



KWOON CHUNG BUS HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)

(Stock Code : 306)



INTERIM REPORT
2019/2020



The board (the “Board”) of directors (the “Directors”) of Kwoon Chung Bus Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2019 together with the comparative figures of the corresponding period in 2018. The interim condensed consolidated financial information has not been audited, but has been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended	
		30 September	
		2019	2018
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE	2, 3	1,324,088	1,266,410
Cost of services rendered		(1,139,164)	(1,043,876)
Gross profit		184,924	222,534
Other income and gains, net		26,599	31,690
Administrative expenses		(180,966)	(177,380)
Other expenses, net		(1,596)	(4,786)
Finance costs		(38,645)	(32,090)
Share of profits and losses of associates		(126)	–
PROFIT/(LOSS) BEFORE TAX	4	(9,810)	39,968
Income tax expense	5	(1,012)	(5,899)
PROFIT/(LOSS) FOR THE PERIOD		(10,822)	34,069
Attributable to:			
Owners of the parent		(6,786)	37,434
Non-controlling interests		(4,036)	(3,365)
		(10,822)	34,069
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic		HK(1.47) cents	HK8.11 cents
Diluted		HK(1.47) cents	HK8.11 cents



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	(10,822)	34,069
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(7,786)	(12,993)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(18,608)	21,076
Attributable to:		
Owners of the parent	(12,349)	28,602
Non-controlling interests	(6,259)	(7,526)
	(18,608)	21,076



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	8, 14	1,994,191	2,059,762
Investment properties		296,360	299,170
Right-of-use assets	1.2	89,802	–
Prepaid land lease payments		–	36,741
Goodwill		201,801	201,801
Passenger service licences		1,125,367	1,090,567
Other intangible assets		352,310	363,437
Interests in associates		31,658	31,784
Financial assets at fair value through profit or loss	14	29,967	29,554
Loan receivable		13,742	16,551
Prepayments, deposits and other receivables		327,337	314,475
Deferred tax assets		2,654	2,654
Total non-current assets		4,465,189	4,446,496
CURRENT ASSETS			
Inventories		31,534	32,184
Trade receivables	9	278,893	288,078
Prepayments, deposits and other receivables		248,088	207,802
Derivative financial instruments		717	1,234
Tax recoverable		16,502	16,502
Pledged time deposits and restricted cash	14	13,061	22,759
Cash and cash equivalents		291,863	292,988
Total current assets		880,658	861,547



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade payables	10	101,638	87,991
Accruals, other payables and deposits received		581,718	513,126
Tax payable		40,166	38,038
Interest-bearing bank and other borrowings		1,327,483	1,439,006
Lease liabilities	1.2	30,335	–
Total current liabilities		2,081,340	2,078,161
NET CURRENT LIABILITIES		(1,200,682)	(1,216,614)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,264,507	3,229,882
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		625,157	562,059
Lease liabilities	1.2	23,035	–
Other long term liabilities		87,281	101,594
Deferred tax liabilities		294,166	296,519
Total non-current liabilities		1,029,639	960,172
Net assets		2,234,868	2,269,710
EQUITY			
Equity attributable to owners of the parent			
Issued capital	11	47,678	46,169
Reserves		2,104,972	2,135,064
Non-controlling interests		2,152,650	2,181,233
		82,218	88,477
Total equity		2,234,868	2,269,710



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2019 (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	Reserve fund HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
At 1 April 2019	46,169	623,066	10,648	(1,855)	-	208,466	1,903	13,560	1,279,276	2,181,233	88,477	2,269,710	
Loss for the period	-	-	-	-	-	-	-	-	(6,786)	(6,786)	(4,036)	(10,822)	
Other comprehensive loss for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(5,563)	-	(5,563)	(2,223)	(7,786)	
Total comprehensive loss for the period	-	-	-	-	-	-	-	(5,563)	(6,786)	(12,349)	(6,259)	(18,608)	
Transfer of depreciation on leasehold land and buildings	-	-	-	-	-	(4,547)	-	-	4,547	-	-	-	
Equity-settled share option arrangement	-	-	-	-	2,947	-	-	-	-	2,947	-	2,947	
Final 2019 dividend declared (note 6)	-	-	-	-	-	-	-	-	(73,870)	(73,870)	-	(73,870)	
Issue of shares in lieu of cash dividend (note 11)	1,509	53,180	-	-	-	-	-	-	-	54,689	-	54,689	
At 30 September 2019 (unaudited)	47,678	676,246*	10,648*	(1,855)*	2,947*	203,919*	1,903*	7,997*	1,203,167*	2,152,650	82,218	2,234,868	

Six months ended 30 September 2018 (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	Asset revaluation reserve HK\$'000	Reserve fund HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000				
At 1 April 2018	46,169	623,066	10,648	(1,855)	172,256	1,878	58,207	1,121,143	2,031,512	87,989	2,119,501		
Profit for the period	-	-	-	-	-	-	-	37,434	37,434	(3,365)	34,069		
Other comprehensive loss for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(8,832)	-	(8,832)	(4,161)	(12,993)		
Total comprehensive income for the period	-	-	-	-	-	-	(8,832)	37,434	28,602	(7,526)	21,076		
Transfer of depreciation on leasehold land and buildings	-	-	-	-	(1,894)	-	-	1,894	-	-	-		
Final 2018 dividend declared (note 6)	-	-	-	-	-	-	-	(55,402)	(55,402)	-	(55,402)		
At 30 September 2018 (unaudited)	46,169	623,066*	10,648*	(1,855)*	170,362*	1,878*	49,375*	1,105,069*	2,004,712	80,463	2,085,175		

* These reserve accounts comprise the consolidated reserves of HK\$2,104,972,000 (30 September 2018: HK\$1,958,543,000) in the condensed consolidated statement of financial position.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash flows from operating activities	235,081	149,743
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits paid for purchases of items of property, plant and equipment	(16,403)	(21,945)
Deposits paid for purchases of passenger services licences	—	(15,408)
Proceeds from disposal of items of property, plant and equipment	8,073	3,221
Proceeds from disposal of motor buses and vehicles together with passenger service licences	—	7,520
Purchases of items of property, plant and equipment	(126,158)	(215,207)
Additions to passenger service licences	(34,800)	(135,674)
Consideration received from disposal of a subsidiary	—	284
Settlement of derivative financial instruments	—	(2,620)
Increase in an amount due from an associate	—	(473)
Decrease/(increase) in pledged time deposits and restricted cash	9,698	3,376
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	953	—
Net cash flows used in investing activities	(158,637)	(376,926)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	(17,913)	—
Drawdown of new bank loans	320,000	668,411
Repayment of bank loans	(359,031)	(441,500)
Dividend paid	(19,181)	(55,402)
Net cash flows from/(used in) financing activities	(76,125)	171,509
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	292,035	369,276
Effect of foreign exchange rate changes, net	(491)	(2,445)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	291,863	311,157
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	291,863	311,157



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2019 has 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 interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2019.

The interim condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) effective as of 1 April 2019.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements</i> <i>2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, the new and revised standards have had no significant financial effect on this financial information. The nature and impact of HKFRS 16 are described below:

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.



1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 April 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of its office properties, ticket counters, bus depots, terminals and car parks. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.



1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics



1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	Increase/ (decrease) HK\$'000 (Unaudited)
Assets	
Increase in right-of-use assets	109,962
Decrease in prepaid land lease payments	(36,741)
Decrease in prepayments, deposits and other receivables	(3,536)
Increase in total assets	69,685
Liabilities	
Increase in lease liabilities	70,329
Decrease in finance lease payables included in interest-bearing bank and other borrowings	(644)
Increase in total liabilities	69,685

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.



1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of use assets – Properties	Lease liabilities
	HK\$'000	HK\$'000
As at 1 April 2019	109,962	70,329
Depreciation charge	(18,155)	–
Interest expense	–	954
Payments	–	(17,913)
Exchange realignment	(2,005)	–
As at 30 September 2019	89,802	53,370



2. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource 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/(loss) before tax except that finance costs 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.

During the year ended 31 March 2019, the Group changed the internal reporting structure for resource allocation decision-making and performance assessment. Accordingly, the following reclassifications have been made and certain comparative amounts have been restated to conform with current period’s presentation:

- (i) PLB operation previously reported under the “Non-franchised bus” segment, together with franchised bus operation previously reported under the “Franchised bus” segment have been reorganised and aggregated into a new single reportable “Franchised bus and PLB” segment;
- (ii) limousine hire services in support of the cross-boundary passenger transportation services previously reported under the “Local limousine” segment have been reorganised and integrated into the “Non-franchised bus” segment;
- (iii) provision of hotel services, operation of a scenic area and travel agency and tour services in Mainland China previously reported under the “Hotel and tourism” segment, and bus operation in Mainland China previously reported under the “Mainland China bus” segment, have been reorganised and aggregated into a new single reportable “Mainland China business” segment; and
- (iv) travel agency and tour services in Hong Kong previously reported under the “Hotel and tourism” segment have been reorganised into the “Others” segment.



2. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 September 2019 (Unaudited)

	Non-franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus and PLB HK\$'000	Mainland China business HK\$'000	Others HK\$'000	Intersegment eliminations HK\$'000	Total HK\$'000
Segment revenue:							
External sales	1,080,549	80,389	97,957	60,919	4,274	-	1,324,088
Intersegment sales	10,504	-	-	-	-	(10,504)	-
Other income and gains, net	19,772	812	1,679	3,696	640	-	26,599
Total	1,110,825	81,201	99,636	64,615	4,914	(10,504)	1,350,687
Segment results	44,445	(575)	(6,205)	(8,975)	145	-	28,835
Reconciliation:							
Finance costs							(38,645)
Loss before tax							(9,810)

Six months ended 30 September 2018 (Unaudited)

	Non-franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus and PLB HK\$'000 (Restated)	Mainland China business HK\$'000 (Restated)	Others HK\$'000 (Restated)	Intersegment eliminations HK\$'000	Total HK\$'000
Segment revenue:							
External sales	1,013,741	95,661	85,112	66,746	5,150	-	1,266,410
Intersegment sales	10,718	-	-	-	-	(10,718)	-
Other income and gains, net	28,148	472	1,255	1,683	132	-	31,690
Total	1,052,607	96,133	86,367	68,429	5,282	(10,718)	1,298,100
Segment results	79,451	6,957	(7,211)	(6,835)	(304)	-	72,058
Reconciliation:							
Finance costs							(32,090)
Profit before tax							39,968



3. REVENUE

An analysis of revenue is as follows:

	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision of non-franchised bus services	1,080,549	1,013,741
Provision of local limousine services	80,389	95,661
Provision of franchised bus and PLB services	97,957	85,112
Provision of hotel and tourism services	48,469	53,359
Provision of Mainland China bus services	12,450	13,387
Provision of other transportation services	4,274	5,150
	1,324,088	1,266,410

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 September 2019 (unaudited)

Segments	Non- franchised bus	Local limousine	Franchised bus and PLB	Mainland China business	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Type of services						
Provision of transportation services	1,080,549	80,389	97,957	12,450	-	1,271,345
Provision of hotel and tourism services	-	-	-	48,469	-	48,469
Provision of other services	-	-	-	-	4,274	4,274
Total revenue from contracts with customers	1,080,549	80,389	97,957	60,919	4,274	1,324,088
Geographical markets						
Hong Kong	1,080,549	80,389	97,957	-	4,274	1,263,169
Mainland China	-	-	-	60,919	-	60,919
Total revenue from contracts with customers	1,080,549	80,389	97,957	60,919	4,274	1,324,088
Timing of revenue recognition						
Services transferred over time	1,080,549	80,389	97,957	60,919	4,274	1,324,088



3. REVENUE (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (Continued)

For the six months ended 30 September 2018 (unaudited)

Segments	Non-franchised bus HK\$'000	Local limousine HK\$'000	Franchised bus and PLB HK\$'000	Mainland China business HK\$'000	Others HK\$'000	Total HK\$'000
Type of services						
Provision of transportation services	1,013,741	95,661	85,112	13,387	-	1,207,901
Provision of hotel and tourism services	-	-	-	53,359	-	53,359
Provision of other services	-	-	-	-	5,150	5,150
Total revenue from contracts with customers	1,013,741	95,661	85,112	66,746	5,150	1,266,410
Geographical markets						
Hong Kong	1,013,741	95,661	85,112	-	5,150	1,199,664
Mainland China	-	-	-	66,746	-	66,746
Total revenue from contracts with customers	1,013,741	95,661	85,112	66,746	5,150	1,266,410
Timing of revenue recognition						
Services transferred over time	1,013,741	95,661	85,112	66,746	5,150	1,266,410

4. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Amortisation of intangible assets	5,815	6,118
Depreciation of property, plant and equipment	161,412	142,449
Depreciation of right-of-use assets	18,155	-
Government subsidies	(11,902)	(8,613)
Fair value loss on derivative financial instruments, net	517	3
Fair value gain on financial assets at fair value through profit or loss, net	(413)	(383)
Gain on disposal of motor buses and vehicles together with passenger service licences	-	(7,520)
Gain on disposal of items of property, plant and equipment, net	(564)	(209)
Gain on disposal of a subsidiary	-	(184)
Impairment of trade receivables	343	-
Equity-settled share option expense	2,947	-



5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2018: 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.

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current:		
Hong Kong	3,365	8,302
Deferred	(2,353)	(2,403)
Total tax charge for the period	1,012	5,899

6. DIVIDEND

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend on ordinary shares declared and paid during the six month period:		
Final dividend for the year ended 31 March 2019 (with scrip dividend option):		
HK16 cents (2018: HK12 cents)	73,870	55,402
Dividend on ordinary shares proposed for approval (not recognised as a liability as at 30 September):		
Interim dividend for the six months ended 30 September 2019: Nil (2018: HK8 cents)	-	36,935

The board of directors of the Company does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2019.



7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of HK\$6,786,000 (six months ended 30 September 2018: profit of HK\$37,434,000), and the weighted average number of ordinary shares of 461,768,464 (six months ended 30 September 2018: 461,686,000) in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2019 in respect of a dilution as the impact of the share options outstanding has an anti-dilutive effect on the basic loss per share amount presented.

No adjustment had been made to the basic earnings per share amount for the six months ended 30 September 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during that period.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, additions of property, plant and equipment amounted to HK\$126,158,000 (year ended 31 March 2019: HK\$483,380,000). Items of property, plant and equipment with a net book value of HK\$7,509,000 (year ended 31 March 2019: HK\$14,872,000) were disposed of or written-off by the Group during the six months ended 30 September 2019.

9. TRADE RECEIVABLES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Trade receivables	287,881	296,723
Impairment	(8,988)	(8,645)
	278,893	288,078

Included in the Group's trade receivables are amounts due from associates of HK\$42,136,000 (31 March 2019: HK\$28,264,000), 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.



9. TRADE RECEIVABLES (CONTINUED)

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

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Within 30 days	171,665	205,716
31 to 60 days	39,953	33,456
61 to 90 days	28,012	30,981
Over 90 days	39,263	17,925
	278,893	288,078

10. TRADE PAYABLES

An ageing 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 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Within 30 days	60,267	62,096
31 to 60 days	10,636	13,007
61 to 90 days	6,720	3,390
Over 90 days	24,015	9,498
	101,638	87,991

Included in the balance is an amount of HK\$10,952,000 (31 March 2019: HK\$10,515,000) due to Basic Fame Company Limited, a company beneficially owned by Mr. Wong Leung Pak, Matthew, an executive director and the chairman of the Company, which is unsecured, interest-free and, in general, settled on 60-day terms.

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



11. SHARE CAPITAL

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Authorised:		
600,000,000 ordinary shares of HK\$0.10 each	60,000	60,000
Issued and fully paid:		
476,776,842 (31 March 2019: 461,686,000) ordinary shares of HK\$0.10 each	47,678	46,169

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK\$'000
At 1 April 2019	461,686,000	46,169
Shares issued in lieu of cash dividend (note)	15,090,842	1,509
At 30 September 2019	476,776,842	47,678

Note:

On 20 August 2019, the Company's shareholders approved at the annual general meeting a final dividend of HK16 cents per share payable in cash with a scrip dividend alternative (the "Scrip Dividend Scheme") for the year ended 31 March 2019 (the "2019 Final Dividend"). During the six months ended 30 September 2019, 15,090,842 new shares were issued by the Company at a deemed price of HK\$3.624 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash to settle HK\$54,689,000 of the 2019 Final Dividend. The remaining balance of the 2019 Final Dividend of HK\$19,181,000 was satisfied by cash. Further details of the Scrip Dividend Scheme are set out in the Company's circular dated 3 September 2019.

12. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liabilities (31 March 2019: Nil).



13. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Contracted, but not provided for:		
Acquisitions of motor buses, vehicles and equipment	49,890	61,379
Capital contribution to a contractual arrangement	14,991	14,091
Construction of buildings, bus terminal structures and scenic area establishments	5,999	24,721
	70,880	100,191

14. PLEDGE OF ASSETS

As at 30 September 2019, certain of the Group's bank loans are secured by:

- (i) the pledge of certain property, plant and equipment of HK\$161,451,000 (31 March 2019: HK\$112,559,000);
- (ii) the pledge of certain time deposits and restricted cash of HK\$13,061,000 (31 March 2019: HK\$22,759,000); and
- (iii) the pledge of certain financial assets at fair value through profit or loss of HK\$24,058,000 (31 March 2019: HK\$23,733,000).



15. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in this financial information, the Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Coach rental income, advertising income and administrative service income from associates	(i)	57,828	63,759
Coach rental expense paid to a related party	(ii)	5,484	4,700

Notes:

- (i) The coach rental income, advertising income and administrative service income were charged according to the prices and conditions similar to those offered by the Group to its customers.
- (ii) The coach rental expense was paid to Basic Fame Company Limited, a company beneficially owned by Mr. Wong Leung Pak, Matthew, an executive director and the chairman of the Company. The rental expense was charged based on mutually agreed terms and conditions.

- (b) Compensation of close family members of the beneficial controlling shareholder and key management personnel of the Group:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Short term employee benefits	15,144	15,144
Post-employment benefits	665	665
Total compensation paid	15,809	15,809

- (c) Outstanding balances with related parties:

	30 September 2019 HK\$'000 (Unaudited)		31 March 2019 HK\$'000 (Audited)
	Due from an associate	985	
Loans to associates	25,120	25,620	

Details of the Group's trade balances with associates and a related party as at the end of the reporting period are disclosed in notes 9 and 10 to the financial information, respectively.



16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits, restricted cash, trade receivables, trade payables, the current portions of financial assets included in prepayments, deposits and other receivables, financial liabilities included in accruals, other payables and deposits received, interest-bearing bank and other borrowings and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portions of financial assets included in prepayments, deposits and other receivables, loan receivable, interest-bearing bank and other borrowings, lease liabilities and financial liabilities included in other long term liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 September 2019 was assessed to be insignificant. In the opinion of the directors, their carrying amounts are not significantly different from their respective fair values.

The fair values of unlisted investments included in financial assets at fair value through profit or loss have been estimated using a valuation technique which incorporates various market observable inputs including quoted prices. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in the condensed consolidated statement of profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group enters into derivative financial instruments with creditworthy banks with no recent history of default. Derivative financial instruments, including cross currency swaps, are measured using valuation techniques similar to swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, and foreign exchange spot and forward rates. The carrying amounts of cross currency swaps are the same as their fair values.



16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2019

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments	–	717	–	717
Financial assets at fair value through profit or loss	–	29,967	–	29,967
	–	30,684	–	30,684

As at 31 March 2019

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments	–	1,234	–	1,234
Financial assets at fair value through profit or loss	–	29,554	–	29,554
	–	30,788	–	30,788

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (year ended 31 March 2019: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 September 2019 (31 March 2019: Nil).

17. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

These interim condensed consolidated financial information was approved and authorised for issue by the Board on 29 November 2019.



DIVIDEND

At a meeting of the Board held on 29 November 2019, the Directors resolved not to pay an interim dividend to shareholders for the six months ended 30 September 2019 (six months ended 30 September 2018: an interim dividend of HK8 cents).

RESULTS

The unaudited consolidated loss attributable to owners of the parent for the six months ended 30 September 2019 was approximately HK\$6.8 million, as compared to a profit of approximately HK\$37.4 million for the corresponding period last year. The decline in performance is mainly attributable to the considerable decrease in visitor arrivals to Hong Kong since July 2019, caused by the ongoing social unrest in Hong Kong, the tension of Sino-US trade war and the Renminbi depreciation, which have adversely affected the tourism industry in Hong Kong in general.

The Board did not recommend any interim dividend. However, it will consider any final dividend based on, among others, the performance of the Group for the whole financial year.



REVIEW OF OPERATIONS AND FUTURE PROSPECTS

1. Non-franchised Bus Segment

The non-franchised public bus services provided by the Group include: (1) cross-boundary passenger transport services between Hong Kong and Mainland China, and (2) local transport services in Hong Kong, which include student, employee, resident, tour, hotel, and contract hire services. In terms of the size of bus fleet, the Group continues to be the largest non-franchised bus operator in Hong Kong. Owing to the factors mentioned in the section headed “Results” above, the net profit of this segment had posted a material decline during the period.

The Guangdong-Shenzhen-Hong Kong Express Rail Link, which was opened in late September 2018, has no significant adverse impact on the cross-boundary businesses of the Group. Most of our routes are not in direct competition with this high-speed rail. Our point-to-point bus services, with relatively lower fares, still have an edge in routes to the scattered cities in Guangdong.

In 2017, the Group formed a joint venture with four other local operators and became one of the five 20% joint venture partners in Hongkong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd. (“HZMBSB”), which is the Hong Kong participant in the Hongkong-Zhuhai-Macao Bridge (“HZMB”) cross-boundary shuttle bus (colloquially called the “Gold Bus”) consortium with 38% equity interest.

The HZMB, which was opened in late October 2018, has become a well-known local attraction in addition to a cross-boundary thoroughfare. The Group is confident that, in the long run, it will benefit from the increased traffic and other business opportunities brought about by the opening of the HZMB.

In previous years, the Group had made substantial commitment in the HZMB bus business, which had inevitably increased the Group’s operating expenses such as depreciation, amortization and bus leasing. Unfortunately, according to the latest government statistics, the number of visitor arrivals to Hong Kong was still weak. This situation had brought about unprecedented challenges to the Group. In the face of difficulties, the Group will continue to adopt tighter cost control, which could partly mitigate the adverse effect of the recent economic downturn. Meanwhile, the Group has still maintained a healthy cash flow position.

	Six months ended	
	30 September	
	2019	2018
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Revenue		
Mainland China/Hong Kong cross-boundary services	646,517	600,077
Local scheduled services	395,563	369,047
Local non-scheduled services	38,469	44,617
	1,080,549	1,013,741



2. Local Limousine Segment

The Group owned a fleet of limousines which caters for the airport/local transfers and on-hire requests of clients from numerous high-end hotels in Hong Kong, covering both corporate and individual users.

Owing to the drop in visitors, the local limousine segment turned into a slight loss position during the period.

The Group will continue to explore the possibility of digitising the limousine dispatch and hailing system so that its end users can easily place their orders online via their mobile devices or computers. The Group believes the so called “e-hailing” will ease and shorten the booking process and enhance the competitiveness of its limousine business.

3. Franchised Bus and PLB Segment

As at 30 September 2019, New Lantao Bus Company (1973) Limited (“NLB”), a 99.99% (2018: 99.99%) owned subsidiary of the Company, was operating 27 (2018: 23) franchised bus routes, mainly in Lantau Island, with a fleet of 156 (2018: 149) buses. The cross-boundary routes connecting Yuen Long/Tin Shui Wai to Shenzhen Bay Port (B2 and B2P), and the two new routes connecting the HZMB Hong Kong Port to Hong Kong International Airport and Tung Chung respectively (B4 and B6), have contributed much to NLB, both in terms of passenger volume as well as revenue.

The Group has been operating one green PLB (also called “minibus”) route, namely 901, which also connects the HZMB Hong Kong Port to Tung Chung. Currently, 7 PLBs have been put into operation.

As visitors constitute a significant portion of the passenger volume of this segment, net loss continued to be incurred during the period.

Routes B4 and B6 have commenced operations following the opening of the HZMB in October 2018. Tung Chung, the town with the closest access to the HZMB Hong Kong Port, is expected to experience an increase in visitors. The Group is confident that, these two new routes, especially B6, will bring about stable and reasonable profits to NLB in the future.



4. Mainland China Business Segment

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

As at 30 September 2019, the Group owned 67.807% (2018: 67.807%) effective equity interest in Bipenggou Tourism. The scenic area of Bipenggou, Lixian has maintained its popularity in Sichuan Province, Mainland China. The number of visitors for the period was approximately 211,000 (2018: 211,000), which remained similar to that for the corresponding period in 2018 mainly owing to the massive debris flow happened in late August 2019 near Lixian.

Bipenggou Tourism continued to incur net loss during the period. As the six months ended 30 September 2019 corresponds to a relatively slack season of Bipenggou while the peak autumn leaf season is from October to November, we expect the results of Bipenggou Tourism could turn around in the six months ending 31 March 2020.

(b) **Chongqing Grand Hotel (“CQ Hotel”)**

CQ Hotel is a 100% (2018: 100%) owned subsidiary running a 3-star 26-storey hotel in Chongqing, Mainland China. CQ Hotel had recorded a drop in profit for the period as compared to that for the corresponding period in 2018. The drop in profit was attributable to: (1) drop in room rental income, which was caused by keener competition and the decrease in room occupancy rate from about 88% for the corresponding period in 2018 to about 81% for the period; and (2) the temporary renovation of certain floor areas, which had affected the lease income.

CQ Hotel will continue to lease a portion of its floor areas to commercial clients as offices/shops on a long-term basis and the future lease income can be secured.

(c) **Hubei Shenzhou Transport Holdings Ltd. (“Hubei Shenzhou”)**

As at 30 September 2019, this 100% (2018: 100%) owned subsidiary of the Company was running a vast long-distance bus terminal and related business in Xiangyang City and Nanzhang County, Hubei Province. Net loss for the period had reduced as compared to that for the corresponding period in 2018 owing to tighter cost control.

The bus terminal, with its advantageous geographical location, is considered a valuable asset. Although currently Hubei Shenzhou remains in a difficult situation, the local management has strived to seek for more government subsidies and hopefully Hubei Shenzhou can break even in results in the future.



LIQUIDITY AND FINANCIAL RESOURCES

Funding for the Group's operations during the six months ended 30 September 2019 was sourced mainly from internally generated cash flows, with shortfalls being financed mainly by borrowings from banks and other financial institutions. As at 30 September 2019, the total outstanding indebtedness was approximately HK\$2,006 million (31 March 2019: HK\$2,001 million). The indebtedness comprised mainly lease liabilities and term loans from banks and other financial institutions in Hong Kong and Mainland China, denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB") and United States dollars, respectively, and funds were deployed mainly for the purchase of capital assets and related investments. As at 30 September 2019, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 89.8% (31 March 2019: 88.2%).

FUNDING AND TREASURY POLICIES, AND FINANCIAL RISK MANAGEMENT

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

The investments and related liabilities, income and expenditure of the Group for its Hong Kong and Mainland China operations are mainly denominated in HKD and RMB, respectively. The Group has been watchful of the exchange rates of HKD against RMB, and will formulate plans to hedge against major foreign currency exchange risks if and when necessary.

The Group also pays vigilant attention to the interest rate risks, as the borrowings of the Group carry mainly floating interest rates. The Group has adopted measures including certain hedging instruments to minimize such risks.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the total number of full-time employees of the Group was approximately 4,000. The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is offered with reference to market rates. Salary and/or promotion review is conducted upon performance appraisal by management on a regular basis. Discretionary year-end bonus and share options, if applicable, are granted to eligible employees, in accordance with the Group's performance and individual's contribution. In-house orientation and on-the-job training are arranged for the employees all year round. Employees are encouraged to attend job-related seminars, courses and programs organized by professional or educational institutions.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 30 September 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or 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"), as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

1. 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		
Mr. Wong Leung Pak, Matthew, BBS	599,665 ⁽¹⁾	241,535,555 ⁽²⁾	242,135,220	50.79
Mr. Wong Cheuk On, James	3,585,611	–	3,585,611	0.75
Mr. Lo Man Po	2,297,130	–	2,297,130	0.48

Notes:

- (1) Mr. Wong Leung Pak Matthew, BBS held 599,665 shares jointly with his spouse, Ms. Ng Lai Yee, Christina.
- (2) These shares were held directly by Basic Faith Company Limited ("Basic Faith"). Basic Faith was wholly owned by Infinity Faith International Company Limited ("Infinity Faith") which was in turn wholly owned by Mr. Wong Leung Pak, Matthew, BBS. He was deemed to be interested in the 241,535,555 shares held by Basic Faith pursuant to the SFO.

2. Long Positions in Shares of Associated Corporations

Mr. Wong Leung Pak, Matthew, BBS, an executive Director of the Company, held the entire equity interest in Guangzhou GoGo TIL Consulting Services Co., Ltd., a subsidiary of the Company, in trust for the benefit of the Company.

Save as disclosed above, as at 30 September 2019, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register to be kept by the Company 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

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 of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding companies, 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 Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The share option scheme was adopted by the Company and became effective on 23 August 2012. Unless otherwise cancelled or amended, the share option scheme will remain in force for 10 years from that date.

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

Name or category of participant	Number of share options					Date of grant of share options	Exercise period of share options	Price of the Company's shares		
	At 1 April 2019	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	At 30 September 2019			Exercise price of share options [*]	At grant date of options ^{**}	At exercise date of options [#]
								HK\$ per share	HK\$ per share	HK\$ per share
Employees	-	13,500,000	-	-	13,500,000	23 April 2019	23 April 2019 to 22 April 2029	4.30	4.26	N/A

* 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

As at 30 September 2019, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Capacity	Number of ordinary shares of the Company held	Percentage of the Company's issued share capital (%)
Ms. Ng Lai Yee, Christina	Joint interest	599,665 ⁽¹⁾	0.13
	Interest of spouse	241,535,555 ⁽²⁾	50.66
Basic Faith	Beneficial owner	241,535,555 ⁽³⁾	50.66
Infinity Faith	Interest of corporation controlled	241,535,555 ⁽³⁾	50.66
Cathay International Corporation	Beneficial owner	105,118,768	22.05

Notes:

- (1) Ms. Ng Lai Yee, Christina held 599,665 shares jointly with her spouse, Mr. Wong Leung Pak, Matthew, BBS.
- (2) Ms. Ng Lai Yee, Christina, the spouse of Mr. Wong Leung Pak, Matthew, BBS, was deemed to be interested in all the shares in which Mr. Wong Leung Pak, Matthew, BBS was interested by virtue of the SFO.
- (3) These shares were held by Basic Faith, which was wholly owned by Infinity Faith. Infinity Faith was deemed to be interested in all the shares in which Basic Faith was interested by virtue of the SFO.



Save as disclosed above, as at 30 September 2019, no person, other than the Directors or chief executive of the Company, whose interests are set out in the section headed “Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures of the Company” above, had registered an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

UPDATE ON DIRECTOR’S INFORMATION

Mr. Chan Bing Woon ceased to be an independent non-executive director of China Regenerative Medicine International Limited, whose shares are listed on the Stock Exchange (stock code: 8158.HK), with effect from 15 August 2019. Save as disclosed above, there is no change in information regarding the Directors of the Company that is required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the six months ended 30 September 2019.

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 six months ended 30 September 2019.

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 six months ended 30 September 2019.

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 interim condensed consolidated financial information of the Group has been reviewed by the audit committee.

APPRECIATION

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

On behalf of the Board

Kwoon Chung Bus Holdings Limited

Wong Leung Pak, Matthew, BBS

Chairman

Hong Kong, 29 November 2019