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## KWOON CHUNG BUS HOLDINGS LIMITED

冠忠巴士集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 306)

### FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

The board of directors (the “Board”) of Kwoon Chung Bus Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2016 together with the comparative figures for the previous year, as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 March	
		2016 HK\$'000	2015 HK\$'000
REVENUE	5	<b>2,388,873</b>	2,362,109
Cost of services rendered		<b>(1,731,543)</b>	(1,728,503)
Gross profit		<b>657,330</b>	633,606
Other income and gains, net	5	<b>82,382</b>	90,332
Administrative expenses		<b>(311,928)</b>	(305,237)
Other expenses, net		<b>(43,815)</b>	4,375
Finance costs		<b>(36,605)</b>	(32,385)
Share of profits and losses of:			
A joint venture		–	50,720
Associates		<b>26</b>	(30)
PROFIT BEFORE TAX	6	<b>347,390</b>	441,381
Income tax expense	7	<b>(55,522)</b>	(61,972)
PROFIT FOR THE YEAR		<b>291,868</b>	379,409

\* For identification purposes only

	<i>Notes</i>	<b>Year ended 31 March</b>	
		<b>2016</b>	<b>2015</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:			
Owners of the parent		<b>282,472</b>	382,971
Non-controlling interests		<b>9,396</b>	(3,562)
		<u><b>291,868</b></u>	<u>379,409</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	<u><b>HK61.2 cents</b></u>	<u>HK83.6 cents</u>
Diluted		<u><b>HK61.2 cents</b></u>	<u>HK83.3 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	<u><b>291,868</b></u>	<u>379,409</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair value	–	306
Reclassification adjustment for gain on disposal included in the consolidated statement of profit or loss	<u>–</u>	<u>(475)</u>
	–	(169)
Exchange differences on translation of foreign operations	<b>(10,511)</b>	(497)
Reclassification adjustment of exchange equalisation reserve upon disposal of foreign operations	<u><b>(7,872)</b></u>	<u>–</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<b>(18,383)</b>	(666)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	<b>28,501</b>	–
Income tax effect	<u><b>(4,702)</b></u>	<u>–</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u><b>23,799</b></u>	<u>–</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u><b>5,416</b></u>	<u>(666)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><b>297,284</b></u>	<u>378,743</u>
Attributable to:		
Owners of the parent	<b>290,924</b>	382,266
Non-controlling interests	<u><b>6,360</b></u>	<u>(3,523)</u>
	<u><b>297,284</b></u>	<u>378,743</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>31 March 2016 HK\$'000</b>	31 March 2015 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,561,566</b>	1,316,572
Investment properties		<b>41,100</b>	39,600
Prepaid land lease payments		<b>44,807</b>	58,117
Goodwill	<i>13</i>	<b>183,416</b>	171,512
Passenger service licences		<b>380,929</b>	362,829
Other intangible assets		<b>321,534</b>	328,029
Interests in associates		<b>381</b>	355
Available-for-sale investment		<b>232</b>	241
Financial assets at fair value through profit or loss		<b>21,390</b>	14,882
Loans receivable from non-controlling shareholders	<i>12</i>	<b>80,435</b>	–
Prepayments, deposits and other receivables		<b>202,779</b>	114,813
Deferred tax assets		<b>169</b>	292
		<hr/>	<hr/>
Total non-current assets		<b>2,838,738</b>	2,407,242
<b>CURRENT ASSETS</b>			
Inventories		<b>30,936</b>	36,092
Trade receivables	<i>10</i>	<b>161,559</b>	146,382
Prepayments, deposits and other receivables		<b>189,442</b>	142,502
Financial assets at fair value through profit or loss		<b>26,614</b>	–
Tax recoverable		<b>22,742</b>	16,504
Pledged time deposits		<b>12,118</b>	36,735
Cash and cash equivalents		<b>541,740</b>	565,360
		<hr/>	<hr/>
		<b>985,151</b>	943,575
Property held for sale		–	750
Interest in a joint venture held for sale	<i>14</i>	–	160,982
Assets of a disposal group classified as held for sale	<i>15</i>	–	81,283
		<hr/>	<hr/>
Total current assets		<b>985,151</b>	1,186,590

	<i>Notes</i>	<b>31 March 2016 HK\$'000</b>	31 March 2015 HK\$'000
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>11</i>	<b>57,507</b>	69,529
Accruals, other payables and deposits received		<b>517,326</b>	478,731
Tax payable		<b>46,150</b>	40,329
Derivative financial instruments		<b>24,400</b>	12,175
Interest-bearing bank and other borrowings		<b>589,775</b>	1,217,088
		<b>1,235,158</b>	1,817,852
Liabilities directly associated with the assets classified as held for sale	<i>15</i>	<u>–</u>	<u>14,445</u>
Total current liabilities		<u><b>1,235,158</b></u>	<u>1,832,297</u>
<b>NET CURRENT LIABILITIES</b>		<u><b>(250,007)</b></u>	<u>(645,707)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>2,588,731</b></u>	<u>1,761,535</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>630,140</b>	467
Other long term liabilities		<b>107,692</b>	79,887
Deferred tax liabilities		<b>144,129</b>	131,173
Total non-current liabilities		<u><b>881,961</b></u>	<u>211,527</u>
Net assets		<u><b>1,706,770</b></u>	<u>1,550,008</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital		<b>46,169</b>	46,169
Reserves		<b>1,524,013</b>	1,424,576
		<b>1,570,182</b>	1,470,745
<b>Non-controlling interests</b>		<u><b>136,588</b></u>	<u>79,263</u>
Total equity		<u><b>1,706,770</b></u>	<u>1,550,008</u>

Notes:

## 1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings classified as property, plant and equipment, investment properties, financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value. Non-current assets and assets of a disposal group held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year’s financial statements:

*Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions*

*Annual Improvements to HKFRSs 2010-2012 Cycle*

*Annual Improvements to HKFRSs 2011-2013 Cycle*

The adoption of the above revised standards has had no significant financial impact on the financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

### 3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

HKFRS 9	<i>Financial Instruments</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>5</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>1</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>1</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>4</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
HKFRS 16	<i>Leases</i> <sup>3</sup>
Amendments to HKAS 1	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> <sup>1</sup>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> <sup>1</sup>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

<sup>5</sup> The original effective date has been deferred/removed and a new effective date will be determined at a future date, and early application of the amendments continues to be permitted

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.

#### 4. OPERATING SEGMENT INFORMATION

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

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

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

Segment assets exclude deferred tax assets, tax recoverable, pledged time deposits, an available-for-sale investment and financial assets at fair value through profit or loss as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

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 2016, the Group changed the internal reporting structure and performance measurement for resources allocation decision-making and performance assessment. Accordingly, the amounts previously reported under the reportable operating segment of “Hotel” and “Tourism” have been aggregated into a new single reportable operating segment of “Hotel and tourism” to conform with the current year’s presentation.



**Year ended 31 March 2016**

	Non- franchised bus <i>HK\$'000</i>	Local limousine <i>HK\$'000</i>	Franchised bus <i>HK\$'000</i>	Hotel and tourism <i>HK\$'000</i>	Mainland China bus <i>HK\$'000</i>	Others <i>HK\$'000</i>	Intersegment eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>								
External sales	1,767,366	203,248	162,433	216,477	39,225	124	-	2,388,873
Intersegment sales	34,233	13,390	-	458	-	-	(48,081)	-
Other revenue	<u>42,868</u>	<u>2,538</u>	<u>2,420</u>	<u>525</u>	<u>30,498</u>	<u>17</u>	<u>(3,404)</u>	<u>75,462</u>
<b>Total</b>	<b><u>1,844,467</u></b>	<b><u>219,176</u></b>	<b><u>164,853</u></b>	<b><u>217,460</u></b>	<b><u>69,723</u></b>	<b><u>141</u></b>	<b><u>(51,485)</u></b>	<b><u>2,464,335</u></b>
<b>Segment results</b>	331,799	12,871	5,482	19,167	9,117	(1,361)	-	377,075
Reconciliation:								
Gain on disposal of subsidiaries								6,920
Finance costs								<u>(36,605)</u>
Profit before tax								<u>347,390</u>
<b>Segment assets</b>	2,551,386	163,537	171,882	562,205	285,812	5,802	-	3,740,624
Reconciliation:								
Unallocated assets								<u>83,265</u>
Total assets								<u>3,823,889</u>
<b>Segment liabilities</b>	324,941	93,869	37,872	124,587	98,469	2,787	-	682,525
Reconciliation:								
Unallocated liabilities								<u>1,434,594</u>
Total liabilities								<u>2,117,119</u>

	Non- franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus HK\$'000	Hotel and tourism HK\$'000	Mainland China bus HK\$'000	Others HK\$'000	Total HK\$'000
<b>Other segment information:</b>							
Share of profits of associates	26	-	-	-	-	-	26
Capital expenditure	391,325	65,109	39,027	91,639	1,707	-	588,807
Amortisation of intangible assets	11,797	460	-	-	-	-	12,257
Bank interest income	2,171	-	2	58	123	11	2,365
Depreciation	148,089	16,016	15,585	32,607	10,185	-	222,482
Recognition of prepaid land lease payments	7	-	-	572	3,086	-	3,665
Impairment of trade receivables	1,926	-	-	-	-	-	1,926
Fair value gain on investment properties	1,500	-	-	-	-	-	1,500
Gain on disposal of interest in a joint venture held for sale	-	-	-	-	9,233	-	9,233
Gain on disposal of motor buses and vehicles together with passenger service licences	3,156	-	-	-	-	-	3,156
Gain on disposal of land	-	-	-	-	1,750	-	1,750
Gain/(loss) on disposal of items of property, plant and equipment, net	<u>5,513</u>	<u>285</u>	<u>(222)</u>	<u>(77)</u>	<u>(183)</u>	<u>-</u>	<u>5,316</u>

Year ended 31 March 2015

	Non- franchised bus <i>HK\$'000</i>	Local limousine <i>HK\$'000</i>	Franchised bus <i>HK\$'000</i>	Hotel and tourism <i>HK\$'000</i>	Mainland China bus <i>HK\$'000</i>	Others <i>HK\$'000</i>	Intersegment eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>								
External sales	1,704,348	165,951	165,755	202,805	123,042	208	-	2,362,109
Intersegment sales	24,963	13,414	77	-	-	28	(38,482)	-
Other revenue	<u>71,699</u>	<u>582</u>	<u>2,674</u>	<u>608</u>	<u>16,516</u>	<u>45</u>	<u>(1,792)</u>	<u>90,332</u>
<b>Total</b>	<b><u>1,801,010</u></b>	<b><u>179,947</u></b>	<b><u>168,506</u></b>	<b><u>203,413</u></b>	<b><u>139,558</u></b>	<b><u>281</u></b>	<b><u>(40,274)</u></b>	<b><u>2,452,441</u></b>
<b>Segment results</b>	352,262	12,844	8,864	7,869	92,582	(655)	-	473,766
Reconciliation:								
Finance costs								<u>(32,385)</u>
Profit before tax								<u>441,381</u>
<b>Segment assets</b>	2,418,489	68,581	124,962	449,263	454,727	9,156	-	3,525,178
Reconciliation:								
Unallocated assets								<u>68,654</u>
Total assets								<u>3,593,832</u>
<b>Segment liabilities</b>	331,592	1,485	21,127	112,685	165,645	10,058	-	642,592
Reconciliation:								
Unallocated liabilities								<u>1,401,232</u>
Total liabilities								<u>2,043,824</u>

	Non- franchised bus <i>HK\$'000</i>	Local limousine <i>HK\$'000</i>	Franchised bus <i>HK\$'000</i>	Hotel and tourism <i>HK\$'000</i>	Mainland China bus <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Other segment information:</b>							
Share of profits and losses of:							
– a joint venture	–	–	–	–	50,720	–	50,720
– associates	(30)	–	–	–	–	–	(30)
Capital expenditure	340,371	375	1,671	69,244	21,087	–	432,748
Amortisation of intangible assets	10,213	321	–	–	1,815	–	12,349
Bank interest income	986	–	1	48	482	40	1,557
Depreciation	138,486	12,360	15,255	26,321	7,439	2	199,863
Recognition of prepaid land lease payments	7	–	–	587	3,258	–	3,852
Impairment of trade receivables	2,058	55	–	1,564	–	–	3,677
Reversal of impairment of interest in a joint venture	–	–	–	–	21,168	–	21,168
Fair value gain on investment properties	2,160	–	–	–	–	–	2,160
Gain on disposal of motor buses and vehicles together with passenger service licences	40,276	–	–	–	–	–	40,276
Loss on disposal of items of property, plant and equipment, net	<u>1,802</u>	<u>–</u>	<u>4</u>	<u>31</u>	<u>479</u>	<u>–</u>	<u>2,316</u>

## Geographical information

### (a) Revenue from external customers

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	2,170,328	2,075,874
Mainland China	<u>218,545</u>	<u>286,235</u>
	<u><b>2,388,873</b></u>	<u><b>2,362,109</b></u>

The revenue information above is based on the locations of the customers.

### (b) Non-current assets

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	1,884,613	1,543,381
Mainland China	<u>931,953</u>	<u>848,091</u>
	<u><b>2,816,566</b></u>	<u><b>2,391,472</b></u>

The non-current asset information above is based on the locations of the assets and excludes interests in associates, an available-for-sale investment, financial assets at fair value through profit or loss and deferred tax assets.

## Information about major customer

No further information about any major customer is presented as no more than 10% of the Group's revenue was derived from sales to any single customer during the year (2015: Nil).

## 5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents bus fares and the invoiced value of coach and limousine hire and travel-related services, and hotel and tour services rendered during the year.

An analysis of revenue, other income and gains, net is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Revenue</b>		
Provision of non-franchised bus services	1,767,366	1,704,348
Provision of local limousine services	203,248	165,951
Provision of franchised bus services	162,433	165,755
Provision of hotel and tourism services	216,477	202,805
Provision of Mainland China bus services	39,225	123,042
Provision of other transportation services	124	208
	<u>2,388,873</u>	<u>2,362,109</u>
<b>Other income</b>		
Bank interest income	2,365	1,557
Gross rental income	7,601	6,091
Advertising income	4,230	2,731
Government subsidies ( <i>note</i> )	23,421	12,156
Dividend income from unlisted available-for-sale investments	–	403
Dividend income from listed investments	284	–
Others	18,121	23,149
	<u>56,022</u>	<u>46,087</u>
<b>Gains, net</b>		
Gain on disposal of subsidiaries	6,920	–
Gain on disposal of items of property, plant and equipment, net	5,316	–
Gain on disposal of interest in a joint venture held for sale	9,233	–
Gain on disposal of motor buses and vehicles together with passenger service licences	3,156	40,276
Gain on disposal of an available-for-sale investment	–	475
Gain on disposal of land	1,750	–
Fair value gain on investment properties	1,500	2,160
Fair value gain/(loss) on financial assets at fair value through profit or loss, net	(1,515)	559
Others	–	775
	<u>26,360</u>	<u>44,245</u>
	<u>82,382</u>	<u>90,332</u>

*Note:*

Various government subsidies have been received by certain subsidiaries in connection with the replacement of environmental friendly commercial vehicles. The subsidies are credited to a deferred income account and are released to the statement of profit or loss over the expected useful lives of the motor vehicles. There are no unfulfilled conditions or contingencies relating to these subsidies.

## 6. PROFIT BEFORE TAX

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Amortisation of intangible assets ( <i>note (ii)</i> )	12,257	12,349
Depreciation ( <i>note (ii)</i> )	222,482	199,863
Realised loss on derivative financial instruments ( <i>note (i)</i> )	7,429	4,819
Fair value loss/(gain) on derivative financial instruments, net ( <i>note (i)</i> )	12,225	(775)
Fair value gain on investment properties	(1,500)	(2,160)
Fair value loss/(gain) on financial assets at fair value through profit or loss, net	1,515	(559)
Minimum lease payments under operating leases ( <i>note (ii)</i> )	232,493	215,249
Recognition of prepaid land lease payments	3,665	3,852
Impairment of trade receivables ( <i>note (i)</i> )	1,926	3,677
Reversal of impairment of interest in a joint venture ( <i>note (i)</i> )	–	(21,168)
Loss/(gain) on disposal of items of property, plant and equipment, net ( <i>note (i)</i> )	(5,316)	2,316
Gain on disposal of an available-for-sale investment	–	(475)
Gain on disposal of land	(1,750)	–
Foreign exchange differences, net ( <i>note (i)</i> )	<u>19,394</u>	<u>1,785</u>

*Notes:*

- (i) These items were included in “Other expenses, net” on the face of the consolidated statement of profit or loss.
- (ii) The cost of services rendered for the year amounted to HK\$1,731,543,000 (2015: HK\$1,728,503,000) and included amortisation of intangible assets of HK\$12,257,000 (2015: HK\$12,349,000), depreciation charges of HK\$198,275,000 (2015: HK\$178,899,000) and operating lease rentals of HK\$214,130,000 (2015: HK\$197,331,000).

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current:		
Hong Kong		
Charge for the year	44,909	46,040
Overprovision in prior years	(2,363)	(2,928)
Mainland China		
Charge for the year	8,721	14,993
Overprovision in prior years	–	(341)
Deferred	<u>4,255</u>	<u>4,208</u>
Total tax charge for the year	<u><u>55,522</u></u>	<u><u>61,972</u></u>

## 8. DIVIDENDS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Additional final – Nil (2014: HK10 cents) per ordinary share	–	4,068
Interim – HK12 cents (2015: HK8 cents) per ordinary share	55,402	36,935
First special – HK18 cents (2015: HK2 cents) per ordinary share	83,104	9,234
Second special – Nil (2015: HK80 cents) per ordinary share	–	369,349
Proposed final – HK12 cents (2015: HK12 cents) per ordinary share	<u>55,402</u>	<u>55,402</u>
	<u><u>193,908</u></u>	<u><u>474,988</u></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of HK\$282,472,000 (2015: HK\$382,971,000), and the weighted average number of ordinary shares of 461,686,000 (2015: 458,138,463) in issue during the year.

No adjustment has been made to the basic earnings per share amount for the year ended 31 March 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares during the year. The calculation of the diluted earnings per share amount for the year ended 31 March 2015 was based on the profit for the year attributable to ordinary equity holders of the parent of HK\$382,971,000 and the weighted average number of ordinary shares of 458,138,463 in issue during that year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 1,581,687 assumed to have been issued at no consideration on the deemed exercise of all share options during that year.



## 10. TRADE RECEIVABLES

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	<b>162,283</b>	150,352
Impairment	<u>(724)</u>	<u>(3,970)</u>
	<b><u>161,559</u></b>	<b><u>146,382</u></b>

Included in the Group's trade receivables are amounts due from associates of HK\$10,201,000 (2015: HK\$11,763,000), which are repayable within 90 days.

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

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	<b>126,617</b>	113,682
31 to 60 days	<b>22,431</b>	17,817
61 to 90 days	<b>7,368</b>	6,358
Over 90 days	<u><b>5,143</b></u>	<u>8,525</u>
	<b><u>161,559</u></b>	<b><u>146,382</u></b>

## 11. 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:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	<b>38,754</b>	43,617
31 to 60 days	<b>6,457</b>	9,483
61 to 90 days	<b>675</b>	4,218
Over 90 days	<u><b>11,621</b></u>	<u>12,211</u>
	<b><u>57,507</u></b>	<b><u>69,529</u></b>

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

## 12. LOANS RECEIVABLE FROM NON-CONTROLLING SHAREHOLDERS

The loans are advanced to non-controlling shareholders of a 51% owned subsidiary which are secured by the shares of that subsidiary and repayable on or before December 2020. Included in the balance is an amount of HK\$54.6 million bears interest at the benchmark one-year lending rate of the People's Bank of China and the remaining loan advance is interest-free.

## 13. BUSINESS COMBINATIONS

During the year ended 31 March 2016, the Group had the following transactions for acquisition of businesses:

- (a) On 2 January 2015, the Group entered into an equity transfer agreement with an independent third party to acquire a 60% equity interest in DMC Hong Kong Limited ("DMC") for a consideration of HK\$1, plus a contingent consideration which is dependent on future financial performance of DMC for a maximum period of 3 consecutive years starting from the year ended 31 March 2016. DMC is primarily engaged in the provision of travel services. The transaction was completed in April 2015.

DMC was subsequently disposed of in March 2016, further details of which are set out in note 14.

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

The fair values of the identifiable assets and liabilities of DMC and the Parklane Group as at the dates of acquisition were as follows:

	Fair value recognised on acquisition <i>HK\$'000</i>
Property, plant and equipment	20,989
Other intangible assets	6,138
Cash and cash equivalents	398
Other net liabilities	(305)
Deferred tax liabilities	(4,124)
	<hr/>
Total identifiable net assets at fair value	23,096
Goodwill on acquisition	11,904
	<hr/>
Satisfied by cash	<u>35,000</u>

#### 14. DISPOSAL OF INTEREST IN A JOINT VENTURE HELD FOR SALE

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

On 12 May 2015, Guangzhou City No. 2 Public Bus Company 廣州市第二公共汽車公司 (“GZ2PB”), the 56.73% joint venture partner of GZ2B, notified the Group of its intention to exercise its right of first refusal in accordance with the right stipulated in the articles of association of GZ2B.

On 29 June 2015, a deed of termination and release was entered into between the Group and GZ Jumbo Bus to terminate the GZ Jumbo Agreement whereby the Group refunded the deposit of RMB20 million and paid default damages of RMB20 million to GZ Jumbo Bus pursuant to the terms stipulated therein. On the same date, the Group entered into an equity transfer agreement with GZ2PB to dispose of the Group’s entire 40% equity interest in GZ2B under the same terms and for the same consideration as the GZ Jumbo Transaction (the “GZ2PB Transaction”).

The GZ2PB Transaction was completed in November 2015 and the gain on disposal, net of transaction costs, was HK\$9,233,000.

#### 15. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2016, the Group had the following transactions for disposal of subsidiaries:

- (a) The Group disposed of its entire 56% equity interest in Guangzhou New Era Express Bus Co. Ltd. (“GZ New Era”) and GFTZ Xing Hua International Transport Ltd. (“GZ Xing Hua”) to Guangzhou Anxun Tianyu Asset Management Co. Ltd. 廣州安迅天宇資產管理有限公司, an independent third party, for an aggregate consideration of RMB28 million (approximately HK\$35.0 million). The business of GZ New Era and GZ Xing Hua were included in the Mainland China bus operating segment. During the year ended 31 March 2015, an aggregate deposit of RMB9.24 million (approximately HK\$11.6 million) was received by the Group and was included in “accruals, other payables and deposits received” in the consolidated statement of financial position and the assets and liabilities of GZ New Era and GZ Xing Hua were classified as a disposal group held for sale as at 31 March 2015. The transaction was completed in April 2015 and the gain on disposal of subsidiaries, net of transaction costs, amounted to HK\$6,920,000.
- (b) As a part of the Group’s restructuring plan of its limousine operation, the Group entered into various transactions with the non-controlling shareholders of Vigor Airport Shuttle Services Limited and Vigor Tours Limited (together with its subsidiaries, “Vigor Entities”) to (i) dispose of its entire 75% equity interest in Vigor Entities for a cash consideration of HK\$6.38 million. The Vigor Entities are engaged, primarily, in the tour and shuttle bus operations; (ii) dispose of its 5% equity interest in Intercontinental Limousine Company Limited (“ILC”) for a cash consideration of HK\$5 million. ILC is engaged in operation of limousine business; and (iii) acquire a 100% and 98.75% equity interest in Gain Rich Limited (“Gain Rich”) and Hi Lee (Hong Kong) Transportation Company Limited (“Hi Lee”), respectively, from one of the 75%-owned Vigor Entities by ILC for a cash consideration of HK\$12 million. Gain Rich and Hi Lee are investment holding companies. The above transactions were completed on 31 March 2016, resulting in a loss on disposal of HK\$1.4 million. In the opinion of the directors, since the transactions were part of the Group’s restructuring plan and transacted with the same non-controlling shareholders, the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received was recognised directly in equity.

## **PROPOSED FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK12 cents (2015: HK12 cents) per ordinary share in respect of the year. The proposed final dividend will be paid on or about Wednesday, 31 August 2016 to the shareholders whose names appear on the register of members on Thursday, 25 August 2016.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the forthcoming annual general meeting (the “AGM”) of the Company which will be held on 17 August 2016, the register of members of the Company will be closed from Monday, 15 August 2016 to Wednesday, 17 August 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, 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 in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 August 2016.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 23 August 2016 to Thursday, 25 August 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, 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 in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 August 2016.

## **RESULTS**

The consolidated profit for the year was approximately HK\$292 million, which represents a decrease of approximately 23% from that of the previous year of approximately HK\$379 million. The decrease in profit is mainly due to the fact that the Group had completed the disposals of certain Mainland China bus businesses, namely Guangzhou City No. 2 Bus Co., Ltd. (“GZ2B”), Guangzhou New Era Express Bus Co., Ltd. (“GZ New Era”) and GFTZ Xing Hua International Transport Ltd. (“GZ Xing Hua”) at the beginning of the year while in the previous year: (i) GZ2B had brought about an exceptionally high share of profit owing to receipt of significant government subsidies; and (ii) GZ New Era and GZ Xing Hua had contributed a net profit of nearly HK\$14 million to the Group. Upon completion of these disposals, there was minimal contribution of profit from these businesses to the Group for the year. Nevertheless, the Group’s core businesses, the non-franchised bus and local limousine segments, had maintained a relatively strong and stable net profit for the year. The Group’s results will be discussed in detail under the section headed “Review of Operations and Future Prospects” below.

## REVIEW OF OPERATIONS AND FUTURE PROSPECTS

### 1. Non-franchised Bus Segment

The non-franchised public bus services provided by the Group include: (1) Mainland China/Hong Kong cross-boundary transport and (2) local transport in Hong Kong, which include student, employee, resident, tour, hotel, and contract hire services. In terms of the size of bus fleet, the Group continues to be the largest non-franchised public bus operator in Hong Kong. As the provision of cross-boundary limousine services are always bundled with non-franchised bus services, the results of cross-boundary limousine services are incorporated in this segment too.

Kwoon Chung Motors Company, Limited (“KCM”) is the Group’s flagship wholly-owned subsidiary that provides premium, safe and reliable local non-franchised bus services for a broad high-end corporate and individual clientele, including schools, major employers, housing estates, tours, hotels, airlines, travel agencies, shopping malls, etc. Although during the year, there was a downturn in general economy, approximately 90% of KCM’s revenue is derived from binding service contracts and hence its financial results had remained relatively stable. It is expected that KCM shall continue to provide a sound profit-making base for the Group.

Trans-Island Limousine Service Limited (“TIL”) and Chinalink Express Holdings Limited (“Chinalink”), wholly-owned subsidiaries of the Group, provide a number of fixed, short-trip, and 24-hour cross-boundary shuttle routes between Huanggang, Shenzhen and Mongkok/Wanchai/Kam Sheung Road/Tsuen Wan. TIL and Chinalink also operate regular cross-boundary bus routes between Hong Kong and various cities in Guangdong and Guangxi Provinces. Since 2012, the Group has acquired four more fellow cross-boundary bus operators, namely Shiny Eagle group, Chinalink, 991 group and Peng Yun group. These acquisitions, bringing about synergy, have strengthened the Group’s ‘Fly-via Shenzhen’ services, cross-boundary student bus services and other long-distance fixed routes.

While the results for the local transport services will remain profitable, in view of the current increase in operating costs including pressure for wage increment, the Group will continue to negotiate with its clients to adjust the local bus fares to reasonable levels.

The future growth of the non-franchised bus segment may more focus on the Mainland China/Hong Kong cross-boundary transport. The favorable factors behind the growth of this sector are:

- i. large number of Mainland Chinese visitors will continue to come to Hong Kong for business and personal reasons. According to the Hong Kong government statistics, although the number of visitor arrivals in 2015 had dropped by 2.5% as compared to 2014, the total number of arrivals and departures via the four main control points accessible to cross-boundary bus transport, namely Shenzhen Bay, Lok Ma Chau, Man Kam To, and Sha Tau Kok, in 2015 had actually recorded a nominal increase as compared to 2014;

- ii. more Mainland Chinese visitors will travel by cross-boundary buses, as the service becomes increasingly convenient. The Shenzhen Bay Port has grown in popularity further after the completion of the “Riverside Highway” connecting Shenzhen and Guangzhou;
- iii. the horizontal integration with the four acquired fellow bus operators has brought about synergies and economies of scales; and
- iv. the Hong Kong-Zhuhai-Macao Bridge (“HZMB”), which will link up Hong Kong, Zhuhai of Guangdong Province, and Macao, is expected to be completed by the end of 2017. The completion of the bridge will bring about much greater demand for cross-boundary transport between these three places. The Transport Department has already met with the bus industry people to preliminarily discuss the HZMB transport arrangements. The whole industry is awaiting further good news from the Hong Kong government at the moment.

## **2. Local Limousine Segment**

As at 31 March 2016, the Group owned a fleet of about 252 (2015: 127) local limousines. The limousine fleet caters for the airport and local transfers of prestigious clients of numerous hotels in Hong Kong, and for corporate and individual users.

The Group acquired Parklane Limousine Service Limited and Airport Shuttle Services Limited (collectively, the “Parklane Group”) from independent third parties for a consideration of HK\$35 million in June 2015. The Parklane Group is primarily engaged in the provision of local limousine hire services and this acquisition further enhanced the Group’s market share in the local limousine services.

## **3. Franchised Bus Segment**

The Group’s franchised bus services in Hong Kong are operated by New Lantao Bus Company (1973) Limited (“NLB”), a 99.99% (2015: 99.99%) owned subsidiary of the Group. As at 31 March 2016, NLB was operating 23 (2015: 23) franchised bus routes, mainly within Lantau Island, with a fleet of 124 (2015: 115) buses.

The cross-boundary routes, namely B2 servicing Yuen Long-Shenzhen Bay Port and B2P servicing Tin Shui Wai-Shenzhen Bay Port, are still profitable routes, though a declining trend is noted. A large majority of other bus routes are at losses. In order to maintain its service standards, NLB has to work closely with the Transport Department and the local community to rationalise some of these loss making routes.

#### **4. Mainland China Bus Segment**

##### ***i. Hubei Shenzhou Transport Holdings Co., Ltd. (“Hubei Shenzhou”)***

As at 31 March 2016, this 100% (2015: 100%) owned subsidiary of the Group was running a long-distance bus terminal and related bus business with 203 (2015: 192) routes and 497 (2015: 539) buses in Xiangyang, Hubei Province. Hubei Shenzhou incurred a mild loss in its results for the year. However, given the advantageous geographical position of the bus terminal, the Group is confident that Hubei Shenzhou will turn around in its performance soon.

##### ***ii. GZ New Era and GZ Xing Hua***

On 27 March 2015, the Group entered into two equity transfer agreements with an independent third party to dispose of all of its 56% equity interests in GZ New Era and GZ Xing Hua at a consideration of RMB28,000,000. The transactions had been completed in April 2015.

##### ***iii. GZ2B***

On 18 March 2015, the Group entered into an equity transfer agreement with an independent third party to dispose of all of its 40% equity interest in GZ2B at a consideration of RMB170,000,000. On 29 June 2015, the above transaction was terminated after the exercise of the right of first refusal by Guangzhou City No. 2 Public Bus Company (“GZ2PB”), a Sino joint venture partner of GZ2B and the Group entered into another equity transfer agreement with GZ2PB to dispose of all of its 40% equity interest in GZ2B at the same consideration. The transaction was completed in November 2015. After completion of the transaction, the Group does not maintain any urban bus business in Mainland China. Further details of the transactions have been disclosed in the announcements of the Company dated 19 March 2015 and 30 June 2015, respectively.

#### **5. Hotel and Tourism Segment**

##### ***i. Local Tourism Businesses***

A number of the Group’s subsidiaries hold travel agency licenses and have specialised in providing tour services to visitors to Hong Kong. The Group will further develop packaged/ tailored services, and enhance co-ordination to provide integrated services covering transport, tour, and hotel arrangements.

##### ***ii. Chongqing Tourism (Group) Co., Ltd.***

This 60% (2015: 60%) owned subsidiary, together with its two fellow group companies, continue to operate a 3-star 23-storey hotel and a travel agency company in Chongqing. During the year, the hotel has utilized more floor areas for retail purpose instead of hotel room rental. This practice had brought about more income than before and losses for the year had been refrained at a more controllable level.

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

As at 31 March 2016, the Group owned 51% (2015: 51%) equity interest in Bipenggou Tourism. The scenic area of Bipenggou has gained more popularity in Sichuan Province and the patronage has been stepping up. The number of tourists for calendar year 2015 reached approximately 480,000 as compared with approximately 423,000 for 2014. As a result, the subsidiary made a reasonable profit during the year, as compared to a break-even position in prior year. It is forecasted that the number of tourists will increase to approximately 600,000 in 2016.

## **LIQUIDITY AND FINANCIAL RESOURCES**

Funding for the Group’s operations during the year was sourced mainly from internally generated cash flows, with shortfalls being financed mainly by borrowings from banks and other financial institutions. As at 31 March 2016, the total outstanding indebtedness was approximately HK\$1,220 million (2015: HK\$1,218 million). The indebtedness comprised mainly term loans from banks and other financial institutions in Hong Kong and Mainland China, denominated in Hong Kong dollars and Renminbi respectively, and funds were deployed mainly for the purchase of capital assets and related investments. As at 31 March 2016, the Group’s gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 71.5% (2015: 78.6%).

## **FUNDING AND TREASURY POLICIES, AND FINANCIAL RISK MANAGEMENT**

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

The investments and related liabilities, income and expenditure of the Group for its Hong Kong and Mainland China operations are mainly denominated in Hong Kong dollars and Renminbi respectively. The Group has been watchful of the exchange rates of Hong Kong dollars against Renminbi, 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 31 March 2016, the total number of full-time employees of the Group was approximately 4,300. The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is offered with reference to market rates. Salary and/or promotion review is conducted upon performance appraisal by management on a regular basis. Discretionary year-end bonus and share options, if applicable, are granted to eligible employees, in accordance with the Group's performance and individual's contribution. Ample in-house orientation and on-the-job training are arranged for the employees all year around. Employees are always encouraged to attend job-related seminars, courses and programs organized by professional or educational institutions, no matter in Hong Kong or overseas.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE**

The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year.

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 year.

## **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 year.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The audit committee of the Company has met the external auditors of the Company, Ernst & Young, and reviewed the consolidated financial statements of the Group for the year ended 31 March 2016.

## **REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2016 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([www.kcbh.com.hk](http://www.kcbh.com.hk)). The annual report of the Group for the year ended 31 March 2016 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

### **APPRECIATION**

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

On behalf of the Board  
**Kwoon Chung Bus Holdings Limited**  
**Wong Leung Pak, Matthew, BBS**  
*Chairman*

Hong Kong, 30 June 2016

*As at the date of this announcement, the Board comprises Mr. Wong Leung Pak, Matthew, BBS, Mr. Wong Cheuk On, James and Mr. Lo Man Po as executive directors and Mr. Chan Bing Woon, SBS, JP, Mr. Sung Yuen Lam and Mr. Lee Kwong Yin, Colin as independent non-executive directors.*