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 2013

The board of directors 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 2013 together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
			(Restated)
REVENUE	5	**2,075,498**	1,923,146
Cost of services rendered		**(1,651,804)**	(1,560,318)
Gross profit		**423,694**	362,828
Other income and gains	5	**110,930**	142,114
Administrative expenses		**(275,433)**	(297,160)
Other expenses, net		**(60,793)**	(40,570)
Finance costs		**(17,644)**	(14,328)
Share of profits and losses of:			
Jointly-controlled entities		**(13,078)**	14,965
Associates		**(11)**	(292)
PROFIT BEFORE TAX	6	**167,665**	167,557
Income tax expense	7	**(50,136)**	(30,610)
PROFIT FOR THE YEAR		**117,529**	136,947

* *For identification purposes only*

	Notes	Year ended 31 March **2013** ***HK$'000***	2012 *HK$'000* (Restated)
Attributable to:			
Owners of the parent		**116,942**	102,699
Non-controlling interests		**587**	34,248
		117,529	136,947
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic		**28.5 cents**	25.2 cents
Diluted		**28.0 cents**	24.6 cents

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	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
PROFIT FOR THE YEAR	**117,529**	136,947
OTHER COMPREHENSIVE INCOME		
Gain on property revaluation	**12,349**	8,199
Income tax effect	**(2,037)**	–
	10,312	8,199
Exchange differences on translation of foreign operations	**3,922**	12,874
Change in fair value of available-for-sale investments	**965**	(375)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**15,199**	20,698
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**132,728**	157,645
Attributable to:		
Owners of the parent	**130,622**	118,798
Non-controlling interests	**2,106**	38,847
	132,728	157,645

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2013 HK$'000	31 March 2012 HK$'000 (Restated)	1 April 2011 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**1,238,124**	1,165,733	971,416
Investment properties		**25,300**	59,900	42,350
Prepaid land lease payments		**65,339**	44,931	46,328
Other intangible assets		**594,644**	545,497	64,622
Goodwill		**187,104**	187,104	17,874
Interests in jointly-controlled entities		**123,422**	136,809	122,552
Interests in associates		**1,666**	1,677	1,748
Available-for-sale investments		**18,895**	17,927	229
Financial asset at fair value through profit or loss		**14,054**	13,498	–
Deposits paid for purchases of items of property, plant and equipment		**5,336**	10,174	10,244
Deposits and other receivables		**34,565**	11,197	151,502
Deferred tax assets		**420**	858	–
Total non-current assets		**2,308,869**	2,195,305	1,428,865
CURRENT ASSETS				
Properties/interests in properties held for sale		**20,857**	73,347	73,990
Inventories		**24,654**	23,104	18,537
Trade receivables	*10*	**155,248**	124,830	105,914
Prepayments, deposits and other receivables		**140,806**	177,038	125,101
Tax recoverable		**1,662**	7,575	3,849
Pledged time deposits		**17,733**	10,650	2,717
Restricted cash		**6,449**	–	–
Cash and cash equivalents		**295,778**	299,013	353,703
		663,187	715,557	683,811
Assets of disposal groups classified as held for sale		**–**	9,706	799,218
Total current assets		**663,187**	725,263	1,483,029

	Notes	**31 March 2013 HK$'000**	31 March 2012 HK$'000 (Restated)	1 April 2011 HK$'000 (Restated)
CURRENT LIABILITIES				
Trade payables	*11*	**72,643**	74,966	52,263
Accruals, other payables and deposits received		**395,502**	448,223	311,630
Tax payable		**30,195**	27,751	28,224
Derivative financial instruments		**20,378**	17,954	741
Interest-bearing bank and other borrowings		**783,314**	825,745	513,193
		1,302,032	1,394,639	906,051
Liabilities directly associated with the assets classified as held for sale		**–**	1,011	530,433
Total current liabilities		**1,302,032**	1,395,650	1,436,484
NET CURRENT ASSETS/(LIABILITIES)		**(638,845)**	(670,387)	46,545
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,670,024**	1,524,918	1,475,410
NON-CURRENT LIABILITIES				
Due to joint venturers		**–**	–	19,792
Other long term liabilities		**26,506**	23,090	17,829
Deferred tax liabilities		**134,763**	122,968	85,377
Total non-current liabilities		**161,269**	146,058	122,998
Net assets		**1,508,755**	1,378,860	1,352,412
EQUITY				
Equity attributable to owners of the parent				
Issued capital		**41,061**	40,871	40,751
Reserves		**1,296,664**	1,172,783	1,054,480
Proposed final dividend		**8,212**	–	8,150
		1,345,937	1,213,654	1,103,381
Non-controlling interests		**162,818**	165,206	249,031
Total equity		**1,508,755**	1,378,860	1,352,412

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 investment properties, certain buildings classified as property, plant and equipment, 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. Disposal group held for sale is stated at the lower of its carrying amount and fair value 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 2013. 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

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.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on the financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of HKAS 12 Amendments, deferred tax in respect of the Group's investment properties is provided on the presumption that the carrying amount will be recovered through sale. The effects of the above change are summarised below:

	2013	2012
	HK$'000	*HK$'000*
Consolidated income statement for the year ended 31 March		
Decrease in income tax expense	**1,056**	140
Increase in profit for year	**1,056**	140
Increase in basic earnings per share (HK cent)	**0.26**	0.03
Increase in diluted earnings per share (HK cent)	**0.25**	0.03
Consolidated statement of financial position at 31 March		
Decrease in deferred tax liabilities and total non-current liabilities	**(1,687)**	(631)
Increase in net assets and reserves	**1,687**	631
Consolidated statement of financial position at 1 April 2011		
Decrease in deferred tax liabilities and total non-current liabilities		(491)
Increase in net assets and reserves		491

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 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

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 products and services and has six reportable operating segments as follows:

(a) the Mainland China bus segment includes the provision of bus services by designated routes as approved by various local governments/transport authorities in Chongqing, Hubei and Guangzhou, Mainland China;

(b) the non-franchised bus segment includes the provision of non-franchised bus hire services and travel-related services;

(c) the franchised bus segment includes the provision of franchised bus services at Lantau Island in Hong Kong;

(d) the tourism segment engages in travel agency, tour service and scenic spot businesses in Hong Kong and Mainland China;

(e) the hotel segment represents the provision of hotel services in Chongqing, 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, 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 2013

	Mainland China bus *HK$'000*	Non-franchised bus *HK$'000*	Franchised bus *HK$'000*	Tourism *HK$'000*	Hotel *HK$'000*	Others *HK$'000*	Intersegment eliminations *HK$'000*	Total *HK$'000*
Segment revenue:								
External sales	116,544	1,658,011	141,932	134,660	23,469	882	–	2,075,498
Intersegment sales	–	17,149	97	40	–	–	(17,286)	–
Other revenue	31,531	62,241	3,106	8,158	169	–	(2,405)	102,800
Total	148,075	1,737,401	145,135	142,858	23,638	882	(19,691)	2,178,298
Segment results	(30,918)	189,707	21,910	5,309	(7,077)	(1,752)	–	177,179
Reconciliation:								
Gain on disposal of subsidiaries								8,130
Finance costs								(17,644)
Profit before tax								167,665
Segment assets	436,571	1,951,279	125,958	292,256	110,919	2,309	–	2,919,292
Reconciliation:								
Unallocated assets								52,764
Total assets								2,972,056
Segment liabilities	116,347	279,909	22,300	50,035	23,914	2,146	–	494,651
Reconciliation:								
Unallocated liabilities								968,650
Total liabilities								1,463,301

	Mainland China bus HK$'000	Non-franchised bus HK$'000	Franchised 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 jointly-controlled entity	(13,078)	–	–	–	–	–	(13,078)
— associates	–	(11)	–	–	–	–	(11)
Capital expenditure	4,205	199,125	13,957	19,055	20,224	64,259	320,825
Amortisation of intangible assets	3,034	17,675	–	–	–	–	20,709
Bank interest income	744	194	–	72	9	–	1,019
Depreciation	11,051	137,333	13,230	6,717	2,497	4	170,832
Recognition of prepaid land lease payments	3,602	7	–	7	557	–	4,173
Impairment/(write-back of impairment) of trade receivables	–	5,777	–	–	–	–	5,777
Impairment of other receivables	2,059	–	–	–	–	–	2,059
Fair value gain on investment properties	–	7,100	–	–	–	–	7,100
Loss/(gain) on disposal of items of property, plant and equipment, net	2,422	2,339	(115)	10	71	–	4,727

* *Capital expenditure consists of additions to property, plant and equipment and intangible assets including deposits paid for purchases of items of property, plant and equipment and intangible assets.*

Year ended 31 March 2012

	Mainland China bus HK$'000	Non-franchised bus HK$'000	Franchised bus HK$'000	Tourism HK$'000	Hotel HK$'000	Others HK$'000	Intersegment eliminations HK$'000	Total HK$'000
Segment revenue:								
External sales (as restated)	263,197	1,403,102	132,556	96,813	26,651	827	–	1,923,146
Intersegment sales	–	15,392	350	67	–	–	(15,809)	–
Other revenue	19,501	34,575	2,979	3,977	324	47	(2,565)	58,838
Total	282,698	1,453,069	135,885	100,857	26,975	874	(18,374)	1,981,984
Segment results	18,537	97,000	16,763	463	(5,121)	(29,033)	–	98,609
Reconciliation:								
Gain on disposal of subsidiaries								83,276
Finance costs								(14,328)
Profit before tax								167,557
Segment assets	540,130	1,853,608	115,192	253,057	92,288	15,785	–	2,870,060
Reconciliation:								
Unallocated assets								50,508
Total assets								2,920,568
Segment liabilities	188,142	260,526	12,681	63,978	18,372	3,591	–	547,290
Reconciliation:								
Unallocated liabilities (as restated)								994,418
Total liabilities								1,541,708

	Mainland China bus HK$'000	Non-franchised bus HK$'000	Franchised 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 jointly-controlled entity	**14,965**	**–**	**–**	**–**	**–**	**–**	**14,965**
— associates	**–**	**(292)**	**–**	**–**	**–**	**–**	**(292)**
Capital expenditure	**101,816**	**721,809**	**7,521**	**81,131**	**1,106**	**–**	**913,383***
Amortisation of intangible assets	**2,897**	**13,500**	**–**	**–**	**–**	**–**	**16,397**
Bank interest income	**1,108**	**755**	**–**	**12**	**32**	**5**	**1,912**
Depreciation	**14,299**	**124,051**	**13,268**	**2,269**	**2,908**	**15**	**156,810**
Recognition of prepaid land lease payments	**2,543**	**7**	**–**	**–**	**548**	**–**	**3,098**
Impairment/(write-back of impairment) of trade receivables	**334**	**–**	**–**	**(301)**	**–**	**–**	**33**
Impairment of other receivables	**9,976**	**–**	**–**	**–**	**–**	**–**	**9,976**
Fair value gain on investment properties	**–**	**850**	**–**	**–**	**–**	**–**	**850**
Loss/(gain) on disposal of items of property, plant and equipment, net	**4,401**	**4,408**	**(534)**	**(110)**	**5**	**–**	**8,170**

* *Capital expenditure consists of additions to property, plant and equipment and intangible assets including assets from the acquisitions of subsidiaries and deposits paid for purchases of items of property, plant and equipment.*

Geographical information

(a) Revenue from external customers

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**1,832,905**	1,571,149
Mainland China	**242,593**	351,997
	2,075,498	1,923,146

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

(b) Non-current assets

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**1,551,349**	1,370,647
Mainland China	**599,063**	653,889
	2,150,412	2,024,536

The non-current asset information above is based on the location of assets and excludes interests in jointly-controlled entities 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 (2012: Nil).

5. REVENUE, OTHER INCOME AND GAINS

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

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Provision of Mainland China bus services	**116,544**	263,197
Provision of non-franchised bus services	**1,658,011**	1,403,102
Provision of franchised bus services	**141,932**	132,556
Provision of tourism services	**134,660**	96,813
Provision of hotel services	**23,469**	26,651
Provision of other transportation services	**882**	827
	2,075,498	1,923,146
Other income		
Bank interest income	**1,019**	1,912
Gross rental income	**5,384**	15,143
Advertising income	**2,684**	1,834
Government subsidies *(note (i))*	**10,258**	3,964
Dividend income from available-for-sale unlisted investments	**524**	179
Others	**31,272**	20,571
	51,141	43,603
Gains		
Fair value gains on investment properties	**7,100**	850
Foreign exchange differences, net	**5,898**	5,592
Gain on disposal of subsidiaries	**8,130**	83,276
Gain on disposal of properties held for sale	**14,804**	8,793
Gain on disposal of investment property	**23,300**	–
Fair value gain on financial asset at fair value through profit or loss	**557**	–
	59,789	98,511
	110,930	142,114

Note:

(i) 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 income statement 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	
	2013	2012
	HK$'000	*HK$'000*
Amortisation of intangible assets *(note (ii))*	**20,709**	16,397
Depreciation *(note (ii))*	**170,832**	156,810
Rental income less direct operating expenses of HK$43,000 (2012: HK$180,000)	**(5,341)**	(14,963)
Fair value loss on derivative financial instruments *(note (i))*	**2,424**	17,213
Fair value gains on investment properties	**(7,100)**	(850)
Fair value loss/(gain) on financial asset at fair value through profit or loss *(note (i))*	**(556)**	2,705
Minimum lease payments under operating leases *(note (ii))*:		
Land and buildings	**16,486**	11,158
Bus depots, terminals and car parks	**67,918**	56,344
Motor buses and coaches and bus route operating rights	**115,438**	83,824
	199,842	151,326
Recognition of prepaid land lease payments	**4,173**	3,098
Impairment of trade receivables *(note (i))*	**5,777**	33
Impairment of other receivables *(note (i))*	**2,059**	9,976
Loss on disposal of items of property, plant and equipment, net *(note (i))*	**4,727**	8,170

Notes:

(i) These items were included in "Other expenses, net" on the face of the consolidated income statement.

(ii) The cost of services rendered for the year amounted to HK$1,651,804,000 (2012: HK$1,560,318,000) and included amortisation of intangible assets of HK$20,709,000 (2012: HK$16,397,000), depreciation charges of HK$153,524,000 (2012: HK$135,409,000) and operating lease rentals of HK$184,506,000 (2012: HK$140,430,000).

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

Land appreciation tax ("LAT") of the People's Republic of China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

	Group	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Current:		
Hong Kong		
Charge for the year	**23,446**	18,194
Overprovision in prior years	**(2,304)**	(1,191)
Mainland China		
Charge for the year	**12,245**	11,005
LAT	**6,567**	–
Deferred	**10,182**	2,602
Total tax charge for the year	**50,136**	30,610

8. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Additional 2011 final — HK2.0 cents per ordinary share	**–**	18
Proposed final — HK2.0 cents (2012: Nil) per ordinary share	**8,212**	–
	8,212	18

Actual 2011 final dividend paid was HK$8,168,000, of which HK$18,000 was paid in respect of shares issued for employee share options exercised after 31 March 2011 and whose names appeared on the Company's register of members on 31 August 2011.

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 basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of HK$116,942,000 (2012: HK$102,699,000 (restated)), and the weighted average number of ordinary shares of 409,724,356 (2012: 408,127,858) in issue during the year.

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of HK$116,942,000 (2012: HK$102,699,000 (restated)), and the weighted average number of ordinary shares of 409,724,356 (2012: 408,127,858) in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 8,219,274 (2012: 8,715,532) assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

10. TRADE RECEIVABLES

	Group 2013 HK$'000	Group 2012 HK$'000
Trade receivables	**159,216**	129,384
Impairment	**(3,968)**	(4,554)
	155,248	124,830

Included in the Group's trade receivables are amounts due from associates of HK$8,325,000 (2012: HK$8,493,000), which are repayable within 90 days.

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

	Group 2013 HK$'000	Group 2012 HK$'000
Within 30 days	**83,456**	81,704
31 to 60 days	**45,164**	26,791
61 to 90 days	**16,315**	8,293
Over 90 days	**10,313**	8,042
	155,248	124,830

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:

	Group 2013 HK$'000	Group 2012 HK$'000
Current to 30 days	**50,643**	53,079
31 to 60 days	**7,315**	7,163
61 to 90 days	**5,507**	7,068
Over 90 days	**9,178**	7,656
	72,643	74,966

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

PROPOSED FINAL DIVIDEND

The board of directors recommends the payment of a final dividend of HK2.0 cents (2012: nil) per ordinary share in respect of the year. The proposed final dividend will be paid on or about Wednesday, 11 September 2013 to the shareholders on the register of members on Monday, 2 September 2013.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 21 August 2013 to Friday, 23 August 2013, 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 Tuesday, 20 August 2013.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 29 August 2013 to Monday, 2 September 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the 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 Wednesday, 28 August 2013.

RESULTS

The consolidated profit attributable to owners of the parent for the year was approximately HK$116.9 million. This was an increase of approximately 13.9% from that for the previous year of approximately HK$102.7 million (restated). The substantial profit is the result of: (1) the rise in profit of the non-franchised transport operations particularly as a consequence of the full-year effect of and synergy with the acquisition of Chinalink Group and Hin Wan 991 Group; (2) the continued profit position of the franchised bus operations; (3) exceptional gains of about HK$23.3 million due to the disposal of a piece of land in Hong Kong and about HK$7.1 million due to the revaluation of an investment property in Hong Kong; and (4) gain on disposal of Jieyang Guanyun amounting to about HK$8.1 million. The Group's results will be discussed in detail under the sections headed "Review of Operations" and "Future Prospects" below.

The Group, however, has to face various challenges during the year. The general business environment has still been tough for the industry, both in Hong Kong and Mainland China. In particular, mounting local and imported inflation has led to rising operating costs, such as wages and fuel costs. In general, the public bus industry in both Hong Kong and Mainland China has to break path and make headway amid intense competitions posed by the growing transport networks of mass transit systems such as rail and subways.

REVIEW OF OPERATIONS

1. Non-franchised Bus Services in Hong Kong

The principal non-franchised bus services provided by the Group included transport services for students, employees, residents, tours and hotels, Mainland China/Hong Kong cross-boundary and contract hire services.

The total turnover of this sector for the year was approximately HK$1,628 million (2012: HK$1,361 million), representing an increase of approximately 20% from that of prior year. In terms of the size of the bus fleet, the Group continued to be the largest non-franchised bus operator in Hong Kong. As at 31 March 2013, the fleet comprised of 992 (2012: 981) non-franchised licensed buses.

Kwoon Chung Motors Company, Limited ("KCM"), Good Funds Services Limited ("Good Funds"), and Tai Fung Coach Company Limited ("Tai Fung") were the Group's wholly-owned subsidiaries that provided reliable bus services over the years for a broad clientele, including students, employees, residents, tours, hotels, airlines, travel agencies, and corporate and individual clients. The performance of these subsidiaries remained relatively stable, and continued to provide a sound profit-making base for the Group in Hong Kong.

Trans-Island Limousine Service Limited ("TIL"), a wholly-owned subsidiary of the Group, participated in the joint ventures ("JV") with fellow cross-boundary bus operators in providing a number of fixed, short-trip, and 24-hour operating routes including those between Huanggang in Shenzhen and Mongkok/Wanchai/Kam Sheung Road in Hong Kong. TIL also operated regular cross-boundary bus routes between Hong Kong and various cities in Mainland China, mostly within Guangdong Province. The routes via the Huanggang Port experienced intense competition, especially with the Lok Ma Chau Spur Line operated by the MTR, which has advantage in connecting with the subway system and the feeder transport services to other areas of Shenzhen.

TIL continued to operate high-end cross-boundary bus and limousine services between the Hong Kong International Airport ("HKIA") and Dongguan/Guangzhou, mostly for Taiwanese travelers in previous years, and now also for local Chinese and overseas users. A number of fixed routes were diverted to use the Western Corridor via the Shenzhen Bay Port to take advantage of the smoother traffic on this crossing and the convenience of the co-location of boundary facilities being implemented there. A number of service counters were maintained at the Passenger Terminal Building of HKIA by TIL for its Airport Hotelink and limousine services.

Over last year, the Group has acquired three fellow operators: Shiny Eagle Group, 90% equity interest of Chinalink Group, and Hin Wan 991 Group. These acquisitions have strengthened the Group's 'Fly-via Shenzhen', cross boundary student and other long distance cross boundary fixed routes.

Overall, the Group was conscientious in maintaining cost-efficiency through various means, including effective planning, organization and rationalization of routes, and maximization of human resources and the Group's large fleet of buses.

The restraint exercised by the Hong Kong SAR Government ("the Government") in permitting the new registration of non-franchised public buses has been effective in keeping at bay the unwholesome growth of such buses. In general, the Group is in favor of this direction. However, excessive and unwarranted regulations and control by the Government could produce restrictions that would harm than help promote diversity and flexibility of services that the non-franchised bus sector was able to provide. The Group earnestly believes that the non-franchised bus sector has a long-standing and proud history, and the contributions and capability of this sector in serving the general public should not be underestimated. Through membership in the Public Omnibus Operators Association and active participation by a number of its subsidiaries, the Group has continued to reflect the industry's concern to the Government in a responsible manner.

2. Franchised Bus Services in Hong Kong

The Group's franchised bus services in Hong Kong were operated by New Lantao Bus Company (1973) Limited ("NLB"), a 99.99% (2012: 99.99%) owned subsidiary of the Group. As at 31 March 2013, NLB was operating 23 (2012: 23) franchised bus routes, mainly in Lantau Island, with a fleet of 108 (2012: 104) buses. The total turnover of NLB for the year was approximately HK$141.9 million (2012: HK$132.6 million), and it recorded a net profit of approximately HK$9.8 million (2012: HK$9.3 million).

The NLB bus route (B2) servicing Yuen Long-Shenzhen Bay Port and route (B2P) serving Tin Shui Wai — Shenzhen Bay Port have produced profit.

Route 38, a shuttle bus service within Tung Chung New Town, continued to be the most profitable route. Nonetheless, as the intake of population to Tung Chung has gradually saturated, the growth of this route is also going to be constrained. Moreover, a large majority of bus routes operated by NLB is still at losses, so NLB has to work closely with Transport Department and local community to rationalize some of these loss making routes.

3. Other Transportation Services in Hong Kong

The Group's subsidiaries, namely, Trade Travel (Hong Kong) Limited, TIL, and Vigor Airport Shuttle Services Limited ("Vigor Shuttle") continued to offer onward transfer for tour groups and individual travelers from overseas with pre-arranged bookings. Commercial service counters were stationed at the Arrival Hall of the HKIA to facilitate operation. In addition, Vigor Shuttle and Lantau Tours Limited ("LT"), the latter also a wholly owned subsidiary of the Group, catered travel services for tourists visiting Hong Kong and on transit. LT specialized in providing tour services in Lantau Island.

As at 31 March 2013, Intercontinental Hire Cars Limited ("IHC") held by TIL had a fleet of 230 (2012: 233) limousines, a portion of which had cross-boundary licences. The fleet had been strengthened to cater for the airport and local transfers of clients of numerous hotels in Hong Kong, and for corporate and individual users. IHC also operated cross-boundary transfers to and from Guangdong Province. In addition, "TIL Travel", the travel agency, had several retail outlets to operate business including sale of air tickets and tour packages, including tours to the Ocean Park and Hong Kong Disneyland.

4. Bus Services in Mainland China

i. Hubei Shenzhou Transport Holdings Co., Ltd. ("Hubei Shenzhou")

As at 31 March 2013, this 100% (2012: 100%) owned subsidiary of the Group was running a long-distance transport terminal with 107 (2012: 101) routes, and a fleet of 285 (2012: 285) buses operating mainly long-distance bus services within Hubei Province. This subsidiary had successfully restructured and streamlined its human resources, which were inherited from the once state-owned enterprise, thus enhanced efficiency and competitiveness with substantially improved result. The loss attributable to the Company for the year was approximately HK$36.9 million (2012: HK$6.3 million). The increase in loss was due to significant provision for employee compensation after mediation by the local government for settlement of previous disputes with the employees.

ii. GFTZ Xing Hua International Transport Ltd. ("XH International Transport")

As at 31 March 2013, XH International Transport 56% (2012: 56%) owned was operating 5 (2012: 6) routes, with a fleet of 20 (2012: 21) buses. The share of profit attributable to the Company for the year was approximately HK$1.4 million (2012: HK$1.9 million). The performance of this subsidiary was relatively stable and satisfactory.

iii. Guangzhou New Era Express Bus Co., Ltd.

As at 31 March 2013, this 56% (2012: 56%) owned subsidiary was operating a fleet of 21 (2012: 21) buses for 5 (2012: 5) long-distance bus routes within Guangdong Province. The share of profit attributable to the Company for the year was approximately HK$2.2 million (2012: HK$5.9 million). The performance of this subsidiary was relatively stable and satisfactory.

iv. Guangzhou City No. 2 Bus Co., Ltd.

This JV commenced operation from 1 January 2008. As at 31 March 2013, the Group owned 40% (2012: 40%) equity interest in this JV, with Guangzhou City No. 2 Public Bus Company and Rongtai Taxi as the other partners. This JV operated 158 routes (2012: 133) with a fleet of 1,893 (2012: 1,805) buses. The share of loss attributable to the Company for the year was approximately HK$13.1 million (2012: a profit of HK$15.0 million). The deterioration in performance was due to increase in operating costs.

5. Hotel and Tourism Operations in Mainland China

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

This 60% (2012: 60%) owned subsidiary, together with its three-group companies under the same equity-holding structure, continued to operate a hotel, a travel agency company, and a tour bus company. The share of loss attributable to the Company for the year was approximately HK$5.9 million (2012: HK$2.9 million).

The increase in loss was mainly due to the renovation work of Chongqing Grand Hotel causing temporary suspension of 10 floors out of total 14 floors for rental purpose until end of November 2012. It had been hoped that the renovated rooms with higher room rates would recover certain losses incurred during the first eight months and carry on to long term benefits in respect of revenue and upgrading to 4-star hotel. However, after the closing ceremony of the 18th National Congress of Communist Party of China ("CPC") in November 2012, a senior leader of the Central Commission for Discipline Inspection of CPC, called for a clean Party and asked CPC members to refrain from mediocrity, laziness, undiscipline and luxurious lifestyles. Certainly this is a healthy long term goal, but the reaction of the nationwide government officials and the general economy caused immediate slow-down of domestic activities of certain businesses including travel and restaurants. The travel and hotel businesses of Chongqing Tourism Group were adversely affected from December 2012 onwards unexpectedly. Nevertheless, the management kept on working hard on the controllable costs to minimize operating losses and on the balance of cashflows. Subsequent to the financial year, the revenue of Chongqing Grand Hotel has steadily improved.

ii. Lixian Bipenggou Tourism Development Co., Ltd.

As at 31 March 2013, the Group owned 51% (2012: 51%) equity interest in this equity JV. This JV had procured the right of development of the scenic spot of Miyaluo for 50 years. Bipenggou (Bipeng Valley), one of several regions of Miyaluo that is most richly endowed with a magnificent diversity of landscapes, plants, herbs, and wildlife, is ideal for eco-tourism. This JV had, therefore, chosen Bipenggou to launch development and focused resources on upgrading infrastructure and facilities, including the building of a 127-room holiday resort hotel by Lake Namu, which is about 2,000 m. above sea level and an enticing attraction particularly for people who want to get away from the summer heat and refresh in a cool and tranquil ecological environment.

After the completion of the roadwork reconstruction projects by the local government in mid 2012, the scenic spot has been officially opened to local and overseas tourists since October 2012. The share of loss attributable to the Company for the year was approximately HK$66,000 (2012: HK$2.7 million). The number of patrons for the year was approximately 180,000 (2012: 100,000). The forecast of number of patrons for the coming year was approximately 200,000. After a series of construction of qualified tourism facilities and promotion effort, Bipenggou has been awarded 4A National Scenic Spot since late 2012.

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 term loans from banks and other financial institutions. The total indebtedness outstanding as at 31 March 2013 was approximately HK$783 million (2012: HK$826 million), which was either: (1) repayable/renewable within one year or (2) repayable after one year but subject to repayment on demand clauses under bank facility agreements. The indebtedness of the Group comprised mainly term loans from banks and other financial institutions, and funds were deployed mainly for the purchase of buses and for related investments in Hong Kong and Mainland China. The leverage was approximately 51.9% (2012: 59.9%).

FUNDING AND TREASURY POLICY

The Group maintains a prudent funding and treasury policy towards its overall business operations, with an aim to minimize financial risks. All future investments will be financed by cash flows from operations, through banking facilities or other viable forms of financing in Hong Kong and/or Mainland China. The income and expenditure of the Group for its Hong Kong operations are denominated in Hong Kong dollars. For its investments in Mainland China, the major sources of income are in Renminbi. The Group has been watchful of the conversion rates of Hong Kong dollars and Renminbi, and will formulate plans to hedge against major currency exchange risks if and when necessary.

The Group also pays vigilant attention to the cash flow interest rate, as the bank loans of the Group carry mainly floating interest rates. The Group will adopt measures to minimize such risks if necessary.

HUMAN RESOURCES

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

FUTURE PROSPECTS

In meeting various challenges, the Group will also find opportunities. The main challenges would include: the decline in demand for some of the services provided by the Group, in light of the lingering impact of the global financial crisis, especially visitors from Europe; the fuel market turbulence; mounting competitions among fellow bus operators and with other transport service providers; and also the pressure on salary costs in light of prospective inflation.

1. Non-Franchised Bus Services in Hong Kong

While the patronage for the bus services provided to students, employees, residents and contract hire remains fairly stable, in view of the current increase in fuel costs and upwards salary adjustment, the Group plans to negotiate with its clients to increase the bus fares at reasonable levels.

The area of growth is still focused on the cross-boundary traffic between Mainland China and Hong Kong. The favorable factors behind the growth of this market are:

i. more and more Mainland Chinese visitors will come to Hong Kong for business and personal reasons, their purchasing power is strengthened owing to appreciation of Renminbi;

ii. more and more Mainland Chinese and travelers from overseas will be prone to use cross-boundary buses, as the service becomes increasingly convenient and affordable;

iii. the road networks of Guangdong Province has greatly improved and thus helped to shorten journey distance and time. It is anticipated that the Shenzhen Bay Port will grow in popularity further after the new “Riverside Highway” connecting Shenzhen and Guangzhou is completed;

iv. the policy measures to extend multiple entry visas to Hong Kong to more visitors from Mainland China will help to boost the demand for cross-boundary transport services;

v. the comparative advantage of the Group in maintaining well-located reception counters at the HKIA, Huanggang Port and Shenzhen Baoan International Airport (“Shenzhen Airport”) will help to build a strong clientele and maintain good business connections for the cross-boundary limousine service;

vi. the collaborative arrangements with various airline companies and the concept of ‘Fly via Shenzhen’ — using Shenzhen Airport as their base — to include the Group’s cross-boundary bus service in their air tickets; and

vii. the integration with the three newly acquired fellow operators has produced synergies and economies of scales. This also helps the Group to maintain its leading position in the various sectors of the cross-boundary bus business.

2. Franchised Bus Services in Hong Kong

The favorable factors include:

i. The bus routes B2 between Yuen Long and Shenzhen Bay Port, and B2P between Tin Shui Wai and Shenzhen Bay Port have continued to produce additional profit. It is hopeful that the patronage and revenue for these routes will rise when western Shenzhen is further developed;

ii. NLB has entered into some agreements with Ngong Ping 360 Limited, which will be mutually beneficial to both parties.

The less favorable factors include:

i. Fuel prices remains turbulent and possibly higher costs;

ii. The opening of the new Tung Chung Road has affected the special route services of NLB, for both weekdays and Sundays/public holidays;

iii. The growth in patronage for bus route 38, the most profitable route of NLB, may slow down as the intake of population into Tung Chung New Town has almost reached saturation.

3. Bus Services in Mainland China

i. Intra-city Bus Transport

The Group had successfully sold its equity JV bus operations in Chongqing back to its Sino-JV partners. Prior to that, the Group had also terminated all of its contractual JV businesses in other cities. The Group decided to do so because the local government policies regarded public transport as a necessity for citizens and not as a business for profit-making, hence, it has been extremely difficult for fares to be raised to a level viable for business operation. Under such circumstances, public transport has been relying heavily on government subsidies to bridge the gap but unfortunately such subsidies are not necessarily reliable and adequate.

Now, the Group only owns 40% of Guangzhou City No. 2 Bus Co., Ltd, a jointly controlled entity. Currently, the return on the investment is acceptable. Anyway, the Group does not exclude the possibility of selling this operation if the price is reasonable.

ii. Long-distance Bus Transport

The demand for inter-town/city transport has increased steadily and substantially as a result of growing economic and social activities, and improved highway networks. In view of the relatively satisfactory return in operating these routes, the Group will explore the strengthening of long-distance bus services so as to maximize profits.

4. Hotel, Tourism and other Operations

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

The travel and tourism operations of the subsidiary Chongqing Tourism (Group) Co., Ltd., Chongqing Everbright International Travel Service Co., Ltd., will continue. Apart from promoting inbound/outbound packaged tours for travelers to Hong Kong and nearby places, preparations as sales centre of Bipenggou coordinating fellow travel agency companies in Chongqing has established to promote tours to Bipenggou, thus creating synergy and maximizing business opportunities for both subsidiaries. The hotel operator of this tourism group, Chongqing Grand Hotel Co., Ltd., has provided initial stage of management service and training to the new holiday resort hotel in Bipenggou for mutual benefits. The city hotel in Chongqing has completed a renovation program by the end of 2012 aiming at upgrading from a 3-star to a 4-star hotel, and increasing its revenue on a larger scale in future. Due to the unexpected change of political and economic climates as discussed in "Review of Operations" section before, the results after November 2012 were unfavourable. Subsequent to March 2013, there were signs of recovery.

ii. Lixian Bipenggou Tourism Development Co., Ltd.

Beyond Hong Kong, the Group has joint interest in developing eco-tourism in Bipenggou, Miyaluo, just about 180 km from Chengdu, Mainland China. Bipenggou is endowed with diverse ecology and landscapes of stunning natural beauty and uniqueness, and is attractive all year round. As such, it has high potential for eco-tourism. The Sichuan earthquake in 2008 did not cause direct damage to the scenic spot, but the external road network connecting to the scenic spot had been subject to vast reconstruction and upgrading. Road traffic had resumed to normal as of October 2010, with a journey time of four hours from Chengdu. Access further improves with journey time shortened to two hours after a new expressway has been through since the end of 2012. Recent completion of an electric car roadway at an elevation of 3,000 metres inside Bipenggou is taking visitors even closer to various sites that will deepen their personal experience with Mother Nature. An exclusive town-house design 127-room hotel in construction inside the scenic spot has been completed. Bipenggou is stepping up for tourists, which is evidenced by the number of patronage for the current year achieving approximately 180,000 as compared with last year's approximately 100,000. The award of 4A National Scenic Spot since late 2012 has enhanced the popularity of this scenic spot nationwide and internationally at large.

iii. Travel and other Operations

A number of the Group's subsidiaries operate tour business or engage in the provision of services for travel agents. These subsidiaries include LT, Kwoon Chung Trans-Island Travel, Kwoon Chung Intercontinental Travel, Vigor Tours Ltd., and Tai Fung. Taking advantage of the Group's relative strengths in providing transport services to various local tourist attractions, these subsidiaries will further develop packaged/tailored services, and enhance co-ordination to provide integrated service covering transport, tour, and hotel arrangements.

a. *Chengdu Kwoon Chung CTS International Tourism Co., Ltd.*

The Group has started a small operation with a small fleet of coasters and limousines. As the JV has small economies of scale, the Group does not exclude the possibility of selling its shares back to its Sino-partner at a reasonable price.

b. *Long-distance Bus Terminal*

The Group operates a long-distance bus terminal in Hubei Province via its subsidiary, namely, Hubei Shenzhou, and a subsidiary in Nanzhang, a county of Xiangyang City. It is hoped that these terminals remain the hub of long-distance bus operations in the city.

c. *Property-related Projects*

Hubei Shenzhou has been redeveloping and upgrading its central bus station in Xiangyang, and the Group is also considering alternative plans regarding its tour bus depot in Chongqing. Both projects aim at maximal use of the land resources owned by the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The board of directors is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (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 of 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 consolidated financial statements of the Group for the year ended 31 March 2013 have been reviewed by the committee.

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 on the website of the Company (www.kcbh.com.hk). The annual report of the Group for the year ended 31 March 2013 containing all the information required by Appendix 16 of 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 business partners, shareholders and loyal and diligent staff.

As at the date of this announcement, the board of directors of the Company comprises Mr. Wong Chung Pak, Thomas, Mr. Wong Leung Pak, Matthew, Mr. Wong Wing Pak, Mr. Cheng Wai Po, Samuel and Mr. Chung Chak Man, William 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.

On behalf of the board of directors
Wong Chung Pak, Thomas
Chairman

Hong Kong, 28 June 2013