



China Motor Bus Co., Ltd.

**2023-2024
INTERIM REPORT**

Stock Code: 026

The Board of Directors (“the Board”) announces that the unaudited consolidated operating profit of China Motor Bus Company, Limited (“the Company”) and its subsidiaries (together referred to as “the Group”) for the six months ended 31st December, 2023 was HK\$47.86 million, compared with HK\$28.34 million for the six months ended 31st December, 2022, and the unaudited consolidated loss after taxation of the Group for the six months ended 31st December, 2023 after including the effect of investment properties revaluation and the share of results of joint ventures and associates amounted to HK\$161.24 million, compared with a consolidated loss after taxation of HK\$130.86 million for the six months ended 31st December, 2022. The net valuation losses on investment properties of HK\$233.57 million (including net valuation losses of investment properties held by joint ventures) for the six months ended 31st December, 2023 were non-cash in nature, and as such, had no effect on the operating cash flow of the Company. The overall financial position of the Company remains healthy. These interim results have not been audited but have been reviewed by both the Company’s auditor and the Company’s audit committee. The independent review report of the auditor is attached.

CONSOLIDATED INCOME STATEMENT
for the six months ended 31st December, 2023 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended	
		31st December,	
		2023	2022
	<i>Note</i>	\$’000	\$’000
Turnover	2	34,643	33,407
Finance income	4	31,419	14,319
Other income	5	273	411
Staff costs		(7,948)	(7,932)
Depreciation		(1,683)	(1,696)
Other operating expenses		(8,844)	(10,174)
Operating profit	3 & 6	47,860	28,335
Share of results of joint ventures	7	(80,296)	28,282
Share of results of associates		(403)	(20)
Net valuation losses on investment properties		(125,966)	(184,815)
Loss before taxation		(158,805)	(128,218)
Income tax	8	(2,435)	(2,644)
Loss after taxation attributable to shareholders		<u>(161,240)</u>	<u>(130,862)</u>
Loss per share (basic and diluted)	9	<u>(HK\$3.56)</u>	<u>(HK\$2.89)</u>

The notes on pages 6 to 15 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31st December, 2023 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended	
	31st December,	
	2023	2022
	\$'000	\$'000
Loss for the period	(161,240)	(130,862)
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on consolidation	<u>4,658</u>	<u>(6,876)</u>
	<u>4,658</u>	<u>(6,876)</u>
Total comprehensive income for the period attributable to shareholders	<u>(156,582)</u>	<u>(137,738)</u>

The notes on pages 6 to 15 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2023 – unaudited

(Expressed in Hong Kong dollars)

	<i>Note</i>	At 31st December, 2023 \$'000	At 30th June, 2023 \$'000
Non-current assets			
Fixed assets		2,082,646	2,207,948
Interest in joint ventures	10	2,676,899	2,815,195
Interest in associates	11	1,235,346	1,189,949
Other investments		11,973	13,353
		<u>6,006,864</u>	<u>6,226,445</u>
Current assets			
Debtors, deposits and prepayments	12	11,562	11,963
Current tax recoverable		105	877
Deposits with banks		1,412,870	1,390,371
Cash at banks and in hand		100,818	74,903
		<u>1,525,355</u>	<u>1,478,114</u>
Current liabilities			
Creditors and accruals	13	43,641	45,451
Current tax payable		3,288	2,342
Dividends payable		81,499	–
		<u>128,428</u>	<u>47,793</u>
Net current assets		<u>1,396,927</u>	<u>1,430,321</u>
Total assets less current liabilities		7,403,791	7,656,766
Non-current liability			
Deferred taxation		47,541	48,852
Net assets		<u>7,356,250</u>	<u>7,607,914</u>
CAPITAL AND RESERVES			
Share capital	14(b)	92,537	92,537
Other reserves		7,263,713	7,515,377
Total equity		<u>7,356,250</u>	<u>7,607,914</u>

The notes on pages 6 to 15 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31st December, 2023 – unaudited
(Expressed in Hong Kong dollars)

	Other reserves					Total
	Share capital	Other properties revaluation reserve	Deferred profits reserve	Retained profits	Subtotal	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1st July, 2022	92,537	5,396	263,823	7,505,403	7,774,622	7,867,159
Dividends declared/approved in respect of the previous financial year (note 14(a)(ii))	–	–	–	(95,147)	(95,147)	(95,147)
Realisation of other properties revaluation reserve	–	(13)	–	13	–	–
	–	(13)	–	(95,134)	(95,147)	(95,147)
Loss for the period	–	–	–	(130,862)	(130,862)	(130,862)
Other comprehensive income	–	–	–	(6,876)	(6,876)	(6,876)
Total comprehensive income for the period	–	–	–	(137,738)	(137,738)	(137,738)
At 31st December, 2022	92,537	5,383	263,823	7,272,531	7,541,737	7,634,274
At 1st July, 2023	92,537	5,369	263,823	7,246,185	7,515,377	7,607,914
Dividends declared/approved in respect of the previous financial year (note 14(a)(ii))	–	–	–	(95,082)	(95,082)	(95,082)
Realisation of other properties revaluation reserve	–	(13)	–	13	–	–
	–	(13)	–	(95,069)	(95,082)	(95,082)
Loss for the period	–	–	–	(161,240)	(161,240)	(161,240)
Other comprehensive income	–	–	–	4,658	4,658	4,658
Total comprehensive income for the period	–	–	–	(156,582)	(156,582)	(156,582)
At 31st December, 2023	92,537	5,356	263,823	6,994,534	7,263,713	7,356,250

Included in retained profits is a deficit of \$227,970,000 (at 31st December, 2022: \$282,794,000) arising from the translation of financial statements of foreign operations.

The notes on pages 6 to 15 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 31st December, 2023 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended	
	31st December,	
	2023	2022
	\$'000	\$'000
Cash generated from operations	16,047	12,544
Tax paid		
– Hong Kong Profits Tax paid	(2,054)	(3,212)
– Overseas tax paid	<u>–</u>	<u>–</u>
Net cash inflow from operating activities	<u>13,993</u>	<u>9,332</u>
Investing activities		
Decrease/(increase) in deposits with banks with maturity more than three months	399,617	(153,409)
Interest received	35,137	8,862
Advance of loan to an associate	(45,800)	(37,380)
Repayment of loan by a joint venture	58,000	58,000
Other cash flows arising from investing activities	146	197
Net cash inflow/(outflow) from investing activities	<u>447,100</u>	<u>(123,730)</u>
Financing activity		
Dividends paid	(13,507)	(13,253)
Net cash outflow from financing activity	<u>(13,507)</u>	<u>(13,253)</u>
Increase/(decrease) in cash and cash equivalents	447,586	(127,651)
Effect of foreign exchange rate changes	445	(4,065)
Cash and cash equivalents at 1st July	765,157	773,038
Cash and cash equivalents at 31st December	<u>1,213,188</u>	<u>641,322</u>
	At 31st December,	
	2023	2022
	\$'000	\$'000
Analysis of the balances of cash and cash equivalents		
Deposits with banks	1,412,870	1,424,412
Less: Deposits with banks with maturity more than three months	(300,500)	(872,322)
Cash at banks and in hand	100,818	89,232
	<u>1,213,188</u>	<u>641,322</u>

The notes on pages 6 to 15 form part of this interim financial report.

NOTES TO 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, 2023 except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements.

The HKICPA has issued a number of new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a 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 on page 24.

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

1. Basis of preparation (Continued)

The financial information relating to the financial year ended 30th June, 2023 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 30th June, 2023 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2. Turnover

The principal activities of the Group are property development and investment. Turnover represents rental income.

	Six months ended	
	31st December,	
	2023	2022
	\$'000	\$'000
Rentals from investment properties	<u>34,643</u>	<u>33,407</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 those 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.

Treasury management segment includes activities for managing the Group's listed investments, financial assets and other treasury operations.

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

3. Segment information (Continued)

Management evaluates performance primarily based on operating profit as well as the equity share of results of joint ventures and associates of each segment.

Segment assets principally comprise all tangible assets and current assets directly attributable to each segment with the exception of income tax recoverable and corporate assets. Segment liabilities include all liabilities directly attributable to and managed by each segment with the exception of income tax liabilities, dividends payable, deferred taxation and other corporate liabilities.

(a) Segment results, assets and liabilities

	Six months ended 31st December, 2023			
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Turnover	34,643	-	-	34,643
Finance income	-	31,419	-	31,419
Other income	-	-	273	273
Total income	<u>34,643</u>	<u>31,419</u>	<u>273</u>	<u>66,335</u>
Segment results	30,162	31,419	-	61,581
Net unallocated expenses				<u>(13,721)</u>
Operating profit				47,860
Share of results of joint ventures	(80,296)	-	-	(80,296)
Share of results of associates	(403)	-	-	(403)
Net valuation losses on investment properties	(125,966)	-	-	<u>(125,966)</u>
Loss before taxation				<u>(158,805)</u>

	At 31st December, 2023			
	Property development and investment	Treasury management	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
Segment assets (including interests in joint ventures and associates)	5,905,852	1,534,501	91,866	7,532,219
Segment liabilities	3,912,245	-	-	3,912,245
	19,103	-	156,866	175,969

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

3. Segment information (Continued)

(a) Segment results, assets and liabilities (Continued)

	Six months ended 31st December, 2022			
	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'000
Turnover	33,407	–	–	33,407
Finance income	–	14,319	–	14,319
Other income	–	–	411	411
Total income	<u>33,407</u>	<u>14,319</u>	<u>411</u>	<u>48,137</u>
Segment results	29,423	14,319	–	43,742
Net unallocated expenses				<u>(15,407)</u>
Operating profit				28,335
Share of results of joint ventures	28,282	–	–	28,282
Share of results of associates	(20)	–	–	(20)
Net valuation losses on investment properties	(184,815)	–	–	<u>(184,815)</u>
Loss before taxation				<u>(128,218)</u>

At 30th June, 2023

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'000
Segment assets	6,122,057	1,488,433	94,069	7,704,559
(including interests in joint ventures and associates)	4,005,144	–	–	4,005,144
Segment liabilities	18,400	–	78,245	96,645

(b) Geographical information

	Group turnover Six months ended 31st December, 2023		Operating profit Six months ended 31st December, 2023	
	\$'000	2022 \$'000	\$'000	2022 \$'000
Geographical location of operations				
Hong Kong	19,364	19,013	22,176	10,562
United Kingdom	15,279	14,394	25,684	17,773
	<u>34,643</u>	<u>33,407</u>	<u>47,860</u>	<u>28,335</u>

In addition, the turnover of the joint ventures attributable to the Group for the period amounted to \$51,460,000 (2022: \$51,162,000).

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

4. Finance income

	Six months ended 31st December,	
	2023	2022
	\$'000	\$'000
Interest income	34,171	16,399
Dividend income from other investments	279	216
Exchange losses	(1,651)	(2,237)
Net unrealised losses on other investments at fair value	(1,380)	(59)
	<u>31,419</u>	<u>14,319</u>

5. Other income

	Six months ended 31st December,	
	2023	2022
	\$'000	\$'000
Management fee	248	248
Sundry income	25	163
	<u>273</u>	<u>411</u>

6. Operating profit

	Six months ended 31st December,	
	2023	2022
	\$'000	\$'000
Operating profit is arrived at after charging:		
Legal and professional fees	1,010	2,919
Property expenses	3,616	3,129
	<u>3,616</u>	<u>3,129</u>

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

7. Share of results of joint ventures

	Six months ended 31st December,	
	2023	2022
	\$'000	\$'000
Share of revenue	<u>51,460</u>	<u>51,162</u>
Share of operating profit of joint ventures	<u>32,247</u>	<u>30,979</u>
Share of valuation (losses)/gains on investment properties	(107,606)	2,307
Share of taxation	<u>(4,937)</u>	<u>(5,004)</u>
Share of results of joint ventures	<u>(80,296)</u>	<u>28,282</u>

8. Income tax

	Six months ended 31st December,	
	2023	2022
	\$'000	\$'000
Current tax – Provision for Hong Kong Profits Tax		
Tax for the period	<u>1,817</u>	<u>1,755</u>
Current tax – Overseas		
Tax for the period	<u>1,955</u>	<u>2,048</u>
Deferred taxation		
Origination and reversal of temporary differences	<u>(1,337)</u>	<u>(1,159)</u>
	<u>2,435</u>	<u>2,644</u>

The provision for Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first \$2 million of assessable profits of a qualifying corporation will be taxed at 8.25%, and profits above \$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2022: 16.5%).

Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

8. Income tax (Continued)

A tax charge of \$4,937,000 (2022: \$5,004,000) being share of taxation of joint ventures for the six months ended 31st December, 2023 is included in share of results of joint ventures in the consolidated income statement.

9. Loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to shareholders of \$161,240,000 (2022: \$130,862,000) and the weighted average of 45,276,856 ordinary shares (2022: 45,308,056 ordinary shares) in issue during the period.

10. Interest in joint ventures

	At 31st December, 2023 \$'000	At 30th June, 2023 \$'000
Share of net assets	1,575,142	1,655,438
Loan to a joint venture	<u>1,101,757</u>	<u>1,159,757</u>
	<u>2,676,899</u>	<u>2,815,195</u>

The decrease in interest in joint ventures is mainly due to revaluation losses on investment properties held by the joint ventures and repayment of loan by a joint venture.

11. Interest in associates

	At 31st December, 2023 \$'000	At 30th June, 2023 \$'000
Share of net liabilities	(886)	(483)
Loan to an associate	<u>1,236,232</u>	<u>1,190,432</u>
	<u>1,235,346</u>	<u>1,189,949</u>

The increase in interest in associates is mainly due to increase in loan to an associate for development of the former Chai Wan Bus Depot project.

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

12. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors with the following ageing analysis, based on invoice date:

	At 31st December, 2023 \$'000	At 30th June, 2023 \$'000
Within 1 month	659	340
1 to 3 months	307	340
Over 3 months	31	55
Total trade debtors	997	735
Interest receivable	8,840	9,806
Deposits, prepayments and other receivables	1,725	1,422
	11,562	11,963

A defined credit policy is maintained within the Group.

An amount of \$1,224,000 (at 30th June, 2023: \$1,230,000) included in debtors, deposits, prepayments and other receivables under current assets is expected to be recovered after more than one year.

13. Creditors and accruals

Included in creditors and accruals are trade creditors with the following ageing analysis, based on invoice date:

	At 31st December, 2023 \$'000	At 30th June, 2023 \$'000
Within 1 month	19	80
1 to 3 months	–	–
Over 3 months	201	201
Total trade creditors	220	281
Other payables and accruals	43,421	45,170
	43,641	45,451

An amount of \$6,027,000 (at 30th June, 2023: \$6,859,000) included in other payables and accruals under current liabilities is expected to be settled after more than one year.

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

14. Capital, reserves and dividends

(a) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the interim period:

	Six months ended	
	31st December,	
	2023	2022
	\$'000	\$'000
Interim dividend declared after the interim period end of \$0.10 (2022: \$0.10) per share	4,528	4,531
Special dividend declared with interim dividend after the interim period end of \$1.00 (2022: \$1.00) per share	45,276	45,308
	49,804	49,839

The interim and special dividends declared after the interim period end have not been recognised as liabilities at the interim period end date.

- (ii) 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,	
	2023	2022
	\$'000	\$'000
Second interim dividend in respect of previous financial year declared after the end of the reporting period of \$0.30 (2022: \$0.30) per share	13,583	13,592
Final dividend approved in respect of previous financial year of \$0.10 (2022: \$0.10) per share	4,528	4,531
Special dividend approved with final dividend in respect of previous financial year of \$1.70 (2022: \$1.70) per share	76,971	77,024
	95,082	95,147

(b) Share capital

	At 31st December, 2023		At 30th June, 2023	
	<i>No. of shares</i>	<i>\$'000</i>	<i>No. of shares</i>	<i>\$'000</i>
Ordinary shares, issued and fully paid:				
At 31st December/30th June	<u>45,276,856</u>	<u>92,537</u>	<u>45,276,856</u>	<u>92,537</u>

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

15. Fair value measurement of financial instruments

(a) Financial instruments measured at fair value

Fair value hierarchy

HKFRS 13, *Fair value measurement*, categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair values measured using significant unobservable inputs

At 31st December, 2023, the only financial instruments of the Group carried at fair value were other investments of \$11,973,000 (at 30th June, 2023: \$13,353,000) listed on the Stock Exchange of Hong Kong. These instruments are measured at fair value on a recurring basis and their fair value measurements fall into Level 1 of the fair value hierarchy described above.

During the six months ended 31st December, 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31st December, 2023 and 30th June, 2023.

16. Material related party transactions

Interest in joint ventures and interest in associates at 31st December, 2023 included loan to a joint venture and loan to an associate amounting to \$1,101,757,000 and \$1,236,232,000 respectively (at 30th June, 2023: \$1,159,757,000 and \$1,190,432,000 respectively) 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, 2024. The Board has also resolved to pay a special dividend of HK\$1.00 per share in respect of the year ending 30th June, 2024. The aggregate dividend of HK\$1.10 per share will be paid to shareholders whose names appear in the Company's register of members at the close of business on 5th June, 2024.

Dividend warrants will be posted to shareholders on or about 25th June, 2024.

The Company's dividend policy is to pay regular dividends. In setting the Company's dividend policy, the Board recognises the need to strike a balance between paying regular cash dividends to shareholders and retaining sufficient cash to reinvest to grow the Company's future profits, enabling the payment of higher dividends to shareholders in the future.

The Board targets to declare dividends broadly equivalent to the profits earned from recurring income (i.e. profits from rentals and finance income), after tax, during the year in question. When further profits are made from the sale of investment properties/developments for sale, the Board will consider the payment of one off special dividends after taking into account the Company's opportunities to earn future profits from reinvestment of such proceeds. Unrealised profits due to revaluation of investment properties (as these are of a non-cash nature) are not considered when setting dividends.

The Board will continue to carefully monitor its dividend policy and act in the best interests of all the shareholders as a whole.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 4th June, 2024 to 5th June, 2024 (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 3rd June, 2024.

REVIEW OF OPERATIONS

The unaudited operating profit of the Group for the six months ended 31st December, 2023 before including the effect of investment properties revaluation and share of results of joint ventures and associates was HK\$47.86 million, compared with HK\$28.34 million for the same period of the previous year. This mainly reflected the effect of increase in interest income. The unaudited loss after taxation attributable to shareholders for the six months ended 31st December, 2023 after including the effect of investment properties revaluation and the share of results of joint ventures and associates was HK\$161.24 million, compared with a loss of HK\$130.86 million for the same period last year. This mainly reflected the effect of the net revaluation losses on investment properties held by the Group and the joint ventures. The net valuation losses on investment properties of HK\$233.57 million (including net valuation losses of investment properties held by joint ventures) for the six months ended 31st December, 2023 were non-cash in nature, and as such, had no effect on the operating cash flow of the Company. The overall financial position of the Company remains healthy.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARISED BELOW: -

Chai Wan Inland Lot No. 178, No. 391 Chai Wan Road, Chai Wan (the “Property”)

The Group has a 20% interest in Windcharm Investments Limited, with the remaining 80% held by a wholly owned subsidiary of Swire Properties Limited. A wholly owned subsidiary of Windcharm Investments Limited has purchased Chai Wan Inland Lot No. 88 (the “Old Lot”) from the Company and is in the process of redeveloping it into a residential and commercial complex with an aggregate residential and retail gross floor area of 64,500 sq. m.

On 28th December, 2021, Conditions of Exchange No. 20390 were entered with the Government, whereby the Old Lot was surrendered to Government in exchange for the grant of the Property for the term of 50 years, and a land premium of HK\$4,540 million was paid to Government of which the Group’s share was HK\$908 million.

The Property comprises a Site A and a Site B which will be connected by a footbridge to be built over Sheung On Street. Under the latest approved General Building Plans, there will be constructed on Site A one residential tower (comprising 258 residential flats) and a covered public transport terminus, and on Site B two residential towers (comprising a total of 592 residential flats), retail accommodation on the ground floor, and carparking spaces in the basement floors which will provide 260 carparking spaces (including 4 accessible parking), 10 motorcycle parking spaces and 4 loading/unloading parking spaces.

The redevelopment is now proceeding well on plan. Foundation works for both Site B and Site A have been completed. The main construction contract was awarded in January 2023, and construction work on the superstructure of the two residential towers (Tower 2 & Tower 3) on Site B are in progress. Concreting has been completed up to the twelfth floor of Tower 2 and up to the thirteenth floor of Tower 3. Site B is anticipated to be completed in the third quarter of 2025, while Site A is anticipated to be completed in 2026. Application for Presale Consent has been submitted on 22nd December, 2023.

While the redevelopment project is a significant investment for the Group, the Company believes that shareholders are likely to benefit from the sale of units in the redevelopment over the coming years.

South Island Place

South Island Place, a modern 28-storey Grade A office building with a gross floor area of 35,535 sq. m. and 137 car parking spaces, is held by Hareton Limited, a joint venture company whose shares are held as to 50% by the Company (through Heartwell Limited, its wholly owned subsidiary) and as to the remaining 50% by Swire Properties Limited (through Amber Sky Ventures Limited, its wholly owned subsidiary).

Currently, approximately 88% of the office space in South Island Place has been let to high quality tenants.

UK Properties

Albany House and Scorpio House, the Group's investment properties in Central London, remain fully let. Albany House occupies an excellent location in Victoria in Central London and is immediately adjacent to the St. James Park Underground Station. As the current 25 year lease of Albany House is due to expire at the end of 2024, the Company has been considering its options to optimise value for shareholders and, to this end, has engaged a Development Project Manager to advise on the potential for carrying out a major refurbishment of the building to improve its quality and energy efficiency. Consultants, including Architect, MEP Engineer, Structural Engineer, Cost Consultant, Heritage Consultant, Building Control Consultant, Planning Consultant and Building Surveyors have been or are in the process of being appointed for the feasibility studies.

OUTLOOK

In 2024, it is anticipated that the global economic environment will continue to be challenging. While global inflation rates and interest rates are projected to show moderate falls in 2024, the ongoing and widening geopolitical tensions as well as the slowdown in the Chinese property market could prolong the difficult financial conditions and lead to growth disappointments. The global investment and economic environment is therefore likely to remain highly uncertain.

In Hong Kong, inbound tourism and private consumption will, according to the Hong Kong Government, continue to be the key drivers of Hong Kong's economic revival in 2024. In the real estate sector, transaction volume for residential sales is expected to remain slack in the first quarter of 2024 amid a high interest rate environment, but it is predicted that investment activities may gradually improve later in 2024 and in 2025, when mortgage rates are expected to be gradually lowered. On a more positive note, the local residential leasing market has remained robust, and Government's "Top Talent Pass Scheme" has attracted individuals from the mainland and from overseas, elevating demand in the residential leasing market. The office market will, in view of the high vacancy rates and new supply of office spaces, continue to be challenging. For the retail market, the number of visitors has recovered closer to pre-pandemic levels, although their average spending has trended downwards. It is expected that retail rents may not rebound strongly but will remain relatively stable.

In the UK, while the forthcoming 2024 general election is likely to be a major focal point, it is believed that investors' confidence in commercial real estate may begin to return in 2024 with cooling inflation and a gradual fall in borrowing costs. However, many market watchers expect a continued shift towards quality, energy efficiency and sustainability, and a need to invest in these areas such that the capital values may start to recover.

Although in the past six months the Group's operating performance and capital values across the Group's investment property portfolio have, like most other companies in the sector, been negatively impacted by macroeconomic factors, the Group's financial position has remained healthy, since the Group has always maintained a high liquidity and does not have external borrowings. Looking ahead and particularly having regard to the good progress which has been made in the redevelopment of the Chai Wan Inland Lot No.178 site, the Group should be well placed to benefit from future improvement in market conditions.

The directors will continue to pursue opportunities to enhance shareholder value.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES

As at 31st December, 2023, 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 Issuers (the "Model Code") were as follows:

	China Motor Bus Company, Limited				Total ordinary shares held	Percentage of total issued shares*
	Personal interests	Family interests	Other interests			
Directors						
Dr. Henry NGAN	7,173,125	250	33,468 (Note 1)	7,206,843	15.92%	
Anthony Grahame STOTT	20,600	–	–	20,600	0.05%	
Stephen TAN	600	–	–	600	0.00%	
Dr. CHAU Ming-tak	4,137	–	–	4,137	0.01%	
Michael John MOIR	2,000	–	–	2,000	0.00%	
YUNG Shun Loy Jacky	29,200	–	–	29,200	0.06%	

* *Shareholding percentages have been rounded to the nearest 2 decimal places*

Note 1: Including 33,468 shares which are held by the estate of the late WONG Yick-mui, of which Dr. Henry NGAN, NGAN Kit-ling and the late NGAN Kit-keung by themselves and through the estate of the late NGAN Shing Kwan are interested as beneficiaries.

All the interests disclosed above represented long positions as at 31st December, 2023.

Save as disclosed above, as at 31st December, 2023, 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the period under review, the Company did not grant to any Director or chief executive or to the spouse or children under 18 years of age of any such Director or chief executive any right to subscribe for shares of the Company.

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES (OTHER THAN DIRECTORS OR CHIEF EXECUTIVE)

The Company has been notified of the interests of the following persons (other than Directors or chief executive of the Company) in the Company's issued shares at 31st December, 2023, which were required to be recorded in the register kept under section 336 of the SFO:

	Ordinary shares held	Percentage of total issued shares*
Substantial shareholders		
NGAN Kit-ling	5,280,813 (<i>Notes 1, 2 & 3</i>)	11.66%
NGAN Soo Shieh Ven Maria	6,975,731 (<i>Notes 3 & 4</i>)	15.41%
CHAN Kwan Shat	5,553,200	12.26%
Other person		
CHEE Sing Wan Sylvana	3,766,200 (<i>Note 5</i>)	8.32%

** Shareholding percentages have been rounded to the nearest 2 decimal places*

Note 1: Including 33,468 shares which are held by the estate of the late WONG Yick-mui, of which Dr. Henry NGAN, NGAN Kit-ling and the late NGAN Kit-keung by themselves and through the estate of the late NGAN Shing Kwan are interested as beneficiaries.

Note 2: Including 50,000 shares held as the sole executrix and sole beneficiary under the will of her spouse, the late Fritz HELMREICH and 349,000 shares held by Kwan Mui Company Limited, which is held as to 31% of its issued shares by NGAN Kit-ling and as to 25% of its issued shares by the estate of the late NGAN Shing Kwan, of which NGAN Kit-ling is one of the two joint executors to whom probate was granted and a beneficiary as to one-third of the estate.

Note 3: NGAN Kit-ling is the sister of Dr. Henry NGAN. NGAN Soo Shieh Ven Maria is the sister-in-law of NGAN Kit-ling and Dr. Henry NGAN. They are presumed to be persons acting in concert under the Hong Kong Code on Takeovers and Mergers and they hold in the aggregate (including in their respective shareholding 33,468 shares held by the estate of the late WONG Yick-mui as noted in *Note 1* and in *Note 4*) 42.99% of the total issued shares.

Note 4: Including 33,468 shares held by the estate of the late WONG Yick-mui as noted in *Note 1*, of which NGAN Soo Shieh Ven Maria is interested as one of the joint executors and beneficiary under the will of the late NGAN Kit-keung.

Note 5: The interest of 3,766,200 shares of CHEE Sing Wan Sylvana was held through Hyacinth Development Holdings Limited, a corporation wholly controlled by CHEE Sing Wan Sylvana.

All the interests disclosed above represented long positions as at 31st December, 2023.

Apart from the foregoing, as at 31st December, 2023, no other interests or short positions in the shares or underlying shares of the Company 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, 2023, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE PURSUANT TO LISTING RULES 13.20 AND 13.22

At 31st December, 2023, the Group had the following loans to its affiliated companies (as defined by the Listing Rules):

Name of affiliated company	Group's attributable interest	Amount of unutilised loan facility <i>HK\$'000</i>	Amount of advances made by the Group under the loan facility <i>HK\$'000</i>	Amount of other advances made by the Group <i>HK\$'000</i>	Total financial assistance given by the Group <i>HK\$'000</i>
Hareton Limited	50%	903,650	896,350	205,407	2,005,407
Joyful Sincere Limited*	20%	721,768	1,236,232	–	1,958,000

* *via Windcharm Investments Limited*

The financial assistance and other advances mentioned in the above are unsecured, interest-free and have no fixed terms of repayment except that a certain portion of the financial assistance to Joyful Sincere Limited would bear interest of 4.5% p.a. if and to the extent that Joyful Sincere Limited shall have surplus funds after payment of development costs and other liabilities as stipulated in a Funding Agreement dated 29th May, 2015.

The combined statement of financial position of the above affiliated companies, excluding advances made by shareholders of HK\$8,384,674,000, at 31st December, 2023 is as follows:

Non-current assets	<i>HK\$'000</i> 4,536,512
Current assets	6,339,565
Current liabilities	(168,435)
	----- 6,171,130
Non-current liabilities	(73,393)
	----- <u>10,634,249</u>

Attributable interest to the Group at 31st December, 2023 in the above affiliated companies amounted to HK\$3,463,673,000 (at 30th June, 2023: HK\$3,652,711,000).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to 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, 2023.

CHANGES IN THE INFORMATION OF DIRECTORS

Since the date of the 2023 Annual Report, there has not been any change in the information of the Directors of the Company that is required to be disclosed pursuant to Rule 13.51B(1).

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company complied with the code provisions (the “Code”) as set out in Appendix C1 to the Listing Rules throughout the six months ended 31st December, 2023, except the following one deviation:

Code D2.5 provides that the Company should have an internal audit function. Given the structure and size of the Group’s business, the Board at present believes that there is no need to establish an internal audit function.

APPENDIX D2 TO THE LISTING RULES

According to paragraph 40 of Appendix D2 to the Listing Rules headed “Disclosure of Financial Information”, save as disclosed herein, the Company confirms that the Company’s current information in relation to those matters set out in paragraph 32 of Appendix D2 to the Listing Rules has not changed materially from the information disclosed in the Company’s 2023 Annual Report.

By Order of the Board
China Motor Bus Company, Limited

Dr. Henry NGAN
Chairman

Hong Kong, 28th February, 2024

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document may be viewed as “forward-looking statements”. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors beyond the Company’s control, which may cause the actual performance or results of operations of the Company to be materially different from those implied by such forward-looking statements. The Company does not intend to update these forward-looking statements. Neither the Company nor the Directors, employees or agents of the Company assume any liabilities in the event that any of the forward-looking statements does not materialise or turns out to be incorrect.



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 15 which comprises the consolidated statement of financial position of China Motor Bus Company, Limited as of 31st December, 2023 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 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, 2023 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

28th February, 2024