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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, 2009 increased to HK\$574.6 million from HK\$122.9 million in the previous year primarily due to the increase in income from sale of properties under development for sale, partly offset by the decrease in finance income. The audited consolidated profit of the Group for the year amounted to HK\$274 million, compared with HK\$332 million for the previous year, after taking into consideration the effect of investment properties valuation. Share of results of jointly controlled entities decreased compared with last year which is also the result of falls in investment properties valuation.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Friday, 11th December, 2009 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\$1.40 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 9th November 2009, will make a total dividend for the year of HK\$2.40 per share, compared with HK\$2.20 per share for the previous year.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARIZED BELOW:-

Inland Lot 7105, Kam Hong Street, North Point (ISLAND LODGE)

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 of the Company 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 comprises 184 luxurious residential units with sizes ranging from 777 sq. ft. to 2,265 sq. ft. in a single 45 storey block with a tastefully decorated clubhouse, 50 car parking spaces and retail facilities on the ground floor. The building and fitting out

works have been completed. The occupation permit was issued on 17th December, 2008 and the Certificate of Compliance was issued on 19th March, 2009. As at 30th June, 2009, approximately 80% of the residential units have been sold. This has turned out to be a highly successful project and has so far been very well received by buyers.

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 2008 for a further three years until 8th February, 2011 subject to the same conditions. The Company is continuing discussion with Government on the development of the site with a view to realize its potential.

UK Properties

The Group's freehold commercial properties in central London remain fully let. After an earlier steep decline, market value of commercial properties in central London has stabilized and has begun to rise again in freehold properties with good covenants, like ours. Our commercial properties in London, therefore, continue to be valuable long term investments.

OUTLOOK

The global financial market has stabilized since the second quarter of 2009 with sharp rise in share prices worldwide. In Hong Kong, although residential price has appreciated significantly, it is not clear that the price of commercial properties has followed the same trend. Despite a still somewhat uncertain outlook, the Group, with substantial funds available and no bank borrowing, will continue to look for favourable opportunities to invest with a view to create shareholder value.

NGAN Kit-ling
Chairman

Hong Kong, 21st October 2009



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ANNOUNCEMENT

The Board of Directors announces that the audited consolidated profit of the Group for the year ended 30th June, 2009 amounted to HK\$274.26 million, compared with HK\$332.47 million for the previous year.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30th June, 2009

(Expressed in Hong Kong dollars)

		2009	2008
	Note	\$000's	\$000's
Turnover	2	1,483,762	83,225
Cost of sales		(857,283)	-
Gross profit		626,479	83,225
Finance (expenses)/income	3	(33,465)	58,272
Other income	4	3,859	1,852
Staff costs		(7,834)	(7,712)
Depreciation		(437)	(546)
Other operating expenses		(14,015)	(12,180)
Operating profit	2 & 5	574,587	122,911
Share of results of jointly controlled entities		(70,926)	195,237
Net valuation (losses)/gains on investment properties		(193,022)	18,032
Profit before taxation		310,639	336,180
Taxation	6	(36,378)	(3,707)
Profit after taxation attributable to shareholders		274,261	332,473
Dividends attributable to the year	7	109,427	100,308
Earnings per share	8		
Basic and diluted		HK\$6.02	HK\$7.29

CONSOLIDATED BALANCE SHEET

At 30th June, 2009

(Expressed in Hong Kong dollars)

	2009 \$000's	2008 \$000's
Non-current assets		
Fixed assets	1,802,030	2,176,425
Interest in jointly controlled entities	1,007,070	1,109,196
Other investments	8,823	11,141
Defined benefit asset	881	724
	<u>2,818,804</u>	<u>3,297,486</u>
Current assets		
Property under development for sale	-	765,825
Completed property held for sale	347,570	-
Debtors, deposits and prepayments	558,874	34,479
Deposits with banks	2,024,153	1,524,230
Cash at banks and in hand	15,756	13,051
	<u>2,946,353</u>	<u>2,337,585</u>
Current liabilities		
Creditors and accruals	516,948	411,224
Taxation	68,784	4,623
	<u>585,732</u>	<u>415,847</u>
Net current assets	<u>2,360,621</u>	<u>1,921,738</u>
Total assets less current liabilities	<u>5,179,425</u>	<u>5,219,224</u>
Representing:		
Share capital	91,189	91,189
Reserves	<u>4,512,388</u>	<u>4,519,730</u>
	4,603,577	4,610,919
Deferred profits	441,197	441,197
Deferred taxation	134,651	167,108
	<u>5,179,425</u>	<u>5,219,224</u>

Notes

1. Basis of preparation

These financial statements have been prepared in accordance with all applicable 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 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued the following new interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the group:

- HK(IFRIC) 14, *HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction*
- Amendment to HKAS 39, *Financial instruments: Recognition and measurement*, and HKFRS 7, *Financial instruments: Disclosures - Reclassification of financial assets*

These HKFRS developments have had no material impact on 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.

2. Turnover and segment reporting

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

Turnover represents rental income and income from sale of properties. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009	2008
	HK\$000's	HK\$000's
Income from sales of properties	1,408,268	-
Rentals from investment properties	<u>75,494</u>	<u>83,225</u>
	1,483,762	83,225
	=====	=====

2. Turnover and segment reporting (continued)

(a) Business segments

The group comprises the following main business segments:

	Property investment and development		Treasury management		Unallocated		Consolidated	
	2009 HK\$000's	2008 HK\$000's	2009 HK\$000's	2008 HK\$000's	2009 HK\$000's	2008 HK\$000's	2009 HK\$000's	2008 HK\$000's
Turnover	1,483,762	83,225	-	-	-	-	1,483,762	83,225
Finance (expenses)/income	-	-	(33,465)	58,272	-	-	(33,465)	58,272
Other income	-	-	-	-	3,859	1,852	3,859	1,852
Total revenue	1,483,762	83,225	(33,465)	58,272	3,859	1,852	1,454,156	143,349
Segment results	621,678	79,250	(33,465)	58,272			588,213	137,522
Unallocated expenses							(13,626)	(14,611)
Operating profit							574,587	122,911
Share of results of jointly controlled entities	(70,926)	195,237	-	-			(70,926)	195,237
Net valuation (losses)/gains on investment properties	(193,022)	18,032	-	-			(193,022)	18,032
Taxation							(36,378)	(3,707)
Profit attributable to shareholders							274,261	332,473
Depreciation for the year	(297)	(298)	-	-	(140)	(248)	(437)	(546)

2. Turnover and segment reporting (continued)

(b) Geographical segments

	Group turnover		Operating profit	
	2009	2008	2009	2008
	HK\$000's	HK\$000's	HK\$000's	HK\$000's
<i>Geographical locations of operations</i>				
Hong Kong	1,435,499	22,216	550,174	57,521
United Kingdom	<u>48,263</u>	<u>61,009</u>	<u>24,413</u>	<u>65,390</u>
	1,483,762	83,225	574,587	122,911
	=====	=====	=====	=====

The turnover of the jointly controlled entities attributable to the group for the year amounted to \$58,883,000 (2008: \$ 55,732,000).

3. Finance (expenses)/income

	2009	2008
	HK\$000's	HK\$000's
Interest income	32,174	61,608
Dividend income from other investments	386	490
Exchange loss	(63,403)	(5,943)
Net unrealised (losses)/gains on other investments	(2,601)	792
(Loss)/gain on disposal of other investments	<u>(21)</u>	<u>1,325</u>
	(33,465)	58,272
	=====	=====

4. Other income

	2009	2008
	HK\$000's	HK\$000's
Management fee	497	497
Unclaimed dividends forfeited	2,320	344
Loss on disposal of fixed assets	-	(10)
Sundry income	<u>1,042</u>	<u>1,021</u>
	3,859	1,852
	=====	=====

5. Operating profit

Operating profit is arrived at

	2009	2008
	HK\$000's	HK\$000's
<i>after charging:</i>		
(a) Staff costs:		
Contributions to defined contribution retirement scheme	100	106
Income recognized in respect of defined benefit retirement schemes	(157)	(68)
Salaries, wages and other benefits	<u>7,891</u>	<u>7,674</u>
	7,834	7,712
	=====	=====
(b) Other items:		
Auditors' remuneration		
- audit services (Note)	2,887	2,650
- tax services	721	722
Legal and professional fees	2,981	2,300
Property expenses	4,201	3,376
Cost of property sold	857,283	-
	=====	=====
Note: including under-provision in respect of previous year		
<i>and after crediting:</i>		
Rental income less outgoings	71,293	79,849
which includes		
- gross rental income from investment properties	75,494	83,225
	=====	=====

6. Taxation

The provision for Hong Kong profits tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year ended 30th June, 2009. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

	2009	2008
	HK\$000's	HK\$000's
Current tax – Provision for Hong Kong Profits Tax		
Tax for the year	63,025	865
Over-provision in respect of prior years	<u>(16)</u>	<u>(25)</u>
	63,009	840
	-----	-----
Current tax - Overseas		
Tax for the year	6,175	5,186
(Over)/under-provision in respect of prior years	<u>(349)</u>	<u>286</u>
	5,826	5,472
	-----	-----
Deferred tax		
Origination and reversal of temporary differences		
- relating to property valuation	(30,300)	(1,440)
- others	(2,157)	5,099
- effect of change in the Profits Tax rate on deferred tax balances at 1st July	<u>-</u>	<u>(6,264)</u>
	<u>(32,457)</u>	<u>(2,605)</u>
	-----	-----
	36,378	3,707
	=====	=====

Share of taxation of jointly controlled entities for the year ended 30th June, 2009 amounting to tax credit of \$12,839,000 (2008: tax charge of \$22,371,000) is included in share of results of jointly controlled entities in the consolidated profit and loss account.

7. Dividends

Dividends payable to equity shareholders of the company attributable to the year:

	2009	2008
	HK\$000's	HK\$000's
First interim dividend declared and paid of HK\$0.10 per share (2008: HK\$0.10)	4,559	4,559
Special dividend declared and paid of HK\$0.50 per share (2008: HK\$0.50)	22,798	22,798
Second interim dividend declared after the balance sheet date of HK\$0.30 per share (2008: HK\$0.30)	13,678	13,678
Final dividend proposed after the balance sheet date of HK\$0.10 per share (2008: HK\$0.10)	4,559	4,559
Special dividend proposed after the balance sheet date of HK\$1.40 per share (2008: HK\$1.20)	<u>63,833</u>	<u>54,714</u>
	109,427	100,308
	=====	=====

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\$274,261,000 (2008: HK\$332,473,000) and the weighted average of 45,594,656 (2008: 45,594,656) shares in issue during the year.

9. Debtors, deposits and prepayments

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

	2009	2008
	HK\$000's	HK\$000's
Current	500,053	-
Less than one month past due	919	1,342
1-3 months past due	<u>39,885</u>	<u>-</u>
Total trade debtors	540,857	1,342
Deposits, prepayment and other receivable	<u>18,017</u>	<u>33,137</u>
	558,874	34,479
	=====	=====

A defined credit policy is maintained within the group.

Proceeds from sales of properties are receivable pursuant to the terms of the sales and purchase agreements. Management believes that no impairment allowance is necessary in respect of these balances as the balances are still considered fully recoverable.

10. Creditors and accruals

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

	2009	2008
	HK\$000's	HK\$000's
Due within 1 month	34	28
Due from 1 to 3 months	-	28
Due after 3 months	<u>201</u>	<u>201</u>
Total trade creditors	235	257
Other payables and accruals, including sales/pre-sales deposits	<u>516,713</u>	<u>410,967</u>
	516,948	411,224
	=====	=====

11. Review of results

The annual results for the year ended 30th June, 2009 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, 11th December, 2009 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\$1.40 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\$2.40 per share, compared with HK\$2.20 per share for the previous year.

Subject to the approval by shareholders at the forthcoming Ordinary Yearly Meeting, the final dividend and the special dividend will be payable on 5th February, 2010.

Closure of Register

The register of members will be closed from Monday, 7th December, 2009 to Thursday, 10th December, 2009, both days inclusive, during which period no share transfers will be effected. To qualify for the final 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 4th December, 2009.

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, 2009 increased to HK\$574.59 million from HK\$122.91 million in the previous year primarily due to the increase in income from sale of properties under development for sale, partly offset by the decrease in finance income. The audited consolidated profit of the group for the year amounted to HK\$274.26 million, compared with HK\$332.47 million for the previous year, after taking into consideration the effect of investment properties valuation. Share of results of jointly controlled entities decreased compared with last year which is also the result of falls in investment properties valuation.

Future Outlook

The global financial market has stabilized since the second quarter of 2009 with sharp rise in share prices worldwide. In Hong Kong, although residential prices have appreciated significantly, it is not clear that the price of commercial properties has followed the same trend. Despite a still somewhat uncertain outlook, the group, with substantial funds available and no bank borrowing, will continue to look for favourable opportunities to invest with a view to create shareholder value.

Disclosure pursuant to Listing Rule 13.22

At 30th June, 2009, 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	469,350	Interest free, unsecured loan	No fixed terms of repayment
Hareton Limited	207,707	Interest free, unsecured loan	No fixed terms of repayment
	<u>677,057</u> =====		

Combined balance sheet of the above affiliated companies at 30th June, 2009 is as follows:

	HK\$000's
Fixed assets	1,336,114
Retirement benefit assets	<u>358</u>
	1,336,472 -----
Current assets	243,502
Current liabilities	<u>(27,076)</u>
	216,426 -----
Non-current liabilities	(57,222) -----
	<u>1,495,676</u> =====

Attributable interest to the group at 30th June, 2009 in the above affiliated companies amounted to HK\$747,838,000 (2008: HK\$833,502,000).

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, 2009, except the following:

- (i) The Company has not separated the roles of the Chairman of the Board and the Chief Executive Officer as required under code provision A2.1 of the Code. The Company believes that separation of Chairman and the Chief Executive Officer would not result in enhanced efficiency and improved governance. The balance of power and authority between Chief Executive Officer and the Board is ensured by regular discussion and meetings of the full Board and active participation of independent non-executive directors.
- (ii) Code A4.2 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, 21st October, 2009

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