



CHINA MOTOR BUS COMPANY, LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 026)

Chairman's Statement

GROUP RESULTS AND DIVIDENDS

The Board of Directors announces that the operating profit of the Group for the year ended 30th June, 2007 increased to HK\$154.3 million from HK\$117.6 million in the previous year primarily due to the increase in rental income and finance income. The audited consolidated profit of the Group for the year amounted to HK\$465 million, compared with HK\$395 million for the previous year. The increase in profit reflects an increase in the valuation gains of investment properties for the year in line with the prevailing market trend.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Friday, 7th December, 2007 the payment of a final dividend of HK\$0.10 per share. The Directors will also recommend to the shareholders the payment of a special dividend of HK\$1.20 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$0.50 per share, and a second interim dividend of HK\$0.30 per share payable on 15th November, 2007, will make a total dividend for the year of HK\$2.20 per share, compared with HK\$2.00 per share for the previous year.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARIZED BELOW:-

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 an upmarket commercial and residential complex with a total gross floor area not exceeding 16,866.6 square metres. 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. This prestigious development, known as "Island Lodge", comprises 184 luxurious residential units with sizes ranging from 777 square feet to 2,265 square feet in a single 45 storey block with a tastefully decorated clubhouse, 50 car parking spaces and retail facilities on the ground floor. At 30th June, 2007, most of the podium and 3 floors of the residential tower were completed. The project is planned for completion in the first half of 2009. Pre-sale consent has been given in July 2007 and it is anticipated that residential units will be offered for sale in the last quarter of 2007.

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. The Company is continuing discussion with Government on the modification of the Government Lease. The Company remains committed to maximising the potential of the site.

THE REMAINING PORTION OF KOWLOON INLAND LOT NO. 1300 (NO. 3, JORDAN ROAD, KOWLOON)

The 26-storey building comprising 48 furnished apartments and retail units continues to be popular with tenants and has a satisfactory occupancy record in spite of stiff competition.

U .K. PROPERTIES

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

FUTURE OUTLOOK

Construction work on the prestigious residential and commercial complex on Inland Lot 7105 in Kam Hong Street, known as "Island Lodge", is progressing well and it is anticipated that residential units will be offered for sale in the last quarter of 2007. The Group intends to continue with its policy to seek investment opportunities, both locally and overseas, in its customary prudent way in the future.

NGAN Kit-ling
Chairman

Hong Kong, 18th October, 2007



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ANNOUNCEMENT

The Board of Directors announces that the audited consolidated profit of the Group for the year ended 30th June, 2007 amounted to HK\$464.53 million, compared with HK\$395.21 million for the previous year.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30th June, 2007

(Expressed in Hong Kong dollars)

		2007	2006
	Note	\$000's	\$000's
Turnover	2	76,819	68,018
Finance income	3	95,572	59,348
Other income	4	1,654	11,682
Staff costs		(7,784)	(7,705)
Depreciation		(563)	(1,140)
Other operating expenses		(11,346)	(12,619)
Operating profit	2 & 5	154,352	117,584
Share of results of jointly controlled entities		128,607	173,997
Valuation gains on investment properties		227,947	148,726
Profit before taxation		510,906	440,307
Taxation	6	(46,380)	(45,094)
Profit after taxation attributable to shareholders		<u>464,526</u>	<u>395,213</u>
Dividends attributable to the year	7	<u>100,308</u>	<u>91,189</u>
Earnings per share	8		
Basic and diluted		<u>HK\$10.19</u>	<u>HK\$8.67</u>

CONSOLIDATED BALANCE SHEET

At 30th June, 2007

(Expressed in Hong Kong dollars)

	2007 \$000's	2006 \$000's
Non-current assets		
Fixed assets	2,172,315	1,848,115
Interest in jointly controlled entities	943,359	833,752
Other investments	12,903	11,876
Defined benefit asset	656	803
	<u>3,129,233</u>	<u>2,694,546</u>
Current assets		
Property under development for sale	629,199	587,862
Debtors, deposits and prepayments	2,211	4,905
Deposits with banks	1,318,991	1,237,471
Cash at bank and in hand	12,965	11,477
	<u>1,963,366</u>	<u>1,841,715</u>
Current liabilities		
Creditors and accruals	88,056	42,256
Taxation	3,711	3,944
	<u>91,767</u>	<u>46,200</u>
Net current assets	<u>1,871,599</u>	<u>1,795,515</u>
Total assets less current liabilities	<u>5,000,832</u>	<u>4,490,061</u>
Representing:		
Share capital	91,189	91,189
Reserves	4,298,733	3,828,919
	4,389,922	3,920,108
Deferred profits	441,197	441,197
Deferred taxation	169,713	128,756
	<u>5,000,832</u>	<u>4,490,061</u>

Notes

1. Changes in accounting policies

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations that are effective or available for early adoption for the current accounting period of the group and the company. The adoption of these new and revised HKFRSs did not have significant impact on the results of operations and financial position of the group and the company.

2. Turnover and segment reporting

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

Turnover represents rental income from investment properties.

(a) Business segments

The group comprises the following main business segments:

	Property investment and development		Treasury management		Unallocated		Consolidated	
	2007 HK\$000's	2006 HK\$000's	2007 HK\$000's	2006 HK\$000's	2007 HK\$000's	2006 HK\$000's	2007 HK\$000's	2006 HK\$000's
Turnover	76,819	68,018	-	-	-	-	76,819	68,018
Finance income	-	-	95,572	59,348	-	-	95,572	59,348
Other income	-	10,001	-	-	1,654	1,681	1,654	11,682
Total revenue	76,819	78,019	95,572	59,348	1,654	1,681	174,045	139,048
Segment results	73,230	74,821	95,572	59,348			168,802	134,169
Unallocated expenses							(14,450)	(16,585)
Operating profit							154,352	117,584
Share of results of jointly controlled entities	128,607	173,997	-	-			128,607	173,997
Valuation gains on investment properties	227,947	148,726	-	-			227,947	148,726
Taxation							(46,380)	(45,094)
Profit attributable to shareholders							464,526	395,213
Depreciation for the year	(301)	(255)	-	-	(262)	(885)	(563)	(1,140)

(b) *Geographical segments*

	Group turnover		Operating profit	
	2007	2006	2007	2006
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
<i>Geographical locations of operations</i>				
Hong Kong	18,776	15,214	82,349	60,340
United Kingdom	<u>58,043</u>	<u>52,804</u>	<u>72,003</u>	<u>57,244</u>
	76,819	68,018	154,352	117,584
	=====	=====	=====	=====

The turnover of the jointly controlled entities attributable to the group for the year amounted to \$46,897,000 (2006: \$ 125,745,000).

3. Finance income

	2007	2006
	HK\$000's	HK\$000's
Interest income	65,858	54,780
Dividend income from other investments	536	517
Exchange gains	28,151	3,961
Net unrealised gains on other investments	<u>1,027</u>	<u>90</u>
	95,572	59,348
	=====	=====

4. Other income

	2007	2006
	HK\$000's	HK\$000's
Recognition of deferred profits	-	10,001
Management fee	497	496
Unclaimed dividends forfeited	493	359
Gain on disposal of fixed assets	3	-
Sundry income	<u>661</u>	<u>826</u>
	1,654	11,682
	=====	=====

5. Operating profit

Operating profit is arrived at

	2007	2006
	HK\$000's	HK\$000's
<i>after charging:</i>		
(a) Staff costs:		
Contributions to defined contribution retirement scheme	104	85
Decrease in asset for defined benefit retirement schemes	147	341
Salaries, wages and other benefits	<u>7,533</u>	<u>7,279</u>
	7,784	7,705
	=====	=====
(b) Other items:		
Auditors' remuneration		
- audit services (Note)	2,787	2,582
- tax services	532	528
Legal and professional fees	1,322	2,935
Property expenses	3,073	2,958
	=====	=====
Note: including under/over provision in respect of previous years		
<i>and after crediting:</i>		
Rental income less outgoings	73,746	65,060
which includes		
- gross rental income from investment properties	76,819	68,018
	=====	=====

6. Taxation

The provision for Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year ended 30th June, 2007. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

	2007 HK\$000's	2006 HK\$000's
Current tax – Provision for Hong Kong Profits Tax		
Tax for the year	93	93
Overprovision in respect of prior years	<u>-</u>	<u>(1)</u>
	93	92
	-----	-----
Current tax - Overseas		
Tax for the year	4,998	4,953
Under/(over) provision in respect of prior years	<u>332</u>	<u>(317)</u>
	5,330	4,636
	-----	-----
Deferred tax		
Origination and reversal of temporary differences		
- relating to property valuation	42,089	29,840
- others	3,001	10,526
- effect of change in the United Kingdom tax rate on deferred tax balances at 1st July	<u>(4,133)</u>	<u>-</u>
	<u>40,957</u>	<u>40,366</u>
	-----	-----
	46,380	45,094
	=====	=====

On 21st March, 2007, it was announced that the United Kingdom income tax rate will be changed from 22% to 20% with effect from 6th April, 2008. Accordingly, the relevant UK deferred tax liabilities have been calculated using the new rate of 20%.

Share of taxation of jointly controlled entities for the year ended 30th June, 2007 amounting to \$6,852,000 (2006: \$12,844,000) is included in share of results of jointly controlled entities in the consolidated profit and loss account.

7. Dividends

Dividends attributable to the year:

	2007 HK\$000's	2006 HK\$000's
First interim dividend declared and paid of HK\$0.10 per share (2006: HK\$0.10)	4,559	4,559
Special dividend declared and paid of HK\$0.50 per share (2006: HK\$0.50)	22,798	22,798
Second interim dividend declared after the balance sheet date of HK\$0.30 per share (2006: HK\$0.30)	13,678	13,678
Final dividend proposed after the balance sheet date of HK\$0.10 per share (2006: HK\$0.10)	4,559	4,559
Special dividend proposed after the balance sheet date of HK\$1.20 per share (2006: HK\$1.00)	<u>54,714</u>	<u>45,595</u>
	100,308	91,189
	=====	=====

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

8. Earnings per share

The calculation of basic and diluted earnings per share is based on profit attributable to shareholders of HK\$464,526,000 (2006: HK\$395,213,000) and the weighted average of 45,594,656 (2006: 45,594,656) shares in issue during the year.

9. Review of results

The annual results for the year ended 30th June, 2007 have been reviewed by the company's audit committee.

Dividends

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Friday, 7th December, 2007 the payment of a final dividend of HK\$0.10 per share. The Directors will also recommend to the shareholders the payment of a special dividend of HK\$1.20 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$0.50 per share, and a second interim dividend of HK\$0.30 per share, will make a total dividend for the year of HK\$2.20 per share, compared with HK\$2.00 per share for the previous year.

Subject to the approval by shareholders at the forthcoming Ordinary Yearly Meeting, the final dividend will be payable on 4th February, 2008.

Closure of Register

The register of members will be closed from Monday, 3rd December, 2007 to Thursday, 6th December, 2007, both days inclusive, during which period no share transfers will be effected. To qualify for the final 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 Friday, 30th November, 2007.

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

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

Group Results

The Board of Directors announces that the operating profit of the group for the year ended 30th June, 2007 increased to HK\$154.35 million from HK\$117.58 million in the previous year primarily due to the increase in rental income and finance income. The audited consolidated profit of the group for the year amounted to HK\$464.53 million, compared with HK\$395.21 million for the previous year. The increase in profit of 18% reflects an increase in the valuation gains of investment properties for the year in line with prevailing market trends.

Future Outlook

Construction work on the prestigious residential and commercial complex on Inland Lot 7105 in Kam Hong Street, known as "Island Lodge", is progressing well and it is anticipated that residential units will be offered for sale in the last quarter of 2007. The Group intends to continue with its policy to seek investment opportunities, both locally and overseas, in its customary prudent way in the future.

Disclosure pursuant to Listing Rule 13.22

At 30th June, 2007, the group had the following loans to its affiliated companies (as defined by the Listing Rules):

Company	Amount HK\$000's	Type	Tenure
Island Land Development Limited	516,350	Interest free, unsecured loan	No fixed terms of repayment
Hareton Limited	207,707	Interest free, unsecured loan	No fixed terms of repayment
	<u>724,057</u> =====		

Combined balance sheet of the above affiliated companies at 30th June, 2007 is as follows:

	HK\$000's
Fixed assets	1,286,000
Retirement benefit assets	<u>200</u>
	1,286,200

Current assets	119,876
Current liabilities	<u>(17,699)</u>
	102,177

Non-current liabilities	(46,953)

	<u>1,341,424</u> =====

Attributable interest to the group at 30th June, 2007 in the above affiliated companies amounted to HK\$670,712,000 (2006: HK\$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 year ended 30th June, 2007, except the following:

- (i) The Company has not separated the roles of the Chairman of the Board and the Chief Executive Officer as required under code provision A2.1 of the Code. The Company believes that separation of Chairman and the Chief Executive Officer would not result in enhanced efficiency and improved governance. The balance of power and authority between Chief Executive Officer and the Board is ensured by regular discussion and meetings of the full Board and active participation of independent non-executive directors.
- (ii) Code A4.2 provides that all directors including those appointed for a specified term should retire by rotation at least every three years. Certain executive directors of the Company do not rotate as there are specific provisions governing the rotation of directors in the Company’s Articles of Association.
- (iii) Code B1.1 provides that the Company should establish a remuneration committee. The Company has not established a remuneration committee in view of the Company’s size and simple structure. The full Board reviews annually the remuneration of the executive directors and determines their remuneration.

By Order of the Board
Kwok Pun Tak
Secretary

Hong Kong, 18th October, 2007

As at the date hereof, the Board of Directors of the company comprises NGAN Kit-ling, Dr. NGAN Kit-keung, Dr. Henry NGAN, Dr. LIU Lit-mo*, Fritz HELMREICH, Anthony Grahame STOTT* and TSE Yiu-wah*.

*Independent non-executive director