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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 2015

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 2015 together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 March	
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	5	2,362,109	2,189,316
Cost of services rendered		(1,728,503)	(1,692,626)
Gross profit		633,606	496,690
Other income and gains	5	90,332	105,248
Administrative expenses		(305,237)	(293,029)
Other expenses, net		4,375	(65,875)
Finance costs		(32,385)	(20,853)
Share of profits and losses of:			
A joint venture		50,720	(14,400)
Associates		(30)	(1)
PROFIT BEFORE TAX	6	441,381	207,780
Income tax expense	7	(61,972)	(49,334)
PROFIT FOR THE YEAR		379,409	158,446

* For identification purposes only

		Year ended 31 March	
		2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:			
Owners of the parent		382,971	165,035
Non-controlling interests		<u>(3,562)</u>	<u>(6,589)</u>
		<u>379,409</u>	<u>158,446</u>
EARNINGS PER SHARE ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS OF THE PARENT			
	9		
Basic		<u>HK83.6 cents</u>	<u>HK39.5 cents</u>
Diluted		<u>HK83.3 cents</u>	<u>HK38.7 cents</u>

Details of the dividends payable and proposed for the year are disclosed in note 8 of the announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>379,409</u>	<u>158,446</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	(421)
Reclassification adjustment for gain on disposal included in the consolidated statement of profit or loss	<u>(475)</u>	<u>–</u>
	(169)	(421)
Exchange differences on translation of foreign operations	<u>(497)</u>	<u>1,116</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>(666)</u>	<u>695</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>378,743</u>	<u>159,141</u>
Attributable to:		
Owners of the parent	382,266	165,548
Non-controlling interests	<u>(3,523)</u>	<u>(6,407)</u>
	<u>378,743</u>	<u>159,141</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 March 2015	31 March 2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		1,316,572	1,143,782
Investment properties		39,600	26,040
Prepaid land lease payments		58,117	61,817
Goodwill		171,512	169,403
Passenger service licences		362,829	345,509
Other intangible assets		328,029	291,581
Interest in a joint venture		–	84,738
Interests in associates		355	385
Available-for-sale investments		241	18,473
Financial asset at fair value through profit or loss		14,882	14,323
Prepayments, deposits and other receivables		114,813	118,648
Deferred tax assets		292	366
		<hr/>	<hr/>
Total non-current assets		2,407,242	2,275,065
CURRENT ASSETS			
Inventories		36,092	27,565
Trade receivables	<i>10</i>	146,382	133,823
Prepayments, deposits and other receivables		142,502	131,283
Tax recoverable		16,504	1,570
Pledged time deposits		36,735	15,723
Cash and cash equivalents		565,360	387,381
		<hr/>	<hr/>
		943,575	697,345
Property held for sale		750	–
Interest in a joint venture held for sale	<i>11(a)</i>	160,982	–
Assets of a disposal group classified as held for sale	<i>11(b)</i>	81,283	99,635
		<hr/>	<hr/>
Total current assets		1,186,590	796,980

	<i>Notes</i>	31 March 2015 HK\$'000	31 March 2014 HK\$'000 (Restated)
CURRENT LIABILITIES			
Trade payables	12	69,529	65,350
Accruals, other payables and deposits received		478,731	413,887
Tax payable		40,329	50,223
Derivative financial instruments		12,175	12,950
Interest-bearing bank and other borrowings		1,217,088	726,526
		1,817,852	1,268,936
Liabilities directly associated with the assets classified as held for sale	11(b)	14,445	19,591
Total current liabilities		1,832,297	1,288,527
NET CURRENT LIABILITIES		(645,707)	(491,547)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,761,535	1,783,518
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		467	749
Other long term liabilities		79,887	32,144
Deferred tax liabilities		131,173	125,188
Total non-current liabilities		211,527	158,081
Net assets		1,550,008	1,625,437
EQUITY			
Equity attributable to owners of the parent			
Issued capital		46,169	42,101
Reserves		1,369,174	1,419,021
Proposed final dividend	8	55,402	42,101
Non-controlling interests		1,470,745	1,503,223
		79,263	122,214
Total equity		1,550,008	1,625,437

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, which because the Company has not early adopted the revised Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) issued by The Stock Exchange of Hong Kong Limited are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for certain buildings classified as property, plant and equipment, investment properties, certain available-for-sale investments, financial asset 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries in the financial statements. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. RESTATEMENT AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Restatement

In the prior year, on 18 December 2013, the Group entered into an equity transfer agreement (the “DG Equity Transfer Agreement”) with an independent third party, Dongguan City Bangge Electronic Machineries Co., Ltd. 東莞市邦閣電子機械有限公司 (“DG Bangge”), whereby the Group agreed to dispose of its entire 100% effective interest in Guangzhou City Zhongguan Consulting Services Co., Ltd. 廣州市中貫諮詢服務有限公司 (“GZ Zhongguan”) and its subsidiaries (the “Zhongguan Designated Bus Group”) for a consideration of RMB8.95 million (approximately HK\$11.2 million) and assumption of amount payable by the Zhongguan Designated Bus Group to the Group of RMB55 million (approximately HK\$68.6 million) (the “DG Transaction”). GZ Zhongguan held as to 51% effective interest in each of its 3 major subsidiaries, Hubei Shenzhou Transport Holdings Co., Ltd. 湖北神州運業集團有限公司 (“Hubei Shenzhou”), Guangzhou New Era Express Bus Co., Ltd. 廣州市新時代快車有限公司 (“GZ New Era”) and GTFZ Xing Hua International Transport Limited 廣州保稅區興華國際運輸有限公司 (“GZ Xing Hua”). The Zhongguan Designated Bus Group is primarily engaged in the provision of designated bus services in Hubei Province and Guangzhou, Mainland China. The DG Transaction was expected to be completed before end of 2014 and accordingly, the assets and liabilities of the Zhongguan Designated Bus Group as at 31 March 2014 were classified as a disposal group held for sale.

During the year, on 17 March 2015, the Group was informed by DG Bangge that it would not proceed to complete the DG Transaction within a reasonable time. The Group and DG Bangge had in good faith entered into a deed of termination to terminate the DG Transaction. On 27 March 2015, the Group entered into another equity transfer agreement with an independent third party to dispose of the Group’s entire 56% equity interest in GZ New Era and GZ Xing Hua, of which 51% was held by GZ Zhongguan. Details of the transaction were set out in note 11(b) below.

As at the end of the reporting period, the directors of the Company considered that the assets and liabilities of the GZ Zhongguan and Hubei Shenzhou no longer met the requirements of a disposal group held for sale in accordance with Hong Kong Financial Reporting Standard 5 *Non-current Assets Held for Sale and Discontinued Operations* (“HKFRS 5”). Accordingly, a restatement was made to (i) reclassify the assets and liabilities of GZ Zhongguan and Hubei Shenzhou as at 31 March 2014 out of the disposal group classified as held for sale; and (ii) measure the carrying amounts of the assets and liabilities of GZ Zhongguan and Hubei Shenzhou in accordance with the requirements of HKFRS 5.

The effects of the restatement on the consolidated statement of financial position as at 31 March 2014 are summarised as follows:

	<i>HK\$'000</i>
Increase in property, plant and equipment	81,494
Increase in prepaid land lease payments	46,638
Increase in other intangible assets	1,738
Increase in inventories	578
Increase in trade receivables	1,911
Increase in prepayments, deposits and other receivables	27,783
Increase in cash and cash equivalents	56,806
Decrease in assets of a disposal group classified as held for sale	(216,948)
Increase in trade payables	(16,599)
Increase in accruals, other payables and deposits received	(87,252)
Increase in tax payable	(20,325)
Increase in interest-bearing bank and other borrowings	(47,988)
Increase in other long term liabilities	(1,309)
Increase in deferred tax liabilities	(1,313)
Decrease in liabilities directly associated with the assets classified as held for sale	174,786
	<hr/>
Change in net assets	<hr/> <u> –</u>

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>

¹ Effective from 1 July 2014

Other than explained below regarding the impact of amendments to HKFRS 10, HKFRS 12, HKAS 27 (2011), HKAS 32, HKAS 39, HKFRS 2 and HKFRS 3, the adoption of the above revised standards and interpretation has had no significant financial effect on the financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

- (a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.
- (b) The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- (c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.
- (d) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.
- (e) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

3. NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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> ⁴
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ²
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ²
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ 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

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.

In addition, the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 March 2016. The Group is in the process of making an assessment of the impact of these changes.

4. OPERATING SEGMENT INFORMATION

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

- (a) the non-franchised bus segment includes the provision of non-franchised bus hire services and travel-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 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;
- (e) the tourism segment engages in travel agency and tour services in Hong Kong and Mainland China and the operation of a scenic area in Sichuan, Mainland China;
- (f) the hotel segment represents the provision of hotel services in Chongqing, Mainland China; and
- (g) the “others” segment comprises, principally, the provision of other transportation services.

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, available-for-sale investments and financial asset 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.

Year ended 31 March 2015

	Non- franchised bus <i>HK\$'000</i>	Local limousine <i>HK\$'000</i>	Franchised bus <i>HK\$'000</i>	Mainland China bus <i>HK\$'000</i>	Tourism <i>HK\$'000</i>	Hotel <i>HK\$'000</i>	Others <i>HK\$'000</i>	Intersegment eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:									
External sales	1,704,348	165,951	165,755	123,042	176,512	26,293	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>16,516</u>	<u>536</u>	<u>72</u>	<u>45</u>	<u>(1,792)</u>	<u>90,332</u>
Total	<u>1,801,010</u>	<u>179,947</u>	<u>168,506</u>	<u>139,558</u>	<u>177,048</u>	<u>26,365</u>	<u>281</u>	<u>(40,274)</u>	<u>2,452,441</u>
Segment results	352,262	12,844	8,864	92,582	12,864	(4,995)	(655)	-	473,766
Reconciliation:									
Finance costs									<u>(32,385)</u>
Profit before tax									<u>441,381</u>
Segment assets	2,418,489	68,581	124,962	454,727	346,167	103,096	9,156	-	3,525,178
Reconciliation:									
Unallocated assets									<u>68,654</u>
Total assets									<u>3,593,832</u>
Segment liabilities	331,592	1,485	21,127	165,645	98,969	13,716	10,058	-	642,592
Reconciliation:									
Unallocated liabilities									<u>1,401,232</u>
Total liabilities									<u>2,043,824</u>

	Non- franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus HK\$'000	Mainland China bus HK\$'000	Tourism HK\$'000	Hotel HK\$'000	Others HK\$'000	Total HK\$'000
Other segment information:								
Share of profits and losses of:								
– a joint venture	–	–	–	50,720	–	–	–	50,720
– associates	(30)	–	–	–	–	–	–	(30)
Capital expenditure	340,371	375	1,671	21,087	69,216	28	–	432,748
Amortisation of intangible assets	10,213	321	–	1,815	–	–	–	12,349
Bank interest income	986	–	1	482	36	12	40	1,557
Depreciation	138,486	12,360	15,255	7,439	23,111	3,210	2	199,863
Recognition of prepaid land lease payments	7	–	–	3,258	22	565	–	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)
Gain on disposal of motor buses and vehicles and passenger service licences	40,276	–	–	–	–	–	–	40,276
Fair value gains on investment properties	2,160	–	–	–	–	–	–	2,160
Loss/(gain) on disposal of items of property, plant and equipment, net	<u>1,802</u>	<u>–</u>	<u>4</u>	<u>479</u>	<u>39</u>	<u>(8)</u>	<u>–</u>	<u>2,316</u>

Year ended 31 March 2014

	Non- franchised bus <i>HK\$'000</i>	Local limousine <i>HK\$'000</i>	Franchised bus <i>HK\$'000</i>	Mainland China bus <i>HK\$'000</i>	Tourism <i>HK\$'000</i>	Hotel <i>HK\$'000</i>	Others <i>HK\$'000</i>	Intersegment eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:									
External sales	1,590,335	166,859	151,472	126,742	126,335	27,363	210	–	2,189,316
Intersegment sales	17,603	16,559	50	–	–	–	30	(34,242)	–
Other revenue	<u>38,022</u>	<u>834</u>	<u>2,703</u>	<u>16,983</u>	<u>3,974</u>	<u>19</u>	<u>10</u>	<u>(2,152)</u>	<u>60,393</u>
Total	<u>1,645,960</u>	<u>184,252</u>	<u>154,225</u>	<u>143,725</u>	<u>130,309</u>	<u>27,382</u>	<u>250</u>	<u>(36,394)</u>	<u>2,249,709</u>
Segment results	228,939	8,587	10,153	(29,077)	(30,701)	(3,598)	(525)	–	183,778
Reconciliation:									
Gain on disposal of subsidiaries									44,855
Finance costs									<u>(20,853)</u>
Profit before tax									<u>207,780</u>
Segment assets	2,006,725	77,118	125,338	406,326	297,459	106,508	2,116	–	3,021,590
Reconciliation:									
Unallocated assets									<u>50,455</u>
Total assets									<u>3,072,045</u>
Segment liabilities	298,507	2,944	17,591	201,563	62,817	14,543	2,633	–	600,598
Reconciliation:									
Unallocated liabilities									<u>846,010</u>
Total liabilities									<u>1,446,608</u>

	Non- franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus HK\$'000	Mainland China bus HK\$'000	Tourism HK\$'000	Hotel HK\$'000	Others HK\$'000	Total HK\$'000
Other segment information:								
Share of losses of:								
– a joint venture	–	–	–	(14,400)	–	–	–	(14,400)
– associates	(1)	–	–	–	–	–	–	(1)
Capital expenditure	225,028	773	5,252	24,965	34,096	1,510	10,751	302,375
Amortisation of intangible assets	23,143	–	–	2,962	–	–	–	26,105
Bank interest income	1,723	–	–	608	41	10	6	2,388
Depreciation	126,150	13,881	14,535	13,243	21,015	3,286	1	192,111
Recognition of prepaid land lease payments	7	–	–	3,217	31	572	–	3,827
Impairment of trade receivables	1,544	55	–	–	–	–	–	1,599
Impairment of other receivables	–	–	–	7,947	1,182	–	–	9,129
Impairment of goodwill	5,733	–	–	5,282	–	–	–	11,015
Impairment of interest in a joint venture	–	–	–	21,168	–	–	–	21,168
Write-off of interest in a joint venture	–	–	–	1,268	–	–	–	1,268
Write-off of items of property, plant and equipment	–	–	–	–	16,248	–	–	16,248
Write-off of interest in an associate	1,200	–	–	–	–	–	–	1,200
Fair value gains on investment properties	740	–	–	–	–	–	–	740
Loss/(gain) on disposal of items of property, plant and equipment, net	<u>1,375</u>	<u>585</u>	<u>(94)</u>	<u>(247)</u>	<u>380</u>	<u>8</u>	<u>–</u>	<u>2,007</u>

Geographical information

(a) Revenue from external customers

	2015 HK\$'000	2014 HK\$'000
Hong Kong	2,075,874	1,942,578
Mainland China	286,235	246,738
	<u>2,362,109</u>	<u>2,189,316</u>

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

(b) Non-current assets

	2015 HK\$'000	2014 HK\$'000 (Restated)
Hong Kong	1,543,381	1,425,281
Mainland China	848,091	731,499
	<u>2,391,472</u>	<u>2,156,780</u>

The non-current asset information above is based on the location of the assets and excludes interests in a joint venture and associates, available-for-sale investments, financial asset 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 (2014: Nil).

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents bus fares and the invoiced value of coach and limousine hire and travel-related services, tour and hotel services rendered during the year.

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

	Group	
	2015	2014
	HK\$'000	HK\$'000
Revenue		
Provision of non-franchised bus services	1,704,348	1,590,335
Provision of local limousine services	165,951	166,859
Provision of franchised bus services	165,755	151,472
Provision of Mainland China bus services	123,042	126,742
Provision of tourism services	176,512	126,335
Provision of hotel services	26,293	27,363
Provision of other transportation services	208	210
	2,362,109	2,189,316
Other income		
Bank interest income	1,557	2,388
Gross rental income	6,091	5,592
Advertising income	2,731	2,771
Government subsidies (<i>note</i>)	12,156	11,531
Dividend income from unlisted available-for-sale investments	403	787
Others	23,149	20,116
	46,087	43,185
Gains		
Fair value gains on investment properties	2,160	740
Foreign exchange differences, net	–	8,771
Gain on disposal of subsidiaries	–	44,855
Gain on disposal of motor buses and vehicles and passenger service licences	40,276	–
Gain on disposal of an available-for-sale investment	475	–
Fair value gain on financial asset at fair value through profit or loss	559	269
Fair value gain on derivative financial instruments	775	7,428
	44,245	62,063
	90,332	105,248

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):

	Group	
	2015	2014
	HK\$'000	HK\$'000
Amortisation of intangible assets (<i>note (ii)</i>)	12,349	26,105
Depreciation (<i>note (ii)</i>)	199,863	192,111
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	71	53
Fair value gain on derivative financial instruments	(775)	(7,428)
Fair value gains on investment properties	(2,160)	(740)
Fair value gain on financial asset at fair value through profit or loss	(559)	(269)
Minimum lease payments under operating leases (<i>note (ii)</i>):		
Land and buildings	24,531	23,811
Bus depots, terminals and car parks	76,523	67,193
Motor buses and coaches and bus route operating rights	114,195	97,365
	215,249	188,369
Recognition of prepaid land lease payments	3,852	3,827
Impairment of trade receivables (<i>note (i)</i>)	3,677	1,599
Impairment of other receivables (<i>note (i)</i>)	–	9,129
Impairment of goodwill (<i>note (i)</i>)	–	11,015
Impairment/(reversal of impairment) of interest in a joint venture (<i>note (i)</i>)	(21,168)	21,168
Write-off of interest in a joint venture (<i>note (i)</i>)	–	1,268
Write-off of interest in an associate (<i>note (i)</i>)	–	1,200
Write-off of items of property, plant and equipment (<i>note (i)</i>)	–	16,428
Loss on disposal of items of property, plant and equipment, net (<i>note (i)</i>)	2,316	2,007
Gain on disposal of an available-for-sale investment	(475)	–
Foreign exchange differences, net (<i>note (i)</i>)	1,785	(8,771)

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\$1,728,503,000 (2014: HK\$1,692,626,000) and included amortisation of intangible assets of HK\$12,349,000 (2014: HK\$26,105,000), depreciation charges of HK\$178,899,000 (2014: HK\$173,288,000) and operating lease rentals of HK\$197,331,000 (2014: HK\$171,383,000).

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

	Group	
	2015	2014
	HK\$'000	HK\$'000
Current:		
Hong Kong		
Charge for the year	46,040	49,206
Overprovision in prior years	(2,928)	(3,031)
Mainland China		
Charge for the year	14,993	11,894
Overprovision in prior years	(341)	–
Deferred	4,208	(8,735)
	<hr/>	<hr/>
Total tax charge for the year	61,972	49,334
	<hr/>	<hr/>

8. DIVIDENDS

	2015	2014
	HK\$'000	HK\$'000
Additional final – HK10 cents (2013: HK2 cents) per ordinary share	4,068	196
Interim – HK8 cents (2014: HK2 cents) per ordinary share	36,935	8,408
First special – HK2 cents (2014: Nil) per ordinary share	9,234	–
Second special – HK80 cents (2014: Nil) per ordinary share	369,349	–
Proposed final – HK12 cents (2014: HK10 cents) per ordinary share	55,402	42,101
	<hr/>	<hr/>
	474,988	50,705
	<hr/>	<hr/>

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

Actual 2014 final dividend paid was HK\$46,169,000, of which HK\$4,068,000 was paid in respect of shares issued for employee share options exercised after 31 March 2014 and whose names appeared on the Company's register of members on 15 August 2014.

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\$382,971,000 (2014: HK\$165,035,000), and the weighted average number of ordinary shares of 458,138,463 (2014: 417,518,329) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of HK\$382,971,000 (2014: HK\$165,035,000), and the weighted average number of ordinary shares of 458,138,463 (2014: 417,518,329) in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 1,581,687 (2014: 9,187,272) assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

10. TRADE RECEIVABLES

	Group	
	2015	2014
	HK\$'000	HK\$'000
		(Restated)
Trade receivables	150,352	137,783
Impairment	(3,970)	(3,960)
	<u>146,382</u>	<u>133,823</u>

Included in the Group's trade receivables are amounts due from associates of HK\$11,763,000 (2014: HK\$8,647,000), which are repayable within 90 days.

The Group allows an average credit period ranging from 30 to 90 days for its trade debtors. 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:

	Group	
	2015	2014
	HK\$'000	HK\$'000
		(Restated)
Within 30 days	113,682	97,826
31 to 60 days	17,817	21,731
61 to 90 days	6,358	8,501
Over 90 days	8,525	5,765
	<u>146,382</u>	<u>133,823</u>

11. NON-CURRENT ASSET/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Proposed disposal of a joint venture

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”), an independent third party, to dispose of all of its 40% equity interest in Guangzhou City No. 2 Bus Co., Ltd 廣州市第二巴士有限公司 (“GZ2B”) which is a Sino-foreign equity joint venture incorporated in Mainland China and is principally engaged in urban bus business in Guangzhou, Mainland China, for a consideration of RMB170 million (approximately HK\$212.5 million) (the “GZ Jumbo Transaction”). The completion of the GZ Jumbo Transaction is 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 which was included in “accruals, other payables and deposits received” in the consolidated statement of financial position as at 31 March 2015.

Subsequent to the end of the reporting period, 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, the Group entered into an equity transfer agreement with GZ2PB (the “GZ2PB Agreement”) to dispose of the Group’s entire 40% equity interest in GZ2B for the same consideration as the above GZ Jumbo Transaction (the “GZ2PB Transaction”). On the same date, a termination agreement was entered into between the Group and GZ Jumbo to terminate the GZ Jumbo Agreement whereby the Group refunded the deposit of RMB20 million and compensated RMB20 million to GZ Jumbo pursuant to the terms stipulated therein. The GZ2PB Transaction is expected to be completed before the end of 2015 and the gain on disposal, net of transaction costs, is estimated to be HK\$15.7 million. Accordingly, the Group’s interest in GZ2B as at 31 March 2015 was classified as an interest in a joint venture held for sale.

(b) Proposed disposal of GZ New Era and GZ Xing Hua

On 27 March 2015, the Group entered into two equity transfer agreements with Guangzhou Anxun Tianyu Asset Management Co., Ltd. 廣州安迅天宇資產管理有限公司 (“GZ Anxun Tianyu”), an independent third party, to dispose of the Group’s entire 56% equity interests in GZ New Era and GZ Xing Hua for an aggregate consideration of RMB28 million (approximately HK\$35.0 million) (the “Anxun Transactions”). 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 as at 31 March 2015. The Anxun Transactions were completed in April 2015. Accordingly, the assets and liabilities of GZ New Era and GZ Xing Hua were classified as a disposal group held for sale as at the end of the reporting period.

12. 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:

	Group	
	2015	2014
	HK\$'000	HK\$'000
		(Restated)
Current to 30 days	43,617	43,702
31 to 60 days	9,483	5,515
61 to 90 days	4,218	5,755
Over 90 days	12,211	10,378
	69,529	65,350

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

13. BUSINESS COMBINATION

On 16 June 2014, the Group acquired 100% equity interests in Peng Yun Transport Enterprises Company Limited, Shenzhen City Coach Transport Travel Services Co., Ltd. 深圳市汽運旅游服務有限公司 and Shenzhen City Peng Yun Transport Co., Ltd. 深圳市鵬運交通有限公司 (collectively, the "Peng Yun Group") from an independent third party for an aggregate consideration of HK\$95,804,000 (the "Peng Yun Acquisition"). The Peng Yun Group is primarily engaged in the provision of cross-boundary passenger and cargo transportation services between Hong Kong and Mainland China. The acquisition was completed on 16 June 2014.

The acquisition was made as part of the Group's strategy to expand its market share of cross-boundary passenger transportation services. Accordingly, it is the Group's strategic plan to dispose of the cargo transportation operation and certain assets of the Peng Yun Group, which were not related to cross-boundary passenger transportation services, after the completion of the Peng Yun Acquisition. The fair values of the identifiable assets and liabilities of the Peng Yun Group as at the date of acquisition was HK\$93,695,000, resulting in goodwill arising therefrom of HK\$2,109,000.

14. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed elsewhere in this announcement, the Group had the following significant events after the reporting period:

- (a) On 5 June 2015, the Group entered into an equity transfer agreement with independent third parties to acquire 100% equity interests in Parklane Limousine Service Limited and Airport Shuttle Services Limited (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.

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

Because the above acquisitions were effected shortly before the date of approval of the financial statements, it is not practicable to disclose further details about these acquisitions.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK12 cents (2014: HK10 cents) per ordinary share in respect of the year. The proposed final dividend will be paid on or about Wednesday, 26 August 2015 to the shareholders whose names appear on the register of members on Thursday, 20 August 2015.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company which will be held on 12 August 2015, the register of members of the Company will be closed from Monday, 10 August 2015 to Wednesday, 12 August 2015, 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 annual general meeting, 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, 7 August 2015.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 18 August 2015 to Thursday, 20 August 2015, 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, 17 August 2015.

RESULTS

The consolidated profit attributable to owners of the parent for the year was approximately HK\$383.0 million, which represents a hike of approximately 132.1% from that of the previous year of approximately HK\$165.0 million. The substantial growth in profit is mainly due to the improvement in results of: (1) the non-franchised bus segment; (2) the joint venture of urban bus business in Guangzhou in the Mainland China bus segment; and (3) the scenic area business in the tourism segment in current 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 and Limousine Segments

The non-franchised public bus and limousine services provided by the Group include: (1) Mainland China/Hong Kong cross-boundary transport and (2) local transport in Hong Kong, which includes 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 at 31 March 2015, the fleet comprised of approximately 1,002 (2014: 1,003) non-franchised public buses.

Kwoon Chung Motors Company, Limited, Good Funds Services Limited and Tai Fung are the Group's wholly-owned subsidiaries that provide premium, safe and reliable local non-franchised bus services over the years for a broad high-end corporate and individual clientele, including schools, major employers, housing estates, tours, hotels, airlines, travel agencies, shopping malls, etc. The performance of these subsidiaries remains relatively stable, and they continue to provide a sound profit-making base for the Group in Hong Kong.

Trans-Island Limousine Service Limited ("TIL") and Chinalink Express Holdings Limited ("Chinalink"), wholly-owned subsidiaries of the Group, participate in the joint ventures with other fellow bus operators to 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. However, the routes via the Huanggang Port have experienced intense competition, especially with the Lok Ma Chau Spur Line operated by the MTR. A number of fixed routes are diverted to go through the Western Corridor via the Shenzhen Bay Port.

Vigor Airport Shuttle Services Limited ("Vigor Shuttle"), the Group's 75% owned subsidiary, continue to offer onward transfers for tour groups and individual travelers from overseas with pre-arranged bookings.

As at 31 March 2015, the Group owned a fleet of about 271 (2014: 238) limousines, about 144 of which hold cross-boundary licences. 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 also operates cross-boundary limousine transfers to and from Guangdong Province.

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.

The improvement in results of the non-franchised bus segment is mainly due to: (1) the relative decline in fuel costs by approximately 14.3%; (2) economies of scale as a result of the acquisitions of some fellow cross-boundary bus operators as mentioned above; and (3) rationalisation of the fleet schedules.

While the results for the local transport services will remain profitable, in view of the current increase in operating costs and pressure for salary 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. many Mainland Chinese visitors will continue to come to Hong Kong for business and personal reasons;
- ii. more Mainland Chinese visitors will travel by cross-boundary buses, as the service becomes increasingly accessible. The Shenzhen Bay Port has grown in popularity further after the recent completion of the new "Riverside Highway" connecting Shenzhen and Guangzhou; and
- iii. the horizontal integration with the four newly acquired fellow bus operators has brought about synergies and economies of scales.

2. 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% (2014: 99.99%) owned subsidiary of the Group. As at 31 March 2015, NLB was operating 23 (2014: 23) franchised bus routes, mainly within Lantau Island, with a fleet of 115 (2014: 112) 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.

It is expected that the collaboration agreements with Ngong Ping 360 Limited will continue to be mutually beneficial to both parties.

3. Mainland China Bus Segment

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

As at 31 March 2015, this 100% (2014: 100%) owned subsidiary of the Group was running a long-distance bus terminal and related bus business 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. *Guangzhou New Era Express Bus Co., Ltd. (“GZ New Era”) and GFTZ Xing Hua International Transport Ltd. (“GZ Xing Hua”)*

As at 31 March 2015, GZ New Era and GZ Xing Hua, both 56% (2014: 56%) owned subsidiaries, were operating a fleet of buses for long-distance routes in Guangdong Province. The results of these subsidiaries during the year are profitable and stable.

The demand for long-distance bus transport has increased steadily as a result of growing economic and social activities and improved highway networks. These subsidiaries, nevertheless, have to face mounting competition from the parallel high-speed rails and other railways. Hence 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. *Guangzhou City No. 2 Bus Co., Ltd. (“GZ2B”)*

As at 31 March 2015, the Group owned 40% (2014: 40%) equity interest in GZ2B. During the year, GZ2B turned around to make a substantial profit owing to significant increase in receipt of government subsidies. As a result, the impairment provision made in prior year on the Group’s interest in GZ2B of approximately HK\$21,168,000 had been reversed, which was included in “Other expenses, net” on the face of the consolidated statement of profit or loss. 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 is expected to be completed by the end of 2015. After completion of the transaction, the Group shall not maintain urban bus business any more. Further details of the transactions have been disclosed in the announcements of the Company dated 19 March 2015 and 30 June 2015, respectively.

4. Tourism and Hotel Segments

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. ("CQ Tourism")

This 60% (2014: 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. One of the main reasons for the continuation in loss during the year is the reinforcement of the "Clean Governance" policy announced by the Central Government of Mainland China in November 2012. As a result, the hotel and travel businesses of CQ Tourism have been adversely affected since December 2012 onwards unexpectedly. The Group is finding ways to transform the business model of the hotel and stop further losses.

iii. Lixian Bipenggou Tourism Development Co., Ltd. ("Bipenggou Tourism")

As at 31 March 2015, the Group owned 51% (2014: 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 2014 reached approximately 423,000 as compared with approximately 228,000 for 2013. As a result, the financial results excluding intercompany interest expenses almost broke even during the year, as compared to a significant loss in prior year. It is forecasted that the number of tourists will increase to approximately 600,000 in 2015.

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 2015, the total outstanding indebtedness was approximately HK\$1,218 million (2014: HK\$727 million), which was primarily either repayable/renewable within one year, or repayable after one year but subject to repayment on demand clauses under bank facility agreements. The indebtedness comprised mainly term loans from banks and other financial institutions in Hong Kong and Mainland China, denominated in Hong Kong dollars and Renminbi respectively, and funds were deployed mainly for the purchase of capital assets and related investments. As at 31 March 2015, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 78.6% (2014: 44.7%).

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 2015, 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 2015.

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) and that of the Company (www.kcbh.com.hk). The annual report of the Group for the year ended 31 March 2015 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
Chairman

Hong Kong, 30 June 2015

As at the date of this announcement, the Board comprises Mr. Wong Leung Pak, Matthew, 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.