



KWOON CHUNG BUS HOLDINGS LIMITED

(Stock Code: 306)

Carrying you with
our **HEART**



Interim Report
2012/13

The directors of Kwoon Chung Bus Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2012 together with the comparative figures of the corresponding period in 2011. The condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 September	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
REVENUE	2	962,535	809,364
Cost of services rendered		(764,795)	(680,104)
Gross profit		197,740	129,260
Other income and gains		54,689	71,705
Administrative expenses		(138,115)	(115,140)
Other expenses, net		(5,296)	(6,802)
Finance costs		(9,893)	(6,093)
Share of profits and losses of:			
Jointly-controlled entities		4,515	4,190
Associates		—	20
PROFIT BEFORE TAX	3	103,640	77,140
Income tax expense	4	(14,199)	(9,191)
PROFIT FOR THE PERIOD		89,441	67,949
ATTRIBUTABLE TO:			
Owners of the parent		89,459	67,411
Non-controlling interests		(18)	538
		89,441	67,949
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	6		
Basic			
— For profit for the period		HK21.88 cents	HK16.53 cents
Diluted			
— For profit for the period		HK21.54 cents	HK15.95 cents

Details of the dividends payable and proposed for the prior period are disclosed in note 5.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	89,441	67,949
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	–	3,062
Change in fair value of available-for-sale investments	308	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	89,749	71,011
Attributable to:		
Owners of the parent	89,767	69,738
Non-controlling interests	(18)	1,273
	89,749	71,011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2012 (Unaudited)	31 March 2012 (Unaudited, note 1.1)
	Notes	HK\$'000	HK\$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	7,12	1,170,608	1,165,733
Investment properties		18,200	59,900
Prepaid land lease payments	12	43,392	44,931
Other intangible assets	13	548,448	545,497
Goodwill	13	187,104	187,104
Interests in jointly-controlled entities		140,485	136,809
Interests in associates		1,149	1,677
Available-for-sale investments		18,235	17,927
Financial asset at fair value through profit or loss		13,769	13,498
Deposits paid for purchases of items of property, plant and equipment		2,332	10,174
Deposits and other receivables		17,801	11,197
Deferred tax assets		858	858
Total non-current assets		2,162,381	2,195,305
CURRENT ASSETS			
Properties/interests in properties held for sale		74,791	73,347
Inventories		28,739	23,104
Trade receivables	8	133,610	124,830
Prepayments, deposits and other receivables		195,489	177,038
Tax recoverable		7,853	7,575
Pledged time deposits	12	72,057	10,650
Cash and cash equivalents		275,533	299,013
Assets of disposal group classified as held for sale	14	788,072 9,643	715,557 9,706
Total current assets		797,715	725,263
CURRENT LIABILITIES			
Trade payables	9	77,851	74,966
Accruals, other payables and deposits received		422,247	448,223
Tax payable		30,844	27,751
Derivative financial instruments		21,578	17,954
Interest-bearing bank and other borrowings		790,281	825,745
Liabilities directly associated with the assets classified as held for sale	14	1,342,801 988	1,394,639 1,011
Total current liabilities		1,343,789	1,395,650
NET CURRENT LIABILITIES		(546,074)	(670,387)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,616,307	1,524,918

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		30 September 2012 (Unaudited) <i>HK\$'000</i>	31 March 2012 (Unaudited, note 1.1) <i>HK\$'000</i> (Restated)
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Other long term liabilities		26,522	23,090
Deferred tax liabilities	1.1	125,224	122,968
Total non-current liabilities		151,746	146,058
Net assets		1,464,561	1,378,860
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	41,041	40,871
Reserves		1,263,815	1,172,783
Non-controlling interests		1,304,856	1,213,654
		159,705	165,206
Total equity		1,464,561	1,378,860

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012 (Unaudited)

	Attributable to owners of the parent												Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Asset revaluation reserve HK\$'000	Available-for-sale investment revaluation reserve HK\$'000	Reserve fund HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
At 1 April 2012														
As previously reported	40,871	535,007	10,648	(1,855)	28,257	22,364	(375)	1,126	47,395	529,585	1,213,023	165,206	1,378,229	
Prior year adjustment (note 1.1)	-	-	-	-	-	-	-	-	-	631	631	-	631	
As restated	40,871	535,007	10,648	(1,855)	28,257	22,364	(375)	1,126	47,395	530,216	1,213,654	165,206	1,378,860	
Profit for the period	-	-	-	-	-	-	-	-	-	89,459	89,459	(18)	89,441	
Other comprehensive income for the period:														
Change in fair value of available-for-sale investments	-	-	-	-	-	-	308	-	-	-	308	-	308	
Total comprehensive income for the period	-	-	-	-	-	-	308	-	-	89,459	89,767	(18)	89,749	
Dividends paid/payable to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,483)	(5,483)	
Issue of shares (note 15)	170	1,265	-	-	-	-	-	-	-	-	1,435	-	1,435	
At 30 September 2012	41,041	536,272*	10,648*	(1,855)*	28,257*	22,364*	(67)*	1,126*	47,395*	619,675*	1,304,856	159,705	1,464,561	

For the six months ended 30 September 2011 (Unaudited and restated)

	Attributable to owners of the parent												Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Asset revaluation reserve HK\$'000	Enterprise expansion funds HK\$'000	Reserve fund HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000		
At 1 April 2011														
As previously reported	40,751	533,994	10,648	(1,855)	-	26,393	3,277	12,404	54,312	414,816	8,150	1,102,890	249,031	1,351,921
Prior year adjustment (note 1.1)	-	-	-	-	-	-	-	-	-	491	-	491	-	491
As restated	40,751	533,994	10,648	(1,855)	-	26,393	3,277	12,404	54,312	415,307	8,150	1,103,381	249,031	1,352,412
Profit for the period	-	-	-	-	-	-	-	-	-	67,411	-	67,411	538	67,949
Other comprehensive income for the period:														
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	2,327	-	-	2,327	735	3,062
Total comprehensive income for the period	-	-	-	-	-	-	-	-	2,327	67,411	-	69,738	1,273	71,011
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	10,047	10,047
Disposal of subsidiaries	-	-	-	1,350	-	(5,668)	(3,277)	(5,361)	(18,666)	5,668	-	(25,954)	(165,951)	(191,905)
Dividends paid/payable to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(9,067)	(9,067)
Final 2011 dividend declared (note 5)	-	-	-	-	-	-	-	-	-	(18)	(8,150)	(8,168)	-	(8,168)
Issue of shares (note 15)	90	761	-	-	-	-	-	-	-	-	-	851	-	851
Equity-settled share option arrangements	-	-	-	-	6,700	-	-	-	-	-	-	6,700	-	6,700
At 30 September 2011	40,841	534,755*	10,648*	(505)*	6,700*	20,725*	-*	7,043*	37,973*	488,368*	-	1,146,548	85,333	1,231,881

* These reserve accounts comprise the consolidated reserves of HK\$1,263,815,000 (30 September 2011: HK\$1,105,707,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
NET CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES	116,154	216,390
INVESTING ACTIVITIES	(87,507)	(520,289)
FINANCING ACTIVITIES	(39,512)	166,468
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,865)	(137,431)
Cash and cash equivalents at beginning of period	286,603	404,104
Effects of foreign exchange rate changes, net	–	4,447
CASH AND CASH EQUIVALENTS AT END OF PERIOD	275,738	271,120
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	255,731	213,170
Non-pledged time deposits with original maturity of less than three months when acquired	19,802	57,950
Cash and short term deposits attributable to disposal group classified as held for sale	205	–
	275,738	271,120

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2012.

1.1 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for the current period’s unaudited condensed consolidated interim financial statements.

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

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the new and revised HKFRSs has had no significant financial effect on the unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated interim financial statements.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments 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.

1. Basis of Preparation (*Continued*)

1.1 Changes in accounting policies and disclosures (*Continued*)

As a result of the change in accounting policy arising from amendments to HKAS 12, the Group now measures the deferred tax liability arising from the fair value changes of the investment properties in Hong Kong using the tax rate that would apply on recovery of the assets through sale, rather than through use prior to the adoption of these amendments. This change in accounting policy has been applied retrospectively and has had no effect on the reported profit or loss, total comprehensive income and earnings per share for the six months ended 30 September 2012 and 30 September 2011. The impact on the deferred tax liabilities and retained profits as at 31 March 2012 and 1 April 2011 are set out below:

	As at 31 March 2012 (Unaudited) HK\$'000	As at 1 April 2011 (Unaudited) HK\$'000
<i>Condensed consolidated statement of financial position</i>		
Decrease in deferred tax liabilities and increase in retained profits	631	491

The Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective for the six months ended 30 September 2012, in the unaudited condensed consolidated interim financial statements. 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.

2. 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 designated bus routes segment includes the provision of bus services by designated routes as approved by various local governments/transport authorities in Hubei and Guangdong, 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 on Lantau Island in Hong Kong;
- (d) the tour segment engages in travel agency and tour service businesses in Hong Kong and Mainland China;
- (e) the hotel segment includes the provision of hotel services in 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.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. Profit before Tax

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

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Depreciation	86,634	79,700
Amortisation of intangible assets	9,123	4,847
Loss on disposal of items of property, plant and equipment, net	494	4,633
Equity-settled share option expense	–	6,700
Gain on disposal of subsidiaries	–	(48,803)
Gain on disposal of an investment property	(23,300)	–

4. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (period ended 30 September 2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Current:		
Hong Kong	9,975	6,049
Mainland China	1,968	1,939
Deferred	2,256	1,203
Tax charge for the period	14,199	9,191

5. Dividends Paid

	For the six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Dividends on ordinary shares declared and paid during the six months period:		
Final dividend for the year ended 31 March 2012: Nil (2011: HK2.0 cents)	–	8,168

6. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of basic earnings per share amount is based on the unaudited consolidated profit for the period attributable to ordinary equity holders of the parent of HK\$89,459,000 (period ended 30 September 2011: HK\$67,411,000), and the weighted average number of ordinary shares of 408,914,197 (period ended 30 September 2011: 407,806,000) in issue during the period.

The calculation of diluted earnings per share amount is based on the unaudited consolidated profit for the period attributable to ordinary equity holders of the parent of HK\$89,459,000 (period ended 30 September 2011: HK\$67,411,000), and the weighted average number of ordinary shares of 408,914,197 (period ended 30 September 2011: 407,806,000) in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 6,344,415 (period ended 30 September 2011: 14,903,698) assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

7. Property, Plant and Equipment

During the six months ended 30 September 2012, additions of property, plant and equipment amounted to HK\$96,544,000 (year ended 31 March 2012: HK\$272,396,000, excluding property, plant and equipment acquired through business combinations). Items of property, plant and equipment with a net book value of HK\$5,035,000 (year ended 31 March 2012: HK\$23,222,000) were disposed of by the Group during the six months ended 30 September 2012, resulting in a net loss on disposal of HK\$494,000 (year ended 31 March 2012: HK\$8,170,000).

8. Trade Receivables

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Trade receivables	138,164	129,384
Impairment	(4,554)	(4,554)
	133,610	124,830

Included in the Group's trade receivables are amounts due from associates of HK\$8,653,000 (31 March 2012: HK\$8,493,000), which are repayable within 90 days.

8. Trade Receivables (Continued)

The Group allows an average credit period ranging from 30 to 90 days for its trade debtors. The aged analysis of the Group's trade receivables as at the end of the reporting period that are not individually nor collectively considered to be impaired, based on the payment due date, is as follows:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Neither past due nor impaired	99,143	95,192
Less than 1 month past due	17,601	13,715
1 to 3 months past due	8,211	7,880
Over 3 months past due	8,334	7,722
	133,289	124,509

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK\$4,554,000 (31 March 2012: HK\$4,554,000) with a carrying amount before provision of HK\$4,875,000 (31 March 2012: HK\$4,875,000). The individually impaired trade receivables relate to customers that were in financial difficulties. The Group does not hold any collateral or other credit enhancements over these balances.

9. 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:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Current to 30 days	56,013	53,079
31 to 60 days	7,857	7,163
61 to 90 days	6,608	7,068
Over 90 days	7,373	7,656
	77,851	74,966

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

10. Contingent Liabilities

The Company has given certain guarantees and debentures amounting to HK\$1,600,916,000 (31 March 2012: HK\$1,503,205,000) in favour of certain banks for the banking facilities granted to its subsidiaries.

At the end of the reporting period, the Group had no significant contingent liabilities.

11. Commitments

At the end of the reporting period, the Group had the following capital commitments:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Contracted, but not provided for:		
Acquisitions of motor buses and vehicles	9,324	53,693
Construction of a bus terminal	70,631	76,070
	79,955	129,763

12. Pledge of Assets

At 30 September 2012, the Group's bank loans are secured by (i) certain property, plant and equipment, investment properties and prepaid land lease payments with an aggregate net book value of HK\$146,778,000 (31 March 2012: HK\$104,307,000); (ii) the pledge of certain time deposits of HK\$72,057,000 (31 March 2012: HK\$10,650,000); (iii) the pledge of certain available-for-sale investments with a carrying value of HK\$17,997,000 (31 March 2012: HK\$17,689,000) and financial asset at fair value through profit or loss with a carrying value of HK\$13,769,000 (31 March 2012: HK\$13,498,000); (iv) certain issued shares of certain subsidiaries indirectly held by the Company; and (v) fixed and floating charges over all the assets and undertakings of the Group in Hong Kong to the extent of HK\$850,000,000 (31 March 2012: HK\$850,000,000) under debentures given by the Company.

13. Other Intangible Assets and Goodwill

During the year ended 31 March 2012, the Group acquired certain cross-boundary transportation businesses through acquisitions for a total consideration of HK\$664,600,000. The major assets acquired through these business combinations including, amongst others, the passenger service licences, cross-boundary transportation operating rights, trade name and customer relationships (the "Identifiable Intangible Assets"). Accordingly, the Group has initially recognised the Identifiable Intangible Assets of HK\$494,822,000 and goodwill of HK\$169,230,000 in accordance with HKFRS 3 *Business Combinations*.

14. Disposal Group Held For Sale

On 24 March 2011, the Group entered into an equity transfer agreement with an independent third party to dispose of its entire 62.9% equity interest in Jieyang Guanyun Transportation Co., Ltd. and its entire 60.4% equity interest in Jieyang City Xing Hua Auto Repair Co., Ltd. (collectively, the "Jieyang Designated Bus Group") for a consideration of RMB2.1 million (approximately HK\$2.6 million) and assumption of amount payable by the Jieyang Designated Bus Group to the Group of RMB10.9 million (approximately HK\$13.4 million). The Jieyang Designated Bus Group is part of the Group's designated bus operation in Guangdong province, Mainland China. This transaction is scheduled to be completed before end of 2012 and is expected to result in a gain on disposal before tax of approximately HK\$7.3 million. As at 30 September 2012 and 31 March 2012, the consolidated assets and liabilities of the Jieyang Designated Bus Group were classified as a disposal group held for sale.

15. Share Capital

During the period, the subscription rights attaching to 1,700,000 (period ended 30 September 2011: 900,000) share options were exercised at a weighted average exercise price of HK\$0.844 (period ended 30 September 2011: HK\$0.95) per share, resulting in the issue of 1,700,000 (period ended 30 September 2011: 900,000) shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$1,435,000 (period ended 30 September 2011: HK\$851,000).

16. Connected and Related Party Transactions

(a) The Group had the following material transactions with connected and/or related parties during the period:

		For the six months ended	
		2012	2011
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Coach rental income and administrative service income from associates	(i)	50,399	9,129
Bus washing charges paid to a related company	(ii), (iii)	101	100
Purchases of fuel from related companies	(ii), (iii)	14,390	15,779
Rental and related expenses paid to a related company	(iv)	2,182	2,071

Notes:

- (i) The coach rental income and administrative service income were charged according to the prices and conditions similar to those offered by the Group to its customers.
- (ii) On 13 June 2003, the Company entered into an agreement with New World First Bus Services Limited ("NWFB"), a fellow subsidiary of a shareholder of the Company, for (a) the provision of bus washing services by NWFB to certain of the motor vehicles of the Group in Hong Kong; and (b) the purchase of fuel from NWFB by the Group. The agreement was subsequently renewed and commencing on 1 August 2010, the bus washing charges were determined at a monthly amount of HK\$16,650. On 23 July 2012, the agreement was further renewed and the monthly charge was increased to HK\$17,260 commencing on 1 August 2012. The aggregate fee related to bus washing services was HK\$101,000 (period ended 30 September 2011: HK\$100,000). The aggregate purchases of fuel from NWFB amounted to HK\$7,469,000 (period ended 30 September 2011: HK\$8,857,000).
- (iii) On 10 October 2005, New Lantao Bus Company (1973) Limited ("NLB"), a subsidiary of the Company, entered into an agreement with Citybus Limited ("CTB"), a fellow subsidiary of a shareholder of the Company, for (a) the provision of bus washing services by CTB to certain of the motor vehicles of NLB in Hong Kong; and (b) the purchase of fuel from CTB by NLB. The agreement was subsequently renewed and commencing on 1 July 2010, the refuelling charge was determined at a fixed rate of HK\$0.65 per litre for the total quantity of fuel refuelled and the bus washing charges were determined at a fixed rate of HK\$18.3 per vehicle. On 23 July 2012, the agreement was further renewed and the bus washing charges were increased to HK\$20 per vehicle commencing on 1 July 2012. No bus washing services were provided by CTB during current and prior periods. The aggregate purchases from CTB amounted to HK\$6,921,000 (period ended 30 September 2011: HK\$6,922,000).
- (iv) On 22 December 2010, the Company entered into a tenancy agreement with NWFB for the lease of office premises for a period of one year commencing on 1 January 2011 at a monthly charge, including rental and related management charges, of HK\$269,000. On 10 January 2012, the agreement was renewed for a period of one year commencing on 1 January 2012 and the monthly charge was increased to HK\$287,000. On 25 February 2011, the Company entered into another tenancy agreement with NWFB for the lease of extra office premises for a period of 22 months commencing on 1 March 2011 at a monthly charge of HK\$77,000. The total rental and related expenses paid by the Group for the period amounted to HK\$2,182,000 (period ended 30 September 2011: HK\$2,071,000).

16. Connected and Related Party Transactions (*Continued*)

(b) Outstanding balances with related parties

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Due from associates	893	1,421
Due from jointly controlled entities	9,125	9,964
Due to jointly controlled entities	(33,701)	(33,701)
Loans to jointly controlled entities	1,086	1,086
Due from joint venturers	20,818	20,818

Details of the Group's trade balances with its associates as at the end of the reporting period are disclosed in note 8 to the condensed consolidated interim financial statements.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 September 2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Short term employee benefits	8,553	8,034
Post-employment benefits	720	668
Equity-settled share option expense	–	1,800
Total compensation paid to key management personnel	9,273	10,502

17. Comparative Amounts

As further explained in note 1.1 to the condensed consolidated interim financial statements, due to the adoption of new and revised HKFRSs during the current period, the accounting treatment of certain items and balances in the condensed consolidated interim financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustment has been made and certain comparative amounts have been restated to conform with the current period's accounting treatment.

18. Approval of the Interim Financial Statements

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 29 November 2012.

DIVIDEND

At a meeting of the board of directors held on 29 November 2012, the directors resolved not to pay any interim dividend for the year ending 31 March 2013 (2012: Nil).

REVIEW OF OPERATIONS

The unaudited consolidated profit attributable to owners of the parent for the six months ended 30 September 2012 was approximately HK\$89.5 million. This was an increase of about 33% from that of approximately HK\$67.4 million for the same period of prior year.

The considerable increase was mainly due to an exceptional gain of about HK\$23.3 million owing to the disposal gain of a piece of land in Hong Kong. Profit from non-franchised bus operations and New Lantao Bus (1973) Co. Ltd. has increased also.

The Group, however, has to face various challenges during the period. 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. The Group's expenditure on fuel for Hong Kong operations alone has gone up by HK\$13.7 million or 11%, followed by repair and maintenance, and salaries. Owing to the acquisition of some fellow operators in Hong Kong, there has been an increase of about HK\$4.1 million amortization expenses of intangible assets. More bank loans for Hong Kong operations have also increased the financial expenses. Details on each segment of operation are discussed below:

1. Non-franchised Bus and Limousine Services in Hong Kong

The principal non-franchised bus services provided by the Group include transport service of students, employees, residents, tours and hotels, contract hire and cross-boundary services between Hong Kong and Mainland China. The Group continued to be the largest non-franchised bus operator in Hong Kong in terms of fleet size, having a fleet of approximately 989 (2011: 926) licensed buses, and 243 limousines (2011: 240) as at 30 September 2012.

The total turnover of this sector for the six months ended 30 September 2012 was approximately HK\$755 million (period ended 30 September 2011: HK\$620 million), representing an increase of approximately 22% compared with the same period of prior year.

There has been a growing demand for cross-boundary service for both coaches as well as limousines. The bus/coach/shuttle services catered for local schools, employees, residential estates, and tours continued to be stable, while the long distance bus servicing Hong Kong through various crossings to destinations in Mainland China has potential for growth. Apart from competition, the latter involved collaboration with other service providers in order to maximize business opportunities and market share.

2. Franchised Bus Services in Hong Kong New Lantao Bus Company (1973) Limited ("NLB")

As at 30 September 2012, this 99.99% (2011: 99.99%) owned subsidiary was operating 23 (2011: 23) franchised bus routes, mainly in Lantau Island, with a fleet of 104 (2011: 104) buses. For the period, the total turnover was approximately HK\$68.3 million (period ended 30 September 2011: HK\$63.6 million), and the share of profit attributable to the Company was approximately HK\$5.1 million (period ended 30 September 2011: HK\$4.5 million). The routes servicing Yuen Long/Tin Shui Wai and Shenzhen Bay Port (B2 and B2P), and shuttle bus services within Tung Chung New Town, have contributed substantially to the improved results, both in terms of patronage as well as revenue.

REVIEW OF OPERATIONS (CONTINUED)**3. Other Operations in Hong Kong**

The Group continued to operate a number of service counters at the Passenger Terminal Building of the Hong Kong International Airport, to assist inbound visitors to Hong Kong or on transit with coach/bus or limousine service to Mainland China. The Group was also operating five travel agencies in Hong Kong that cater for tour services, namely, Lantau Tours Limited, TIL Travel (operated by Trans-Island Limousine Service Limited), Kwoon Chung Intercontinental Travel Company Limited (formerly 991 Travel Limited), Chinalink Travel Services Company Limited and Vigor Tours Limited.

4. Designated Bus Route Services in Mainland China

Business in this segment was operated through Equity Joint Ventures (EJVs).

(a) Hubei Shenzhou Transport Holdings Ltd.

As at 30 September 2012, this 100% (2011: 100%) owned subsidiary was operating a transport terminal and long distance bus route services in Hubei Province, comprising 101 (2011: 101) routes with a fleet of 282 (2011: 278) chartered buses. The gain attributable to the subsidiary for the period was approximately HK\$544,000 (period ended 30 September 2011: a loss of HK\$268,000).

(b) GFTZ Xing Hua International Transport Ltd. ("Xing Hua")

As at 30 September 2012, this 56% (2011: 56%) owned subsidiary was operating 5 (2011: 5) routes with a fleet of 26 (2011: 25) buses operated by Xing Hua, providing long distance bus transport in Guangdong Province. The share of profit attributable to the Company for the period was approximately HK\$1,115,000 (period ended 30 September 2011: HK\$626,000). Improved cost control has been a contributing factor to the turnaround in performance for this subsidiary.

(c) Guangzhou New Era Express Bus Co., Ltd.

As at 30 September 2012, this 56% (2011: 56%) owned subsidiary was operating a fleet of 21 (2011: 21) buses for 5 (2011: 5) long distance bus routes in Guangdong Province. The share of profit attributable to the Company for the period was approximately HK\$2.2 million (period ended 30 September 2011: HK\$2.6 million). The performance of this subsidiary has been consistent and satisfactory.

(d) Guangzhou City No.2 Bus Co., Ltd.

This 40% (2011: 40%) owned jointly controlled entity commenced operation from January 2008. As at 30 September 2012, it was operating a fleet of 1,889 buses (2011: 1,801) for 140 routes (2011: 127) in Guangzhou. The share of profit attributable to the Company for the period was approximately HK\$4.5 million (period ended 30 September 2011: HK\$4.2 million).

REVIEW OF OPERATIONS (CONTINUED)

5. Hotel, Tour and Eco-Tourism Development in Mainland China

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

This 60% (2011: 60%) owned subsidiary together with its three-company group with the same shareholding structure (collectively "Chongqing Tourism Group"), was operating a hotel, a travel agency, and a tour bus company. The aggregate share of loss attributable to the Company for the period was approximately HK\$2,580,000 (period ended 30 September 2011: HK\$340,000). The increase in loss was mainly due to the renovation work causing temporary suspension of ten floors out of total 14 floors for rental purpose. It is hoped that the profit or loss and cash flow will greatly improve afterwards.

(b) Lixian Bipenggou Tourism Development Co., Ltd.

As at 30 September 2012, the Group owned 51% (2011: 51%) equity interest in this subsidiary. The other two equity holders are Chengdu China Travel Service Co., Ltd. (with 34.3% equity interest) and Lixian Government of Sichuan Province (with 14.7% equity interest). During the period, the share of loss attributable to the Company was approximately HK\$1,900,000 (period ended 30 September 2011: HK\$2,200,000). The project is still at the investment stage. It takes some time to develop its hotel, scenic spots, transport and other facilities to increase its capability of accommodating more visitors.

LIQUIDITY AND FINANCIAL RESOURCES

Funding for the Group's operations during the period came mainly from internally generated cash flows. Shortfalls, if any, were financed through bank loans and leases. The total indebtedness outstanding as at 30 September 2012 was approximately HK\$790 million (31 March 2012: HK\$826 million), of which all (31 March 2012: all) was repayable/renewable within one year or subject to repayment on demand clauses under bank facility agreements. The indebtedness comprised mainly bank loans and were deployed primarily for the purchase of buses and for investments both in Hong Kong and Mainland China. The leverage, representing total indebtedness outstanding divided by total equity, was approximately 54% (31 March 2012: 60%).

FUNDING AND TREASURY POLICY

The Group maintains a prudent funding and treasury policy towards its overall business operations, aimed at minimizing financial risks. Future projects will be financed by cash flows from the Group's operations, banking facilities or other viable forms of financing in Hong Kong and Mainland China.

The income and expenditure of the Group's Hong Kong operations are denominated in Hong Kong Dollars ("HKD"). For its investments in Mainland China, the major sources of income are in Renminbi ("RMB"). The Group will pay vigilant attention to any significant fluctuation in the exchange rates. The Group is also mindful of significant fluctuations in interest rates, as the bank loans of the Group carry mainly floating interest rates. Appropriate measures in minimizing such risks have been duly enforced by the Group.

HUMAN RESOURCES

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

FUTURE PROSPECTS

On the generic level:

The general economic environment of Hong Kong and Mainland China is stable with substantial growth. The cross-boundary bus business is still growing. However, the Euro debt and US debt has worsened recently. This may compose great challenges to Hong Kong.

Achieving sustained net profit will be a greater challenge for the Group, in light of:

- (a) Accelerating costs, not least for operating essentials such as fuel, spare parts and tunnel fees; and
- (b) The expanding competition from rail transport continues to exert pressure on the Group's patronage and revenue, and parallel routes and services are particularly at risk.

On the segmental level:

1. Non-franchised Bus Services in Hong Kong

The Group will maximize the strengths of its large fleet and manpower in this segment and exercise flexibility in customizing services that would enhance convenience, comfort, and safety for our clients.

With the acquisition of some fellow operators, the turnover of the Group will definitely grow. However, it takes time to integrate the different operations and to attain the targeted synergies.

2. Franchised Bus Services in Hong Kong

NLB will continue to provide comfortable and reliable franchised bus services in Lantau and the areas between Yuen Long, Tin Shui Wai and Shenzhen Bay Port. It will be opened to opportunities for developing service beneficial for both clients and NLB.

3. Designated Bus Routes Services in Mainland China

For urban city buses, the Group has almost sold back all of its interest in its equity joint venture operations to respective Chinese partners, except for the Guangzhou No. 2 Bus Company. The Group has also terminated all its contractual joint ventures after respective contracts expired.

For long distance inter-city routes, as its fares are more flexible and commercially viable, the Group has maintained its operation of some equity joint ventures in Guangzhou and a subsidiary in Xiangyang.

FUTURE PROSPECTS (CONTINUED)**4. Tour, Hotel and other related services**

- (a) Taking advantage of the relative strengths of the Group in its wide range of transport services in Hong Kong and access to the major tourist attractions such as Disneyland and other parts of Hong Kong and Lantau, the Group has developed packaged services that include transport, tour, and possibly hotel reservations. This targets mainly the growing number of visitors from Mainland China to Hong Kong, and is one of the modes by which the Group transforms from a transport company to providing a range of services with added values, thus achieving diversification and increasing profit.
- (b) Beyond Hong Kong, the Group has joint interest in developing eco-tourism in Bipenggou, Miyalu, 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 Area, but the external road network connecting to the Site 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 will further improve with journey time shortened to two hours when a new expressway is through hopefully by 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 Area had opened before end of 2011. Bipenggou is stepping up for tourists, which is evidenced by the number of patronage achieving to more than 180,000 up to mid November for the calendar year of 2012.
- (c) 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 are under way to promote tours to Bipenggou, thus creating synergy and maximizing business opportunities for both subsidiaries. The hotel operator of this Group — Chongqing Grand Hotel Co., Ltd. — has committed to provide management service to the new hotel in Bipenggou for mutual benefits. The hotel in Chongqing will undergo a renovation program in 2012 and 2013 during the low seasons aiming at upgrading from a 3-star to a 4-star hotel, without affecting annual revenue of the hotel in the coming 2 years, but increasing its revenue on a larger scale after completion of renovation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2012, the interests and short positions of the directors in the share capital and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(i) Long Positions In Ordinary Shares Of The Company

Name of director	Number of shares held, capacity and nature of interest		Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation		
Wong Chung Pak, Thomas	3,217,665 ⁽¹⁾	125,880,981 ⁽²⁾	129,098,646	31.46
Wong Wing Pak	2,699,665 ⁽¹⁾	125,880,981 ⁽²⁾	128,580,646	31.33
Wong Leung Pak, Matthew	2,599,665 ⁽¹⁾	125,880,981 ⁽²⁾	128,480,646	31.31
Cheng King Hoi, Andrew	755,556	–	755,556	0.18
Ng King Yee	800,000	–	800,000	0.19
Mok Wah Fun, Peter	100,000	–	100,000	0.02

Notes:

- (1) Mr. Wong Chung Pak, Thomas jointly holds 1,217,665 shares with his spouse. Mr. Wong Wing Pak jointly holds 699,665 shares with his spouse. Mr. Wong Leung Pak, Matthew jointly holds 599,665 shares with his spouse.
- (2) These shares are held by Wong Family Holdings (PTC) Limited (as trustee of The Wong Family Unit Trust), with each of Messrs. Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew holding one-third of the shares in issue in Wong Family Holdings (PTC) Limited. The units of The Wong Family Unit Trust are held by the discretionary trusts established for the respective spouse and issues of each of Messrs. Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew.

The interests of the directors in the share options of the Company are separately disclosed in the section headed "Share option scheme" below.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

(ii) Long positions in shares of associated corporations

Name of associated corporation	Name of director	Number of shares [#]	Class of shares
Good Funds Services Limited*	Wong Chung Pak, Thomas	50,000	Non-voting deferred
Good Funds Services Limited*	Wong Wing Pak	125,000	Non-voting deferred
Good Funds Services Limited*	Wong Leung Pak, Matthew	125,000	Non-voting deferred
Kwoon Chung Motors Company, Limited*	Wong Chung Pak, Thomas	33,333	Non-voting deferred
Kwoon Chung Motors Company, Limited*	Wong Wing Pak	33,333	Non-voting deferred
Kwoon Chung Motors Company, Limited*	Wong Leung Pak, Matthew	33,334	Non-voting deferred

* subsidiaries of the Company

directly beneficially owned

In addition, Mr. Wong Chung Pak, Thomas and Mr. Wong Leung Pak, Matthew have non-beneficial personal equity interests in certain subsidiaries of the Company held for the benefit of the Company.

Save as disclosed above, as at 30 September 2012, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in the section headed "Share option scheme" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

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

Name or category of participant	Number of share options					Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	Price of the Company's shares***	
	At 1 April 2012	Granted during the period	Exercised during the period	Lapsed during the period	At 30 September 2012				At grant date of options HK\$ per share	At exercise date of options† HK\$ per share
Directors										
Wong Chung Pak, Thomas	1,500,000	-	-	-	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	4,000,000	-	-	-	4,000,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	5,500,000	-	-	-	5,500,000					
Wong Wing Pak	1,500,000	-	-	-	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	4,000,000	-	-	-	4,000,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	5,500,000	-	-	-	5,500,000					
Wong Leung Pak, Matthew	1,500,000	-	-	-	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	4,000,000	-	-	-	4,000,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	5,500,000	-	-	-	5,500,000					
Cheng King Hoi, Andrew	1,000,000	-	-	-	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	200,000	-	-	-	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	300,000	-	-	-	300,000	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	600,000	-	-	-	600,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	2,100,000	-	-	-	2,100,000					
Ng King Yee	300,000	-	-	-	300,000	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	600,000	-	-	-	600,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	900,000	-	-	-	900,000					

SHARE OPTION SCHEME (CONTINUED)

Name or category of participant	Number of share options				At 30 September 2012	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	Price of the Company's shares***	
	At 1 April 2012	Granted during the period	Exercised during the period	Lapsed during the period					At grant date of options HK\$ per share	At exercise date of options* HK\$ per share
Directors (Continued)										
Chan Yu Kwong, Francis	1,000,000	-	(500,000)	-	500,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	1.480
	200,000	-	-	-	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	300,000	-	-	-	300,000	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	600,000	-	-	-	600,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	2,100,000	-	(500,000)	-	1,600,000					
Mok Wah Fun, Peter	700,000	-	(200,000)	-	500,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	1.485
	200,000	-	-	-	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	300,000	-	-	-	300,000	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	600,000	-	-	-	600,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	1,800,000	-	(200,000)	-	1,600,000					
Chan Bing Woon, SBS, JP	200,000	-	-	-	200,000	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	300,000	-	-	-	300,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	500,000	-	-	-	500,000					
Sung Yuen Lam	200,000	-	-	-	200,000	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	300,000	-	-	-	300,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	500,000	-	-	-	500,000					
Lee Kwong Yin, Colin	200,000	-	-	-	200,000	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	300,000	-	-	-	300,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	500,000	-	-	-	500,000					

SHARE OPTION SCHEME (CONTINUED)

Name or category of participant	Number of share options					Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	Price of the Company's shares***	
	At 1 April 2012	Granted during the period	Exercised during the period	Lapsed during the period	At 30 September 2012				At grant date of options HK\$ per share	At exercise date of options [†] HK\$ per share
Shareholders										
In aggregate	3,500,000	-	-	-	3,500,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	2,400,000	-	-	-	2,400,000	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	5,900,000	-	-	-	5,900,000					
Suppliers of goods or services										
In aggregate	2,500,000	-	-	-	2,500,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
Other employees										
In aggregate	1,000,000	-	(1,000,000)	-	-	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	1.530
	2,200,000	-	-	-	2,200,000	2 October 2003	5 September 2003 to 4 September 2013	1.200	1.170	N/A
	200,000	-	-	-	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	2,500,000	-	-	-	2,500,000	1 April 2011	21 March 2011 to 20 March 2021	1.950	1.900	N/A
	25,300,000	-	-	-	25,300,000	30 November 2011	10 October 2011 to 9 October 2021	1.522	1.480	N/A
	31,200,000	-	(1,000,000)	-	30,200,000					
	64,500,000	-	(1,700,000)	-	62,800,000					

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.

The price of the Company's shares disclosed as at the date of exercise of the share options is the weighted average closing price of the Company's shares on trading day immediately prior to the date of exercise of the share options.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2012, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity	Number of ordinary shares held and nature of interest		Interest in underlying shares pursuant to share options	Aggregate interest	Percentage of the Company's issued share capital
		Personal	Corporate			
Wong Chung Pak, Thomas	Joint interest	1,217,665	–	–	138,198,646	33.67
	Founder of a discretionary trust	–	125,880,981 ⁽¹⁾	2,400,000		
	Beneficial owner	2,000,000	–	5,500,000		
	Interest of spouse	–	–	1,200,000		
Tso Anna	Joint interest	1,217,665	–	–	138,198,646	33.67
	Beneficial owner	–	–	1,200,000		
	Interest of spouse	2,000,000	125,880,981	7,900,000		
Wong Leung Pak, Matthew	Joint interest	599,665	–	–	138,880,646	33.84
	Founder of a discretionary trust	–	125,880,981 ⁽¹⁾	2,400,000		
	Beneficial owner	2,000,000	–	5,500,000		
	Interest of spouse	–	–	2,500,000		
Ng Lai Yee, Christina	Joint interest	599,665	–	–	138,880,646	33.84
	Beneficial owner	–	–	2,500,000		
	Interest of spouse	2,000,000	125,880,981	7,900,000		
Wong Wing Pak	Joint interest	699,665	–	–	136,480,646	33.26
	Founder of a discretionary trust	–	125,880,981 ⁽¹⁾	2,400,000		
	Beneficial owner	2,000,000	–	5,500,000		

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Name	Capacity	Number of ordinary shares held and nature of interest		Interest in underlying shares pursuant to share options	Aggregate interest	Percentage of the Company's issued share capital
		Personal	Corporate			
Tang Kit Ling, Louise	Joint interest	699,665	–	–	136,480,646	33.26
	Interest of spouse	2,000,000	125,880,981	7,900,000		
Equity Trustee Limited	Trustee	–	125,880,981	2,400,000	128,280,981	31.26
Wong Family Holdings (PTC) Limited ("WFHL")	Beneficial owner	–	125,880,981 ⁽¹⁾	2,400,000	128,280,981	31.26
New World First Holdings Limited ("NWFH")	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
NWS Transport Services Limited ("NWST")	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
NWS Service Management Limited ("NWSM-BVI") ⁽³⁾	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
NWS Service Management Limited ("NWSM-Cayman Islands") ⁽³⁾	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
NWS Holdings Limited ("NWSH")	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
New World Development Company Limited ("NWD")	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Name	Capacity	Number of ordinary shares held and nature of interest		Interest in underlying shares pursuant to share options	Aggregate interest	Percentage of the Company's issued share capital
		Personal	Corporate			
Enrich Group Limited ("EGL")	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
Chow Tai Fook Enterprises Limited ("CTFEL")	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
Chow Tai Fook (Holding) Limited ("CTFHL")	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
Chow Tai Fook Capital Limited ("CTFCL")	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
Cheng Yu Tung Family (Holdings) Limited ("CYTFHL")	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
Cheng Yu Tung Family (Holdings II) Limited ("CYTFHL-II")	Interest of a controlled corporation	–	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	30.24
First Action Developments Limited ("First Action")	Beneficial owner	–	118,093,019 ⁽²⁾	3,500,000	121,593,019	29.63
Cathay International Corporation	Beneficial owner	–	79,028,000	–	79,028,000	19.26

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Notes:

- (1) Each of Messrs. Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew holds one-third of the shares in WFHL and they are deemed to be interested in the 125,880,981 shares which are directly held by WFHL. These 125,880,981 shares represent approximately 30.67% of the issued share capital of the Company.
- (2) At 30 September 2012, First Action was a wholly-owned subsidiary of NWFH; NWFH was a wholly-owned subsidiary of NWST; the issued share capital of NWST was held directly by NWSSM-BVI and EGL on a 50-50 basis; NWSSM-BVI was a wholly-owned subsidiary of NWSSM-Cayman Islands; NWSSM-Cayman Islands was a wholly-owned subsidiary of NWSH; EGL was a wholly-owned subsidiary of CTFEL; NWD owned approximately 60% equity shares in NWSH; CTFEL owned approximately 42% equity shares in NWD; CTFEL was a wholly-owned subsidiary of CTFHL; CTFHL was approximately 74% owned by CTFCL; and CTFCL was owned by CYTFHL as to approximately 49% and CYTFHL-II as to approximately 47%. At 30 September 2012, each of NWFH, NWST, NWSSM-BVI, NWSSM-Cayman Islands, NWSH, NWD, EGL, CTFEL, CTFHL, CTFCL, CYTFHL, and CYTFHL-II was deemed to be interested in the 118,093,019 shares which were held directly by First Action. These 118,093,019 shares represented approximately 28.77% of the issued share capital of the Company.
- (3) NWSSM-BVI was incorporated in the British Virgin Islands and NWSSM-Cayman Islands was incorporated in the Cayman Islands.
- (4) At 30 September 2012, NWFH owned 100% equity shares in New World First Bus Services Limited ("NWFB"), which held 2,500,000 share options of the Company. At 30 September 2012, NWFH was deemed to be interested in the 6,000,000 share options which were held directly by First Action and NWFB as to 3,500,000 share options and 2,500,000 share options, respectively.

Save as disclosed above, as at 30 September 2012, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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 period.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Main Board 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.

These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by Directors. Having made specific enquiry of all Directors, all Directors have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the period.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

On behalf of the Board

Wong Chung Pak, Thomas

Chairman

Hong Kong

29 November 2012