



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 2020 together with the comparative figures of the corresponding period in 2019. The interim condensed consolidated financial information has not been audited, but has been reviewed by the Company’s audit committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended	
		30 September	
		2020	2019
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE	4	476,670	1,324,088
Cost of services rendered		(518,317)	(1,139,164)
Gross profit/(loss)		(41,647)	184,924
Other income and gains, net		146,946	26,599
Administrative expenses		(143,540)	(180,966)
Other expenses, net		(191)	(1,596)
Finance costs		(26,523)	(38,645)
Share of profits and losses of associates		787	(126)
LOSS BEFORE TAX	5	(64,168)	(9,810)
Income tax expense	6	(11,618)	(1,012)
LOSS FOR THE PERIOD		(75,786)	(10,822)
Attributable to:			
Owners of the parent		(74,508)	(6,786)
Non-controlling interests		(1,278)	(4,036)
		(75,786)	(10,822)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		HK(15.63) cents	HK(1.47) cents
Diluted		HK(15.63) cents	HK(1.47) cents



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
LOSS FOR THE PERIOD	(75,786)	(10,822)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	21,691	(7,786)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(54,095)	(18,608)
Attributable to:		
Owners of the parent	(54,093)	(12,349)
Non-controlling interests	(2)	(6,259)
	(54,095)	(18,608)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,756,534	1,854,792
Investment properties		327,793	319,616
Right-of-use assets		192,792	208,841
Goodwill		201,801	201,801
Passenger service licences		1,125,367	1,125,367
Other intangible assets		339,897	347,510
Interests in associates		38,380	37,593
Equity investments designated at fair value through other comprehensive income		1,233	1,233
Financial assets at fair value through profit or loss		30,922	30,511
Prepayments, deposits and other receivables		196,332	205,026
Deferred tax assets		3,236	3,236
Total non-current assets		4,214,287	4,335,526
CURRENT ASSETS			
Inventories		30,416	30,716
Trade receivables	10	128,629	208,770
Loan receivable		6,494	6,227
Prepayments, deposits and other receivables		237,864	207,007
Tax recoverable		4,533	3,188
Pledged time deposits and restricted cash		37,883	37,760
Cash and cash equivalents		561,530	393,979
Total current assets		1,007,349	887,647



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	11	51,998	62,874
Other payables and accruals		542,318	501,351
Derivative financial instrument		42	597
Interest-bearing bank borrowings		1,066,459	1,150,078
Lease liabilities		23,771	24,611
Tax payable		55,225	44,027
Total current liabilities		1,739,813	1,783,538
NET CURRENT LIABILITIES		(732,464)	(895,891)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,481,823	3,439,635
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		913,585	787,358
Lease liabilities		10,712	29,925
Other long term liabilities		73,666	83,948
Deferred tax liabilities		295,421	295,870
Total non-current liabilities		1,293,384	1,197,101
Net assets		2,188,439	2,242,534
EQUITY			
Equity attributable to owners of the parent			
Issued capital		47,678	47,678
Reserves		2,059,128	2,113,221
Non-controlling interests		81,633	81,635
Total equity		2,188,439	2,242,534



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020 (unaudited)

	Attributable to owners of the parent											Non-controlling interests HK\$'000	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	Reserve fund HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
At 1 April 2020	47,678	676,246	10,648	(1,855)	6,511	225,372	1,903	(35,611)	1,230,007	2,160,899	81,635	2,242,534	
Loss for the period	-	-	-	-	-	-	-	-	(74,508)	(74,508)	(1,278)	(75,786)	
Other comprehensive income for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	20,415	-	20,415	1,276	21,691	
Total comprehensive loss for the period	-	-	-	-	-	-	-	20,415	(74,508)	(54,093)	(2)	(54,095)	
Transfer of depreciation on buildings	-	-	-	-	-	(2,216)	-	-	2,216	-	-	-	
At 30 September 2020 (unaudited)	47,678	676,246*	10,648*	(1,855)*	6,511*	223,156*	1,903*	(15,196)*	1,157,715*	2,106,806	81,633	2,188,439	

For the six months ended 30 September 2019 (unaudited)

	Attributable to owners of the parent											Non-controlling interests HK\$'000	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	Reserve fund HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
At 1 April 2019	46,169	623,066	10,648	(1,855)	-	208,466	1,903	13,560	1,279,276	2,181,233	88,477	2,269,710	
Loss for the period	-	-	-	-	-	-	-	-	(6,786)	(6,786)	(4,036)	(10,822)	
Other comprehensive loss for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(5,563)	-	(5,563)	(2,223)	(7,786)	
Total comprehensive loss for the period	-	-	-	-	-	-	-	(5,563)	(6,786)	(12,349)	(6,259)	(18,608)	
Transfer of depreciation on buildings	-	-	-	-	-	(4,547)	-	-	4,547	-	-	-	
Equity-settled share option arrangement	-	-	-	-	2,947	-	-	-	-	2,947	-	2,947	
Final 2019 dividend (note 7)	-	-	-	-	-	-	-	-	(73,870)	(73,870)	-	(73,870)	
Issue of shares in lieu of cash dividend	1,509	53,180	-	-	-	-	-	-	-	54,689	-	54,689	
At 30 September 2019 (unaudited)	47,678	676,246	10,648	(1,855)	2,947	203,919	1,903	7,997	1,203,167	2,152,650	82,218	2,234,868	

* These reserve accounts comprise the consolidated reserves of HK\$2,059,128,000 (31 March 2020: HK\$2,113,221,000) in the interim condensed consolidated statement of financial position as at 30 September 2020.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash flows from operating activities	156,021	235,081
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(31,205)	(126,158)
Proceeds from disposal of items of property, plant and equipment	11,877	8,073
Deposits paid for purchases of items of property, plant and equipment	–	(16,403)
Additions to passenger service licences	–	(34,800)
Decrease/(increase) in pledged time deposits and restricted cash	(123)	9,698
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	–	953
Net cash flows used in investing activities	(19,451)	(158,637)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	109,000	320,000
Repayment of bank borrowings	(68,196)	(359,031)
Principal portion of lease payments	(17,026)	(17,913)
Dividend paid	–	(19,181)
Net cash flows from/(used in) financing activities	23,778	(76,125)
NET INCREASE IN CASH AND CASH EQUIVALENTS	160,348	319
Cash and cash equivalents at beginning of period	392,794	292,035
Effect of foreign exchange rate changes, net	7,203	(491)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	560,345	291,863
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	560,345	291,863
Non-pledged time deposits with original maturity of more than three months when acquired	1,185	–
Cash and cash equivalents as stated in the consolidated statement of financial position	561,530	291,863
Non-pledged time deposits with original maturity of more than three months when acquired	(1,185)	–
Cash and cash equivalents as stated in the consolidated statement of cash flows	560,345	291,863



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Kwoon Chung Bus Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 3rd Floor, 8 Chong Fu Road, Chai Wan, Hong Kong.

During the period, the Group was engaged in the following principal activities:

- provision of non-franchised bus, franchised bus, public light bus (“PLB”) and Mainland China bus services
- provision of limousine services
- provision of hotel and tourism services
- provision of other transportation services

In the opinion of the directors, the immediate holding company is Basic Faith Company Limited, a company incorporated in the British Virgin Islands, and the ultimate holding company is Infinity Faith International Company Limited, a company also incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2020.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for buildings classified as property, plant and equipment, investment properties, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and a derivative financial instrument which have been measured at fair value. The financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand, except when otherwise indicated.



2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

Other than as explained below regarding the impact of amendment to HKFRS 16 *Covid-19-Related Rent Concessions*, the revised standards have had no significant effect on this financial information. The nature and the impact of amendment to HKFRS 16 are described below:

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 September 2020, certain monthly lease payments for the leases of the Group's office properties, ticket counters, bus depots, terminals and car parks have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 30 September 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$3,027,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 September 2020.



3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has five 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 and PLB segment includes the provision of franchised bus and PLB services in Hong Kong;
- (d) the Mainland China business segment includes the provision of hotel services, the operation of a scenic area, and the provision of bus services by designated routes as approved by various local governments/transport authorities in Mainland China; and
- (e) the “others” segment comprises, principally, the provision of travel agency, tour and other services in Hong Kong and the provision of other transportation services.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource 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 loss before tax except that non-lease-related finance costs 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.



3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 September 2020 (unaudited)

	Non-franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus and PLB HK\$'000	Mainland China business HK\$'000	Others HK\$'000	Intersegment eliminations HK\$'000	Total HK\$'000
Segment revenue:							
External sales	365,509	5,285	48,078	57,775	23	-	476,670
Intersegment sales	5,425	-	-	-	-	(5,425)	-
Other revenue	111,233	7,849	18,702	8,022	1,140	-	146,946
Total	482,167	13,134	66,780	65,797	1,163	(5,425)	623,616
Segment results	(18,983)	(9,807)	(1,488)	(7,390)	(809)	-	(38,477)
Reconciliation:							
Finance costs							(25,691)
Loss before tax							(64,168)

Six months ended 30 September 2019 (unaudited)

	Non-franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus and PLB HK\$'000	Mainland China business HK\$'000	Others HK\$'000	Intersegment eliminations HK\$'000	Total HK\$'000
Segment revenue:							
External sales	1,080,549	80,389	97,957	60,919	4,274	-	1,324,088
Intersegment sales	10,504	-	-	-	-	(10,504)	-
Other revenue	19,772	812	1,679	3,696	640	-	26,599
Total	1,110,825	81,201	99,636	64,615	4,914	(10,504)	1,350,687
Segment results	44,445	(575)	(6,205)	(8,975)	145	-	28,835
Reconciliation:							
Finance costs							(38,645)
Loss before tax							(9,810)



4. REVENUE

An analysis of revenue is as follows:

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision of transportation services	437,373	1,271,345
Provision of hotel and tourism services	39,274	48,469
Provision of other services	23	4,274
	476,670	1,324,088

Disaggregated revenue information

For the six months ended 30 September 2020 (unaudited)

Segments	Non- franchised	Franchised		Mainland China	Others	Total
	bus	Local limousine	bus and PLB	business		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Type of services						
Provision of transportation services	365,509	5,285	48,078	18,501	-	437,373
Provision of hotel and tourism services	-	-	-	39,274	-	39,274
Provision of other services	-	-	-	-	23	23
Total revenue from contracts with customers	365,509	5,285	48,078	57,775	23	476,670
Timing of revenue recognition						
Services transferred over time	365,509	5,285	48,078	57,775	23	476,670



4. REVENUE (CONTINUED)

Disaggregated revenue information (Continued)

For the six months ended 30 September 2019 (unaudited)

Segments	Non-franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus and PLB HK\$'000	Mainland China business HK\$'000	Others HK\$'000	Total HK\$'000
Type of services						
Provision of transportation services	1,080,549	80,389	97,957	12,450	-	1,271,345
Provision of hotel and tourism services	-	-	-	48,469	-	48,469
Provision of other services	-	-	-	-	4,274	4,274
Total revenue from contracts with customers	1,080,549	80,389	97,957	60,919	4,274	1,324,088
Timing of revenue recognition						
Services transferred over time	1,080,549	80,389	97,957	60,919	4,274	1,324,088

5. LOSS BEFORE TAX

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

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of other intangible assets	7,713	5,815
Depreciation of property, plant and equipment	130,058	161,412
Depreciation of right-of-use assets	20,805	18,155
Government subsidies	(130,739)	(11,902)
Fair value loss/(gain) on a derivative financial instrument	(555)	517
Fair value gain on financial assets at fair value through profit or loss	(411)	(413)
Gain on disposal of items of property, plant and equipment, net	(1,294)	(564)
Impairment/(reversal of impairment) of trade receivables, net	(3,418)	343
Equity-settled share option expense	-	2,947



6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 September 2019: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. 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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	12,038	3,365
Deferred	(420)	(2,353)
Total tax charge for the period	11,618	1,012

7. DIVIDEND

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period:		
Final 2020 – Nil (2019: Final 2019 (with scrip dividend option) – HK16 cents) per ordinary share.	–	73,870

The board of directors of the Company does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2020.



8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of HK\$74,508,000 (six months ended 30 September 2019: HK\$6,786,000) and the weighted average number of ordinary shares of 476,776,842 (six months ended 30 September 2019: 461,768,464) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2020 and 2019 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired property, plant and equipment with an aggregate cost of HK\$39,390,000 (six months ended 30 September 2019: HK\$126,158,000).

10. TRADE RECEIVABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade receivables	135,238	218,797
Impairment	(6,609)	(10,027)
	128,629	208,770

Included in the Group's trade receivables as at 31 March 2020 were amounts due from associates of HK\$12,214,000, which were 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.



10. TRADE RECEIVABLES (CONTINUED)

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within 30 days	55,299	98,296
31 to 60 days	30,027	37,995
61 to 90 days	17,831	35,149
Over 90 days	25,472	37,330
	128,629	208,770

11. TRADE PAYABLES

An ageing 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 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within 30 days	25,551	20,549
31 to 60 days	11,780	16,890
61 to 90 days	7,782	8,654
Over 90 days	6,885	16,781
	51,998	62,874

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



12. CONTINGENT LIABILITIES

Save as detailed elsewhere in this financial information, the Group had no significant contingent liabilities (31 March 2020: Nil) as at the end of the reporting period.

13. COMMITMENTS

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Contracted, but not provided for:		
Acquisitions of motor buses and vehicles	124,610	100,662
Purchases of other items of property, plant and equipment	621	839
Capital contribution to a contractual arrangement	23,033	22,922
Construction of buildings, bus terminal structures and scenic area establishments	1,793	2,666
	150,057	127,089

14. PLEDGE OF ASSETS

As at 30 September 2020, certain of the Group's bank loans and bank guarantees are secured by:

- (i) the pledge of certain property, plant and equipment and right-of-use assets with an aggregate net carrying amount of HK\$91,390,000 (31 March 2020: HK\$94,169,000);
- (ii) the pledge of certain time deposits and restricted cash of HK\$25,346,000 (31 March 2020: HK\$25,345,000) for bank loans;
- (iii) the pledge of certain time deposit of HK\$12,537,000 (31 March 2020: HK\$12,415,000) for bank guarantees in lieu of performance guarantees/bonds amounting to HK\$18,722,000 (31 March 2020: HK\$18,703,000);
- (iv) the pledge of certain financial assets at fair value through profit or loss of HK\$24,832,000 (31 March 2020: HK\$24,512,000); and
- (v) the pledge of certain investment properties of HK\$37,676,000 (31 March 2020: HK\$37,098,000).



15. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in this financial information, the Group had the following material transactions with related parties during the period:

		Six months ended	
		30 September	
		2020	2019
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Coach rental income, advertising income and administrative service income from associates	<i>(i)</i>	1,995	57,828
Coach rental expense paid to a related party	<i>(ii)</i>	5,250	5,484

Notes:

- (i) The coach rental income was received according to the prices and conditions similar to those offered by the Group to its customers. The advertising income and administrative service income were received based on mutually agreed terms and conditions.
- (ii) The coach rental expense was paid to Basic Fame Company Limited, a company controlled by Mr. Wong Leung Pak, Matthew, an executive director and the chairman of the Company. The rental expense was charged based on mutually agreed terms and conditions.

- (b) Compensation of key management personnel of the Group:

		Six months ended	
		30 September	
		2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Short term employee benefits		6,475	15,144
Post-employment benefits		396	665
Total compensation paid to key management personnel		6,871	15,809

- (c) Outstanding balances with related parties:

		30 September	31 March
		2020	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Due from an associate		349	349
Loans to associates		24,120	25,120

Details of the Group's trade balances with associates as at the end of the reporting period are disclosed in note 10 to the financial information.



16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits and restricted cash, trade receivables, trade payables, a loan receivable, and the current portions of financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank 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 an amount due from an associate, loans to associates, financial liabilities included in other long term liabilities and the non-current portions of financial assets included in prepayments, deposits and other receivables, and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 September 2020 were assessed to be insignificant. In the opinion of the directors, their carrying amounts are not significantly different from their respective fair values.

The fair values of the unlisted financial assets at fair value through profit or loss have been estimated based on the surrender values, which are calculated and quoted by the issuer. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in the interim condensed consolidated statement of profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group enters into a derivative financial instrument with a creditworthy bank with no recent history of default. The derivative financial instrument, which is a cross-currency swap, is measured using a valuation technique similar to swap model, using present value calculation. The model incorporates various market observable inputs including the credit quality of counterparty, and foreign exchange spot and forward rates. The carrying amount of cross currency swap is the same as its fair value.

The fair values of the unlisted equity investments designated at fair value through other comprehensive income have been estimated using adjusted net asset method and are classified within Level 3 of the fair value hierarchy as the valuations involve significant unobservable inputs. The valuations require the directors to make estimates about the fair values of the assets and liabilities of the underlying entities. An increase in the net assets of the underlying entities will increase the fair values of the unlisted equity investments.



16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

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 2020

	Fair value measurement using			Total HK\$'000 (Unaudited)
	Quoted prices in active markets (Level 1) HK\$'000 (Unaudited)	Significant observable inputs (Level 2) HK\$'000 (Unaudited)	Significant unobservable inputs (Level 3) HK\$'000 (Unaudited)	
Equity investments designated at fair value through other comprehensive income	–	–	1,233	1,233
Financial assets at fair value through profit or loss	–	30,922	–	30,922
	–	30,922	1,233	32,155

As at 31 March 2020

	Fair value measurement using			Total HK\$'000 (Audited)
	Quoted prices in active markets (Level 1) HK\$'000 (Audited)	Significant observable inputs (Level 2) HK\$'000 (Audited)	Significant unobservable inputs (Level 3) HK\$'000 (Audited)	
Equity investments designated at fair value through other comprehensive income	–	–	1,233	1,233
Financial assets at fair value through profit or loss	–	30,511	–	30,511
	–	30,511	1,233	31,744



16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

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 (six months ended 30 September 2019: Nil).

Liabilities measured at fair value:

As at 30 September 2020

	Fair value measurement using			Total HK\$'000 (Unaudited)
	Quoted prices in active markets (Level 1) HK\$'000 (Unaudited)	Significant observable inputs (Level 2) HK\$'000 (Unaudited)	Significant unobservable inputs (Level 3) HK\$'000 (Unaudited)	
Derivative financial instrument	–	42	–	42

As at 31 March 2020

	Fair value measurement using			Total HK\$'000 (Audited)
	Quoted prices in active markets (Level 1) HK\$'000 (Audited)	Significant observable inputs (Level 2) HK\$'000 (Audited)	Significant unobservable inputs (Level 3) HK\$'000 (Audited)	
Derivative financial instrument	–	597	–	597

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 (six months ended 30 September 2019: Nil).

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board on 27 November 2020.



DIVIDEND

At a meeting of the Board held on 27 November 2020, the Directors resolved not to pay an interim dividend to shareholders for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

RESULTS

The unaudited consolidated loss attributable to owners of the parent for the six months ended 30 September 2020 was approximately HK\$74.5 million, as compared to a loss of approximately HK\$6.8 million for the corresponding period last year.

The decrease in financial performance was mainly due to the outbreak of the coronavirus disease (“COVID-19”) together with the corresponding anti-epidemic measures implemented by the Government of the Hong Kong Special Administrative Region (the “Government”), which resulted in significant decrease in transport demand and decrease in revenue from the Group’s non-franchised bus, franchised bus and limousine operation. The Group has implemented a number of cost saving measures and applied various government support schemes under the Anti-epidemic Fund launched by the Government.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

1. Non-franchised Bus Segment

The non-franchised public bus services provided by the Group include: (i) Mainland China/Hong Kong cross-boundary transport and (ii) local transport in Hong Kong, which comprises scheduled service (mainly student, employee, resident) and non-scheduled service (mainly tour and contract hire). The Group continues to be the largest non-franchised public bus operator in Hong Kong in terms of the size of bus fleet. As most of the cross-boundary limousine services have been bundled with the non-franchised bus services, cross-boundary limousine services are considered to be part of this segment. The non-franchised bus services continue to be the core business of the Group. Owing to the factors mentioned in the section headed “Results” above, this has resulted in this segment to be overall loss-making for the first half of 2020.

Trans-Island Limousine Service Limited and Trans-Island Chinalink Bus Company Limited (formerly known as Chinalink Bus Company Limited), both wholly-owned subsidiaries of the Company, are two of the leading non-franchised cross-boundary bus service operators in Hong Kong.

The revenue of cross-boundary non-franchised bus operation for the first half of 2020 was approximately HK\$16.9 million, representing a decrease of 97.4% as compared to approximately HK\$646.5 million of the corresponding period of 2019. The decrease was mainly due to a significant decline in the number of tourists visiting Hong Kong which was caused by the outbreak of COVID-19 with the corresponding anti-epidemic measures implemented by the Government, including stringent measures at control point for passengers and quarantine for inbound travellers.



Kwoon Chung Motors Company, Limited is the flagship wholly-owned subsidiary of the Company that provides local non-franchised bus services. The revenue of local non-franchised bus operation for the first half of 2020 was approximately HK\$348.6 million, representing a decrease of 19.7% as compared to approximately HK\$434 million of the corresponding period of 2019. The decrease was due to the outbreak of COVID-19 with the corresponding anti-epidemic measures implemented by the Government, including suspension of schools and special work arrangement, which resulted in significant decrease in transport demand. The revenue of scheduled service for the first half of 2020 decreased by 13.7% to HK\$275.7 million compared with HK\$319.5 million for the corresponding period in 2019. The revenue of non-scheduled service for the first half of 2020 decreased by 36.3% to HK\$72.9 million compared with HK\$114.5 million for the corresponding period in 2019, as a result of reduction in the number of tours, meetings, incentives, conventions and exhibitions.

Since the outbreak of the third wave of COVID-19 in Hong Kong in mid-July 2020, the Group's non-franchised bus operation has faced unprecedented challenges. Due to continuous uncertainty in the development of COVID-19, the Group expects revenue will not return to normal levels in the short term and financial performance of the Group remains uncertain in the second half of 2020, it depends on the duration of the COVID-19 and the measures to contain it. The management of the Group will closely monitor the market development and will take prudent approach and adjust its business strategies to aim at maintaining the Group's competitiveness so as to facilitate its long-term development.

2. Local Limousine Segment

The Group owns a fleet of limousines which caters for airport/local transfers and on-hire requests of clients from numerous high-end hotels in Hong Kong, covering both corporate and individual users.

The revenue of local limousine services for the first half of 2020 was approximately HK\$5.3 million, representing a decrease of 93.4% as compared to approximately HK\$80.4 million of the corresponding period of 2019. The decrease was mainly due to the inbound travel restrictions on overseas visitors by the Government as part of its anti-epidemic measures, which resulted a dramatic decrease in the demand of limousines services. To help alleviate the situation, the Group is shifting its focus to catering for local demand as well as certain cost control measures.

3. Franchised Bus and PLB Segment

As at 30 September 2020, New Lantau Bus Company (1973) Limited ("NLB") operated 27 (31 March 2020: 27) regular franchised bus routes, mainly covering in Lantau Island, with a fleet of 150 (31 March 2020: 155) buses. The Group also operated one green public light bus ("PLB") route, connecting the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge and Tung Chung.

Fare revenue of NLB for the first half of 2020 was approximately HK\$48.1 million, representing a decrease of 50.9% as compared to approximately HK\$98 million of the corresponding period of 2019. The decrease was mainly due to the outbreak of COVID-19 which cause the sharp fall in passenger numbers on Lantau bus routes and PLB route was forced to suspend. The Group has responded by implementing cost control measures and apply for the Employment Support Scheme and other subsidies for transport trades from the Government to lessen the financial impact.



4. Mainland China Business Segment

(a) **Lixian Bipenggou Tourism Development Co., Ltd. (“Bipenggou Tourism”)**

As at 30 September 2020, the Group owned 67.807% effective equity interest in Bipenggou Tourism. The scenic area of Bipenggou, Lixian has maintained its popularity in Sichuan Province, Mainland China.

Due mainly to the outbreak of COVID-19 which caused a decline in tourists willingness and access to travel, Bipenggou Tourism has encountered severe challenges and continued to incur net loss in the first half of 2020. The Group expects the results of Bipenggou Tourism could turn around in the second half of 2020 by the ease of the control measures against the transmission of COVID-19 in Mainland China.

(b) **Chongqing Grand Hotel (“CQ Hotel”)**

As at 30 September 2020, CQ Hotel is a 100% owned subsidiary of the Company running a 3-star 26-storey hotel in Chongqing, Mainland China. CQ Hotel had recorded a drop in profit in the first half of 2020 as compared to that for the corresponding period in 2019 mainly due to the outbreak of COVID-19. The Group is cautiously optimistic about the performance of CQ Hotel in the second half of 2020 after the pandemic slowed down in Mainland China.

(c) **Hubei Shenzhou Transport Holdings Ltd. (“Hubei Shenzhou”)**

As at 30 September 2020, Hubei Shenzhou is a 100% owned subsidiary of the Company running a vast long-distance bus terminal and related business in Xiangyang City and Nanzhang County, Hubei Province. Hubei Shenzhou recorded profit slightly in the first half of 2020 due to subsidies granted by local government to reduce financial burdens.

The bus terminal, with its advantageous geographical location, is considered a valuable asset. Although currently Hubei Shenzhou remains in a tough position, the local management has strived to seek for more government subsidies and hopefully the overall financial result of Hubei Shenzhou would improve.



LIQUIDITY AND FINANCIAL RESOURCES

Funding for the Group's operations during the six months ended 30 September 2020 was sourced mainly from internally generated cash flows, with shortfalls being financed mainly by borrowings from banks. As at 30 September 2020, the total outstanding indebtedness was approximately HK\$1,980 million (31 March 2020: HK\$1,937 million). The indebtedness comprised mainly term loans from banks in Hong Kong and Mainland China, denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB") and United States dollars, respectively, and funds were deployed mainly for the purchase of capital assets and related investments. As at 30 September 2020, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 90.5% (31 March 2020: 86.4%).

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 2020, the total number of full-time employees of the Group was approximately 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. In-house orientation and on-the-job training are arranged for the employees all year around. Employees are encouraged to attend job-related seminars, courses and programs organized by professional or educational institutions.



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

At 30 September 2020, 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:

1. 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⁾	241,535,555 ⁽²⁾	242,135,220	50.79
Mr. Wong Cheuk On, James	3,585,611	–	3,585,611	0.75
Mr. Lo Man Po	2,297,130	–	2,297,130	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 241,535,555 shares held by Basic Faith pursuant to the SFO.

2. 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., a subsidiary of the Company, in trust for the benefit of the Company.

Save as disclosed above, as at 30 September 2020, 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

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.

The following share options were granted and outstanding under the share option scheme during the reporting period:

Name or category of participant	Number of share options					At 30 September 2020	Date of grant of share options	Exercise period of share options	Price of the Company's shares		
	At 1 April 2020	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Exercise price of share options [*]				At grant date of options ^{**}	At exercise date of options [#]	
					HK\$ per share				HK\$ per share	HK\$ per share	
Employees	13,500,000	-	-	-	13,500,000	23 April 2019	23 April 2019 to 22 April 2029	4.30	4.26	N/A	

* 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

As at 30 September 2020, 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	241,535,555 ⁽²⁾	50.66
Basic Faith	Beneficial owner	241,535,555 ⁽³⁾	50.66
Infinity Faith	Interest of corporation controlled	241,535,555 ⁽³⁾	50.66
Cathay International Corporation	Beneficial owner	105,118,768	22.05

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, the spouse of Mr. Wong Leung Pak, Matthew, BBS, 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.



Save as disclosed above, as at 30 September 2020, 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 Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the six months ended 30 September 2020.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules 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 2020.

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 2020.

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 interim condensed consolidated financial information of the Group has been reviewed by the audit committee.

APPRECIATION

The Board takes this opportunity to express its 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, 27 November 2020