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 2014

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 2014 together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 March	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
REVENUE	*5*	**2,189,316**	2,075,498
Cost of services rendered		**(1,692,626)**	(1,651,804)
Gross profit		**496,690**	423,694
Other income and gains	*5*	**105,248**	110,930
Administrative expenses		**(293,029)**	(275,433)
Other expenses, net		**(65,875)**	(60,793)
Finance costs		**(20,853)**	(17,644)
Share of losses of:			
Joint ventures		**(14,400)**	(13,078)
Associates		**(1)**	(11)
PROFIT BEFORE TAX	*6*	**207,780**	167,665
Income tax expense	*7*	**(49,334)**	(50,136)
PROFIT FOR THE YEAR		**158,446**	117,529

* *For identification purposes only*

	Notes	Year ended 31 March **2014** ***HK$'000***	 2013 *HK$'000*
Attributable to:			
Owners of the parent		**165,035**	116,942
Non-controlling interests		**(6,589)**	587
		158,446	117,529
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic		**39.5 cents**	28.5 cents
Diluted		**38.7 cents**	28.0 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	
	2014	2013
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**158,446**	117,529
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,116**	3,922
Change in fair value of available-for-sale investments	**(421)**	965
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**695**	4,887
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	–	12,349
Income tax effect	–	(2,037)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	–	10,312
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**695**	15,199
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**159,141**	132,728
Attributable to:		
Owners of the parent	**165,548**	130,622
Non-controlling interests	**(6,407)**	2,106
	159,141	132,728

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 March 2014 HK$'000**	31 March 2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,062,288**	1,238,124
Investment properties		**26,040**	25,300
Prepaid land lease payments		**15,179**	65,339
Other intangible assets		**635,352**	594,644
Goodwill		**169,403**	187,104
Interests in joint ventures		**84,738**	123,422
Interests in associates		**385**	1,666
Available-for-sale investments		**18,473**	18,895
Financial asset at fair value through profit or loss		**14,323**	14,054
Deposits and other receivables		**113,849**	39,901
Deferred tax assets		**366**	420
Total non-current assets		**2,140,396**	2,308,869
CURRENT ASSETS			
Property held for sale		–	20,857
Inventories		**26,987**	24,654
Trade receivables	*10*	**131,912**	155,248
Prepayments, deposits and other receivables		**108,299**	140,806
Tax recoverable		**1,570**	1,662
Pledged time deposits		**15,723**	17,733
Restricted cash		–	6,449
Cash and cash equivalents		**330,575**	295,778
		615,066	663,187
Assets of a disposal group classified as held for sale	*11*	**316,583**	–
Total current assets		**931,649**	663,187

	Notes	31 March 2014 HK$'000	31 March 2013 HK$'000
CURRENT LIABILITIES			
Trade payables	12	**48,751**	72,643
Accruals, other payables and deposits received		**326,635**	395,502
Tax payable		**29,898**	30,195
Derivative financial instruments		**12,950**	20,378
Interest-bearing bank and other borrowings		**678,538**	783,314
		1,096,772	1,302,032
Liabilities directly associated with assets classified as held for sale	11	**194,377**	–
Total current liabilities		**1,291,149**	1,302,032
NET CURRENT LIABILITIES		**(359,500)**	(638,845)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,780,896**	1,670,024
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**749**	–
Other long term liabilities		**30,835**	26,506
Deferred tax liabilities		**123,875**	134,763
Total non-current liabilities		**155,459**	161,269
Net assets		**1,625,437**	1,508,755
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**42,101**	41,061
Reserves		**1,419,021**	1,296,664
Proposed final dividend		**42,101**	8,212
		1,503,223	1,345,937
Non-controlling interests		**122,214**	162,818
Total equity		**1,625,437**	1,508,755

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. Assets of a disposal group held for sale are stated at the lower of the 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 2014. 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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and 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 – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13 and amendments to HKAS 1 and HKAS 36, the adoption of the new and revised HKFRSs has had no significant financial effect on the financial statements.

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

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group. The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 April 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11, and concluded that the Group's investments in joint arrangements, which were previously classified as jointly-controlled entities under HKAS 31 and were accounted for using the equity method, should be classified as joint ventures under HKFRS 11 and be accounted for using the equity method. The application of HKFRS 11 does not change the accounting for investments in joint ventures as at 1 April 2013.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. Details of the disclosures for subsidiaries, joint ventures and associates are included in the notes to the financial statements.

(d) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of investment properties and financial instruments are included in the notes to the financial statements.

(e) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in the financial statements.

(f) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in the financial statements. The amendments have had no impact on the financial position or performance of the Group. Disclosures about the Group's impaired non-financial assets are included in the notes to the financial statements.

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

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

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 11 Amendments	Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*[3]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans*: *Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has 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 limousine segment includes the provision of limousine hire services;

(c) the franchised bus segment includes the provision of franchised bus services at Lantau Island 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 Chongqing, Hubei and Guangzhou, Mainland China;

(e) the tourism segment engages in travel agency, tour service and scenic spot businesses in Hong Kong and 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.

During the current year, the Group changed the internal reporting structure and performance measurement for resources allocation decision-making and performance assessment. Accordingly, an additional reportable operating segment of "Limousine" was separately disclosed and certain comparative amounts previously reported under the reportable operating segments of "Non-franchised bus" and "Franchised bus" have been reclassified and restated to conform with the current year's presentation.

Year ended 31 March 2014

	Non-franchised bus *HK$'000*	Limousine *HK$'000*	Franchised bus *HK$'000*	Mainland China bus *HK$'000*	Tourism *HK$'000*	Hotel *HK$'000*	Others *HK$'000*	Intersegment eliminations *HK$'000*	Total *HK$'000*
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	**38,022**	**834**	**2,703**	**16,983**	**3,974**	**19**	**10**	**(2,152)**	**60,393**
Total	**1,645,960**	**184,252**	**154,225**	**143,725**	**130,309**	**27,382**	**250**	**(36,394)**	**2,249,709**
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									**(20,853)**
Profit before tax									**207,780**
Segment assets	**2,006,725**	**77,118**	**125,338**	**406,326**	**297,459**	**106,508**	**2,116**	**–**	**3,021,590**
Reconciliation:									
Unallocated assets									**50,455**
Total assets									**3,072,045**
Segment liabilities	**298,507**	**2,944**	**17,591**	**201,563**	**62,817**	**14,543**	**2,633**	**–**	**600,598**
Reconciliation:									
Unallocated liabilities									**846,010**
Total liabilities									**1,446,608**

	Non-franchised bus HK$'000	Limousine HK$'000	Franchised bus HK$'000	Mainland China bus HK$'000	Tourism HK$'000	Hotel HK$'000	Others HK$'000	Total HK$'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 interests in joint ventures	–	–	–	22,436	–	–	–	22,436
Write-off of items of property, plant and equipment	–	–	–	–	16,248	–	–	16,248
Fair value gains on investment properties	740	–	–	–	–	–	–	740
Loss/(gain) on disposal of items of property, plant and equipment, net	1,375	585	(94)	(247)	380	8	–	2,007

Year ended 31 March 2013

	Non-franchised bus HK$'000 (Restated)	Limousine HK$'000 (Restated)	Franchised bus HK$'000 (Restated)	Mainland China bus HK$'000	Tourism HK$'000	Hotel HK$'000	Others HK$'000	Intersegment eliminations HK$'000	Total HK$'000
Segment revenue:									
External sales	1,494,922	163,089	141,932	116,544	134,660	23,469	882	–	2,075,498
Intersegment sales	1,610	15,539	97	–	40	–	–	(17,286)	–
Other revenue	61,380	861	3,106	31,531	8,158	169	–	(2,405)	102,800
Total	1,557,912	179,489	145,135	148,075	142,858	23,638	882	(19,691)	2,178,298
Segment results	190,880	8,779	11,958	(30,918)	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	1,862,160	89,119	125,958	436,571	292,256	110,919	2,309	–	2,919,292
Reconciliation:									
Unallocated assets									52,764
Total assets									2,972,056
Segment liabilities	276,396	3,513	22,300	116,347	50,035	23,914	2,146	–	494,651
Reconciliation:									
Unallocated liabilities									968,650
Total liabilities									1,463,301

	Non-franchised bus HK$'000 (Restated)	Limousine HK$'000 (Restated)	Franchised bus HK$'000	Mainland China bus HK$'000	Tourism HK$'000	Hotel HK$'000	Others HK$'000	Total HK$'000
Other segment information:								
Share of losses of:								
– a joint venture	–	–	–	(13,078)	–	–	–	(13,078)
– associates	(11)	–	–	–	–	–	–	(11)
Capital expenditure	199,715	–	13,957	4,205	19,055	20,224	64,259	321,415
Amortisation of intangible assets	17,675	–	–	3,034	–	–	–	20,709
Bank interest income	194	–	–	744	72	9	–	1,019
Depreciation	121,668	15,665	13,230	11,051	6,717	2,497	4	170,832
Recognition of prepaid land lease payments	7	–	–	3,602	7	557	–	4,173
Impairment of trade receivables	5,777	–	–	–	–	–	–	5,777
Impairment of other receivables	–	–	–	2,059	–	–	–	2,059
Fair value gains on investment properties	7,100	–	–	–	–	–	–	7,100
Loss/(gain) on disposal of items of property, plant and equipment, net	2,238	101	(115)	2,422	10	71	–	4,727

Geographical information

(a) Revenue from external customers

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**1,942,578**	1,832,905
Mainland China	**246,738**	242,593
	2,189,316	2,075,498

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

(b) Non-current assets

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**1,425,281**	1,551,349
Mainland China	**596,830**	599,063
	2,022,111	2,150,412

The non-current asset information above is based on the location of assets and excludes interests in joint ventures 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 (2013: 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, tour and hotel services.

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
Revenue		
Provision of non-franchised bus services (restated)	**1,590,335**	1,494,922
Provision of limousine services (restated)	**166,859**	163,089
Provision of franchised bus services	**151,472**	141,932
Provision of Mainland China bus services	**126,742**	116,544
Provision of tourism services	**126,335**	134,660
Provision of hotel services	**27,363**	23,469
Provision of other transportation services	**210**	882
	2,189,316	2,075,498
Other income		
Bank interest income	**2,388**	1,019
Gross rental income	**5,592**	5,384
Advertising income	**2,771**	2,684
Government subsidies *(note (i))*	**11,531**	10,258
Dividend income from available-for-sale unlisted investments	**787**	524
Others	**20,116**	30,973
	43,185	50,842
Gains		
Fair value gains on investment properties	**740**	7,100
Foreign exchange differences, net	**8,771**	5,898
Gain on disposal of subsidiaries	**44,855**	8,130
Gain on disposal of properties held for sale	**–**	14,804
Gain on disposal of an investment property	**–**	23,300
Gain on disposal of intangible asset	**–**	300
Fair value gain on financial asset at fair value through profit or loss	**269**	556
Fair value gain on derivative financial instruments	**7,428**	–
	62,063	60,088
	105,248	110,930

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 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	
	2014	2013
	HK$'000	*HK$'000*
Amortisation of intangible assets *(notes(ii))*	**26,105**	20,709
Depreciation *(note (ii))*	**192,111**	170,832
Rental income less direct operating expenses of HK$53,000 (2013: HK$43,000)	**(5,539)**	(5,341)
Fair value loss/(gain) on derivative financial instruments	**(7,428)**	2,424
Fair value gains on investment properties	**(740)**	(7,100)
Fair value gain on financial asset at fair value through profit or loss *(note (i))*	**(269)**	(556)
Minimum lease payments under operating leases *(note (ii))*:		
Land and buildings	**23,811**	16,486
Bus depots, terminals and car parks	**67,193**	67,918
Motor buses and coaches and bus route operating rights	**97,365**	115,438
	188,369	199,842
Recognition of prepaid land lease payments	**3,827**	4,173
Impairment of trade receivables *(note (i))*	**1,599**	5,777
Impairment of other receivables *(note (i))*	**9,129**	2,059
Impairment of goodwill *(note (i))*	**11,015**	–
Loss on disposal of items of property, plant and equipment, net *(note (i))*	**2,007**	4,727
Write-off/impairment of interests in joint ventures *(note (i))*	**22,436**	–
Write-off of items of property, plant and equipment *(note (i))*	**16,428**	–
Impairment of interests in an associate *(note (i))*	**1,200**	–

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$1,692,626,000 (2013: HK$1,651,804,000) and included amortisation of intangible assets of HK$26,105,000 (2013: HK$20,709,000), depreciation charges of HK$173,288,000 (2013: HK$153,524,000), employee benefit expense of HK$592,219,000 (2013: HK$556,531,000) and operating lease rentals of HK$171,383,000 (2013: HK$184,506,000).

(iii) As at 31 March 2014, there were no material forfeited contributions available to the Group to reduce its contributions to the pension schemes in future years (2013: Nil).

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 People's Republic of China ("PRC") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current:		
Hong Kong		
Charge for the year	**49,206**	23,446
Overprovision in prior years	**(3,031)**	(2,304)
Mainland China		
Charge for the year	**11,894**	12,245
LAT	**–**	6,567
Deferred	**(8,735)**	10,182
Total tax charge for the year	**49,334**	50,136

8. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Additional 2013 final – HK2.0 cents per ordinary share	**196**	–
Interim – HK2.0 cents (2013: Nil) per ordinary share	**8,408**	–
Proposed final – HK10.0 cents (2013: HK2.0 cents) per ordinary share	**42,101**	8,212
	50,705	8,212

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

Actual 2013 final dividend paid was HK$8,408,000, of which HK$196,000 was paid in respect of shares issued for employee share options exercised after 31 March 2013 and whose names appeared on the Company's register of members on 28 August 2013.

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$165,035,000 (2013: HK$116,942,000), and the weighted average number of ordinary shares of 417,518,329 (2013: 409,724,356) 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$165,035,000 (2013: HK$116,942,000), and the weighted average number of ordinary shares of 417,518,329 (2013: 409,724,356) in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 9,187,272 (2013: 8,219,274) assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

10. TRADE RECEIVABLES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**132,662**	159,216
Impairment	**(750)**	(3,968)
	131,912	155,248

Included in the Group's trade receivables are amounts due from associates of HK$8,647,000 (2013: HK$8,325,000), 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	
	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**97,648**	83,456
31 to 60 days	**21,524**	45,164
61 to 90 days	**7,850**	16,315
Over 90 days	**4,890**	10,313
	131,912	155,248

11. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 18 December 2013, the Group entered into an equity transfer agreement with an independent third party, Dongguan City Bangge Electronic Machineries Co., Ltd ("DG Bangge"), whereby the Group agreed to dispose of its entire 100% effective interest in Guangzhou City Zhongguan Consulting Services Co., Ltd. ("GZ Zhongguan") and its subsidiaries (the "Zhongguan Designated Bus Group") for a consideration of RMB8.95 million (approximately HK$11.2 million) and assumption of amount payable by the Zhongguan Designated Bus Group to the Group of RMB55 million (approximately HK$68.6 million). GZ Zhongguan held as to 51% effective interests in each of its 3 major subsidiaries, Hubei Shenzhou Transport Holdings Co., Ltd. ("Hubei Shenzhou"), Guangzhou New Era Express Bus Co., Ltd. ("GZ New Era") and GFTZ Xing Hua International Transport Limited ("GZ Xing Hua"). The Zhongguan Designated Bus Group is primarily engaged in the provision of designated bus services in Hubei Province and Guangzhou, Mainland China. Upon completion of the transaction, the Group will retain remaining effective interests of 49%, 5% and 5% in Hubei Shenzhou, GZ New Era and GZ Xing Hua, respectively. This transaction is expected to be completed before end of 2014. 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.

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	
	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**40,630**	50,643
31 to 60 days	**4,258**	7,315
61 to 90 days	**867**	5,507
Over 90 days	**2,996**	9,178
	48,751	72,643

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

13. EVENTS AFTER THE REPORTING PERIOD

(a) On 2 April 2014, Basic Faith Company Limited ("Basic Faith"), which is indirectly wholly owned by Mr. Wong Leung Pak, Matthew, Chairman of the Group, entered into two share transfer agreements to acquire 131,880,981 shares and 121,593,019 shares of the Company from Wong Family Holdings (PTC) Limited and First Action Developments Limited respectively. Upon these acquisitions and the subsequent cash offer by Basic Faith in respect of the Company's shares not already held by Basic Faith, Basic Faith has become the largest shareholder of the Company. The cash offer was completed on 21 May 2014 and Basic Faith owns as to approximately 56.17% interest in the Company as at the date of this announcement.

(b) On 16 June 2014, the Company through its indirect 100% owned subsidiaries, Trans-Island Limousine Service Limited ("TIL") and Guangzhou GoGo TIL Consulting Services Co., Ltd. ("GoGo TIL"), as the purchasers, entered into a share purchase agreement and two other share purchase agreements respectively with Shenzhen Yunfa City Group Holdings Co., Ltd. as the vendor, pursuant to which TIL agreed to acquire 100% equity interest in Pengyun Transport Enterprise Co., Ltd., and Gogo TIL agreed to acquire 100% equity interest in Shenzhen City Coach Transport Travel Services Co., Ltd. and 90% equity interest in Shenzhen City Pengyun Transport Co., Ltd. at considerations of HK$65,867,301, RMB2,191,254 (equivalent to approximately HK$2,739,068) and RMB21,757,960 (equivalent to approximately HK$27,197,451) respectively.

PROPOSED FINAL DIVIDEND

The board of directors recommends the payment of a final dividend of HK10.0 cents (2013: HK2.0 cents) per ordinary share in respect of the year. The proposed final dividend will be paid on or about Tuesday, 26 August 2014 to the shareholders on the register of members on Wednesday, 20 August 2014.

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 Friday, 8 August 2014 to Tuesday, 12 August 2014, 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 Thursday, 7 August 2014.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 18 August 2014 to Wednesday, 20 August 2014, 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 Friday, 15 August 2014.

RESULTS

The consolidated profit attributable to owners of the parent for the year was approximately HK$165.0 million, which represents an increase of approximately 41.1 % from that for the previous year of approximately HK$116.9 million. The substantial growth in profit is the result of: (1) the rise in profits of the non-franchised bus and limousine segment, particularly as a consequence of the synergy with the acquisitions of Shiny Eagle Group, Chinalink Group and Hin Wan 991 Group in previous years; and (2) an exceptional gain of about HK$42.2 million on disposal of the 60% equity interest in Chongqing Tourism Coach Co., Ltd. The Group's results will be discussed in detail under the sections headed "Review of Operations" and "Future Prospects" below.

REVIEW OF OPERATIONS

1. Non-franchised Bus and Limousine Segment

The principal non-franchised bus and limousine services provided by the Group include: (1) Mainland China/Hong Kong cross-boundary transport and (2) local transport in Hong Kong; the latter includes students, employees, residents, tours and hotels, and contract hire services. In terms of the size of bus fleet, the Group continues to be the largest non-franchised bus operator in Hong Kong. As at 31 March 2014, the fleet comprised of 992 (2013: 992) non-franchised licensed buses.

Kwoon Chung Motors Company, Limited, Good Funds Services Limited and Tai Fung Coach Company Limited are the Group's major wholly-owned subsidiaries that provide reliable local 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 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"), another major wholly-owned subsidiary of the Group, participates in the joint ventures ("JV") with other fellow bus operators to provide a number of fixed, short-trip, and 24-hour operating cross-boundary routes including those between Huanggang, Shenzhen and Mongkok/Wanchai/Kam Sheung Road, Hong Kong. TIL also operates regular cross-boundary bus routes between Hong Kong and various cities in Mainland China, mostly within Guangdong Province. It continues to operate high-end cross-boundary bus services between the Hong Kong International Airport ("HKIA") and Dongguan/Guangzhou. A number of commercial service counters are maintained at the Arrival Hall of HKIA by TIL to support its Airport Hotelink services. 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.

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

As at 31 March 2014, Intercontinental Hire Cars Limited ("IHC") held by TIL had a fleet of 245 (2013: 230) limousines, a portion of which had cross-boundary licences. The fleet have 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 operates cross-boundary transfers to and from Guangdong Province.

Since 2012, the Group has acquired three fellow operators: Shiny Eagle Group, 90% equity interest in Chinalink Group, and Hin Wan 991 Group. These acquisitions, bringing about synergy, have strengthened the Group's 'Fly-via Shenzhen' services, cross-boundary student bus services and other long distance cross-boundary fixed routes.

Overall, the Group is conscientious in maintaining cost-efficiency through various means, including effective planning, organization and rationalization of routes, bus fleet, and human resources.

The restraint exercised by the Hong Kong SAR Government (the "Government") in permitting new registration of non-franchised public buses has been effective in keeping at bay the unhealthy growth of the total number of non-franchised buses in the market. In general, the Group is in favor of this direction. However, certrain unnecessary or even disturbing regulations and controls imposed by the Government have created restrictions that would do more harm than good to the diversity and flexibility of services that the non-franchised bus sector is able to provide. The Group earnestly believes that the non-franchised bus sector has a long-standing and proud history in Hong Kong society, 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 the Group's subsidiaries, the Group will continue to reflect the industry's concern and the public expectations to the Government in a proactive and responsible manner to ensure the sustainable development of the industry.

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% (2013: 99.99%) owned subsidiary of the Group. As at 31 March 2014, NLB was operating 23 (2013: 23) franchised bus routes, mainly within Lantau Island, with a fleet of 112 (2013: 108) buses.

The cross-boundary routes, namely B2 servicing Yuen Long-Shenzhen Bay Port and B2P servicing Tin Shui Wai-Shenzhen Bay Port, have become the most profitable routes. Other profitable routes include route 23 servicing Tung Chung-Ngong Ping and route 38, a shuttle bus service within Tung Chung. Nonetheless, as the intake of population to Tung Chung new town has gradually become saturated, the growth of route 38 is going to be constrained. Moreover, a large majority of the remaining bus routes are still at losses, so in order to maintain its service standards, NLB has to work closely with the Transport Department and the local community to rationalize some of these loss making routes.

3. Mainland China Bus Segment

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

As at 31 March 2014, this 100% (2013: 100%) owned subsidiary of the Group was running a long-distance bus terminal with 192 (2013: 188) routes and 539 (2013: 539) buses in Xiangyang, Hubei Province. This subsidiary has successfully streamlined its human resources structure, which was inherited from the former state-owned enterprise. However, it is still in a loss position.

ii. *Guangzhou New Era Express Bus Co., Ltd. ("GZ New Era) and GFTZ Xing Hua International Transport Ltd. ("XH International Transport")*

As at 31 March 2014, GZ New Era and XH International Transport, both 56% (2013: 56%) owned subsidiaries, were operating a fleet of 21 (2013: 21) buses for 5 (2013: 5) routes and a fleet of 19 (2013: 20) buses for 4 (2013: 5) routes respectively in Guangdong Province. The performance of these subsidiaries is relatively stable and satisfactory.

iii. *Guangzhou City No. 2 Bus Co., Ltd. ("GZ2B")*

As at 31 March 2014, the Group owned 40% (2013: 40%) equity interest in this equity JV. GZ2B operates 171 routes (2013: 158) with a fleet of 1,988 (2013: 1,893) buses in Guangzhou. GZ2B has incurred losses in recent years owing to the decline in government subsidies.

iv. *Chongqing Tourism Coach Co., Ltd.*

In September 2013, the Group had sold all of its 60% equity interest in Chongqing Tourism Coach Co., Ltd. to its Sino JV partner already at a consideration of approximately RMB36,670,000. The transaction was completed during the year.

4. Tourism and Hotel Segment

i. Local Tourism Businesses

A number of the Group's subsidiaries, which hold travel agency licenses, have specialised in providing tour services to visitors to Hong Kong. In addition, "TIL Travel", the travel agency under TIL, has several retail outlets for sale of air tickets and tour packages, including tours to the Ocean Park and Hong Kong Disneyland.

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

This 60% (2013: 60%) owned subsidiary, together with its two fellow group companies, continue to operate a hotel and a travel agency in Chongqing, Mainland China. One of the main reasons for the continuation in loss is the reinforcement of the "Clean Governance" policy announced by the central government of Mainland China in November 2012. Certainly this is a healthy long term goal, but the reaction of the nationwide government officials and the general society causes immediate slow-down of certain domestic business activities and market consumption including travel and catering. The travel and hotel businesses of Chongqing Tourism Group has been adversely affected since December 2012 onwards unexpectedly. Nevertheless, the local management have kept on working hard on the controllable costs to minimize operating losses and on the balance of cash flows.

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

As at 31 March 2014, the Group owned 51% (2013: 51%) equity interest in this equity JV. Bipenggou Tourism has procured the development right of the scenic spot of Miyaluo, Sichuan Province for 50 years. Bipenggou (Bipeng Valley), one of several regions of Miyaluo that is most richly endowed with an amazing diversity of landscapes, plants, herbs, and wildlife, is ideal for eco-tourism. Bipenggou Tourism has, therefore, chosen Bipenggou to launch development and focused resources on upgrading its infrastructure and facilities, including the building of a 127-room holiday resort hotel by Lake Namu, which is about 2,000 meters above sea level and an enticing attraction particularly for people who want to get away from the summer heat and pursue such a cool and tranquil ecological paradise.

After the completion of the road reconstruction by the local government in mid-2012, the scenic spot has been officially opened to local and overseas tourists since October 2012. After a series of construction of qualified tourism facilities and promotion effort, Bipenggou has been awarded the honor of "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 2014, including interest-bearing bank and other borrowings included in liabilities directly associated with assets classified as held for sale of HK$48 million in current year, was approximately HK$727 million (2013: HK$783 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 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 44.7% (2013: 51.9%).

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 prospective investments will be financed by internal cash flows from operations, through bank facilities or other viable forms of finance 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 against 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 offered with reference to market rates. In-house orientation and on-the-job training are arranged for the staff. Staff are always encouraged to attend job-related seminars, courses and programs organized by professional or educational institutions, no matter in Hong Kong or overseas.

FUTURE PROSPECTS

In meeting various challenges, the Group also finds opportunities. The main challenges include: the decline in demand for some of the services provided by the Group, the lingering impact of the global financial crisis, the fuel market turbulence; intense competitions among fellow bus operators and with the growing networks of other mass transit systems such as rails and subways; and also the pressure on salary costs in light of soaring inflation.

1. Non-Franchised Bus and Limousine Segment

While the patronage for the local transport services remains fairly stable, in view of the current increase in fuel costs and pressure for salary increment, the Group will continue to negotiate with its clients to increase the bus fares to reasonable levels.

The area of growth still focuses 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, and their purchasing power is strengthened owing to long-term appreciation of Renminbi and the growth in per capita income of Mainland China;

ii. more and more Mainland Chinese visitors will be prone to travel by cross-boundary buses, as the service becomes increasingly convenient and affordable;

iii. the highway networks of Guangdong Province have greatly improved and thus helped shorten journey distance and time. The Shenzhen Bay Port has grown in popularity further after the new "Riverside Highway" connecting Shenzhen and Guangzhou has been completed recently;

iv. the comparative advantage of the Group in maintaining well-located service counters at Shenzhen Bay Port, Huanggang Port, the HKIA and Shenzhen Baoan International Airport will help to build a strong clientele and maintain good business connections for the cross-boundary services;

v. the collaborative arrangements with various renowned airlines in Mainland China under the brand name of 'Fly via Shenzhen' will continue to bundle the Group's cross-boundary bus services with their air tickets; and

vi. the horizontal integration with the three newly acquired fellow bus operators as mentioned earlier has brought about synergies and economies of scales. This also helps the Group to maintain its leading position in the various sectors of the cross-boundary bus businesses.

2. Franchised Bus Segment

The opportunities in this segment include:

i. The bus routes B2 and B2P have continued to produce reasonable profits. It is believed that the patronage and revenue for these two routes will remain stable; and

ii. The collaboration agreements entered into with Ngong Ping 360 Limited will continue to be mutually beneficial to both parties.

The threats include:

i. Fuel prices remain at a high level;

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

iii. The growth in patronage for bus route 38 may slow down as the intake of population into Tung Chung has almost reached a saturation point.

3. Mainland China Bus Segment

i. Intra-city Bus Transport

As mentioned earlier, the Group has sold all of its 60% equity interest in Chongqing Tourism Coach Co., Ltd. back to its Sino JV partner during the year. In previous years, the Group had also terminated all of its contractual JV operations in other cities of Mainland China. The Group decides to do so because the local government policies regard public transport in Mainland China as a necessity for citizens and not as a business for profit-making, hence it is extremely difficult to raise fares to a level viable for business survival. 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.

Currently, the Group only owns 40% equity interest in GZ2B and it does not exclude the possibility of selling this operation if the price is reasonable.

ii. Long-distance Bus Transport

The demand for inter-city bus transport has increased steadily and substantially as a result of growing economic and social activities and improved highway networks. It is hoped that the bus terminal of Hubei Shenzhou in Xiangyang will become a hub of long-distance bus operations. This business sector, nevertheless, has to face mounting competition from the parallel high-speed rails and other railways.

4. Tourism and Hotel Segment

i. Local Tourism Businesses

Taking advantage of the Group's relative strengths in providing transport services to various local tourist attractions, 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.

The hotel and tourism operations of the subsidiaries in Chongqing, Chongqing Grand Hotel Co., Ltd. and 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 have been established to promote tours to Bipenggou, thus creating synergy and maximizing business opportunities for both subsidiaries. Chongqing Grand Hotel has completed a renovation program by the end of 2012 aiming at upgrading its accommodation standards, and increasing its room rates on a larger scale in future. Despite the unexpected change of political and economic climates as discussed earlier before, there are signs of recovery subsequent to the current financial year.

iii. Lixian Bipenggou Tourism Development Co., Ltd.

Bipenggou, Miyaluo is just about 180 kilometers from Chengdu. Bipenggou is endowed with diverse ecology and landscapes of stunning, splendid 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. Access has been improved with journey time shortened to two hours from Chengdu after a new expressway has been through since the end of 2012. Completion of two electric car roadways at an elevation of 3,000 meters inside Bipenggou is taking visitors even closer to various sites that will deepen their personal experience with the wondrous Mother Nature. A newly-established, exclusive town-house design 127-room hotel inside the scenic spot provides comfortable accommodation and catering services to tourists. Bipenggou is stepping up for tourists, which is evidenced by the number of patronage for 2013 achieving approximately 228,000 as compared with approximately 180,000 for 2012, despite the exercise of one-way, one-lane traffic in the morning on the expressway from July to December in 2013 as the result of mud landslide. Now, the road is resumed to normal. It is forecasted that about 300,000 tourists will visit the spot in 2014. The award of "4A National Scenic Spot" in late 2012 has enhanced the popularity of this scenic spot among the neighbouring cities within the province at large.

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 2014 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 2014 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 the Group's 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 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.

On behalf of the board of directors
Kwoon Chung Bus Holdings Limited
Wong Leung Pak, Matthew
Chairman

Hong Kong, 30 June 2014