



KWOON CHUNG BUS HOLDINGS LIMITED

Incorporated In Bermuda With Limited Liability

Stock Code : **306**



INTERIM REPORT 2015/2016

The board (the "Board") of directors (the "Directors") of Kwoon Chung Bus Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2015 together with the comparative figures of the corresponding period in 2014. The condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
REVENUE	2	1,115,055	1,118,733
Cost of services rendered		(823,244)	(877,009)
Gross profit		291,811	241,724
Other income and gains		26,991	20,625
Administrative expenses		(140,971)	(138,540)
Other expenses, net		(13,145)	(2,342)
Finance costs		(18,024)	(17,962)
Share of loss of a joint venture		–	(667)
PROFIT BEFORE TAX	3	146,662	102,838
Income tax expense	4	(24,180)	(18,662)
PROFIT FOR THE PERIOD		122,482	84,176
Attributable to:			
Owners of the parent		124,748	80,018
Non-controlling interests		(2,266)	4,158
		122,482	84,176
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	6		
Basic		HK27.02 cents	HK17.60 cents
Diluted		HK27.02 cents	HK17.53 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	122,482	84,176
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(2,716)	1,437
Reclassification adjustment of exchange equalisation reserve upon disposal of subsidiaries	(7,988)	–
Change in fair value of available-for-sale investments	–	174
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(10,704)	1,611
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	111,778	85,787
Attributable to:		
Owners of the parent	114,787	81,335
Non-controlling interests	(3,009)	4,452
	111,778	85,787

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	7,12	1,422,253	1,316,572
Investment properties		39,600	39,600
Prepaid land lease payments	12	55,027	58,117
Goodwill		177,053	171,512
Passenger service licences		368,729	362,829
Other intangible assets		332,690	328,029
Interests in associates		355	355
Available-for-sale investment		235	241
Financial asset at fair value through profit or loss	12	15,447	14,882
Prepayments, deposits and other receivables		104,792	114,813
Deferred tax assets		277	292
Total non-current assets		2,516,458	2,407,242
CURRENT ASSETS			
Inventories		34,035	36,092
Trade receivables	8	160,456	146,382
Prepayments, deposits and other receivables		159,028	142,502
Financial assets at fair value through profit or loss		13,764	–
Tax recoverable		10,690	16,504
Pledged time deposits	12	10,027	36,735
Cash and cash equivalents		516,065	565,360
		904,065	943,575
Property held for sale		–	750
Interest in a joint venture held for sale	14	160,982	160,982
Assets of a disposal group classified as held for sale	15	–	81,283
Total current assets		1,065,047	1,186,590
CURRENT LIABILITIES			
Trade payables	9	69,919	69,529
Accruals, other payables and deposits received		417,608	478,731
Tax payable		58,616	40,329
Derivative financial instruments		16,175	12,175
Interest-bearing bank and other borrowings		1,082,559	1,217,088
		1,644,877	1,817,852
Liabilities directly associated with the assets classified as held for sale	15	–	14,445
Total current liabilities		1,644,877	1,832,297
NET CURRENT LIABILITIES		(579,830)	(645,707)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,936,628	1,761,535

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

Notes	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	125,309	467
Other long term liabilities	95,594	79,887
Deferred tax liabilities	135,030	131,173
Total non-current liabilities	355,933	211,527
Net assets	1,580,695	1,550,008
EQUITY		
Equity attributable to owners of the parent		
Issued capital	46,169	46,169
Reserves	1,483,961	1,369,174
Proposed final dividend	–	55,402
Non-controlling interests	1,530,130	1,470,745
	50,565	79,263
Total equity	1,580,695	1,550,008

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015 (Unaudited)

	Attributable to owners of the parent											Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Reserve fund HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2015	46,169	623,066	10,648	(1,855)	25,358	1,126	48,910	661,921	55,402	1,470,745	79,263	1,550,008
Profit for the period	-	-	-	-	-	-	-	124,748	-	124,748	(2,266)	122,482
Other comprehensive loss for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(1,973)	-	-	(1,973)	(743)	(2,716)
Reclassification adjustment of exchange equalisation reserve upon disposal of subsidiaries	-	-	-	-	-	-	(7,988)	-	-	(7,988)	-	(7,988)
Total comprehensive income for the period	-	-	-	-	-	-	(9,961)	124,748	-	114,787	(3,009)	111,778
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(25,689)	(25,689)
Final 2015 dividend declared (note 5)	-	-	-	-	-	-	-	-	(55,402)	(55,402)	-	(55,402)
At 30 September 2015	46,169	623,066*	10,648*	(1,855)*	25,358*	1,126*	38,949*	786,669*	-	1,530,130	50,565	1,580,695

For the six months ended 30 September 2014 (Unaudited)

	Attributable to owners of the parent													Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Asset revaluation reserve HK\$'000	Available for-sale investment revaluation reserve HK\$'000	Reserve fund HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2014	42,101	545,600	10,648	(1,855)	27,935	27,638	169	1,126	49,446	758,314	42,101	1,503,223	122,214	1,625,437
Profit for the period	-	-	-	-	-	-	-	-	-	80,018	-	80,018	4,158	84,176
Other comprehensive income for the period:														
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	1,143	-	-	1,143	294	1,437
Change in fair value of available-for-sale investments	-	-	-	-	-	174	-	-	-	-	-	174	-	174
Total comprehensive income for the period	-	-	-	-	-	174	-	1,143	80,018	-	-	81,335	4,452	85,787
Issue of shares upon exercise of share options	4,068	77,708	-	-	(20,691)	-	-	-	-	-	-	61,085	-	61,085
Transfer of share option reserve upon the forfeiture or cancellation of share options	-	-	-	-	(7,244)	-	-	-	-	7,244	-	-	-	-
Final 2014 dividend declared (note 5)	-	-	-	-	-	-	-	-	-	(4,068)	(42,101)	(46,169)	-	(46,169)
At 30 September 2014	46,169	623,308*	10,648*	(1,855)*	-	27,638*	343*	1,126*	50,589*	841,508*	-	1,599,474	126,666	1,726,140

* These reserve accounts comprise the consolidated reserves of HK\$1,483,961,000 (30 September 2014: HK\$1,553,305,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net cash flows from operating activities		243,366	182,996
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from unlisted available-for-sale investments		–	417
Deposits paid for purchases of items of property, plant and equipment		(51,921)	(30,821)
Proceeds from disposal of items of property, plant and equipment		3,874	6,286
Proceed from disposal of a property held for sale		750	–
Purchases of items of property, plant and equipment		(154,384)	(167,178)
Purchases of financial assets at fair value through profit or loss		(16,906)	–
Additions to passenger service licences		(5,900)	–
Additions to other intangible assets		–	(38,000)
Acquisitions of subsidiaries	13	(35,000)	(95,804)
Refund of deposit and compensation for proposed disposal of a joint venture	14	(50,000)	–
Consideration received from disposal of subsidiaries	15	13,376	–
Receipts of government subsidies		22,257	5,485
Decrease in pledged time deposits		26,708	45
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		–	659
Net cash flows used in investing activities		(247,146)	(318,911)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares upon exercise of share options		–	60,843
Drawdown of new bank loans, net of debt establishment costs		160,000	260,583
Repayment of bank loans		(168,486)	(118,769)
Repayment of other loan		–	(14,212)
Capital element of finance lease rental payments		(140)	(83)
Dividends paid		(55,402)	(46,169)
Net cash flows from/(used in) financing activities		(64,028)	142,193
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(67,808)	6,278
Cash and cash equivalents at beginning of period		588,957	403,153
Effect of foreign exchange rate changes, net		(5,084)	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD		516,065	409,431

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

	Notes	Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		411,756	336,604
Non-pledged time deposits with original maturity of less than three months when acquired		104,309	4,177
Non-pledged time deposits with original maturity of more than three months when acquired		–	19,854
Cash and cash equivalents as stated in the condensed consolidated statement of financial position		516,065	360,635
Non-pledged time deposits with original maturity of more than three months when acquired		–	(19,854)
Cash and short term deposits attributable to a disposal group classified as held for sale		–	71,391
Non-pledged time deposits with original maturity of more than three months when acquired attributable to a disposal group classified as held for sale		–	(2,741)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		516,065	409,431

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.1 Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2015.

1.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2015, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective for the first time for the Group’s annual financial period beginning on or after 1 April 2015.

Amendments to HKAS 19 <i>Annual Improvements 2010-2012 Cycle</i> <i>Annual Improvements 2011-2013 Cycle</i>	<i>Defined Benefit Plans: Employee Contributions</i> Amendments to a number of HKFRSs Amendments to a number of HKFRSs
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The adoption of the new and revised HKFRSs has had no significant financial effect on the unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in the unaudited condensed consolidated interim financial statements.

The Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective for the six months ended 30 September 2015, in the unaudited condensed consolidated interim financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group’s results of operations and financial position.

2. Operating Segment Information

For management purposes, the Group is organised into business units based on their services and has six reportable operating segments as follows:

- (a) the non-franchised bus segment includes the provision of non-franchised bus hire services in Hong Kong, cross-boundary passenger transportation services between Hong Kong and Mainland China and other related services;
- (b) the local limousine segment includes the provision of limousine hire services in Hong Kong;
- (c) the franchised bus segment includes the provision of franchised bus services in Hong Kong;
- (d) the hotel and tourism segment engages in travel agency and tour services in Hong Kong and Mainland China, the operation of a scenic area in Sichuan, Mainland China, and the provision of hotel services in Chongqing, Mainland China;
- (e) the Mainland China bus segment includes the provision of bus services by designated routes as approved by various local governments/transport authorities in Hubei and Guangzhou, Mainland China; and
- (f) the “others” segment comprises, principally, the provision of other transportation services.

2. Operating Segment Information – continued

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that finance costs and gain on disposal of subsidiaries are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

During the six months ended 30 September 2015, the Group changed the internal reporting structure and performance measurement for resources allocation decision-making and performance assessment. Accordingly, the amounts previously reported under the reportable operating segments of "Hotel" and "Tourism" have been aggregated into a new single reportable operating segment of "Hotel and tourism" to conform with the current period's presentation.

Six months ended 30 September 2015 (Unaudited)

	Non-franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus HK\$'000	Hotel and tourism HK\$'000	Mainland China bus HK\$'000	Others HK\$'000	Intersegment eliminations HK\$'000	Total HK\$'000
Segment revenue:								
External sales	847,772	81,222	79,975	85,379	20,707	-	-	1,115,055
Intersegment sales	12,494	-	-	-	-	-	(12,494)	-
Other revenue	10,470	489	1,159	210	3,891	501	-	16,720
Total	870,736	81,711	81,134	85,589	24,598	501	(12,494)	1,131,775
Segment results	152,560	4,884	2,068	(6,260)	1,178	(15)	-	154,415
Reconciliation:								
Gain on disposal of subsidiaries								10,271
Finance costs								(18,024)
Profit before tax								146,662

Six months ended 30 September 2014 (Unaudited)

	Non-franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus HK\$'000	Hotel and tourism HK\$'000	Mainland China bus HK\$'000	Others HK\$'000	Intersegment eliminations HK\$'000	Total HK\$'000
Segment revenue:								
External sales	830,200	65,125	80,786	83,589	59,033	-	-	1,118,733
Intersegment sales	9,985	32	-	-	-	-	(10,017)	-
Other revenue	14,207	-	1,593	874	3,524	427	-	20,625
Total	854,392	65,157	82,379	84,463	62,557	427	(10,017)	1,139,358
Segment results	113,536	1,823	3,207	567	6,308	(4,641)	-	120,800
Reconciliation:								
Finance costs								(17,962)
Profit before tax								102,838

3. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Amortisation of intangible assets	6,699	13,379
Depreciation	100,257	91,674
Gain on disposal of items of property, plant and equipment, net	(633)	(2,974)
Gain on disposal of subsidiaries	(10,271)	–

4. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current:		
Hong Kong	22,905	16,093
Mainland China	315	1,975
Deferred	960	594
Total tax charge for the period	24,180	18,662

5. Dividends

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Dividend on ordinary shares declared and paid during the six month period:		
Final dividend for the year ended 31 March 2015: HK12 cents (2014: HK10 cents)	55,402	46,169
Dividends on ordinary shares proposed for approval (not recognised as a liability as at 30 September):		
Interim dividend for the year ending 31 March 2016: HK12 cents (2015: HK8 cents)	55,402	36,935
Special dividend for the year ending 31 March 2016: HK18 cents (2015: HK2 cents)	83,104	9,234
	138,506	46,169

The proposed interim and special dividends for the year ending 31 March 2016 were approved by the Board on 30 November 2015.

6. Earnings per Share attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amount is based on the unaudited consolidated profit for the period attributable to ordinary equity holders of the parent of HK\$124,748,000 (six months ended 30 September 2014: HK\$80,018,000), and the weighted average number of ordinary shares of 461,686,000 (six months ended 30 September 2014: 454,645,011) in issue during the period.

No adjustment has been made to the basic earnings per share amount for the six months ended 30 September 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares during that period. The calculation of the diluted earnings per share amount for the six months ended 30 September 2014 was based on the unaudited consolidated profit for the period attributable to ordinary equity holders of the parent of HK\$80,018,000 and the weighted average number of ordinary shares of 454,645,011 in issue during that period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 1,850,598 assumed to have been issued at no consideration on the deemed exercise of all share options during that period.

7. Property, Plant and Equipment

During the six months ended 30 September 2015, additions of property, plant and equipment amounted to HK\$215,473,000 (year ended 31 March 2015: HK\$386,104,000). Items of property, plant and equipment with a net book value of HK\$3,241,000 (year ended 31 March 2015: HK\$14,707,000) were disposed of or written-off by the Group during the six months ended 30 September 2015.

8. Trade Receivables

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Trade receivables	164,426	150,352
Impairment	(3,970)	(3,970)
	160,456	146,382

Included in the Group's trade receivables are amounts due from associates of HK\$8,240,000 (31 March 2015: HK\$11,763,000), which are repayable within 90 days.

The Group allows an average credit period ranging from 30 to 90 days for its trade debtors. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Within 30 days	123,642	113,682
31 to 60 days	18,719	17,817
61 to 90 days	7,547	6,358
Over 90 days	10,548	8,525
	160,456	146,382

9. Trade Payables

An aged analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Within 30 days	44,065	43,617
31 to 60 days	9,213	9,483
61 to 90 days	4,837	4,218
Over 90 days	11,804	12,211
	69,919	69,529

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

10. Contingent Liabilities

The Company has given certain guarantees amounting to HK\$1,459,765,000 (31 March 2015: HK\$1,291,988,000) in favour of certain banks for the banking facilities granted to its subsidiaries. As at 30 September 2015, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK\$1,136,524,000 (31 March 2015: HK\$1,132,705,000).

At the end of the reporting period, the Group had no significant contingent liabilities (31 March 2015: Nil).

11. Commitments

The Group had the following capital commitments at the end of the reporting period:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Contracted, but not provided for:		
Acquisitions of motor buses and vehicles	176,495	172,456
Capital contribution to a contractual arrangement	5,000	5,000
Construction of bus terminal structures	–	2,830
	181,495	180,286

At the end of the reporting period, the Company had no significant commitments (31 March 2015: Nil).

12. Pledge of Assets

As at 30 September 2015, certain of the Group's bank loans are secured by:

- (i) the pledge of certain property, plant and equipment of HK\$114,692,000 (31 March 2015: HK\$111,099,000) and prepaid land lease payments of HK\$11,457,000 (31 March 2015: HK\$12,048,000);
- (ii) the pledge of certain time deposits of HK\$10,027,000 (31 March 2015: HK\$36,735,000); and
- (iii) the pledge of financial asset at fair value through profit or loss of HK\$15,447,000 (31 March 2015: HK\$14,882,000).

13. Business Combinations

- (a) On 2 January 2015, the Group entered into an equity transfer agreement with an independent third party to acquire a 60% equity interest in DMC Hong Kong Limited (“DMC”) for a consideration of HK\$1, plus a contingent consideration which is dependent on future financial performance of DMC for a maximum period of 3 consecutive years starting from the year ending 31 March 2016. DMC is primarily engaged in the provision of travel services. The transaction was completed in April 2015.
- (b) On 5 June 2015, the Group entered into an equity transfer agreement with independent third parties to acquire the entire equity interest in Parklane Limousine Service Limited and Airport Shuttle Services Limited (collectively, the “Parklane Group”) for a consideration of HK\$35 million. The Parklane Group is primarily engaged in the provision of local limousine hire services. The transaction was completed in June 2015.

The fair values of the identifiable assets and liabilities of DMC and the Parklane Group as at the dates of acquisition, which are provisional amounts and are subject to the finalisation of the fair value estimation, were as follows:

	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	21,019
Other intangible assets	11,361
Current assets	1,179
Current liabilities	(1,218)
Deferred tax liabilities	(2,882)
Total identifiable net assets at fair value	29,459
Goodwill on acquisition	5,541
Satisfied by cash	35,000

The Group incurred transaction costs of HK\$49,000 for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the condensed consolidated statement of profit or loss.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisitions, DMC and the Parklane Group contributed HK\$1,992,000 to the Group’s revenue and HK\$464,000 to the consolidated profit for the six months ended 30 September 2015.

Had the combinations taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the six months ended 30 September 2015 would have been HK\$1,133,909,000 and HK\$117,575,000, respectively.

14. Interest in a Joint Venture Held for Sale

On 18 March 2015, the Group entered into an equity transfer agreement (the “GZ Jumbo Agreement”) with Guangzhou Jumbo Bus Company Limited 廣州珍寶巴士有限公司 (“GZ Jumbo Bus”), an independent third party, to dispose of all of its 40% equity interest in Guangzhou City No. 2 Bus Co., Ltd 廣州市第二巴士有限公司 (“GZ2B”) which is a Sino-foreign equity joint venture incorporated in Mainland China and is principally engaged in the city bus business in Guangzhou, Mainland China, for a consideration of RMB170 million (the “GZ Jumbo Transaction”). The completion of the GZ Jumbo Transaction is subject to satisfaction of certain terms and conditions, including among others, the approval of the GZ Jumbo Transaction by the board of directors of GZ2B within 60 days from the date of the GZ Jumbo Agreement. A deposit of RMB20 million (approximately HK\$25 million) was received from GZ Jumbo Bus which was included in “accruals, other payables and deposits received” in the consolidated statement of financial position as at 31 March 2015.

14. Interest in a Joint Venture Held for Sale – continued

On 12 May 2015, Guangzhou City No. 2 Public Bus Company 廣州市第二公共汽車公司 (“GZ2PB”), the 56.73% joint venture partner of GZ2B, notified the Group of its intention to exercise its right of first refusal in accordance with the right stipulated in the articles of association of GZ2B. On 29 June 2015, a deed of termination and release was entered into between the Group and GZ Jumbo Bus to terminate the GZ Jumbo Agreement whereby the Group refunded the deposit of RMB20 million and paid default damages of RMB20 million to GZ Jumbo Bus pursuant to the terms stipulated therein. On the same date, the Group entered into an equity transfer agreement with GZ2PB (the “GZ2PB Agreement”) to dispose of the Group’s entire 40% equity interest in GZ2B under the same terms and for the same consideration as the GZ Jumbo Transaction (the “GZ2PB Transaction”).

Subsequent to the end of the reporting period, in November 2015, the GZ2PB Transaction was completed and the gain on disposal, net of transaction costs, is estimated to be HK\$9.2 million. Accordingly, the Group’s interest in GZ2B as at 30 September 2015 was classified as an interest in a joint venture held for sale.

15. Disposal of Subsidiaries

On 27 March 2015, the Group entered into two equity transfer agreements with Guangzhou Anxun Tianyu Asset Management Co., Ltd. 廣州安迅天宇資產管理有限公司, an independent third party, to dispose of the Group’s entire 56% equity interests in Guangzhou New Era Express Bus Co., Ltd. (“GZ New Era”) and GFTZ Xing Hua International Transport Ltd. (“GZ Xing Hua”) for an aggregate consideration of RMB28 million (approximately HK\$35.0 million) (the “Anxun Transactions”). The businesses of GZ New Era and GZ Xing Hua were included in the Mainland China bus operating segment. The Anxun Transactions were completed in April 2015 and the gain on disposal of subsidiaries amounted to HK\$10,271,000.

16. Related Party Transactions

(a) The Group had the following material transactions with related parties during the period:

	Six months ended	
	30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Coach rental income and administrative service income from associates (note)	50,272	49,873

Note: The coach rental income and administrative service income were charged according to the prices and conditions similar to those offered by the Group to its customers.

(b) Outstanding balances with related parties:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Due from an associate	141	141
Due from joint venturers	538	552
Due to joint venturers	(16,076)	(16,482)
Loan to a related party	780	910

Details of the Group’s trade balances with its associates as at the end of the reporting period are disclosed in note 8 to the condensed consolidated interim financial statements.

16. Related Party Transactions – continued

- (c) Compensation of close family members of the beneficial controlling shareholder and key management personnel of the Group:

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Short term employee benefits	8,108	8,148
Post-employment benefits	447	320
	8,555	8,468

17. Fair Value and Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits, trade receivables, trade payables, the current portions of financial assets included in prepayments, deposits and other receivables, financial liabilities included in accruals, other payables and deposits received, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portions of financial assets included in prepayments, deposits and other receivables, amounts due from associates, interest-bearing bank and other borrowings and financial liabilities included in other long term liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, their carrying amounts are not significantly different from their respective fair values.

The fair values of listed equity investments in Hong Kong are based on quoted market prices. The fair value of an unlisted investment included in financial asset at fair value through profit or loss has been estimated using a valuation technique which incorporates various market observable inputs including quoted prices. The directors believe that the estimated fair value resulting from the valuation technique, which is recorded in the condensed consolidated statement of financial position, and the related change in fair value, which is recorded in the condensed consolidated statement of profit or loss, are reasonable, and the fair value was the most appropriate value at the end of the reporting period.

The Group enters into derivative financial instruments with creditworthy banks with no recent history of default. Derivative financial instruments, including interest rate and commodity swaps, are measured using valuation techniques similar to swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, interest rate curves and commodity prices. The carrying amounts of interest rate and commodity swaps are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2015

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through profit or loss	13,764	15,447	–	29,211

17. Fair Value and Fair Value Hierarchy of Financial Instruments – continued

As at 31 March 2015

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial asset at fair value through profit or loss	–	14,882	–	14,882

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (year ended 31 March 2015: Nil).

Liabilities measured at fair value:

As at 30 September 2015

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments	–	16,175	–	16,175

As at 31 March 2015

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments	–	12,175	–	12,175

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (year ended 31 March 2015: Nil).

18. Approval of the Interim Financial Statements

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 30 November 2015.

DIVIDENDS

At a meeting of the Board held on 30 November 2015, the Directors resolved to pay an interim dividend and a special dividend of HK12 cents (2015: HK8 cents) and HK18 cents (2015: HK2 cents) per ordinary share, respectively, for the year ending 31 March 2016. The interim and special dividends will be paid on or about Wednesday, 23 December 2015 to the shareholders whose names appear on the register of members of the Company on Thursday, 17 December 2015.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim and special dividends, the register of members of the Company will be closed from Tuesday, 15 December 2015 to Thursday, 17 December 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim and special dividends, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 14 December 2015.

RESULTS

The unaudited consolidated profit attributable to owners of the parent for the six months ended 30 September 2015 was approximately HK\$124.7 million, which represents a hike of about 55.9% from that of approximately HK\$80.0 million for the corresponding period of last year.

The growth in profit is mainly due to the improvement in results of: (1) the non-franchised bus segment; and (2) gain on disposal of the long-distance bus businesses in Guangzhou of approximately HK\$10.3 million. The improvement in results of the non-franchised bus segment is mainly due to the relative decline in fuel costs. The Group, however, also faced various challenges during the period. The general business environment has still been tough for the industry, both in Hong Kong and Mainland China and, in particular, inflation has led to rising operating costs such as wages, repair and maintenance, and insurance costs.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

1. Non-franchised Bus Segment

The non-franchised bus services provided by the Group include: (1) cross-boundary passenger transportation services between Hong Kong and Mainland China, and (2) local transport in Hong Kong of which the customers include student, employee, resident, tour, hotel, and contract hire services. In terms of the size of bus fleet, the Group continues to be the largest non-franchised bus operator in Hong Kong as at the date of this report.

There has been a growing demand for cross-boundary passenger transportation services. The local services catered for schools, employees, residential estates, and tours continue to be stable, while the cross-boundary business servicing from Hong Kong through various crossings to destinations in Mainland China has potential for growth through collaboration with other service providers, which maximizes business opportunities and market share.

The Group will maximize the strengths of its large fleet and manpower and exercise flexibility in customizing services that would enhance convenience, comfort, and safety for its clients.

With the acquisitions of some fellow operators in recent years, the turnover of this segment is expected to grow. However, it takes time to integrate the different operations and to attain the targeted synergies.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS – CONTINUED

2. Local Limousine Segment

The Group owned a fleet of limousines which caters for the airport and local transfers of prestigious clients of numerous hotels in Hong Kong, and for corporate and individual users.

On 5 June 2015, the Group entered into an equity transfer agreement with independent third parties to acquire the entire equity interest in Parklane Limousine Service Limited and Airport Shuttle Services Limited (collectively, the “Parklane Group”) for a consideration of HK\$35 million. The Parklane Group is primarily engaged in the provision of local limousine hire services. The transaction was completed in June 2015.

3. Franchised Bus Segment

As at 30 September 2015, New Lantau Bus Company (1973) Limited (“NLB”), a 99.99% (2014: 99.99%) owned subsidiary of the Company, was operating 23 (2014: 23) franchised bus routes, mainly in Lantau Island, with a fleet of 121 (2014: 112) buses. The routes servicing Yuen Long/Tin Shui Wai and Shenzhen Bay Port (B2 and B2P), and the shuttle bus services within Tung Chung New Town, have contributed substantially to NLB’s positive results, both in terms of patronage as well as revenue.

NLB will continue to provide comfortable and reliable franchised bus services in Lantau Island and the areas between Yuen Long, Tin Shui Wai and Shenzhen Bay Port. It will be open to opportunities for developing services beneficial for both its clients and NLB.

4. Hotel and Tourism Segment

(a) Local tourism businesses

The Group continues to operate a number of service counters at the Passenger Terminal Building of the Hong Kong International Airport and throughout the urban areas of Hong Kong, to assist inbound visitors to Hong Kong or on transit with coach/bus or limousine service to Mainland China. The Group is also operating five travel agencies in Hong Kong that cater for tour services, namely, Lantau Tours Limited, TIL Travel (operated by Trans-Island Limousine Service Limited), Kwoon Chung Intercontinental Travel Company Limited, Chinalink Travel Services Company Limited and Vigor Tours Limited.

Taking advantage of the relative strengths of the Group in its wide range of transport services in Hong Kong and access to the major tourist attractions such as Disneyland and other parts of Hong Kong and Lantau Island, the Group has developed packaged services that include transport, tour, and hotel reservations. The packaged services mainly targets at the growing number of visitors from Mainland China to Hong Kong, and is one of the modes by which the Group transforms from being just a transport company to providing a range of services with added values, thus achieving diversification and increasing profit.

(b) Chongqing Tourism (Group) Co., Ltd.

This 60% (2014: 60%) owned subsidiary together with its two fellow group companies, was operating a hotel and a travel agency company in Chongqing, Mainland China. Loss had been significantly reduced during the six months ended 30 September 2015 owing to improved cost control.

Apart from promoting inbound-outbound packaged tours for travelers to Hong Kong and adjacent regions, the Group will also establish sales centre for Bipenggou, which coordinates the fellow travel agency company in Chongqing to promote tours to Bipenggou, thus creating synergy and maximizing business opportunities for both sides. Chongqing Grand Hotel had completed a renovation program in late 2012. The hotel management has kept on working hard on the controllable costs to minimize operating losses and on the balance of cash flows.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS – CONTINUED

4. Hotel and Tourism Segment – continued

(c) Lixian Bipenggou Tourism Development Co., Ltd.

As at 30 September 2015, the Group owned 51% (2014: 51%) equity interest in this subsidiary. The scenic area of Bipenggou has gained its popularity in Sichuan Province and the patronage has been stepping up to 138,000 for the current period as compared with 125,000 in the prior period. Losses were incurred during the six months ended 30 September 2015 as compared to a mild profit in corresponding period last year as operating costs such as depreciation and staff costs increased.

Bipenggou, Miyaluo, is about 180 kilometers from Chengdu, Mainland China. Bipenggou is endowed with diverse ecology and landscapes of stunning natural beauty and uniqueness, and is attractive all year round. An exclusive town-house design 127-room hotel owned by the Group inside the scenic area was open in 2011. Bipenggou has been awarded the 4A National Scenic Spot since 2012 and is stepping up for tourists. As such, it has high potential for ecotourism and revenue for the Group. Thanks to the recent completion of an extended scenic area, which is 5 kilometers further from Pan Yang Lake and a new electric shuttle car roadway, visitors can get even closer to various sites in Bipenggou that will deepen their personal experience with Mother Nature.

5. Mainland China Bus Segment

(a) Hubei Shenzhou Transport Holdings Ltd.

As at 30 September 2015, this 100% (2014: 100%) owned subsidiary of the Company was running a long-distance bus terminal and related travel business in Xiangyang, Hubei Province. Losses during the period had slightly increased as compared to that of prior period owing to increased operating costs.

(b) Guangzhou New Era Express Bus Co., Ltd. (“GZ New Era”) and GFTZ Xing Hua International Transport Ltd. (“GZ Xing Hua”)

On 27 March 2015, the Group entered into two equity transfer agreements with an independent third party to dispose of all of its 56% equity interests in GZ New Era and GZ Xing Hua at an aggregate consideration of RMB28,000,000. The transactions had been completed in April 2015 and the gain on disposal amounted to approximately HK\$10.3 million.

(c) Guangzhou City No. 2 Bus Co., Ltd. (“GZ2B”)

This 40% (2014: 40%) owned equity joint venture was operating city bus business in Guangzhou. On 29 June 2015, the Group entered into equity transfer agreement with Guangzhou City No. 2 Public Bus Company (“GZ2PB”) to dispose of all of its 40% equity interest in GZ2B at a consideration of RMB170,000,000. The transaction was completed in November 2015. After completion of the transaction, the Group does not maintain any city bus business in Mainland China.

LIQUIDITY AND FINANCIAL RESOURCES

Funding for the Group’s operations during the six months ended 30 September 2015 was sourced mainly from internally generated cash flows, with shortfalls being financed mainly by borrowings from banks and other financial institutions. As at 30 September 2015, the total outstanding indebtedness was approximately HK\$1,208 million (31 March 2015: HK\$1,218 million), of which HK\$1,083 million (31 March 2015: HK\$1,217 million) was primarily either repayable/renewable within one year, or repayable after one year but subject to repayment on demand clauses under bank facility agreements. The indebtedness comprised mainly term loans from banks and other financial institutions in Hong Kong and Mainland China, denominated in Hong Kong dollars (“HKD”) and Reminbi (“RMB”), respectively, and funds were deployed mainly for the purchase of capital assets and related investments. As at 30 September 2015, the Group’s gearing ratio, which is derived by dividing the total outstanding indebtedness by the total equity, was approximately 76.4% (31 March 2015: 78.6%).

FUNDING AND TREASURY POLICIES, AND FINANCIAL RISK MANAGEMENT

The Group maintains prudent funding and treasury policies towards its overall business operations, with an aim to minimize financial risks. All prospective material investments or capital assets will be financed by internal cash flows from operations, bank facilities or other viable forms of finance in Hong Kong and/or Mainland China.

The investments and related liabilities, income and expenditure of the Group for its Hong Kong and Mainland China operations are mainly denominated in HKD and RMB, respectively. The Group has been watchful of the exchange rates of HKD against RMB, and will formulate plans to hedge against major foreign currency exchange risks if and when necessary.

The Group also pays vigilant attention to the interest rate risks, as the borrowings of the Group carry mainly floating interest rates. The Group has adopted measures including certain hedging instruments to minimize such risks.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the total number of full-time employees of the Group was more than 4,000. The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is offered with reference to market rates. Salary and/or promotion review is conducted upon performance appraisal by management on a regular basis. Discretionary year-end bonus and share options, if applicable, are granted to eligible employees, in accordance with the Group's performance and individual's contribution. Ample in-house orientation and on-the-job training are arranged for the employees all year around. Employees are always encouraged to attend job-related seminars, courses and programs organized by professional or educational institutions, no matter in Hong Kong or overseas.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 30 September 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) Long Positions In Ordinary Shares Of the Company

Name of director	Number of shares held, capacity and nature of interest		Total	Percentage of the Company's issued share capital (%)
	Directly beneficially owned	Through controlled corporation		
Mr. Wong Leung Pak, Matthew, BBS	599,665 ⁽¹⁾	231,322,636 ⁽²⁾	231,922,301	50.23
Mr. Wong Cheuk On, James	3,434,000	–	3,434,000	0.74
Mr. Lo Man Po	2,200,000	–	2,200,000	0.48

Notes:

(1) Mr. Wong Leung Pak Matthew, BBS held 599,665 shares jointly with his spouse, Ms. Ng Lai Yee, Christina.

(2) These shares were held directly by Basic Faith Company Limited ("Basic Faith"). Basic Faith was wholly owned by Infinity Faith International Company Limited ("Infinity Faith") which was in turn wholly owned by Mr. Wong Leung Pak, Matthew, BBS. He was deemed to be interested in the 231,322,636 shares held by Basic Faith pursuant to the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY – CONTINUED

(ii) Long positions in shares of associated corporations

Mr. Wong Leung Pak, Matthew, BBS, an executive Director, held the entire equity interest in Guangzhou GoGo TIL Consulting Services Co., Ltd. and 1 ordinary share in Peng Yun Transportation Enterprises Co., Ltd., subsidiaries of the Company, in trust for the benefit of the Company.

Save as disclosed above, as at 30 September 2015, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share option scheme" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The share option scheme was adopted by the Company and became effective on 23 August 2012. Unless otherwise cancelled or amended, the share option scheme will remain in force for 10 years from that date.

There were no share options granted, exercised or outstanding under the share option scheme during the reporting period.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2015, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Capacity	Number of ordinary shares of the Company held	Percentage of the Company's issued share capital (%)
Ms. Ng Lai Yee, Christina	Joint interest	599,665 ⁽¹⁾	0.13
	Interest of spouse	231,322,636 ⁽²⁾	50.10
Basic Faith	Beneficial owner	231,322,636 ⁽³⁾	50.10
Infinity Faith	Interest of corporation controlled	231,322,636 ⁽³⁾	50.10
Cathay International Corporation	Beneficial owner	100,674,400	21.81

Notes:

- (1) Ms. Ng Lai Yee, Christina held 599,665 shares jointly with her spouse, Mr. Wong Leung Pak, Matthew, BBS.
- (2) Ms. Ng Lai Yee, Christina is the spouse of Mr. Wong Leung Pak, Matthew, BBS and she was deemed to be interested in all the shares in which Mr. Wong Leung Pak, Matthew, BBS was interested by virtue of the SFO.
- (3) These shares were held by Basic Faith, which was wholly owned by Infinity Faith. Infinity Faith was deemed to be interested in all the shares in which Basic Faith was interested by virtue of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES – CONTINUED

Save as disclosed above, as at 30 September 2015, no person, other than the Directors or chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company" above, had registered an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Stock Exchange throughout the six months ended 30 September 2015.

The Company has adopted the Model Code for securities transactions by directors. Having made specific enquiry of all Directors, all Directors have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the six months ended 30 September 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2015.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive Directors of the Company. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2015 have been reviewed by the audit committee.

APPRECIATION

The Board takes this opportunity to express hearty gratitude to the Group's business partners, shareholders, and loyal and diligent staff.

On behalf of the Board

Kwoon Chung Bus Holdings Limited

Wong Leung Pak, Matthew, BBS

Chairman

Hong Kong, 30 November 2015