



KWOON CHUNG BUS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 306)

Interim Report 2014/15



The directors (the "Directors") of Kwoon Chung Bus Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2014 together with the comparative figures of the corresponding period in 2013. 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	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
REVENUE	2	1,118,733	998,081
Cost of services rendered		(877,009)	(806,786)
Gross profit		241,724	191,295
Other income and gains		20,625	33,209
Administrative expenses		(138,540)	(119,232)
Other expenses, net		(2,342)	(2,995)
Finance costs		(17,962)	(11,436)
Share of losses of:			
Joint ventures		(667)	(5,471)
Associates		–	(6)
PROFIT BEFORE TAX	3	102,838	85,364
Income tax expense	4	(18,662)	(16,411)
PROFIT FOR THE PERIOD		84,176	68,953
Attributable to:			
Owners of the parent		80,018	68,411
Non-controlling interests		4,158	542
		84,176	68,953
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	6		
Basic		HK17.60 cents	HK16.50 cents
Diluted		HK17.53 cents	HK16.19 cents

Details of the dividends paid and proposed are disclosed in note 5.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	84,176	68,953
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,437	3,788
Change in fair value of available-for-sale investments	174	(426)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	1,611	3,362
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	85,787	72,315
Attributable to:		
Owners of the parent	81,335	69,951
Non-controlling interests	4,452	2,364
	85,787	72,315

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	7, 12	1,139,753	1,062,288
Investment properties	12	62,040	26,040
Prepaid land lease payments	12	14,874	15,179
Other intangible assets		715,054	635,352
Goodwill		170,836	169,403
Interests in joint ventures		83,012	84,738
Interests in associates		389	385
Available-for-sale investments	12	18,902	18,473
Financial asset at fair value through profit or loss	12	14,882	14,323
Deposits and other receivables		114,535	113,849
Deferred tax assets		353	366
Total non-current assets		2,334,630	2,140,396
CURRENT ASSETS			
Inventories		26,896	26,987
Trade receivables	8	131,940	131,912
Prepayments, deposits and other receivables		110,887	108,299
Tax recoverable		912	1,570
Pledged time deposits	12	15,678	15,723
Cash and cash equivalents		360,635	330,575
Total current assets		646,948	615,066
Assets of a disposal group classified as held for sale	14	320,229	316,583
Total current assets		967,177	931,649
CURRENT LIABILITIES			
Trade payables	9	52,170	48,751
Accruals, other payables and deposits received		311,733	326,635
Tax payable		31,732	29,898
Derivative financial instruments		12,369	12,950
Interest-bearing bank and other borrowings		820,488	678,538
Total current liabilities		1,228,492	1,096,772
Liabilities directly associated with the assets classified as held for sale	14	189,819	194,377
Total current liabilities		1,418,311	1,291,149
NET CURRENT LIABILITIES		(451,134)	(359,500)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,883,496	1,780,896
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		613	749
Other long term liabilities		32,288	30,835
Deferred tax liabilities		124,455	123,875
Total non-current liabilities		157,356	155,459
Net assets		1,726,140	1,625,437

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

	Notes	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	46,169	42,101
Reserves		1,553,305	1,419,021
Proposed final dividend		–	42,101
		1,599,474	1,503,223
Non-controlling interests			
		126,666	122,214
Total equity		1,726,140	1,625,437

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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
Final 2014 dividend declared (note 5)	-	-	-	-	-	-	-	-	-	(4,068)	(42,101)	(46,169)	-	(46,169)
Issue of shares (note 15)	4,068	77,708	-	-	(20,691)	-	-	-	-	-	-	61,085	-	61,085
Transfer of share option reserve upon the cancellation or lapse of share options	-	-	-	-	(7,244)	-	-	-	-	7,244	-	-	-	-
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

For the six months ended 30 September 2013 (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 2013	41,061	536,421	10,648	(1,855)	28,257	29,682	590	1,126	49,855	641,940	8,212	1,345,937	162,818	1,508,755
Profit for the period	-	-	-	-	-	-	-	-	-	68,411	-	68,411	542	68,953
Other comprehensive income for the period:														
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	1,966	-	-	1,966	1,822	3,788
Change in fair value of available-for-sale investments	-	-	-	-	-	-	(426)	-	-	-	-	(426)	-	(426)
Total comprehensive income for the period	-	-	-	-	-	-	(426)	-	1,966	68,411	-	69,951	2,364	72,315
Final 2013 dividend declared (note 5)	-	-	-	-	-	-	-	-	-	(196)	(8,212)	(8,408)	-	(8,408)
Distribution to non-controlling interests upon deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(20,818)	(20,818)
Issue of shares (note 15)	980	8,003	-	-	-	-	-	-	-	-	-	8,983	-	8,983
At 30 September 2013	42,041	544,424*	10,648*	(1,855)*	28,257*	29,682*	164*	1,126*	51,821*	710,155*	-	1,416,463	144,364	1,560,827

* These reserve accounts comprise the consolidated reserves of HK\$1,553,305,000 (30 September 2013: HK\$1,374,422,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net cash flows from operating activities		182,996	169,210
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from unlisted available-for-sale investments		417	393
Deposits paid for purchases of items of property, plant and equipment		(30,821)	(32,986)
Proceeds from disposal of items of property, plant and equipment		6,286	7,179
Purchases of items of property, plant and equipment		(167,178)	(114,574)
Additions to intangible assets		(38,000)	(11,199)
Acquisitions of subsidiaries	13	(95,804)	–
Receipts of government subsidies		5,485	10,291
Decrease in pledged time deposits		45	980
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		659	2,780
Net cash flows used in investing activities		(318,911)	(137,136)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		60,843	8,983
Drawdown of new bank loans		260,583	82,697
Repayment of bank loans		(118,769)	(106,541)
Repayment of other loan		(14,212)	(13,872)
Capital element of finance lease rental payments		(83)	(163)
Dividends paid		(46,169)	(8,408)
Net cash flows from/(used in) financing activities		142,193	(37,304)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,278	(5,230)
Cash and cash equivalents at beginning of period		403,153	262,522
Effect of foreign exchange rate changes, net		–	917
CASH AND CASH EQUIVALENTS AT END OF PERIOD		409,431	258,209
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		336,604	244,858
Non-pledged time deposits with original maturity of less than three months when acquired		4,177	10,827
Non-pledged time deposits with original maturity of more than three months when acquired		19,854	30,476
Cash and cash equivalents as stated in the condensed consolidated statement of financial position		360,635	286,161
Non-pledged time deposits with original maturity of more than three months when acquired		(19,854)	(30,476)
Cash and short term deposits attributable to a disposal group classified as held for sale		71,391	2,524
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		409,431	258,209

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 2014.

1.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2014, 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 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of the new and revised HKFRSs has had no significant financial effect on the unaudited condensed consolidated 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 2014, 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 seven reportable operating segments as follows:

- (a) the non-franchised bus segment includes the provision of non-franchised bus hire services in Hong Kong;
- (b) the 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 Lantau Island, Hong Kong;
- (d) 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 Guangdong, Mainland China;
- (e) the tourism segment engages in travel agency and tour services in Hong Kong and Mainland China and the operation of a scenic spot in Sichuan, Mainland China;
- (f) the hotel segment represents the provision of hotel services in Chongqing, Mainland China; and
- (g) 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 is 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 year ended 31 March 2014, the Group changed the internal reporting structure and performance measurement for resources allocation decision-making and performance assessment. Accordingly, an additional reportable operating segment of "Limousine" was separately disclosed and certain comparative amounts previously reported under the reportable operating segment of "Non-franchised bus" have been reclassified and restated to conform with the current period's presentation.

Six months ended 30 September 2014 (Unaudited)

	Non-franchised bus HK\$'000	Limousine HK\$'000	Franchised bus HK\$'000	Mainland China bus HK\$'000	Tourism HK\$'000	Hotel HK\$'000	Others HK\$'000	Inter-segment eliminations HK\$'000	Total HK\$'000
Segment revenue:									
External sales	830,200	65,125	80,786	59,033	70,057	13,532	-	-	1,118,733
Intersegment sales	9,985	32	-	-	-	-	-	(10,017)	-
Other revenue	14,207	-	1,593	3,524	806	68	427	-	20,625
Total	854,392	65,157	82,379	62,557	70,863	13,600	427	(10,017)	1,139,358
Segment results	113,536	1,823	3,207	6,308	1,697	(1,130)	(4,641)	-	120,800
Reconciliation:									
Finance costs									(17,962)
Profit before tax									102,838

Six months ended 30 September 2013 (Unaudited)

	Non-franchised bus HK\$'000 (Restated)	Limousine HK\$'000 (Restated)	Franchised bus HK\$'000	Mainland China bus HK\$'000	Tourism HK\$'000	Hotel HK\$'000	Others HK\$'000	Inter-segment eliminations HK\$'000 (Restated)	Total HK\$'000
Segment revenue:									
External sales	738,221	62,922	72,968	63,824	46,197	13,949	-	-	998,081
Intersegment sales	6,941	1,169	-	-	-	-	-	(8,110)	-
Other revenue	26,864	-	1,533	3,634	741	27	410	-	33,209
Total	772,026	64,091	74,501	67,458	46,938	13,976	410	(8,110)	1,031,290
Segment results	94,436	3,591	5,598	1,178	(3,188)	(1,809)	(3,006)	-	96,800
Reconciliation:									
Finance costs									(11,436)
Profit before tax									85,364

3. Profit Before Tax

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

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Amortisation of intangible assets	13,379	11,016
Depreciation	91,674	90,460
Gain on disposal of items of property, plant and equipment and passenger service licences*, net	(2,974)	(4,057)

* During the period ended 30 September 2013, the Group disposed of five motor vehicles, together with five passenger service licences, for an aggregate consideration of HK\$18,920,000, resulting in a gain on disposal of HK\$6,615,000.

4. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (period ended 30 September 2013: 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	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Current:		
Hong Kong	16,093	9,291
Mainland China	1,975	2,036
Deferred	594	5,084
Total tax charge for the period	18,662	16,411

5. Dividends

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Dividends on ordinary shares declared and paid during the six months period: Final dividend for the year ended 31 March 2014: HK10 cents (2013: HK2 cents)	46,169	8,408
Dividends on ordinary shares proposed for approval (not recognised as a liability as at 30 September): Interim dividend for the year ending 31 March 2015: HK8 cents (2014: HK2 cents)	36,935	8,408
Special dividend for the year ending 31 March 2015: HK2 cents (2014: Nil)	9,234	–
	46,169	8,408

The proposed interim and special dividends for the year ending 31 March 2015 were approved by the board of directors on 27 November 2014.

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

The calculation of 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\$80,018,000 (period ended 30 September 2013: HK\$68,411,000), and the weighted average number of ordinary shares of 454,645,011 (period ended 30 September 2013: 414,569,934) in issue during the period.

The calculation of diluted earnings per share amount is based on the unaudited consolidated profit for the period attributable to ordinary equity holders of the parent of HK\$80,018,000 (period ended 30 September 2013: HK\$68,411,000), and the weighted average number of ordinary shares of 454,645,011 (period ended 30 September 2013: 414,569,934) in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 1,850,598 (period ended 30 September 2013: 8,077,060) assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

7. Property, Plant and Equipment

During the six months ended 30 September 2014, additions of property, plant and equipment amounted to HK\$167,178,000 (year ended 31 March 2014: HK\$146,580,000). Items of property, plant and equipment with a net book value of HK\$3,312,000 (year ended 31 March 2014: HK\$22,712,000) were disposed of or written-off by the Group during the six months ended 30 September 2014.

8. Trade Receivables

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Trade receivables	132,690	132,662
Impairment	(750)	(750)
	131,940	131,912

Included in the Group's trade receivables are amounts due from associates of HK\$10,533,000 (31 March 2014: HK\$8,647,000), which are repayable within 90 days.

The Group allows an average credit period ranging from 30 to 90 days for its trade debtors. An aged analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within 30 days	108,228	97,648
31 to 60 days	12,428	21,524
61 to 90 days	4,499	7,850
Over 90 days	6,785	4,890
	131,940	131,912

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK\$750,000 (31 March 2014: HK\$750,000) with a carrying amount before provision of HK\$844,000 (31 March 2014: HK\$844,000). The individually impaired trade receivables relate to customers who were in financial difficulties.

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 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Current to 30 days	37,227	40,630
31 to 60 days	2,555	4,258
61 to 90 days	1,432	867
Over 90 days	10,956	2,996
	52,170	48,751

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

10. Contingent Liabilities

The Company has given certain guarantees and debentures amounting to HK\$1,507,860,000 (31 March 2014: HK\$1,509,947,000) in favour of certain banks for the banking facilities granted to its subsidiaries. As at 30 September 2014, the banking facilities granted to the subsidiaries subject to guarantees and debentures given to the banks by the Company were utilised to the extent of approximately HK\$734,475,000 (31 March 2014: HK\$620,335,000).

At the end of the reporting period, the Group had no significant contingent liabilities.

11. Commitments

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

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Contracted, but not provided for:		
Acquisitions of motor buses and vehicles	90,322	161,294
Capital contribution to a subsidiary	5,000	5,000
Construction of a bus terminal	67,221	66,291
	162,543	232,585

12. Pledge of Assets

At 30 September 2014, the Group's bank loans are secured by (i) certain property, plant and equipment, and investment properties with an aggregate net book value of HK\$144,472,000 (31 March 2014: HK\$178,951,000); (ii) the pledge of certain time deposits of HK\$15,678,000 (31 March 2014: HK\$15,723,000); (iii) the pledge of certain available-for-sale investments with a carrying value of HK\$18,662,000 (31 March 2014: HK\$18,233,000) and financial asset at fair value through profit or loss with a carrying value of HK\$14,882,000 (31 March 2014: HK\$14,323,000); (iv) certain issued shares of certain subsidiaries indirectly held by the Company; and (v) fixed and floating charges over all the assets and undertakings of the Group in Hong Kong to the extent of HK\$706,000,000 (31 March 2014: HK\$706,000,000) under debentures given by the Company.

13. Business Combinations

On 16 June 2014, the Group entered into equity transfer agreements with Shenzhen Yunfa City Group Holdings Co., Ltd., an independent third party, to acquire 100% equity interests in Pengyun Transport Enterprise Co., Ltd., Shenzhen City Coach Transport Travel Services Co., Ltd. and Shenzhen City Pengyun Transport Co., Ltd. (collectively, the "Pengyun Group") for considerations of HK\$65,867,301, RMB2,191,254 (equivalent to approximately HK\$2,739,068) and RMB21,757,960 (equivalent to approximately HK\$27,197,451), respectively. The Pengyun Group is primarily engaged in the provision of cross-boundary transportation services between Hong Kong and Mainland China. The acquisition was completed during the period as part of the Group's strategy to expand its market share of cross-boundary passenger transportation services.

The fair values of the identifiable assets and liabilities of the Pengyun Group as at the date 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	560
Investment properties	36,000
Licences and operating rights	53,700
Current assets	20,991
Current liabilities	(16,880)
Total identifiable net assets at fair value	94,371
Goodwill on acquisition	1,433
Satisfied by cash	95,804

The Group incurred transaction costs of HK\$262,200 for this acquisition. These transaction costs have been expensed and are included in other expenses, net in the condensed consolidated statement of profit or loss.

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

The operations of the Pengyun Group had been integrated with other subsidiaries of the Group since its acquisition. The Pengyun Group did not have significant contribution to the Group's turnover and to the consolidated profit for the period from 1 April 2014 to 30 September 2014.

14. Disposal Group Held For Sale

On 18 December 2013, the Group entered into an equity transfer agreement with an independent third party, Dongguan City Bangge Electronic Machineries Co., Ltd, whereby the Group agreed to dispose of its entire effective interest in Guangzhou City Zhongguan Consulting Services Co., Ltd. ("GZ Zhongguan") and its subsidiaries (the "Zhongguan Designated Bus Group") for a consideration of RMB8.95 million (approximately HK\$11.2 million) and assumption of an amount payable by the Zhongguan Designated Bus Group to the Group of RMB55 million (approximately HK\$68.6 million). GZ Zhongguan held as to 51% effective interests in each of its 3 major subsidiaries, Hubei Shenzhou Transport Holdings Co., Ltd. ("Hubei Shenzhou"), Guangzhou New Era Express Bus Co., Ltd. ("GZ New Era") and GFTZ Xing Hua International Transport Limited ("GZ Xing Hua"). The Zhongguan Designated Bus Group is primarily engaged in the provision of long distance bus transportation services in Hubei Province and Guangzhou, Mainland China. Upon completion of the transaction, the Group will retain remaining effective interests of 49%, 5% and 5% in Hubei Shenzhou, GZ New Era and GZ Xing Hua, respectively. The directors of the Company expect this transaction to be completed before 31 March 2015. Accordingly, the assets and liabilities of the Zhongguan Designated Bus Group as at 30 September 2014 and 31 March 2014 were classified as a disposal group held for sale.

15. Share Capital

During the period, the subscription rights attaching to 40,680,000 (period ended 30 September 2013: 9,800,000) share options were exercised at a weighted average exercise price of HK\$1.50 (period ended 30 September 2013: HK\$0.70) per share, resulting in the issue of 40,680,000 (period ended 30 September 2013: 9,800,000) shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$60,843,000 (period ended 30 September 2013: HK\$6,873,000).

16. Related Party Transactions

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

		Six months ended	
		30 September	
		2014	2013
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Coach rental income and administrative service income			
from associates	(i)	49,873	47,735
Bus washing charges paid to a then related company	(ii), (iii)	–	125
Purchases of fuel from then related companies	(ii), (iii)	–	13,703
Rental and related expenses paid to a then related company	(iv)	–	3,317

Notes:

- (i) 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.
- (ii) On 13 June 2003, the Company entered into an agreement with New World First Bus Services Limited ("NWFB"), a fellow subsidiary of a then shareholder of the Company, for (a) the provision of bus washing services by NWFB to certain of the motor vehicles of the Group in Hong Kong; and (b) the purchase of fuel from NWFB by the Group for the Group's own consumption. There were several subsequent renewals of the agreement. Commencing on 1 August 2012 and 1 May 2013, the monthly bus washing charge was increased to HK\$17,260 and HK\$18,010, respectively. For the period ended 30 September 2013, the aggregate fee related to bus washing services was HK\$125,000 and the aggregate purchases of fuel from NWFB amounted to HK\$7,015,000.

16. Related Party Transactions – continued

- (iii) On 10 October 2005, New Lantao Bus Company (1973) Limited (“NLB”), a subsidiary of the Company, entered into an agreement with Citybus Limited (“CTB”), a fellow subsidiary of a then shareholder of the Company, for (a) the provision of bus washing services by CTB to certain of the motor vehicles of NLB in Hong Kong; and (b) the purchase of fuel from CTB by NLB for NLB’s own consumption. There were several subsequent renewals of the agreement. Commencing on 1 July 2010, the refuelling charge was determined at a fixed rate of HK\$0.65 per litre for the total quantity of fuel refuelled and the bus washing charge was determined at a fixed rate of HK\$18.3 per vehicle. Commencing on 1 July 2012, the bus washing charge was increased to HK\$20 per vehicle and commencing on 1 May 2013, the refuelling charge was increased to HK\$0.72 per litre. For the period ended 30 September 2013, no bus washing services were provided by CTB and the aggregate purchases of fuel from CTB amounted to HK\$6,688,000.
- (iv) On 9 March 2005, the Company entered into a tenancy agreement with NWFB for the lease of office premises. There were several subsequent renewals of the agreement. Commencing on 1 January 2013, the total monthly charge was determined at HK\$408,000. For the period ended 30 September 2013, the total rental and related expenses paid by the Group amounted to HK\$3,317,000.

(b) Outstanding balances with related parties

	30 September 2014 (Unaudited) HK\$’000	31 March 2014 (Audited) HK\$’000
Due from associates	141	141
Due to a joint venture	–	(10,345)
Due from a joint venturer	371	371
Due to joint venturers	(409)	(409)
Loan to a related party	860	1,040

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.

(c) Compensation of key management personnel of the Group

	Six months ended 30 September 2014 (Unaudited) HK\$’000	2013 (Unaudited) HK\$’000
Short term employee benefits	8,148	6,773
Post-employment benefits	320	530
Total compensation paid to key management personnel	8,468	7,303

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 portion 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 portion of deposits and other receivables, balances with a joint venture and 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 value of an unlisted available-for-sale investment fund in Hong Kong is 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 based on assumptions that are not supported by observable market prices or rates. 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, is reasonable, and that it was the most appropriate value at the end of the reporting period.

The Group enters into derivative financial instruments with a creditworthy bank with no recent history of default. Derivative financial instruments, including interest rate 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, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of interest rate 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:

Group

As at 30 September 2014

	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	
Available-for-sale equity investment	18,662	–	–	18,662
Financial asset at fair value through profit or loss	–	14,882	–	14,882
	18,662	14,882	–	33,544

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

As at 31 March 2014

	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	
Available-for-sale equity investment	18,233	–	–	18,233
Financial asset at fair value through profit or loss	–	14,323	–	14,323
	18,233	14,323	–	32,556

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 2014: Nil).

Liabilities measured at fair value:

Group

As at 30 September 2014

	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	–	12,369	–	12,369

As at 31 March 2014

	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	–	12,950	–	12,950

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 2014: Nil).

18. Approval of the Interim Financial Statements

These condensed consolidated interim financial statements were approved and authorised for issue by the board of Directors on 27 November 2014.

DIVIDENDS

At a meeting of the board of Directors held on 27 November 2014, the Directors resolved to pay an interim dividend and a special dividend of HK8 cents (2014: HK2 cents) and HK2 cents (2014: Nil) per ordinary share, respectively, for the year ending 31 March 2015. The interim and special dividends will be paid on or about Tuesday, 23 December 2014 to the shareholders whose names appear on the register of members of the Company on Wednesday, 17 December 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the interim and special dividends, the register of members of the Company will be closed from Monday, 15 December 2014 to Wednesday, 17 December 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to 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 Friday, 12 December 2014.

REVIEW OF OPERATIONS

The unaudited consolidated profit attributable to owners of the parent for the six months ended 30 September 2014 was approximately HK\$80.0 million, which represents an increase of about 16.97% from that of approximately HK\$68.4 million for the same period of prior year.

The increase is mainly due to the improvement in results of the non-franchised bus segment, Guangzhou City No. 2 Bus, and the scenic area business in Bipenggou, Sichuan. 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, mounting inflation has led to rising operating costs on depreciation and salaries.

Details on each segment of operation are discussed below:

1. Non-franchised Bus and Limousine Segments

The principal non-franchised bus and limousine services provided by the Group include Mainland China/Hong Kong cross-boundary services, and local services including students, employees, residents, tours and hotels, and contract hire services. The Group continues to be the largest non-franchised bus operator in Hong Kong in terms of fleet size as at the date of this report.

The total turnover of these two segments for the six months ended 30 September 2014 was approximately HK\$895 million (2013: HK\$801 million), representing an increase of approximately 11.76% compared with the same period of prior year.

There has been a growing demand for cross-boundary services for both buses as well as limousines. The local services catered for schools, employees, residential estates, and tours continue to be stable, while the cross-boundary business servicing 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.

2. Franchised Bus Segment

As at 30 September 2014, New Lantao Bus Company (1973) Limited ("NLB"), a 99.99% (2013: 99.99%) owned subsidiary was operating 23 (2013: 23) franchised bus routes, mainly in Lantau Island, with a fleet of 112 (2013: 108) buses. For the period, the total turnover of NLB was approximately HK\$80.8 million (period ended 30 September 2013: HK\$73.0 million). 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.

REVIEW OF OPERATIONS – CONTINUED

3. Mainland China Bus Segment

(a) Hubei Shenzhou Transport Holdings Ltd.

As at 30 September 2014, this 100% (2013: 100%) owned subsidiary was operating a long distance transport terminal and long distance bus route services in Hubei Province, comprising 192 (2013: 192) routes with a fleet of 528 (2013: 532) chartered buses. Its performance during the period had slightly deteriorated owing to increased operating costs.

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

As at 30 September 2014, GZ New Era and GZ Xing Hua, both 56% (2013: 56%) owned subsidiaries, were operating 5 (2013: 5) routes with a fleet of 21 (2013: 20) buses and 5 (2013: 5) routes with a fleet of 26 (2013: 26) buses respectively, providing long distance bus transport in Guangdong Province. Their performance during the period had slightly deteriorated owing to increased competition and operating costs.

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

This 40% (2013: 40%) owned joint venture commenced operation from January 2008. As at 30 September 2014, it was operating a fleet of 2,065 buses (2013: 1,980) for 183 routes (2013: 170) in Guangzhou. Losses were much reduced during the period owing to more punctual receipt of government subsidies.

4. Tourism and Hotel Segments

(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, 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 (formerly known as 991 Travel Limited), Chinalink Travel Services Company Limited and Vigor Tours Limited.

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

This 60% (2013: 60%) owned subsidiary together with its two fellow group companies (collectively “Chongqing Tourism Group”), was operating a hotel and a travel agency. Loss had been reduced during the period owing to improved rental income from the hotel and cost control. It is hoped that the profit or loss and cash flow will keep on improving in future.

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

As at 30 September 2014, the Group owned 51% (2013: 51%) equity interest in this subsidiary. The scenic area of Bipenggou has gained its popularity in Sichuan and the patronage has been stepping up to 125,000 for the current period as compared with 54,500 in the prior period. As a result, the financial results had also turned around to a mild profit during the period as compared to a significant loss in prior period.

LIQUIDITY AND FINANCIAL RESOURCES

Funding for the Group's operations during the period came mainly from internally generated cash flows. Shortfalls, if any, were financed through bank loans and leases. The total indebtedness outstanding as at 30 September 2014, including those included in liabilities directly associated with assets classified as held for sale of approximately HK\$35 million (31 March 2014: HK\$48 million), was approximately HK\$856 million (31 March 2014: HK\$727 million), which was either repayable/renewable within one year, or repayable after one year but subject to repayment on demand clauses under the relevant bank facility agreements. The indebtedness comprised mainly bank loans, and funds were deployed primarily for the purchase of buses and for investments both in Hong Kong and Mainland China. The leverage was approximately 49.6% (31 March 2014: 44.7%).

FUNDING AND TREASURY POLICY

The Group maintains a prudent funding and treasury policy towards its overall business operations, which aims at minimizing financial risks. Future projects will be financed by cash flows from the Group's operations, banking facilities or other viable forms of financing in Hong Kong and Mainland China. The income and expenditure of the Group's Hong Kong operations are denominated in Hong Kong Dollars ("HKD"). For the Group's investments in Mainland China, the major sources of income are in Renminbi ("RMB"). The Group pays vigilant attention to any significant fluctuation in the exchange rates. The Group is also mindful of significant fluctuations in interest rates, as the bank loans of the Group carry mainly floating interest rates. Appropriate measures in minimizing such risks have been duly enforced by the Group.

HUMAN RESOURCES

The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is established in line with market rates. In-house orientation and training programs are arranged for the staff both in Hong Kong and Mainland China. Employees are also encouraged to attend job-related seminars and courses organized by professional and/or educational institutions.

FUTURE PROSPECTS

On the generic level:

The economies of the US and Europe have been recovering slowly. The general economic environment of Hong Kong and Mainland China is stable with steady growth. However, the recent Occupy Central movement has affected the Group's non-franchised bus businesses. Hence, a subsidiary and an associate of the Group have jointly filed writs with the High Court seeking injunctions, in an attempt to clear roads in Admiralty blocked by Occupy Central demonstrators.

Achieving sustained net profit will be a greater challenge for the Group, in light of:

- (a) the Occupy Central movement as mentioned above;
- (b) accelerating costs, not least for operating essentials such as salaries and wages, depreciation and spare parts; and
- (c) the expanding competition from rail transport that continues to exert pressure on the Group's patronage and revenue, particularly those of parallel routes and services.

FUTURE PROSPECTS – CONTINUED

On the segmental level:

1. Non-franchised Bus and Limousine Segments

The Group will maximize the strengths of its large fleet and manpower in these segments 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 these segments is expected to grow. However, it takes time to integrate the different operations and to attain the targeted synergies.

2. Franchised Bus Segment

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.

3. Mainland China Bus Segment

For long distance inter-city routes, as their fares are more flexible and commercially viable, the Group has maintained its operation of some equity joint ventures in Guangzhou and a subsidiary in Xiangyang, Hubei.

4. Tourism and Hotel Segments

- (a) 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) The travel and hotel operations of the subsidiaries in Chongqing will continue. 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, which is operated by a non-wholly owned subsidiary of the Company, 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.
- (c) The Group has joint interest in developing eco-tourism in Bipenggou, Miyalu, which 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, which is evidenced by the number of patronage achieving to over 410,000 up to November in 2014. 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.

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

At 30 September 2014, the interests and short positions of the Directors and chief executives 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		
Wong Leung Pak, Matthew	599,665 ⁽¹⁾	231,322,636 ⁽²⁾	231,922,301	50.23
Wong Cheuk On, James	3,434,000	–	3,434,000	0.74
Lo Man Po	2,200,000	–	2,200,000	0.48

Notes:

- (1) Mr. Wong Leung Pak, Matthew 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. He was deemed to be interested in the 231,322,636 shares held by Basic Faith pursuant to the SFO.

The interests of the Directors in the share options of the Company are separately disclosed in the section headed "Share option schemes" below.

(ii) Long positions in shares of associated corporations

Name of associated corporation	Name of director	Number of shares [#]	Class of shares
Good Funds Services Limited*	Wong Leung Pak, Matthew	125,000	Non-voting deferred
Kwoon Chung Motors Company, Limited*	Wong Leung Pak, Matthew	33,334	Non-voting deferred

- * subsidiaries of the Company
 # directly beneficially owned

In addition, Mr. Wong Leung Pak, Matthew has non-beneficial personal equity interests in a subsidiary of the Company held for the benefit of the Company.

Save as disclosed above, as at 30 September 2014, none of the Directors or chief executives 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 schemes" below, during the period, there were no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or there were no such rights exercised by them; or there was not any arrangement to which the Company or any of its subsidiaries is a party to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

The following share options were outstanding under the share option schemes during the period:

Name or category of participant	Number of share options					Date of grant of share options	Exercise period of share options	Exercise price of share options* HK\$ per share	Price of the Company's shares	
	At 1 April 2014	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	At 30 September 2014				At grant date of options** HK\$ per share	At exercise date of options† HK\$ per share
Directors										
Wong Leung Pak, Matthew	1,500,000	-	(1,500,000)	-	-	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	2.310
	4,000,000	-	(4,000,000)	-	-	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	2.310
	5,500,000	-	(5,500,000)	-	-					
Wong Cheuk On, James (appointed on 21 May 2014)	2,000,000	-	(2,000,000)	-	-	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	2.310
Lo Man Po (appointed on 21 May 2014)	2,000,000	-	(2,000,000)	-	-	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	2.310
	200,000	-	(200,000)	-	-	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	2.310
	2,200,000	-	(2,200,000)	-	-					
Wong Chung Pak, Thomas (resigned on 2 June 2014)	1,500,000	-	(1,500,000)	-	-	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	2.290
	4,000,000	-	(4,000,000)	-	-	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	2.290
	5,500,000	-	(5,500,000)	-	-					
Wong Wing Pak (resigned on 2 June 2014)	1,500,000	-	(1,500,000)	-	-	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	2.290
	4,000,000	-	(4,000,000)	-	-	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	2.290
	5,500,000	-	(5,500,000)	-	-					

Name or category of participant	Number of share options					Date of grant of share options	Exercise period of share options	Exercise price of share options* HK\$ per share	Price of the Company's shares	
	At 1 April 2014	Granted during the period	Exercised during the period	Lapsed/cancelled during the period	At 30 September 2014				At grant date of options** HK\$ per share	At exercise date of options# HK\$ per share
Chan Bing Woon, SBS, JP	200,000	-	-	(200,000)	-	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	300,000	-	-	(300,000)	-	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	500,000	-	-	(500,000)	-					
Sung Yuen Lam	200,000	-	-	(200,000)	-	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	300,000	-	-	(300,000)	-	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	500,000	-	-	(500,000)	-					
Lee Kwong Yin, Colin	200,000	-	-	(200,000)	-	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	300,000	-	-	(300,000)	-	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	500,000	-	-	(500,000)	-					
Shareholder	2,400,000	-	-	(2,400,000)	-	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
Other employees										
In aggregate	800,000	-	(800,000)	-	-	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	2.305
	3,500,000	-	(2,200,000)	(1,300,000)	-	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	2.304
	23,100,000	-	(16,980,000)	(6,120,000)	-	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	2.302
	27,400,000	-	(19,980,000)	(7,420,000)	-					
	52,000,000	-	(40,680,000)	(11,320,000)	-					

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.

The price of the Company's shares disclosed as at the date of exercise of the share options is the weighted average closing price of the Company's shares on trading day immediately prior to the date of exercise of the share options.

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

At 30 September 2014, the interests or short positions of the persons (other than a Director or chief executives 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 (%)
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	93,694,000	20.29

Notes:

- (1) Ms. Ng Lai Yee, Christina held 599,665 shares jointly with her spouse, Mr. Wong Leung Pak, Matthew.
- (2) Ms. Ng Lai Yee, Christina is the spouse of Mr. Wong Leung Pak, Matthew and she was deemed to be interested in all the shares in which Mr. Wong Leung Pak, Matthew 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.

Save as disclosed above, as at 30 September 2014, no person, other than the Directors or chief executives of the Company, whose interests are set out in the section headed "Directors' and chief executives' 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.

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 period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The board of Directors is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the period.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code. 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 period.

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. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2014 have been reviewed by the 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

Chairman

Hong Kong, 27 November 2014