<u>70,308</u>	<u>71,251</u>

An amount of \$9,494,000 (at 30th June, 2012: \$8,368,000) included in creditors and accruals under current liabilities is expected to be settled after more than one year.

13. Share capital

Issued and fully paid:
(of HK\$2 each)

	At 31st December, 2012 \$'000	At 30th June, 2012 \$'000
45,594,656 shares of HK\$2 each	<u>91,189</u>	<u>91,189</u>

14. Material related party transactions

Interest in jointly controlled entities includes loans to the jointly controlled entities at 31st December, 2012 amounting to HK\$583,257,000 (30th June, 2012: HK\$595,257,000) which are unsecured, interest-free and have no fixed terms of repayment.

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, 2013. The Board has also resolved to pay a special dividend of HK\$0.50 per share in respect of the year ending 30th June, 2013. 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 15th March, 2013.

Dividend warrants will be posted to shareholders on or about 14th June, 2013.

CLOSURE OF REGISTER

The register of members will be closed from 14th March, 2013 to 15th March, 2013 (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 13th March, 2013.

REVIEW OF OPERATIONS

The unaudited operating profit of the Group for the six months ended 31st December, 2012, before including the effect of investment properties revaluation and share of results of jointly controlled entities was HK\$50.92 million, compared with HK\$25.01 million for the same period last year. The increase reflects the income from sales of remaining car park units in Island Lodge and the effect of the exchange gains arising from the appreciation of Sterling against the Hong Kong dollar. The unaudited profit attributable to shareholders for the same period after including the effect of investment properties revaluation and the results of jointly controlled entities was HK\$265.04 million, compared with HK\$120.45 million for the same period of the previous year. This reflects higher investment properties revaluation gains and the income from sales of remaining car park units in Island Lodge.

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. Five residential units, all the retail units and 8 car parking spaces in the development are now held by the Group, through a subsidiary company, as a long term investment to generate rental income. All other units in the development 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 at present derives rental income. The property has a site area of approximately 102,420 sq. ft. and is rezoned and designated as a Comprehensive Development Area under Draft Chai Wan Outline Zoning Plan No. S/H20/20. The Company has conducted lengthy discussions with government to clarify certain outstanding planning issues in connection with its application to the Town Planning Board for redevelopment of the site. On 20th January, 2012, amendments to the Draft Chai Wan Outline Zoning Plan No. S/H20/20 were published by the Town Planning Board under the Town Planning Ordinance (Chapter 131). The Company is currently applying to the Town Planning Board under Section 16 of the Town Planning Ordinance to redevelop the site and certain adjoining space into a residential and commercial complex in accordance with a scheme which complies with the new zoning amendments and the Sustainable Building Design Guidelines. The scheme will have a more environmentally friendly architectural design.

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 is currently negotiating with 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 global economic outlook has slightly improved although uncertainties still remain. Interest rates continue to remain low with consequential impact on our finance income. In Hong Kong, although capital values in residential properties have risen in the second half of 2012, the future trend is somewhat uncertain in light of recent government policies. As investor sentiment towards commercial properties continues to improve, both capital values and rentals are likely to grow. The Group, with substantial funds and no bank borrowing, will continue to look for sound investment opportunities.

DIRECTORS' INTEREST IN SHARES

As at 31st December, 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

	Ordinary shares of HK\$2 each			Total ordinary shares held	Percentage of total issued shares
	Personal interests	Family interests	Other interests		
NGAN Kit-ling	4,848,345	-	33,468 (Note)	4,881,813	10.71%
Dr. NGAN Kit-keung	6,941,013	1,250	33,468 (Note)	6,975,731	15.30%
Dr. Henry NGAN	7,173,125	250	33,468 (Note)	7,206,843	15.81%
Dr. LIU Lit-mo	62,250	-	-	62,250	0.14%
Fritz HELMREICH	50,000	-	-	50,000	0.11%
Anthony Grahame STOTT	600	-	-	600	-
TSE Yiu-wah	137,800	-	-	137,800	0.30%

Note : The 33,468 shares in the Company are included in the estate of the late Madam WONG Yick-mui.

All the interests disclosed above represent long positions as at 31st December, 2012.

Save as disclosed above, as at 31st December, 2012, none of the directors or chief executive of the Company or any of their spouses or children under 18 years of age had held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rules 13.51B(1) and 13.51B(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the changes in directors' information are set out as follows:

Ngan Kit-ling receives an emolument package comprising director's fee, contribution to retirement benefit scheme, and salary and other benefits having reference to her position as the Company's Chairman and Managing Director. Ngan Kit-ling's monthly salary has been increased from HK\$177,336 to HK\$195,100 with effect from 1st January, 2013, all other benefits remaining unchanged.

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION (continued)

Dr. Ngan Kit-keung receives an emolument package comprising director's fee, contribution to retirement benefit scheme, and salary and other benefits having reference to his position as the Company's Assistant Managing Director. Dr. Ngan's monthly salary has been increased from HK\$74,714 to HK\$82,200 with effect from 1st January, 2013, all other benefits remaining unchanged.

With effect from 19th November, 2012, Mr. Fritz Helmreich has become a Director of Heartwell Limited, a wholly owned subsidiary of China Motor Bus Company, Limited.

Other than those disclosed above, there is no other information in respect of the above directors and any other directors of the Company required to be disclosed pursuant to Rules 13.51B(1) and 13.51B(3) of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The Company has been notified of the following interests in the Company's issued shares at 31st December, 2012, amounting to 5% or more of the shares in issue:

Substantial shareholders	Ordinary shares held	Percentage of total issued shares
NGAN Kit-ling	4,881,813 (<i>Note</i>)	10.71%
Dr. NGAN Kit-keung	6,975,731 (<i>Note</i>)	15.30%
Dr. Henry NGAN	7,206,843 (<i>Note</i>)	15.81%
CHAN Kwan Shat & WONG Wai Gin	5,553,200	12.18%
Other persons		
CHING Yung Yu	2,496,200	5.47%

Note: There is a duplication of 33,468 shares which are included in the estate of the late Madam WONG Yick-mui.

All the interests disclosed above represent long positions as at 31st December, 2012.

Save as disclosed above, so far as the directors are aware, as at 31st December, 2012, none of the above shareholders had held any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation as defined in the SFO.

Apart from the foregoing, as at 31st December, 2012, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

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

During the six months ended 31st December, 2012, 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, 2012, the Group had the following loans to its affiliated companies (as defined by the Listing Rules):

	Amount \$'000	Type	Tenure
Island Land Development Ltd	377,850	Interest free, unsecured loan	No fixed terms of repayment
Hareton Ltd	205,407	Interest free, unsecured loan	No fixed terms of repayment
	<u>583,257</u>		

Combined balance sheet of the above affiliated companies at 31st December, 2012 is as follows:

	\$'000
Fixed assets	1,874,048
Property held for development	418,392
	<u>2,292,440</u>
Current assets	33,859
Current liabilities	(28,608)
	<u>5,251</u>
Non-current liabilities	(48,862)
	<u>2,248,829</u>

Attributable interest to the Group at 31st December, 2012 in the above affiliated companies amounted to \$1,124,414,000 (at 30th June, 2012: \$1,038,851,000).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all the directors of the Company, the Company has been advised that all of its directors have complied with the required standard as set out in the Model Code applicable during the six months ended 31st December, 2012.

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 Listing Rules throughout the six months ended 31st December, 2012, except the following:

- (i) The Company has not separated the roles of the Chairman of the Board and the Chief Executive as required under code provision A2.1 of the Code. The Company believes that separation of Chairman and the Chief Executive would not result in enhanced efficiency and improved governance. The balance of power and authority between the Chief Executive 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 A5.1 provides that the Company should establish a nomination committee. The Company does not have a nomination committee as the role and the function of such a committee are performed by the Board. The Chairman and the other directors review from time to time the composition of the Board. The Board makes recommendations to shareholders on directors standing for re-election, providing information on directors to enable shareholders to make an informed decision on the re-election, and where necessary, to appoint directors to fill casual vacancies.
- (iv) Code A1.8 provides that the Company should arrange appropriate insurance cover in respect of legal action against its directors. Historically, the Company has not effected insurance cover in respect of legal action, if any, against its directors. As at 31st December, 2012, this matter was being further considered.

NGAN Kit-ling
Chairman

Hong Kong, 18th February, 2013



REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA MOTOR BUS COMPANY, LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 1 to 13 which comprises the consolidated balance sheet of China Motor Bus Company, Limited as of 31st December, 2012 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with the Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 31st December, 2012 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Hong Kong, 18th February, 2013