KWOON CHUNG BUS HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)

(Stock Code: 306)

2021/2022
ANNUAL REPORT

CONTENTS

Note: The English text of this annual report shall prevail over the Chinese text.

CORPORATE INFORMATION

Executive Directors

Mr. Wong Leung Pak, Matthew, BBS *(Chairman)*
Mr. Wong Cheuk On, James *(Chief Executive Officer)*
Mr. Lo Man Po *(Chief Financial Officer)*

Independent Non-Executive Directors

Mr. Chan Bing Woon, SBS, JP
Mr. James Mathew Fong
Mr. Chan Fong Kong, Francis

Audit Committee

Mr. Chan Bing Woon, SBS, JP *(Chairman)*
Mr. James Mathew Fong
Mr. Chan Fong Kong, Francis

Nomination Committee

Mr. Wong Leung Pak, Matthew, BBS *(Chairman)*
Mr. Chan Bing Woon, SBS, JP
Mr. James Mathew Fong
Mr. Chan Fong Kong, Francis

Remuneration Committee

Mr. Chan Bing Woon, SBS, JP *(Chairman)*
Mr. Wong Leung Pak, Matthew, BBS
Mr. James Mathew Fong
Mr. Chan Fong Kong, Francis

Senior Management

Mr. Wong Cheuk Tim, Timothy, MH *(Chief Operating Officer)*
Mr. Cheng King Hoi, Andrew, MH
Mr. Feng Wei Xiang
Mr. Mark Savelli

Company Secretary

Mr. Tung Sze Ho, Dicky

Authorised Representatives Under Part 16 of the Companies Ordinance

Mr. Wong Leung Pak, Matthew, BBS
Mr. Wong Cheuk On, James

Authorised Representatives Under Listing Rules

Mr. Wong Leung Pak, Matthew, BBS
Mr. Wong Cheuk On, James

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

Legal Advisers as to Hong Kong Laws

Angela Ho & Associates
Room 2507, 25/F, Tower 1, Lippo Centre,
89 Queensway, Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Principal Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Hong Kong Branch Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

Registered Office

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Head Office and Principal Place of Business

3rd Floor, 8 Chong Fu Road
Chai Wan, Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited
(the "Stock Exchange")
Stock code: 306.HK
Board lot: 2,000 shares

Corporate Website Address and Investor Relations Contact

Website: http://www.kcbh.com.hk
Email: info@kcm.com.hk
Fax: (852) 2505 6880

Customer Services

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Tel: (852) 2578 1178
Fax: (852) 2562 3399

CORPORATE PROFILE

Background

The predecessor of Kwoon Chung Bus Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) was founded by the late Mr. Wong Kwoon Chung with a small-sized car cleaning service in 1948. After over half a century of dramatic development, the Group has made its name in the transport history of Hong Kong as the largest non-franchised public bus and limousine operator in Hong Kong. The Company has been listed on the Main Board of the Stock Exchange since September 1996. As at 31 March 2022, the Group was operating approximately 1,301 non-franchised public buses and 449 limousines.

Hong Kong Segment

The Company, through its flagship wholly-owned subsidiary, Kwoon Chung Motors Company, Limited (“KCM”), has made its strong presence in student, tour, hotel, resident, employee and cross-boundary non-franchised public bus services. Every day from the edges of the New Territories to Hong Kong Island South, there are buses of the Group carrying passengers to their places of work or study. The acquisitions of 100% equity interests in Tai Fung Coach Company Limited and Trade Travel (Hong Kong) Limited in 1997 have enabled the Group to become the largest tour bus provider in Hong Kong.

New Lantao Bus Company (1973) Limited (“NLB”), a 99.99%-owned subsidiary of the Company, is a franchised bus operator based in Lantau Island. NLB also runs the franchised cross-boundary routes B2, B4 and B6 via Shenzhen Bay Port and Hong Kong-Zhuhai-Macao Bridge Port. Lantau Tours Limited, another subsidiary of the Company, is a tour service provider in Lantau Island, which offers travel packages covering the sceneries of Lantau.

In 2003, when the economy of Hong Kong was at a low ebb, the Group had cast a vote of confidence in Hong Kong and acquired 100% equity interest in Trans-Island Limousine Service Limited (“TIL”). TIL is a transport operator focusing mainly on cross-boundary non-franchised bus and limousine businesses while Intercontinental Limousine Company Limited (“ILC”) (which has taken up all business of Intercontinental Hire Cars Limited, a subsidiary of TIL) is a local limousine operator. Since 2004, a network of six 24-hour cross-boundary shuttle bus routes between Huanggang Port and designated locations in Hong Kong has been developed. The Company, through an associated company and a subsidiary, is running four of these routes.

In 2011, TIL acquired 90% (up to 100% in December 2014) equity interests in Chinalink Express Holdings Limited and Chinalink Transport Group Limited (collectively “Chinalink”) and 100% equity interest in Hin Wan 991 group (“991”), respectively. Chinalink and 991 are renowned cross-boundary bus operators in the market. Chinalink runs various long-distance routes, the routes servicing the Shenzhen Baoan International Airport, and the 24-hour shuttle between Huanggang Port and Tsuen Wan. 991 runs the Zhongshan route, the route between Huanggang Port and Tsuen Wan, and the cross-boundary school bus services. Both entities also hold travel agency licenses. In 2014, the Group further acquired 100% equity interest in Pengyun Transport group (“Pengyun”), which is a cross-boundary bus operator based in Shenzhen.

In 2016 and 2018, the Group acquired 100% equity interest in Associated Tourist Coach Limited group (“ATCL Group”) and Welcome Tourist Bus Company Limited (“Welcome Tourist”) respectively. ATCL Group and Welcome Tourist were medium-sized bus operators, engaging in both local and cross-boundary bus businesses. The acquisitions have further consolidated the Group’s position in the Hong Kong non-franchised bus market.

CORPORATE PROFILE

In 2017, the Group formed Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited ("HZMBSB") with four other local operators. HZMBSB became a Hong Kong member of the consortium participated in the tender for the project in respect of the operator of shuttle bus for the boundary crossing facilities of the Hong Kong-Zhuhai-Macao Bridge. The consortium was confirmed as the successful tenderer and became the sole operator of shuttle bus service for the boundary crossing facilities of the Hong Kong-Zhuhai-Macao Bridge. The Group, as a whole, has benefited from the enormous traffic and other business opportunities brought about by the opening of the Hong Kong-Zhuhai-Macao Bridge.

Mainland China Segment

The Group has been trying to realise its vision in various cities of Mainland China as early as 1992. Most of the past investments had been recovered with reasonable returns.

In 2000, the Group acquired 60% (up to 100% in 2017) equity interest in Chongqing Grand Hotel ("CQ Hotel"), which operates a 3-star 26-storey hotel at a prime location in Shapingba District, Chongqing. In recent years, CQ Hotel has partially transformed into a property lessor and the increase in income is notable.

In 2004, the Group acquired 100% equity interest in Hubei Shenzhou Transport Holdings Co., Ltd. ("Hubei Shenzhou"), which operates a long-distance bus terminal, a public bus company and related business at Xiangyang City and Nanzhang County, Hubei Province. The bus terminal, being located at the commercial hub of Xiangyang, is very geographically advantageous and has high potential for development.

In 2006, with a view to further developing the tourism business, the Group acquired 51% (up to 67.8% in 2017) equity interest in Lixian Bipenggou Tourism Development Co., Ltd ("Bipenggou Tourism"). The local government has granted this equity joint venture ("EJV") the right to develop and operate a vast and distinctive scenic area called Bipenggou, Miyaluo in Sichuan Province for 50 years. The total area of Bipenggou is approximately 613.8 square kilometers and it is only about 200 kilometers away from Chengdu. The goal of this EJV is to develop eco-tourism, leisure, and business tours. The major income comes from the fares of sightseeing shuttle buses and electric carts, entrance fee, and hotel room rentals from visitors. Bipenggou has been awarded the "National 4A-class Tourist Attraction" title by the National Tourism Administration since 2012 and the number of visitors has been increasing steadily.

Changes in Shareholdings in the Company

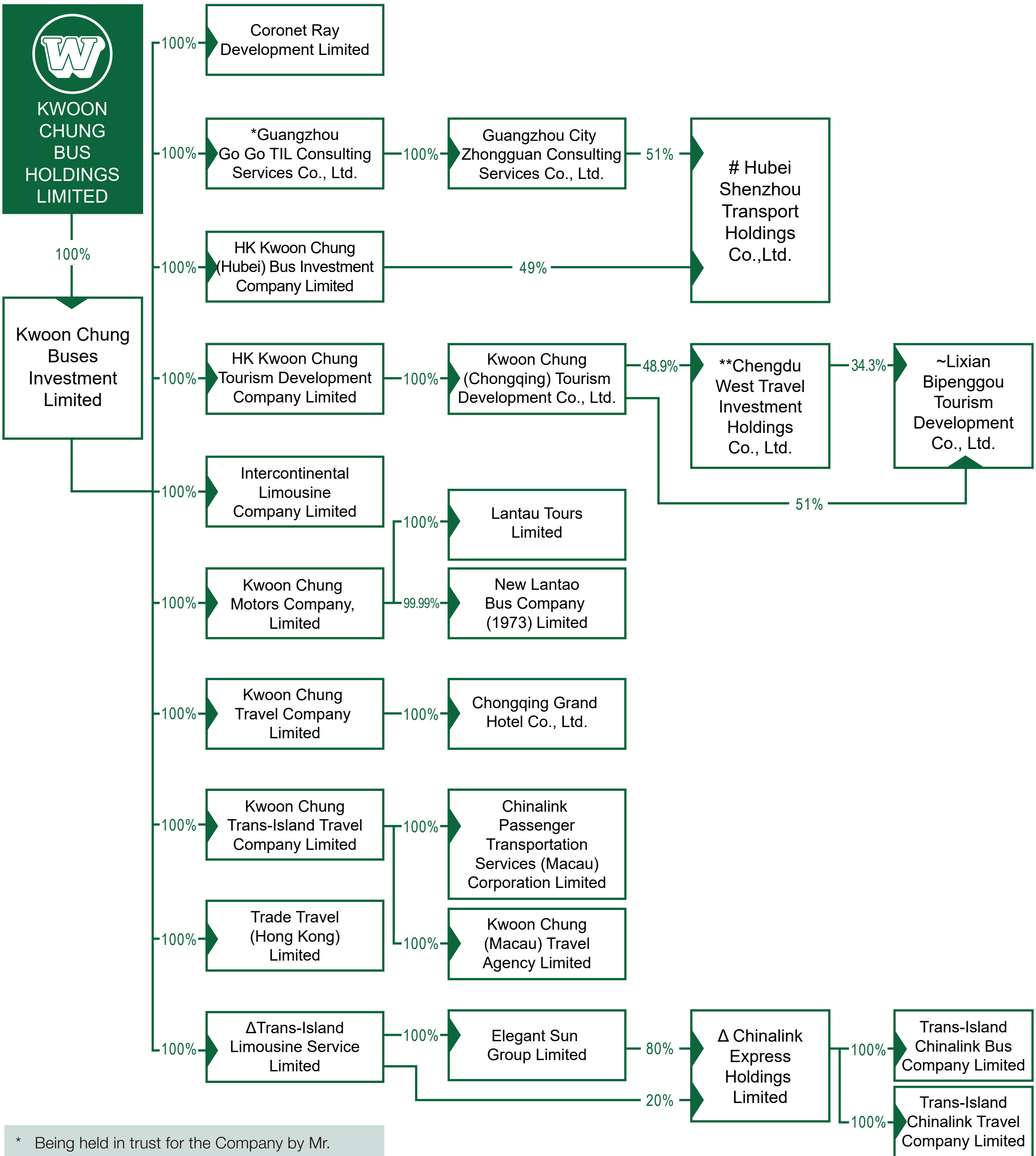
In 1999, First Action Developments Limited ("First Action"), an affiliated company of New World Development Company Limited (Stock code: 17.HK), acquired approximately 20% (up to 29.48% before April 2014) of the issued share capital of the Company. On 2 April 2014, First Action sold all of its 121,593,019 shares of the Company to Basic Faith Company Limited ("Basic Faith"), which is indirectly wholly owned by Mr. Wong Leung Pak, Matthew, BBS, an executive Director and the Chairman of the Company. On the same date, Basic Faith acquired all of the 131,880,981 shares of the Company held by Wong Family Holdings (PTC) Limited, the then controlling shareholder of the Company. Upon completion of the above two acquisitions and the close of the subsequent mandatory unconditional cash offer made by Basic Faith to the Company, Basic Faith became the largest and the controlling shareholder of the Company. The shareholding of Basic Faith in the Company was approximately 50.66% as at the date of this report.

Vision

Given that logistics and tourism are two of the four pillar industries in Hong Kong and with the implementation of Mainland China's two important national policies: the Guangdong-Hong Kong-Macao Greater Bay Area Plan and the Belt and Road Initiative, the Group has full confidence in its continuing development in the future.

CORPORATE STRUCTURE

As at 31 March 2022



- * Being held in trust for the Company by Mr. Wong Leung Pak, Matthew, BBS, Director of the Company
- \# Sino-foreign EJVs established in Mainland China
- Δ Held certain Sino-foreign co-operative joint ventures established in Mainland China
- ** Another 0.1% was held by Chongqing Grand Hotel Co., Ltd.
- ~ A total of 67.8% of its effective equity interest was held by the Group.

Note: Only major group companies are shown in this chart.

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2022

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE BY BUSINESS SEGMENT					
Non-franchised bus:					
Mainland China/Hong Kong					
cross-boundary service	**5,193**	10,491	898,213	1,451,653	1,193,900
Local service					
– Scheduled	**755,920**	729,018	838,083	804,192	663,101
– Non-scheduled	**61,914**	12,718	66,123	101,618	103,758
	823,027	752,227	1,802,419	2,357,463	1,960,759
Limousine	**42,631**	30,925	289,549	201,934	197,270
Franchised bus and public light bus	**125,935**	114,846	177,059	195,840	175,113
Mainland China business	**209,734**	185,589	184,829	204,163	198,607
Others	**724**	292	9,408	12,465	11,905
TOTAL REVENUE	**1,202,051**	1,083,879	2,463,264	2,971,865	2,543,654
PROFIT/(LOSS) FOR THE YEAR	**(136,000)**	(43,744)	22,417	259,360	276,349

	As at 31 March				
	2022	2021	2020	2019	2018
FLEET		Number of vehicles operated			
Non-franchised bus	**1,301**	1,357	1,352	1,376	1,268
Franchised bus and public light bus	**156**	156	162	159	135
Limousine (cross-boundary and local)	**449**	463	416	397	410
	1,906	1,976	1,930	1,932	1,813

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wong Leung Pak, Matthew, BBS, aged 66

joined the Group in the early 1970s. Mr. Wong is the Chairman of the Company. He is responsible for providing leadership to, and overseeing the functioning of, the board (the “Board”) of directors (the “Directors”) of the Company. Mr. Wong has over 45 years of experience in the bus business. Mr. Wong is currently the chairman of the Public Omnibus Operators Association in Hong Kong, and he was awarded the Honorary University Fellowship by The Open University of Hong Kong in November 2014 and the honour of BBS by the HKSAR government in July 2015. Mr. Wong is the father of Messrs. Wong Cheuk On, James (an executive Director) and Wong Cheuk Tim, Timothy, MH (a member of senior management of the Group), and the father-in-law of Mr. Lo Man Po (an executive Director). He is a director of Basic Faith and Infinity Faith, which are controlling shareholders having an interest in the shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”).

Mr. Wong Cheuk On, James, aged 38

holds a Bachelor’s Degree in Mathematics from the University of California, Berkeley, United States and a Master’s Degree in Economics from The University of Hong Kong. Mr. Wong joined the Group in 2011 and is the Chief Executive Officer of the Company. He is responsible for the general management and operations of the Group. Mr. Wong is the son of Mr. Wong Leung Pak, Matthew, BBS (an executive Director), the brother of Mr. Wong Cheuk Tim, Timothy, MH (a member of senior management of the Group), and the brother-in-law of Mr. Lo Man Po (an executive Director). Mr. Wong is currently a member of the Tourism Strategy Group under Tourism Commission, Culture, Sports and Tourism Bureau of HKSAR. He is also a member of Hong Kong Tourism Board and a member of the Board of Directors of the Lantau Development Alliance.

Mr. Lo Man Po, aged 43

holds a Bachelor’s Degree in Business Administration from the Western Michigan University, United States and is a fellow member of CPA Australia. Mr. Lo joined the Group in 2004 and is the Chief Financial Officer of the Company. He is responsible for the general management and operations of the Group. Mr. Lo is the son-in-law of Mr. Wong Leung Pak, Matthew, BBS (an executive Director), and the brother-in-law of Messrs. Wong Cheuk On, James (an executive Director) and Wong Cheuk Tim, Timothy, MH (a member of senior management of the Group).

Independent Non-Executive Directors

Mr. Chan Bing Woon, SBS, JP, aged 77

has been an independent non-executive Director of the Company since 1996. Mr. Chan is a Consultant Solicitor and Accredited General Mediator of Yung, Yu, Yuen & Co., Solicitors & Notaries. He has over 45 years’ experience in the legal profession. Mr. Chan is involved in numerous public duties including being an advisor of the Joint Mediation Helpline, a fellow member of the Hong Kong Institute of Directors, a past chairman of the Hong Kong Mediation Council, a council member of the Hong Kong Society of Notaries and member of hospital governing committee, Cheshire Home, Chung Hom Kok, Hospital Authority. He is also an International General Mediator of the Law Society of Hong Kong.

Independent Non-Executive Directors – Continued

Mr. James Mathew Fong, aged 46

has been an independent non-executive Director of the Company since 2016. Mr. Fong is a partner of Bird & Bird, one of the largest international law firms in Hong Kong. He obtained a Bachelor of Laws degree from The University of Hong Kong and is a member of The Law Society of Hong Kong. During his more than 20 years of legal career, Mr. Fong has been advising listed issuers and investment banks clients on capital markets, merger & acquisition and corporate governance matters. He also serves in a number of statutory bodies and committees in Hong Kong. He is currently a member of the Private Columbaria Licensing Board, an observer of the Independent Police Complaints Council, the Chairman of Appeal Board established under the Urban Renewal Authority Ordinance. He is also a member of the Panel of Advisors on Building Management Disputes and a coop member of Hong Kong Arts Development Council review committee. Mr. Fong was appointed as an independent non-executive director of AMS Public Transport Holdings Limited (Stock code: 77.HK), the shares of which are listed on the Stock Exchange.

Mr. Chan Fong Kong, Francis, aged 46

has been an independent non-executive Director of the Company since 2016. Mr. Chan obtained a Bachelor's Degree in Commerce, majoring in Accounting and Finance from Deakin University (Melbourne, Australia). He attained Certified Practicing Accountant status with CPA Australia, was duly awarded a Fellow Membership of CPA Australia in February 2018 and has been entitled to use the designation of FCPA since then. Mr. Chan has worked in Ernst & Young, a major international accounting firm from 2001 to 2005. From 2005 to 2016, Mr. Chan has been working in a local consultancy firm as a director specializing in providing consultancy services, involving in corporate restructuring and organizing fund-raising activities in Hong Kong and Mainland China. From 2016 to 2019, Mr. Chan has been working for a local technology firm as a finance manager. Currently, he is holding the position of director in a local consultancy firm. Mr. Chan was appointed as an independent non-executive director of Leyou Technologies Holdings Limited (Stock code: 1089.HK) from January 2015 to July 2015, China Best Group Holding Limited (Stock code: 370.HK) from September 2014 to October 2016, Great Wall Belt & Road Holdings Limited (Stock code: 524.HK) from June 2015 to May 2017, SingAsia Holdings Limited (Stock code: 8293.HK) from February 2018 to March 2020 and China Baoli Technologies Holdings Limited (Stock code: 164.HK) since August 2018 whose shares are listed on the Main Board/GEM of Stock Exchange. Mr. Chan also serves in a number of non-governmental organizations in Hong Kong. He is currently a director of New Territories General Chamber of Commerce and the company director, vice president and committee member of Care of Rehabilitated Offenders Association.

Senior Management

Mr. Wong Cheuk Tim, Timothy, MH, aged 33

holds a Juris Doctor in Law from The Chinese University of Hong Kong and a Bachelor of Science in Economics from University of Bath, United Kingdom. Mr. Wong joined the Group in 2014 and is currently holding the position of Chief Operating Officer of the Group. He is responsible for overseeing daily management, the operation units, and the legal and compliance functions of the Group. Mr. Wong was awarded Medal of Honour (MH) by the HKSAR government in July 2019. Mr. Wong is the son of Mr. Wong Leung Pak, Matthew, BBS (an executive Director), the brother of Mr. Wong Cheuk On, James (an executive Director) and the brother-in-law of Mr. Lo Man Po (an executive Director).

Senior Management – Continued

Mr. Cheng King Hoi, Andrew, MH, aged 63

is the Head of China Business of the Group, responsible for the management of the Group's hotel operations in Chongqing, and the management and sustainable development planning of tourist attractions in Sichuan Province and the operations of bus terminal and long-distance bus business in Xiangyang City, Hubei Province. He is a member of the Australian Institute of Management NSW Ltd., previously a member of the 8th to 11th of Sichuan Provincial Committee of the Chinese Peoples' Political Consultative Conference. Mr. Cheng is currently a Chairman of Hong Kong Chiu Chow Merchants Mutual Assistance Society, the co-president of the Overseas Teo Chew Entrepreneurs Association Limited, the vice-president of the Hong Kong Chiu Chow Chamber of Commerce, the supervisor of Chiu Sheung School and the adjunct professor of China Academy of Management Science Business School. He was awarded 10 Most Outstanding Persons of China Transportation Enterprise Management in 2009. Mr. Cheng received an Honorary Doctoral Degree of Business Administration from the Northern University, California, the United States of America and the 13th World Outstanding Chinese Award in 2013. Prior to joining the Group in 1990, Mr. Cheng had worked in the banking industry for over 9 years.

Mr. Feng Weixiang, aged 59

joined the Group in December 2017, and is the General Manager of Tourism and Project Development of the Group, responsible for the management and development of the Group's related cross-boundary and Mainland China businesses. Mr. Feng holds a bachelor's degree from Jinan University and an Executive Master's Degree in Business Administration (EMBA) from Sun Yat-Sen University. He served in government department in his early years, and then served in the Hong Kong headquarter of a state-owned enterprise group as well as served as a director, general manager and chief executive officer of Hong Kong cross-boundary transportation company, Mainland China hot spring hotel scenic spot and comprehensive tourism network development platform under its group's listed company. He also served as an executive director of a Hong Kong private transportation company and founder of an e-commerce enterprise. He possesses long term, comprehensive management experiences in cross-boundary transportation and the above other types of enterprises. He was the founding chairman of China Hong Kong Macau Boundary Crossing Bus Association Limited. In 2007, he was awarded as one of the Top Ten Innovative People in China's Internet Industry, and was the executive director of Sun Yat-Sen University Entrepreneur Alumni Association. He is also an honorary advisor to the Hong Kong Alumni Association of Jinan University.

Senior Management – Continued

Mr. Mark Savelli, aged 55

joined the Group in February 2019 and is the Operations Director of the Group. Mr. Savelli obtained a Bachelor of Science in Transport & Logistics with a First Class Honours from University of Huddersfield. He is an award winning bus industry professional with over 20 years of directorate level experience in both Hong Kong and the United Kingdom (UK). Mr. Savelli has served as Managing Director of various large bus operating subsidiaries of FirstGroup plc in the UK before being promoted to Regional Director (Scotland). He has also worked in senior positions with three largest franchised bus operators in Hong Kong. He was an Operating Director and Deputy Managing Director of New World First Bus Services Limited and Citybus Limited during which he acted as Chief Operating Officer of New World Services Transport Limited; and the Transport Development Director of the Kowloon Motor Bus Company (1933) Limited. Mr. Savelli was awarded 'UK Transport Professional of the Year 2009' (PTMA Awards) and is a Fellow of the Chartered Institute of Logistics and Transport (FCILT) & Institute of Directors (FIoD). In 2010, He was accredited by the Institute of Directors with Chartered Director status (CDir) after gaining a Master Level qualification (Diploma in Company Direction). In 2017, Mr. Savelli was invited to join the Guangzhou Transportation Commission Expert Advisory Committee for a 3 year term and to sit on the Transport Policy Committee of The Chartered Institute of Logistics and Transport in Hong Kong. During 2017/18, Mr. Savelli provided interim management/business advisory services for clients in South East Asia, Europe, Africa, Australia and the Middle East.

Company Secretary

Mr. Tung Sze Ho, Dicky, aged 39

was appointed as Company Secretary of the Company on 13 January 2020, who is delegated by an external secretarial service provider, Angela Ho & Associates. Mr. Tung is a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). He has extensive experiences in the company secretarial field.

CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders the Group's annual report for the year ended 31 March 2022.

Results

The Group recorded a consolidated net loss for the year of approximately HK$136 million (2021: consolidated net loss of approximately HK$44 million). Revenue for the year was approximately HK$1,202 million (2021: approximately HK$1,084 million), representing an increase of approximately 10.9%. The loss per share for the year was HK29.4 cents (2021: loss per share of HK9.8 cents). Details of the Group's results will be discussed under the section headed "Management Discussion and Analysis" in this annual report.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

Closure of Register of Members

For determining the entitlement to attend and vote at the annual general meeting of the Company (the "AGM") to be held on Tuesday, 23 August 2022, the register of members of the Company will be closed from Thursday, 18 August 2022 to Tuesday, 23 August 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 17 August 2022.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my hearty gratitude to our business partners and shareholders for their unwavering support to the Group. I also extended my heartfelt appreciation to our management for their invaluable contribution and staff for their dedication throughout this very challenging period.

Wong Leung Pak, Matthew, BBS
Chairman

Hong Kong
28 June 2022

Results

For the year ended 31 March 2022, the Group recorded a consolidated net loss of approximately HK$136 million, representing an increase in net loss of 209.1% as compared to a consolidated net loss of approximately HK$44 million for the previous year. Revenue of the Group was approximately HK$1,202 million for the current year, representing an increase of 10.9% as compared to approximately HK$1,084 million for the previous year.

The increase in loss was mainly attributable to the decrease in other income due to the reduction in subsidies which were granted by the Government of the Hong Kong Special Administrative Region (the "Government") under the Anti-epidemic Fund. Approximately HK$242 million (including HK$141 million under the Employment Support Scheme) were granted in the previous year whereas such subsidies were reduced to approximately HK$34 million in the current year. Excluding the said subsidies in the previous year and such non-recurring subsidies granted by the Government in the current year, the Group would record a year-on-year improvement of 40.6% or approximately HK$116 million, the improvement was attributable to the increase in revenue and the effective cost control measures implemented.

The increase in revenue was mostly driven by the rebound in patronage of local transport services and the recovery of tourism services in Mainland China business. However, as most of the travel restrictions and border control measures implemented by the Government in response to the COVID-19 pandemic remained in place, the Group's core cross-boundary transport services have been brought to an unprecedented standstill. Despite the favourable revenue growth of local transport services, it was largely offset by the operational loss resulted from cross-boundary transport services, which have adversely impacted on the Group's financial performance for the current year. The Group continued to strengthen its cost control measures, and enhance cash flow and operational efficiency to mitigate the financial impact of the pandemic to the Group.

Review of Operations

1. Non-franchised Bus Segment

The non-franchised public bus services provided by the Group include: (i) cross-boundary transport between Mainland China and Hong Kong and (ii) local transport in Hong Kong, which comprises scheduled service (mainly student, employee, resident) and non-scheduled service (mainly tour and contract hire). The Group continues to be the largest non-franchised public bus operator in Hong Kong in terms of the size of bus fleet. The non-franchised bus services continue to be the core business of the Group.

Trans-Island Chinalink Bus Company Limited, a wholly-owned subsidiary of the Company, is the leading non-franchised cross-boundary bus service operator in Hong Kong. The revenue of cross-boundary non-franchised bus operation for the current year was approximately HK$5 million, representing over 99% decrease as compared to the same period prior to the pandemic. The revenue has remained subdued mainly due to the stringent border control measures implemented by the Government to reduce the flow of people between Mainland China and Hong Kong since February 2020. In addition, the outbreak of the fifth wave of the pandemic in early 2022 has created a hurdle on the process of reopening borders between Mainland China, Hong Kong and Macau, thus the Group's cross-boundary operations remain challenging in the near term. The Group will continue its cost control measures to lessen the financial impact.

Kwoon Chung Motors Company, Limited is the flagship wholly-owned subsidiary of the Company that provides local non-franchised bus services. The revenue of local non-franchised bus operation for the current year was approximately HK$818 million, representing an increase of 10.8% as compared to approximately HK$738 million for the previous year. The increase was mainly due to rebounding patronage caused by the relaxation of social distancing measures along with the resumption of social and economic activities when the pandemic situation in Hong Kong has been stabilized since early 2021.

Review of Operations – Continued

2. Limousine Segment

Intercontinental Limousine Company Limited and Kwoon Chung Trans-Island Travel Company Limited, both are the wholly-owned subsidiaries of the Company that provide Hotels VIP, corporate clients and leisure travelers with safe, reliable, professional and high quality limousine transfer service between Mainland China, Hong Kong and Macau. The revenue of limousine services for the current year was approximately HK$43 million, representing an increase of 38.7% as compared to approximately HK$31 million for the previous year.

Under the impact of the COVID-19, global travel restrictions and compulsory quarantine measures have caused a precipitous decline in visitor arrivals to Hong Kong, the Group is shifting its focus to catering for local demand. The revenue from local limousine transfer service for the current year was approximately HK$16 million, representing an increase of 14.3% as compared to approximately HK$14 million for the previous year. With the gradual recovery of the tourism industry in Macau due to reopening border between Mainland China and Macau in the latter part of 2020, the revenue from cross-boundary limousine transfer service between Mainland China and Macau for the current year was approximately HK$27 million, representing an increase of 58.8% as compared to approximately HK$17 million for the previous year. Despite there was an increase in revenue for the current year, the performance of limousine operation remains significantly below pre-pandemic levels. Global travel restrictions implemented by the Government are likely to be in place for longer, and are expected to be lifted only gradually, with the possibility of reversal once new waves of pandemic occur, it is unlikely that visitor arrivals to Hong Kong will recover to pre-pandemic levels in the near term. The Group will continue to explore business opportunities to expand limousine services in local market as well as the Greater Bay market.

3. Franchised Bus and PLB Segment

New Lantao Bus Company (1973) Limited ("NLB"), a 99.99%-owned subsidiary of the Company, is a franchised bus service operator based in Lantau Island. As at 31 March 2022, NLB operated 27 (31 March 2021: 27) regular franchised bus routes, mainly covering in Lantau Island, with a fleet of 149 (31 March 2021: 149) buses. NLB also runs the franchised cross-boundary port routes B2, B4 and B6 via Shenzhen Bay Port and Hong Kong-Zhuhai-Macao Bridge Port. The Group also operated one green public light bus ("PLB") route, connecting the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge and Tung Chung.

Fare revenue of NLB for the current year was approximately HK$126 million, representing an increase of 9.6% as compared to approximately HK$115 million for the previous year. The increase was mainly due to increased fares which took effect on 4 April 2021 along with the rebound in patronage of Lantau bus routes as Lantau Island has become popular travel destination for outdoor and other natural activities when the pandemic situation in Hong Kong has been stabilized. However, the patronage of cross-boundary port routes are difficult to resume in short term and PLB route is still forced to suspend its operations. The Group has responded by implementing cost control measures to lessen the financial impact.

4. Mainland China Business Segment

The revenue of the Group's Mainland China business for the current year was approximately HK$210 million, representing an increase of 12.9% as compared to approximately HK$186 million for the previous year.

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

As at 31 March 2022, the Group owned 67.807% equity interest in Bipenggou Tourism. Bipenggou is located within the Solo Valley in Putou Rural area, Lixian County, Aba Prefecture. With the official opening of the Wenma Expressway in 2020, Bipenggou has developed into the most popular destinations for tourists from all over the world and the back garden of the people of Chengdu with its inherent geographical advantages and convenient access. It is only 201 kilometers away by car from Chengdu.

Review of Operations – Continued

4. Mainland China Business Segment – continued

i. Lixian Bipenggou Tourism Development Co., Ltd. ("Bipenggou Tourism") – continued

Bipenggou was titled the World Natural Heritage, the World Network of Biosphere Reserves, the National AAAA Tourist Scenic Spot, and was awarded as the National Ecotourism Demonstration Zone and the Sichuan Provincial Ecotourism Demonstration Zone. Bipenggou is hugely popular among tourists all year round, offering a blooming mountain landscape in spring, an ideal resort in summer, a stunning world of red leaves in autumn and endless fun and excitement from skiing in winter. The Namu Lake Hot Spring Hotel in the scenic area has also earned the praise as the "Little Switzerland of Western Sichuan". The hotel was fully renovated in 2019, it has entered a new era of luxury hospitality for the hot spring hotel. Applying the design concept of blending modernism and tradition seamlessly, the new guest rooms and suites have a peaceful and leisurely atmosphere everywhere. Each room has an independent hot spring pool, which greatly meets the needs of hotel guests. The glacier ropeway project, which is being planned and constructed, is expected to raise the popularity of Bipenggou Scenic Area.

Health and wellness travel will become a popular travel trend in the world. With the fact that the pandemic in Mainland China is gradually brought under control, the management of the Group believes that Bipenggou will be a sought after destination by travel enthusiasts and even more popular for domestic travelers while international travelling is restricted.

ii. Chongqing Grand Hotel Co., Ltd. ("CQ Hotel")

As at 31 March 2022, the Group owned 100% equity interest in CQ Hotel. CQ Hotel is located in Chongqing, Mainland China, which operates a three-star 26-storey hotel. CQ Hotel has been operating as a commercial lease and hotel services since 2014, resulting in business turn-around. The renovation of the exterior wall and the improvement of internal facilities were completed last year, which was appreciated by the local government. CQ Hotel will be more attractive to potential corporate clients and tourists. With the increasing penetration of the Internet possibilities opened up by the latest cutting-edge technology, CQ Hotel is embracing the current trend for hospitality automation which would bring in the benefits of enhanced flexibility and versatility, lowered costs and improved operational efficiency.

Since 2020, the persistence of the pandemic has confronted the operation of hotel with an unprecedented challenge. Measures to control the pandemic such as travel restrictions and community lockdowns has been imposed in various provinces and cities in Mainland China, which brought travel industry to a standstill. Although the pandemic in Mainland China has been gradually brought under control, the development of domestic travel market remains uncertain. The management of the Group will timely adjust our business strategies to cater to the changing demands and preferences of consumer groups, providing quality services for travelers as well as enhancing the competitiveness in order to rise up to the challenges and opportunities brought by the "new normality" emerging in the aftermath of the pandemic.

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

As at 31 March 2022, the Group owned 100% equity interest in Hubei Shenzhou. Hubei Shenzhou operates a long-distance bus terminal, a public bus transport company, and related business with 210 (2021: 210) routes and 417 (2021: 492) buses in Xiangyang City and Nanzhang County, Hubei Province. After a lengthy preparation for the construction, a new bus terminal in Nanzhang County has commenced operation in January 2021.

Review of Operations – Continued

4. Mainland China Business Segment – continued

iii. Hubei Shenzhou Transport Holdings Co., Ltd. ("Hubei Shenzhou") – continued

With the extension and development of rail transport, the domestic road passenger transportation business in Mainland China has been significantly affected in recent years. The management is focusing its efforts on studying how to utilize its existing resources to adjust its core business. The old diesel buses operating in Nanzhang County have all been replaced by electric buses, which have been commended by the local government and appreciated by the public so as to bring both economic and social benefits in the coming future.

Under the impact of the COVID-19 pandemic, full or partial lockdown restrictions have been imposed in Mainland China and the temporary closure of the industrial and commercial enterprises were temporary closure in numerous cities has led to a significant decline in patronage. In addition, increased expenditure of pandemic led to an unprecedented impact on the operation of transportation business, which is a challenge for the operation of the Group. In order to make better use of resources and create new business opportunities, the Group is examining ways to enhance the use of the lands on which the passenger terminals are situated and will engage more actively in seeking collaboration partners to bring more possibilities to the Group.

In November 2021, the Group entered into an equity transfer agreement and a supplemental agreement (the "Agreements") with 湖北康瑞斯商貿有限公司 (Hubei Kang Rui Si Commercial Limited*) ("Hubei KRS") to (i) dispose of its equity interests in Hubei Shenzhou for a consideration of RMB180,000,000 (equivalent to approximately HK$221,400,000); and (ii) procure Hubei Shenzhou to sell a property to a company designated by Hubei KRS for a consideration of not more than HK$30,000,000, subject to further negotiation by the parties to the transaction. For further details, please refer to the announcements of the Company dated 11 November 2021 and 19 November 2021. As disclosed in the announcement of the Company dated 28 June 2022, Hubei KRS had not performed its payment obligations under the Agreements and the Board then was considering alternatives to enforce the rights of the Group under the Agreements. As at the latest practicable date prior to the publishing of this report, Hubei KRS has still not performed its payment obligations under the Agreements, therefore, the Board has decided to take legal action to terminate the transaction.

Future Prospects

The Group has faced unprecedented challenges by the resurgence of the COVID-19 pandemic over the past two years. The emergence of Omicron variants in early 2022 has added further uncertainties to the Group's core cross-boundary operations which were already sluggish. In addition, it is anticipated that the international fuel prices will be at high levels throughout 2022. The financial performance of the Group still faces many challenges and uncertainties in the first half of 2022. The management will continue to keep abreast of the latest developments of the pandemic and adjust business strategies in a timely manner as well as implementing cost controls measures to mitigate the financial impact of the external risks to the Group.

Looking forward, the process of reopening the border between Mainland China, Hong Kong and Macau is the most crucial element for the Group to move towards normality. The Group expects that the recent steadily rising rates of the first and second doses of the COVID-19 vaccination, as well as the implementation of the Vaccine Pass and the launching of "Hong Kong Health Code" system would be conducive to creating favourable conditions for the Government to renegotiate with the authorities of Mainland and Macau for quarantine-free travel among the three places.

Despite it is a challenging path to recovery, the Group will continue its efforts to cope with the current predicament and stay committed to maintain sustainable values for all stakeholders.

* *For identification purposes only*

Liquidity and Financial Resources

Funding for the Group's operations during the year was sourced mainly from internally generated cash flows, with shortfalls being financed mainly by borrowings from banks. As at 31 March 2022, the total outstanding indebtedness was approximately HK$1,934 million (2021: HK$1,911 million). The indebtedness comprised mainly term loans from banks in Hong Kong and Mainland China, denominated in Hong Kong dollars ("HKD") and Renminbi ("RMB") respectively and funds were deployed mainly for the purchase of capital assets and related investments. As at 31 March 2022, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 88.4% (2021: 84.4%).

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 minimise 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.

Employees and Remuneration Policies

As at 31 March 2022, the Group employed approximately 3,700 (2021: 3,900) employees in Hong Kong, Mainland China and Macau. The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is offered with reference to market rates. Salary and/or promotion review is conducted upon performance appraisal by management on a regular basis. Discretionary year-end bonus and share options, if applicable, are granted to eligible employees, in accordance with the Group's performance and individual's contribution. Ample in-house orientation and on-the-job training are arranged for the employees all year around. Employees are always encouraged to attend job-related seminars, courses and programs organised by professional or educational institutions, no matter in Hong Kong or overseas.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in the "Review of Operations" under the "Management Discussion and Analysis" section, during the year, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Significant Investments

During the year, the Group did not acquire or hold any significant investments.

Charges on Group Assets

Details of the charges on assets of the Group as at 31 March 2022 are included in note 27 to the financial statements.

Future Plans for Material Investments or Capital Assets

As at 31 March 2022, the Group did not have any future plans for material investments or capital assets.

Contingent Liabilities

As at 31 March 2022, the Group did not have any significant contingent liabilities (2021: Nil).

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

Preserving a high level of corporate governance and business ethics is one of the Group's core values. The Group believes that conducting business in an ethical and reliable way will maximise its long term interests and those of its stakeholders. The principles of corporate governance adopted by the Company emphasise a quality board, sound internal controls and accountability to shareholders and these are based upon a long-established ethical corporate culture.

The Board is of the view that throughout the year ended 31 March 2022, the Company has complied with all of the code provisions as set out in the Corporate Governance Code (version up to 31 December 2021) (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The requirements under the Corporate Governance Code (version with effect from 1 January 2022) contained in Appendix 14 to the Listing Rules shall apply to the Company's corporate governance report in the forthcoming financial year ending 31 March 2023.

Model Code for Securities Transactions

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 on terms no less exacting than the required standard set out in the Model Code as its code of conduct regarding securities transactions by Directors.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2022.

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

No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company during the year under review.

The Board of Directors

The overall management of the Group's business is vested in the Board. Key responsibilities of the Board include the formulation of the Group's overall strategies and policies, the setting of performance targets, the evaluation of business performance and the oversight of management.

As at 31 March 2022, the Board comprised six Directors, including three executive Directors and three independent non-executive Directors. The list of all Directors during the year and up to the date of this report are set out below:

Executive Directors

Mr. Wong Leung Pak, Matthew, BBS *(Chairman)*
Mr. Wong Cheuk On, James *(Chief Executive Officer)*
Mr. Lo Man Po *(Chief Financial Officer)*

Independent Non-executive Directors

Mr. Chan Bing Woon, SBS, JP
Mr. James Mathew Fong
Mr. Chan Fong Kong, Francis

The Board of Directors – Continued

In accordance with the Company's bye-laws, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following general meeting after appointment. The retiring Directors shall be eligible for re-election. Independent non-executive Directors are appointed for a term of two years. For a Director to be considered independent, the Board must determine the Director does not have any direct or indirect material relationship with the Group. In determining the independence of the Directors, the Board follows the requirements set out in the Listing Rules.

Biographical details and the relationships among the members of the Board are disclosed under "Biographical Details of Directors and Senior Management" on pages 7 to 10.

Chairman and Chief Executive Officer

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority.

The positions of the Chairman and Chief Executive Officer are held by Mr. Wong Leung Pak, Matthew, BBS and Mr. Wong Cheuk On, James, respectively. Their respective responsibilities are clearly defined and set out in writing.

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that the Board acts in the best interests of the Group and Board meetings are planned and conducted effectively. The Chairman is primarily responsible for approving the agenda for each Board meeting, taking into account, where appropriate, matters proposed by other Directors for inclusion in the agenda. With the support of the Company Secretary and other senior management, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages Directors to fully engage in the Board's affairs and make contribution to the Board's functions.

The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

Independent Non-Executive Directors

During the year ended 31 March 2022, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Accordingly, the Company considers all independent non-executive Directors are independent.

The Board of Directors – Continued

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Board meets regularly and at least four times a year. Between scheduled meetings, senior management of the Group provides the Directors with information on a timely basis on the activities and development in the businesses of the Group and when required, additional Board meetings are held.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the Company Secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors should disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Board Committees

As an integral part of good corporate governance practices, the Board has established three committees namely, the audit committee, remuneration committee and nomination committee, for overseeing particular aspects of the Group's affairs. Each of these committees comprises mostly independent non-executive Directors who have been invited to serve as members. These committees are governed by the respective written terms of reference approved by the Board. The terms of reference of these committees are posted on the websites of the Company and the Stock Exchange and are available to shareholders upon request.

Audit Committee

As at 31 March 2022, the audit committee consists of three independent non-executive Directors with Mr. Chan Bing Woon, SBS, JP as the chairman. Other members are Mr. James Mathew Fong and Mr. Chan Fong Kong, Francis. At the discretion of the audit committee, executive Directors and/or senior management personnel overseeing the Group's finance or internal audit functions may be invited to attend meetings. The audit committee normally meets, with the management and the external auditor, twice a year. The audit committee also meets the external auditor annually in the absence of the management.

Board Committees – Continued

Audit Committee – continued

The terms of reference of the audit committee are of no less exacting terms than those set out in the CG Code. The duties of the audit committee include, among other things, reviewing and monitoring the financial and internal control aspects, risk management system, audit plan and relationship with external auditor, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The audit committee reviews the truth and fairness of the Group's interim and annual financial statements, discusses with the external auditor the nature and scope of audit before the audit commences as well as the findings and recommendations raised by the auditor during and after completion of the audit. The audit committee conducts an assessment, at least annually, of the effectiveness of the Group's internal controls and financial controls system, risk management system, scope of work and appointment of external auditor and arrangements for employees to raise concerns about possible improprieties. This allows the Board to monitor the Group's overall financial position and to protect its assets. In addition, the audit committee supervises and reviews the effectiveness of the internal audit function performed by the internal audit department, which is headed by a qualified professional. The chairman of the audit committee summarises activities of the audit committee, highlights issues arising therefrom, and provides recommendations for reporting to the Board after each meeting.

The audit committee held two meetings during the year ended 31 March 2022. The attendance record of each member of the audit committee at such meetings is set out under "Attendance Record of Directors and Committee Members" on page 23.

The Company's interim results for the six months ended 30 September 2021 and annual results for the year ended 31 March 2022 have been reviewed by the audit committee.

Nomination Committee

As at 31 March 2022, the nomination committee consists of one executive Director and three independent non-executive Directors with Mr. Wong Leung Pak, Matthew, BBS, executive Director, as the chairman. Other members are Mr. Chan Bing Woon, SBS, JP, Mr. James Mathew Fong and Mr. Chan Fong Kong, Francis, being independent non-executive Directors.

The terms of reference of the nomination committee are of no less exacting terms than those set out in the CG Code. The principal duties of the nomination committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the nomination committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy. The nomination committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the nomination committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

Board Committees – Continued

Nomination Committee – continued

During the year ended 31 March 2022, the nomination committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The nomination committee considered that an appropriate balance of diversity perspectives of the Board is maintained. The attendance record of each member of the nomination committee is set out under "Attendance Record of Directors and Committee Members" on page 23.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

Board Committees – Continued

Director Nomination Policy – continued

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of Independent Non-executive Directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Remuneration Committee

As at 31 March 2022, the remuneration committee consists of one executive Director and three independent non-executive Directors with Mr. Chan Bing Woon, SBS, JP, independent non-executive Director, as the chairman. Other members are Mr. James Mathew Fong and Mr. Chan Fong Kong, Francis, both being independent non-executive Directors, and Mr. Wong Leung Pak, Matthew, BBS, being executive Director. At the discretion of the remuneration committee, executive Directors and/or senior management personnel overseeing the Group's human resources function may be invited to attend meetings.

The terms of reference of the remuneration committee are of no less exacting terms than those set out in the CG Code. The primary functions of the remuneration committee include making recommendations to the Board on and approving the remuneration policy and structure and remuneration packages of the executive Directors and the senior management. The remuneration committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration. Further, the remuneration committee is responsible for assessing the performance of executive Directors and approving the terms of executive Directors' service contracts. Remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The remuneration committee normally meets annually for reviewing the remuneration policy and structure of the Company and determination of the annual remuneration packages of the executive Directors and the senior management and other related matters. The human resources department is responsible for collection and administration of the human resources data and making recommendations to the remuneration committee for consideration. The remuneration committee shall consult with the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure of the Company and remuneration packages.

Board Committees – Continued

Remuneration Committee – continued

The remuneration committee met once during the year ended 31 March 2022 and reviewed the remuneration policy and structure of the Company and remuneration packages of the executive Directors and the senior management. Details of the remuneration of each Director and five highest paid employees for the year ended 31 March 2022 are set out in notes 8 and 9 to the financial statements, respectively. For the year ended 31 March 2022, the remuneration of the senior management is listed as below by band:

Band of Remuneration	Number of Persons
Nil to HK$1,000,000	2
HK$1,000,001 to HK$2,000,000	2

The attendance record of each member of the remuneration committee is set out under "Attendance Record of Directors and Committee Members" below.

Corporate Governance

The Board is also responsible for determining the corporate governance policy of the Company and performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Attendance Record of Directors and Committee Members

During the year ended 31 March 2022, four regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance record of each Director at the Board and Board committees meetings and the general meetings of the Company held during the year ended 31 March 2022 is set out in the table below:

	Attendance/Number of Meetings				
Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Directors					
Mr. Wong Leung Pak, Matthew, BBS	4/4	N/A	1/1	1/1	1/1
Mr. Wong Cheuk On, James	4/4	N/A	N/A	N/A	1/1
Mr. Lo Man Po	4/4	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Chan Bing Woon, SBS, JP	4/4	2/2	1/1	1/1	1/1
Mr. James Mathew Fong	4/4	2/2	1/1	1/1	1/1
Mr. Chan Fong Kong, Francis	4/4	2/2	1/1	1/1	1/1

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of other executive Directors during the year. All the relevant Directors have attended this meeting.

Continuous Professional Development of Directors and Company Secretary

Directors keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally–facilitated briefings for Directors will be arranged and reading materials on relevant topics will be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 March 2022, the Company organised in-house training sessions for all Directors on directors' duties and responsibilities, corporate governance and update on Listing Rules amendments. All the Directors attended training sessions regarding directors' duties and responsibilities, corporate governance and update on Listing Rules amendments.

In addition, all Directors have read various relevant materials including directors' manual, legal and regulatory update, seminar handouts, business journals and financial magazines or attended additional professional seminars on an individual basis during the year. Details of compliance by each of the Directors with code provision A.6.5 are as follows:

Directors	**Reading relevant materials**	**Attending in-house training sessions/ professional seminars**
Executive Directors		
Mr. Wong Leung Pak, Matthew, BBS	✔	✔
Mr. Wong Cheuk On, James	✔	✔
Mr. Lo Man Po	✔	✔
Independent non-executive Directors		
Mr. Chan Bing Woon, SBS, JP	✔	✔
Mr. James Mathew Fong	✔	✔
Mr. Chan Fong Kong, Francis	✔	✔

Mr. Tung Sze Ho, Dicky, engaged from external service provider, was appointed as Company Secretary of the Company on 13 January 2020. Mr. Lo Man Po, the executive Director, is the primary contact for external company secretary. Mr. Tung undertook not less than 15 hours of relevant professional training during the year ended 31 March 2022.

Directors' Responsibilities for the Financial Statements

The following statement, which sets out the responsibilities of the Directors in relation to the financial statements, should be read in conjunction with, but distinguished from, the independent auditor's report on pages 37 to 41 which acknowledges the reporting responsibilities of the Group's auditor.

Accounts

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2022 which give a true and fair view of the financial position of the Group.

Going Concern

The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Auditor's Remuneration

The audit committee has reviewed and ensured the independence and objectivity of the external auditor, Ernst & Young. Details of the fees paid or payable to Ernst & Young for the year ended 31 March 2022 are as follows:

	HK$'000
2021/2022 annual audit	3,290
Non-audit related services*	919
	4,209

* include tax compliance services of HK$639,000.

There was no disagreement between the Board and the audit committee on the selection and appointment of the external auditor during the year.

Risks Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Company has maintained a tailored governance structure with defined lines of responsibility and appropriate delegation of responsibility and authority to the senior management.

The audit committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

Risks Management and Internal Controls – Continued

The internal audit department, which is independent of the Company's daily operations and accounting functions, is responsible for establishing the Group's internal control framework, covering all material controls including financial, operational and compliance controls. The internal control framework also provides for identification and management of risks.

The internal audit department also formulates the annual internal audit plan and procedures, conducts periodic independent reviews on the operations of individual divisions to identify any irregularities and risks, develops action plans and recommendations to address the identified risks, and reports to the audit committee on any key findings and progress of the internal audit process. The audit committee, in turn, reports to the Board on any material issues and makes recommendations to the Board. The Board, through the audit committee, reviews the effectiveness and efficiency of risk management and internal control systems annually.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Meanwhile, the Company handles and disseminates the inside information according to the related policy to ensure that the inside information is kept confidential before being approved for dissemination and the relevant information will be released effectively and conformably.

During the year ended 31 March 2022, the Board, through the audit committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function). The Board and the audit committee are satisfied with the adequacy, effectiveness and efficiency of the risk management and internal control systems of the Group.

Communication with Shareholders and Investors

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, all other members of the Board including independent non-executive Directors, and the chairmen of all Board committees (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

During the year ended 31 March 2022, the Company has not made any changes to its bye-laws. The latest version of the Company's bye-laws is also available on the Company's website and the Stock Exchange's website.

To promote effective communication, the Company maintains a website at www.kcbh.com.hk, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders' Rights

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules, unless otherwise required by the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

1. Convening a Special General Meeting by Shareholders

Pursuant to the Company's bye-law 58, a special general meeting ("SGM") may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company at the date of deposit of the requisition. Such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene such SGM within 21 days from the date of the deposit of the requisition, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

The requisitionists must state the objects clearly in the requisition, sign the requisition and deposit the same to the Board or Company Secretary of the Company.

2. Putting Forward Proposals at General Meetings

Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening a special general meeting following the procedures as set out in the paragraph above.

As regards the procedures for shareholders to propose a person for election as a Director, they are available on the Company's website at www.kcbh.com.hk.

3. Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquires.

Primary Contact Person

Shareholders may send their requisitions, proposed resolutions or enquiries as mentioned in (1), (2) and (3) above to the primary contact person of the Company as set out below:

Name:	Mr. Lo Man Po, Executive Director
Address:	3rd Floor, 8 Chong Fu Road, Chai Wan, Hong Kong
Fax:	(+852) 2505 6880
Email:	info@kcm.com.hk

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2022.

Principal Activities and Business Review

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622), including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business are contained in the preceding "Management Discussion and Analysis" set out on pages 12 to 16 of this annual report. This discussion forms part of this Report of the Directors. In addition, details of the Group's financial risk management are disclosed in note 41 to the financial statements.

Results and Dividends

The Group's results for the year ended 31 March 2022 and the Group's financial position at that date are set out in the financial statements on pages 42 to 45.

Any declaration of dividends will depend upon a number of factors including the earnings and financial conditions, operating requirements, capital requirements and any other conditions that our Directors consider relevant and will be subject to the approval of our shareholders. There is no assurance that dividends of any amount will be declared or distributed in any given year.

The Board does not recommend the payment of any dividends in respect of the year.

Summary Financial Information

A summary of the published results, and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements is set out below. This summary does not form part of the audited financial statements.

Results

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**1,202,051**	1,083,879	2,463,264	2,971,865	2,543,654
OPERATING PROFIT/(LOSS)	**(136,497)**	(61,467)	33,745	304,409	317,623
Share of profits and losses of associates	**(2,322)**	(1,926)	2,112	3,584	(321)
PROFIT/(LOSS) BEFORE TAX	**(138,819)**	(63,393)	35,857	307,993	317,302
Income tax credit/(expense)	**2,819**	19,649	(13,440)	(48,633)	(40,953)
PROFIT/(LOSS) FOR THE YEAR	**(136,000)**	(43,744)	22,417	259,360	276,349
Attributable to:					
Owners of the parent	**(139,935)**	(46,891)	20,170	253,635	275,694
Non-controlling interests	**3,935**	3,147	2,247	5,725	655
	(136,000)	(43,744)	22,417	259,360	276,349

Assets, Liabilities and Non-Controlling Interests

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**5,112,795**	5,126,868	5,223,173	5,308,043	4,870,951
TOTAL LIABILITIES	**(2,925,623)**	(2,863,374)	(2,980,639)	(3,038,333)	(2,750,446)
NON-CONTROLLING INTERESTS	**(89,111)**	(81,894)	(81,635)	(88,477)	(87,989)
	2,098,061	2,181,600	2,160,899	2,181,233	2,032,516

Share Capital and Share Options

Details of movements in the Company's share capital and share options during the year are set out in notes 30 and 31 to the financial statements, respectively.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Disclosures Pursuant to Rules 13.18 and 13.21 of the Listing Rules

On 25 June 2021, Trans-Island Limousine Service Limited, a wholly-owned subsidiary of the Company, as borrower (the "Borrower"), the Company and certain of its subsidiaries, as joint and several guarantors entered into a facility agreement (the "Facility Agreement") relating to a term loan facility of up to HK$1,800,000,000 (the "Facility") with a syndicate of banks (the "Lenders") for the term of three years from the initial drawdown date of the Facility with the principal repayment being back-end loaded.

Pursuant to the terms of the Facility Agreement, it shall be a mandatory prepayment event if any of the following events occurs: (i) Mr. Wong Leung Pak, Matthew, BBS and/or his successor ceases to own at least 50.1% of the entire issued share capital of the Company; or (ii) Mr. Wong Leung Pak, Matthew, BBS ceases to be the chairman of the Company and to maintain control over the management and business of the Group.

If any of the above events occurs, the Lenders shall have no obligation to fund utilisation(s) of the Facility and the agent of the Lenders may, by notice of not less than 14 days to the Borrower, cancel their available commitment and declare all outstanding loans, together with the accrued interest and all other amounts accrued under the Facility Agreement immediately due and payable, whereupon their available commitment will be immediately cancelled and all such outstanding loans and amounts will become immediately due and payable.

Further details of the Facility and the foregoing specific performance obligations are set out in the Company's announcement dated 25 June 2021.

Distributable Reserves

As at 31 March 2022, the Company's reserves available for distribution, calculated in accordance with the Bermuda Companies Act 1981 (as amended), amounted to approximately HK$72,047,000. The reserves available for distribution include the Company's contributed surplus of approximately HK$70,770,000, which is available for distribution under certain circumstances in accordance with the Bermuda Companies Act 1981 (as amended). In addition, the reserves in the Company's share premium account, in the amount of approximately HK$676,246,000, may be distributed in the form of fully-paid bonus shares.

Charitable Contributions

During the year, the Group made charitable and other donations amounting to HK$800,000.

Major Customers and Suppliers

The turnover attributable to the five largest customers and the largest customer of the Group accounted for less than 18% and approximately 6% of the Group's total turnover for the year respectively.

Purchases from the Group's five largest suppliers accounted for approximately 61% of the Group's total purchases for the year and purchases from the largest supplier included therein amounted to approximately 25%.

None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest customers or suppliers.

Directors

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Wong Leung Pak, Matthew, BBS
Mr. Wong Cheuk On, James
Mr. Lo Man Po

Independent Non-executive Directors:

Mr. Chan Bing Woon, SBS, JP
Mr. James Mathew Fong
Mr. Chan Fong Kong, Francis

According to bye-law 87 of the Company's bye-laws, Messrs. Wong Cheuk On, James and Chan Bing Woon, SBS, JP, shall retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the annual general meeting.

The Company has received written annual confirmations of independence from Messrs. Chan Bing Woon, SBS, JP, James Mathew Fong and Chan Fong Kong, Francis, all being independent non-executive Directors, and as at the date of this report still considers them to be independent.

Directors' and Senior Management's Biographies

Biographical details of the Directors and senior management of the Company are set out on pages 7 to 10 of the annual report.

Directors' Service Contracts

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Remuneration

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group.

Details of the remuneration of the Directors of the Company for the year ended 31 March 2022 are set out in note 8 to the financial statements.

Permitted Indemnity Provision

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year. The Company has taken out and maintained directors' liability insurance that provides appropriate cover for the Directors.

Directors' Interests in Transactions, Arrangements or Contracts

No Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, the holding companies of the Company, or any of the Company's subsidiaries was a party as at 31 March 2022 or during the year ended 31 March 2022.

Directors' Interests in Competing Businesses

As at 31 March 2022, none of the Directors of the Company are considered to be interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 March 2022, 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 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 pursuant to the Model Code, as set out in Appendix 10 to the Listing Rules, were as follows:

1. Long Positions in Ordinary Shares of the Company

	Number of ordinary shares held, capacity and nature of interest			
Name of Directors	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of the Company's issued share capital (%)**
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. 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 31 March 2022, none of the Directors and chief executive of the Company had registered 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 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 section headed "Share Option Scheme" below, at no time during the year 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.

Debentures in Issue

The Company did not have any debentures in issue during the year ended 31 March 2022.

Share Option Scheme

The Company operates a share option scheme which became effective on 23 August 2012 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

The maximum number of shares in respect of which options may be granted under the Company's share option scheme (the "Option Scheme Limit") shall not in aggregate exceed 46,168,600 representing (i) 10% of the number of issued shares of the Company as at the annual general meeting held on 20 August 2019 where a resolution for approving the refreshment of the Option Scheme Limit was passed; and (ii) approximately 9.68% of the shares in issue as at the date of this report.

Unless the Directors of the Company otherwise determine, there is no minimum period for which an option granted under the Company's share option scheme must be held before it can be exercised.

Details of the Company's share option scheme are disclosed in note 31 to the financial statements. The following share options were granted and outstanding under the share option scheme during the year.

	Number of share options							Price of the Company's shares		
Category of participant	At 1 April 2021	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	At 31 March 2022	Date of grant of share options	Exercise period of share options	Exercise price of share options* HK$ per share	At grant date of options** HK$ per share	At exercise date of options# 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 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.

Equity-Linked Agreement

Save for the share option scheme, details of which are disclosed in note 31 to the financial statements which forms part of this Report of the Directors, the Company did not enter into any equity-linked agreement during the year ended 31 March 2022 and no equity-linked agreement existed during the year ended 31 March 2022.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 31 March 2022, the interests or short positions of the persons (other than a Director or the chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register of interests 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 controlled corporation	241,535,555[(3)]	50.66
Cathay International Corporation	Beneficial owner	109,558,768	22.98

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 is the spouse of Mr. Wong Leung Pak, Matthew, BBS and she 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 31 March 2022, no person, other than the Directors and 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" on page 32, 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.

Connected Transaction

During the year, the Company had the following continuing connected transaction, details of which had already been disclosed in the announcement of the Company dated 1 April 2021 in compliance with the requirements of Chapter 14A of the Listing Rules:

On 1 April 2021, the Company entered into a master lease agreement with Mr. Wong Leung Pak, Matthew, BBS, an executive Director and the Chairman of the Company, together with his spouse, Ms. Ng Lai Yee, Christina (collectively the "Wong Couple", connected persons of the Company), for the lease of buses from the Wong Couple and/or companies owned or controlled by the Wong Couple (the "Wong Couple Companies") to the Group for the period commencing from 1 April 2021 and ending on 31 March 2024.

Connected Transaction – Continued

The monthly bus lease fees were determined with reference to prevailing market rates. The total bus lease expenses paid by the Group to the Wong Couple Company for the year amounted to HK$9,999,100 (2021: HK$10,458,000).

The independent non-executive Directors of the Company have reviewed the continuing connected transaction set out above and have confirmed that this continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has reviewed the continuing connected transaction during the year set out above and confirmed that this transaction: (i) was approved by the Board; (ii) had been entered into in accordance with the relevant agreements governing the transaction; and (iii) has not exceeded the cap stated in the relevant announcement.

Management Contracts

No contracts concerning management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the reporting period and up to the date of this annual report.

Contract of Significance

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with the controlling shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

Key Relationships with Employees, Customers, Suppliers and Others

The Group fully understands that employees, customers and suppliers are the key to our sustainable and stable development. We are committed to establishing a close relationship with our employees, enhancing cooperation with our suppliers and providing high-quality services to our customers so as to ensure the Group's sustainable development.

Environmental Policies and Performance

The Group recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure our compliance with the prevailing environmental protection laws and regulations. Adhering to the concept of green environmental protection, the Group has also promoted green operation and advocated the concept of green office. Environmental protection, energy conservation and emissions reduction and reasonable and efficient utilisation of resources have been consistently implemented in the daily operation activities of the Group. The Group has also been working on reducing its energy use, consumption and wastage by actively promoting recycling concepts, using less paper and saving electricity and water. The Group not only develops sustainable policies and designs to reduce its environmental impact internally within its offices but also externally in the bus operation by using cleaner fuel and procuring up-to-date technologies that could alleviate the negative impact of pollution.

Detailed information regarding the environmental, social and governance practices adopted by the Group is set out in the Environmental, Social and Governance Report which will be disclosed as a separate report and published on the websites of the Stock Exchange and the Company within the period as required by Appendix 27 of the Listing Rules.

Compliance with Laws and Regulations

The Group continues to comply with the relevant laws and regulations, such as the Bermuda Companies Act 1981, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the SFO, the Listing Rules and other rules and regulations implemented in relevant jurisdictions. As far as the Board is concerned, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 March 2022.

Tax Relief and Exemption

The Company is not aware of any relief and exemption from taxation available to the Shareholders by reason of their holding of the Company's securities.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, at least 25% of the issued shares of the Company were held by the public.

Event after the Reporting Period

Save as disclosed in the "Review of Operations" under the "Management Discussion and Analysis" section, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2022 and up to the date of the publishing of this report.

Auditor

Ernst & Young will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Wong Leung Pak, Matthew, BBS
Chairman

Hong Kong
28 June 2022

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Kwoon Chung Bus Holdings Limited
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Kwoon Chung Bus Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 42 to 147, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters – continued

Key audit matter	How our audit addressed the key audit matter

Assessment of recoverable amounts of the non-franchised bus cash-generating units ("Non-franchised Bus CGUs"), limousine cash-generating units ("Limousine CGUs") and franchised bus and public light bus ("PLB") cash-generating units ("Franchised Bus and PLB CGUs")

As at 31 March 2022, the Group had goodwill, passenger service licences, other intangible assets, property, plant and equipment and right-of-use assets in aggregate of HK$2,859.1 million, which were related to the Non-franchised Bus CGUs, Limousine CGUs and Franchised Bus and PLB CGUs, representing 55.9% of total assets.

The Group's management performed an annual impairment assessment by assessing the recoverable amounts of the Non-franchised Bus CGUs, Limousine CGUs and Franchised Bus and PLB CGUs based on value in use calculations, with the assistance from an independent external valuer.

Significant judgement was involved in the assessment of the recoverable amounts, including the assumptions on budgeted revenue, discount rates, growth rates and general price inflation. The outcome is sensitive to the expected future market conditions and the actual performance of the Non-franchised Bus CGUs, Limousine CGUs and Franchised Bus and PLB CGUs.

The accounting policies, significant accounting judgements and estimates and disclosures for impairment assessment are disclosed in notes 2.4, 3 and 16 to the financial statements.

We involved our internal valuation specialists to assist us in evaluating the methodologies, assumptions and estimates used in the impairment assessment. We tested the assumptions used in the value in use calculation by: (i) comparing the budgeted revenue and expected growth rates with historical results of the Non-franchised Bus CGUs, Limousine CGUs and Franchised Bus and PLB CGUs, and market data; (ii) comparing the discount rates with relevant industry's weighted average cost of capital; (iii) comparing the general price inflation rate to current market condition; and (iv) assessing the sensitivity of management's estimates and assumptions used in evaluating whether a reasonably possible change in assumptions could cause the carrying amounts to exceed their recoverable amounts.

In addition, we assessed the independence, objectivity and competence of the external valuer engaged by management and evaluated the adequacy of related disclosures in the financial statements.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the consolidated financial statements – continued

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Tsz Tat.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
28 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
REVENUE	5	**1,202,051**	1,083,879
Cost of services rendered		**(1,141,338)**	(1,158,362)
Gross profit/(loss)		**60,713**	(74,483)
Other income and gains, net	5	**133,946**	326,765
Administrative expenses		**(253,282)**	(246,398)
Other expenses, net		**(23,734)**	(22,540)
Finance costs	6	**(54,140)**	(44,811)
Share of profits and losses of associates		**(2,322)**	(1,926)
LOSS BEFORE TAX	7	**(138,819)**	(63,393)
Income tax credit	10	**2,819**	19,649
LOSS FOR THE YEAR		**(136,000)**	(43,744)
Attributable to:			
Owners of the parent		**(139,935)**	(46,891)
Non-controlling interests		**3,935**	3,147
		(136,000)	(43,744)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		**(HK29.4 cents)**	(HK9.8 cents)
Diluted		**(HK29.4 cents)**	(HK9.8 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	Notes	**2022 HK$'000**	2021 HK$'000
LOSS FOR THE YEAR		**(136,000)**	(43,744)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**39,760**	52,137
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gains on property revaluation	13, 15(a)	**28,295**	20,350
Income tax effect	29	**(8,377)**	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**19,918**	20,350
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**59,678**	72,487
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(76,322)**	28,743
Attributable to:			
Owners of the parent		**(83,539)**	20,701
Non-controlling interests		**7,217**	8,042
		(76,322)	28,743

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**1,640,781**	1,761,303
Investment properties	14	**349,627**	372,940
Right-of-use assets	15(a)	**242,562**	197,542
Goodwill	16	**201,801**	201,801
Passenger service licences	17	**1,128,889**	1,125,367
Other intangible assets	18	**316,325**	331,882
Interests in associates	19	**47,320**	47,264
Equity investments designated at fair value through other comprehensive income	20	**1,233**	1,233
Financial assets at fair value through profit or loss	21	**32,495**	31,464
Prepayments, deposits and other receivables	23	**88,097**	143,885
Deferred tax assets	29	**9,269**	4,136
Total non-current assets		**4,058,399**	4,218,817
CURRENT ASSETS			
Inventories		**35,184**	35,949
Trade receivables	22	**148,992**	150,002
Prepayments, deposits and other receivables	23	**195,137**	190,790
Tax recoverable		**6,041**	9,408
Pledged time deposits and restricted cash	24	**60,546**	40,330
Cash and cash equivalents	24	**608,496**	481,572
Total current assets		**1,054,396**	908,051

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
CURRENT LIABILITIES			
Trade payables	25	**78,184**	74,649
Other payables and accruals	26	**524,527**	486,438
Interest-bearing bank borrowings	27	**214,391**	1,302,278
Lease liabilities	15(b)	**19,093**	19,473
Tax payable		**39,193**	38,156
Total current liabilities		**875,388**	1,920,994
NET CURRENT ASSETS/(LIABILITIES)		**179,008**	(1,012,943)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,237,407**	3,205,874
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	27	**1,719,788**	608,949
Lease liabilities	15(b)	**30,995**	15,967
Other long-term liabilities	28	**56,914**	62,532
Deferred tax liabilities	29	**242,538**	254,932
Total non-current liabilities		**2,050,235**	942,380
Net assets		**2,187,172**	2,263,494
EQUITY			
Equity attributable to owners of the parent			
Issued capital	30	**47,678**	47,678
Reserves	32	**2,050,383**	2,133,922
		2,098,061	2,181,600
Non-controlling interests		**89,111**	81,894
Total equity		**2,187,172**	2,263,494

Wong Leung Pak, Matthew, BBS
Director

Wong Cheuk On, James
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	Attributable to owners of the parent											
	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000 (note 32)	Capital reserve HK$'000	Share option reserve HK$'000 (note 32)	Asset revaluation reserve HK$'000	Reserve fund HK$'000 (note 32)	Exchange equalisation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2020	47,678	676,246	10,648	(1,855)	6,511	225,372	1,903	(35,611)	1,230,007	2,160,899	81,635	2,242,534
Loss for the year	–	–	–	–	–	–	–	–	(46,891)	(46,891)	3,147	(43,744)
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	47,242	–	47,242	4,895	52,137
Gains on property revaluation	–	–	–	–	–	20,350	–	–	–	20,350	–	20,350
Total comprehensive income for the year	–	–	–	–	–	20,350	–	47,242	(46,891)	20,701	8,042	28,743
Transfer of depreciation on buildings	–	–	–	–	–	(5,813)	–	–	5,813	–	–	–
Transfer from retained profits	–	–	–	–	–	–	3,413	–	(3,413)	–	–	–
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(7,783)	(7,783)
At 31 March 2021	47,678	676,246	10,648	(1,855)	6,511	239,909	5,316	11,631	1,185,516	2,181,600	81,894	2,263,494

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	Attributable to owners of the parent											
	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000 (note 32)	Capital reserve HK$'000	Share option reserve HK$'000 (note 32)	Asset revaluation reserve HK$'000	Reserve fund HK$'000 (note 32)	Exchange equalisation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2021	47,678	676,246	10,648	(1,855)	6,511	239,909	5,316	11,631	1,185,516	2,181,600	81,894	2,263,494
Loss for the year	-	-	-	-	-	-	-	-	(139,935)	(139,935)	3,935	(136,000)
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	36,478	-	36,478	3,282	39,760
Gains on property revaluation, net of tax	-	-	-	-	-	19,918	-	-	-	19,918	-	19,918
Total comprehensive loss for the year	-	-	-	-	-	19,918	-	36,478	(139,935)	(83,539)	7,217	(76,322)
Transfer of depreciation on buildings	-	-	-	-	-	(4,348)	-	-	4,348	-	-	-
Transfer from retained profits	-	-	-	-	-	-	3,242	-	(3,242)	-	-	-
At 31 March 2022	47,678	676,246*	10,648*	(1,855)*	6,511*	255,479*	8,558*	48,109*	1,046,687*	2,098,061	89,111	2,187,172

* These reserve accounts comprise the consolidated reserves of HK$2,050,383,000 (2021: HK$2,133,922,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Notes	**2022 HK$'000**	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(138,819)**	(63,393)
Adjustments for:			
Share of profits and losses of associates		**2,322**	1,926
Bank interest income	5	**(1,595)**	(1,048)
Recognition of deferred income		**(17,292)**	(24,340)
Gain on disposal of a subsidiary	5	**(50)**	–
Fair value gain on financial assets at fair value through profit or loss, net	5	**(1,031)**	(953)
Finance costs	6	**54,140**	44,811
Depreciation of property, plant and equipment	7	**250,950**	253,919
Depreciation of right-of-use assets	7	**33,866**	40,763
Amortisation of other intangible assets	7	**15,637**	15,760
Covid-19-related rent concessions from lessors	7	**(3,476)**	(7,078)
Gain on termination of leases	7	**–**	(306)
Fair value loss/(gain) on investment properties, net	7	**9,646**	(1,004)
Fair value gain on derivative financial instrument	7	**–**	(597)
Impairment of trade receivables, net	7	**7,808**	6,968
Reversal of impairment of a loan receivable	7	**–**	(159)
Impairment of financial assets included in prepayments, deposits and other receivables, net	7	**459**	13,793
Loss/(gain) on disposal of items of property, plant and equipment, net	7	**3,192**	(2,483)
Loss on deregistration of an associate	7	**–**	245
		215,757	276,824
Decrease/(increase) in inventories		**809**	(5,129)
Decrease/(increase) in trade receivables		**(6,542)**	52,241
Decrease in prepayments, deposits and other receivables		**50,776**	60,778
Increase in trade payables		**3,006**	10,931
Increase/(decrease) in other payables and accruals		**42,791**	(30,180)
Increase in other long-term liabilities		**47**	17
Cash generated from operations		**306,644**	365,482

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Bank interest received		**1,595**	1,048
Interest paid		**(51,273)**	(44,811)
Hong Kong profits tax paid		**(16,544)**	(28,695)
Overseas taxes paid		**(2,410)**	(5,915)
Net cash flows from operating activities		**238,012**	287,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease/(increase) in deposits paid for purchases of items of property, plant and equipment		**(5,264)**	2,583
Purchases of items of property, plant and equipment		**(79,184)**	(119,458)
Proceeds from disposal of items of property, plant and equipment		**7,016**	14,314
Additions to investment properties		**(1,985)**	(10,303)
Additions to right-of-use assets		**–**	(3,115)
Addition to passenger service licences		**(3,522)**	–
Consideration for disposal of a subsidiary		**50**	–
Investments in associates		**(2,378)**	(12,836)
Repayment from an associate		**–**	1,000
Increase in pledged time deposits and restricted cash		**(19,062)**	(2,570)
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		**(280)**	548
Net cash flows used in investing activities		**(104,609)**	(129,837)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans, net of debt establishment costs	34(b)	**1,832,585**	232,165
Repayment of bank loans	34(b)	**(1,818,807)**	(268,354)
Principal portion of lease payments	34(b)	**(23,175)**	(27,308)
Dividends paid to non-controlling shareholders of subsidiaries		**–**	(7,783)
Net cash flows used in financing activities		**(9,397)**	(71,280)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**124,006**	85,992
Cash and cash equivalents at beginning of year		**480,935**	392,794
Effect of foreign exchange rate changes, net		**2,638**	2,149
CASH AND CASH EQUIVALENTS AT END OF YEAR		**607,579**	480,935
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**607,579**	480,935
Non-pledged time deposits with original maturity of more than three months when acquired		**917**	637
Cash and cash equivalents as stated in the consolidated statement of financial position		**608,496**	481,572
Non-pledged time deposits with original maturity of more than three months when acquired		**(917)**	(637)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**607,579**	480,935

1. Corporate and Group Information

Kwoon Chung Bus Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 3rd Floor, 8 Chong Fu Road, Chai Wan, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were engaged in the following principal activities:

- provision of non-franchised bus, franchised bus and public light bus ("PLB") and Mainland China bus services
- provision of limousine services
- provision of hotel and tourism services
- provision of other transportation services

In the opinion of the directors, the immediate holding company of the Company is Basic Faith Company Limited, a company incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Infinity Faith International Company Limited, a company also incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary share/registered paid-up capital	Percentage of equity interest attributable to the Company# 2022	2021	Principal activities
Kwoon Chung Buses Investment Limited	British Virgin Islands/ Hong Kong	US$6,000	**100**	100	Investment holding
Charm Joy Limited	Hong Kong	HK$1	**100**	100	Leasing of properties
Chinalink Express Holdings Limited	Hong Kong	HK$35,000,000	**100**	100	Investment holding
Chongqing Grand Hotel Co., Ltd. 重慶大酒店有限公司@	PRC/ Mainland China	RMB35,000,000	**100**	100	Provision of hotel services
Coronet Ray Development Limited	Hong Kong	HK$1	**100**	100	Provision of public light bus services
Elegant Sun Group Limited	British Virgin Islands/ Hong Kong	US$1	**100**	100	Investment holding
Gallic Limited	Hong Kong	HK$900	**100**	100	Holding of property

1. Corporate and Group Information – Continued

Information about subsidiaries – continued

Name	Place of incorporation/ registration and business	Issued ordinary share/registered paid-up capital	Percentage of equity interest attributable to the Company# 2022	2021	Principal activities
Guangzhou City Zhongguan Consulting Services Company Limited 廣州市中貫諮詢服務有限公司**	PRC/ Mainland China	RMB5,000,000	**100**	100	Investment holding
Guangzhou Gogo TIL Consulting Services Company Limited 廣州通寶環島諮詢服務有限公司^	PRC/ Mainland China	RMB5,000,000	**100**	100	Investment holding
HK Kwoon Chung (Hubei) Bus Investment Company Limited	Hong Kong	HK$2	**100**	100	Investment holding
HK Kwoon Chung Tourism Development Company Limited	Hong Kong	HK$1	**100**	100	Investment holding
Hubei Shenzhou Transport Holdings Co., Ltd. 湖北神州運業集團有限公司*	PRC/ Mainland China	RMB131,843,807	**100**	100	Provision of bus and bus-related services
Intercontinental Limousine Company Limited	Hong Kong	HK$5,000,000	**100**	100	Provision of limousine hire services and investment holding
Kwoon Chung Auto Repair Company Limited	Hong Kong	HK$1,000,000	**100**	100	Provision of motor vehicle repairs and maintenance services
Kwoon Chung Autotech Services Limited	Hong Kong	HK$100,000	**100**	100	Provision of motor vehicle repairs and maintenance services
Kwoon Chung (Chongqing) Tourism Development Co., Ltd 冠忠(重慶)旅遊開發有限公司@	PRC/ Mainland China	RMB10,790,680	**100**	100	Investment holding
Kwoon Chung Motors Company, Limited	Hong Kong	HK$200 Non-voting deferred HK$10,000,000	**100**	100	Provision of bus hire and travel-related services
Kwoon Chung Trans-Island Travel Company Limited	Hong Kong	HK$500,000	**100**	100	Provision of limousine hire services

1. Corporate and Group Information – Continued

Information about subsidiaries – continued

Name	Place of incorporation/ registration and business	Issued ordinary share/registered paid-up capital	Percentage of equity interest attributable to the Company# 2022	2021	Principal activities
Kwoon Chung Travel Company Limited	Hong Kong	HK$2	**100**	100	Investment holding
Lantau Tours Limited	Hong Kong	HK$750,000	**100**	100	Provision of tourism services
Lixian Bipenggou Tourism Development Company Limited ("Bipenggou Tourism") 理縣畢棚溝旅遊開發有限公司**	PRC/ Mainland China	RMB213,802,600	**67.8**	67.8	Development and management of a scenic area
New Lantao Bus Company (1973) Limited	Hong Kong	HK$100,000,000	**99.99**	99.99	Provision of franchised bus and travel-related services
Peng Yun Transportation Enterprises Company Limited	Hong Kong	HK$1,000,000	**100**	100	Leasing of properties and investment holding
Shenzhen Qianhai TIL Management and Consulting Company Limited 深圳市前海環島管理咨詢有限公司@	PRC/ Mainland China	RMB96,000,000	**100**	100	Holding of properties
Trans-Island Limousine Service Limited	Hong Kong	HK$1,000 Non-voting deferred HK$30,000,000	**100**	100	Provision of bus hire services and investment holding
Trans-Island Chinalink Bus Company Limited	Hong Kong	HK$2	**100**	100	Provision of bus hire and travel-related services

1. Corporate and Group Information – Continued

Information about subsidiaries – continued

Represents the effective holding of the Group after non-controlling interests therein

* Registered as Sino-foreign equity joint venture companies in the PRC

** Limited companies established in the PRC

^ The entire equity interest in this subsidiary is held on trust by a director of the Company on the Group's behalf.

@ Registered as a wholly-foreign-owned enterprise under PRC law

Except for Kwoon Chung Buses Investment Limited, all principal subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for buildings classified as property, plant and equipment, investment properties, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 Basis of Preparation – Continued

Basis of consolidation – continued

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 Changes in Accounting Policies and Disclosures

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*

The nature and the impact of the revised HKFRSs are described below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate ("HIBOR") as at 31 March 2022. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to *HKFRSs 2018-2020*	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 April 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards – Continued

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards – Continued

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards – Continued

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.4 Summary of Significant Accounting Policies

Interests in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's interests in associates.

2.4 Summary of Significant Accounting Policies – Continued

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 Summary of Significant Accounting Policies – Continued

Business combinations and goodwill – continued

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its buildings classified as property, plant and equipment, investment properties, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 Summary of Significant Accounting Policies – Continued

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 Summary of Significant Accounting Policies – Continued

Related parties – continued

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than buildings and construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 Summary of Significant Accounting Policies – Continued

Property, plant and equipment and depreciation – continued

Buildings are stated at valuation less accumulated depreciation and any impairment losses. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful life of each asset is as follows:

Buildings	Over the shorter of the lease terms of the related land and 30 years
Hotel building	Over the lease term of 50 years
Bus terminal structures	8 to 20 years
Garage and leasehold improvements	5 years
Motor buses and vehicles	5 to 15 years
Furniture, fixtures and office machinery	5 to 8 years
Equipment and tools	6 to 8 years
Scenic area establishments	8 to 37 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents scenic area establishments, buildings and bus terminal structures under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 Summary of Significant Accounting Policies – Continued

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under “Property, plant and equipment and depreciation” above.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 Summary of Significant Accounting Policies – Continued

Intangible assets (other than goodwill) – continued

The Group's intangible assets represent (i) certain bus route operating rights and customer relationships with finite useful lives and are stated at cost, which comprise the purchase prices thereof, less accumulated amortisation and any impairment losses and are amortised on the straight-line basis over 10 to 20 years for certain bus route operating rights and over 3 to 10 years for customer relationships; and (ii) passenger service licences, certain bus route operating rights and trade name with indefinite useful lives, which are stated at cost less any impairment losses.

Passenger service licences, certain bus route operating rights and trade name of the Group are regarded to have indefinite useful lives as they either have no expiration or are renewable on a periodic basis with the appropriate authority and there is no foreseeable limit to the number of renewals and the period over which these assets are expected to generate cash flows for the Group.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms
Leased properties	Over the lease terms
Motor buses and vehicles	5 to 15 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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".

2.4 Summary of Significant Accounting Policies – Continued

Leases – continued

Group as a lessee – continued

(b) 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 lease. 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 its incremental borrowing rate at the lease commencement date because 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 the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2.4 Summary of Significant Accounting Policies – Continued

Leases – continued

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 Summary of Significant Accounting Policies – Continued

Financial assets – continued

Initial recognition and measurement – continued

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4 Summary of Significant Accounting Policies – Continued

Financial assets – continued

Subsequent measurement – continued

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and other unlisted investments.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 Summary of Significant Accounting Policies – Continued

Derecognition of financial assets – continued

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 Summary of Significant Accounting Policies – Continued

Impairment of financial assets – continued

General approach – continued

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 Summary of Significant Accounting Policies – Continued

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is recognised in the statement of profit or loss.

2.4 Summary of Significant Accounting Policies – Continued

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as cross-currency swaps, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

2.4 Summary of Significant Accounting Policies – Continued

Inventories

Inventories, represent spare parts and other consumables, are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on the estimated replacement cost.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is recognised in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 Summary of Significant Accounting Policies – Continued

Income tax – continued

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 Summary of Significant Accounting Policies – Continued

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to be that which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Transportation services
Revenue from transportation services is recognised when the related services are provided. Given the transportation services are generally completed within a short period of time, the revenue from the provision of these services is recognised over time when the related services have been rendered.

(b) Hotel and tourism services (including travel agency and tour services and the operation of a scenic area)
Revenue from the provision of hotel and tourism services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

2.4 Summary of Significant Accounting Policies – Continued

Revenue recognition – continued

Other income

Advertising income is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Government subsidies are recognised where there is reasonable assurance that the government subsidies will be received and all attaching conditions will be complied with, as further explained in the accounting policies for "Government grants" above.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

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. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 Summary of Significant Accounting Policies – Continued

Share-based payments – continued

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

2.4 Summary of Significant Accounting Policies – Continued

Other employee benefits – continued

Pension schemes – continued

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum of association and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 Summary of Significant Accounting Policies – Continued

Foreign currencies – continued

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange equalisation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements are set out below:

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit using key assumptions such as growth rates, budgeted revenue and general price inflation, and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of non-financial assets with finite useful lives are disclosed in notes 13, 15 and 18 to the financial statements.

(ii) Impairment of passenger service licences, other intangible assets with indefinite useful lives and goodwill

The Group determines whether the passenger service licences, other intangible assets with indefinite useful lives and goodwill are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the passenger service licences, other intangible assets with indefinite useful lives and goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in notes 16, 17 and 18 to the financial statements.

(iii) Useful lives of other intangible assets

In determining the useful lives of other intangible assets, the Group considers the expected period in which economic benefits can be generated from the other intangible assets. The Group determines the other intangible assets with indefinite useful life if there is no foreseeable limit to the period over which the other intangible assets are expected to generate net cash inflow for the Group. Useful lives are reviewed on an annual basis and future amortisation charges are adjusted where management believes the useful lives differ from previous estimates.

3. Significant Accounting Judgements and Estimates – Continued

(iv) Useful lives and residual value of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in provision of services, or from a change in the market demand for the product or service output of the assets, the expected usage of the assets, the expected physical wear and tear, the care and maintenance of the assets, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Adjustment of depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, and adjusted if appropriate, at least at the end of each reporting period, based on any changes in circumstances.

(v) Estimation of fair value of investment properties and buildings

Investment properties and buildings are stated at their fair values. The fair value at the end of each reporting period was based on a valuation on these properties estimated by the directors or conducted by an independent firm of professionally qualified valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair values of the Group's investment properties and buildings and the corresponding adjustments to the gain or loss recognised in the statement of profit or loss or other comprehensive income. Further details are included in notes 13 and 14 to the financial statements.

(vi) Income taxes

The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. Significant Accounting Judgements and Estimates – Continued

(vii) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the financial statements.

(viii) Provision for expected credit losses on other financial assets at amortised cost

The measurement of impairment losses on other financial assets at amortised cost requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, including the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also forward-looking analysis. The information about the ECLs on the Group's other financial assets at amortised cost is disclosed in note 23 to the financial statements.

3. Significant Accounting Judgements and Estimates – Continued

(ix) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as expected future cash flows, credit risk and discount rates. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Further details are included in note 40 to the financial statements.

(x) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(xi) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. 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 (other than limousine hire services) between Hong Kong and Mainland China and other related services;

(b) the limousine segment includes the provision of limousine hire services in Hong Kong and cross-boundary limousine hire services between Mainland China, Hong Kong and Macau;

(c) the franchised bus and 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 other 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 loss before tax except that gain on disposal of a subsidiary and non-lease-related finance costs are excluded from such measurement.

Segments assets exclude deferred tax assets, tax recoverable, pledged time deposits and restricted cash and financial assets at fair value through profit or loss as these assets are managed on a group basis.

Segments liabilities exclude interest-bearing bank borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

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

4. Operating Segment Information – Continued

Year ended 31 March 2022/at 31 March 2022

	Non-franchised bus HK$'000	Limousine HK$'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	823,027	42,631	125,935	209,734	724	–	1,202,051
Intersegment sales	24,275	13,408	14	–	32	(37,729)	–
Other revenue	106,720	14,579	5,180	20,427	996	(13,956)	133,946
Total	954,022	70,618	131,129	230,161	1,752	(51,685)	1,335,997
Segment results	(44,213)	(50,333)	(7,975)	18,094	(1,275)	–	(85,702)
Reconciliation:							
Gain on disposal of a subsidiary							50
Finance costs (other than interest on lease liabilities)							(53,167)
Loss before tax							(138,819)
Segment assets	3,566,731	159,352	240,970	981,942	55,449	–	5,004,444
Reconciliation:							
Unallocated assets							108,351
Total assets							5,112,795
Segment liabilities	383,309	91,056	44,367	137,916	53,065	–	709,713
Reconciliation:							
Unallocated liabilities							2,215,910
Total liabilities							2,925,623

4. Operating Segment Information – Continued

Year ended 31 March 2022/at 31 March 2022 – continued

	Non-franchised bus HK$'000	Limousine HK$'000	Franchised bus and PLB HK$'000	Mainland China business HK$'000	Others HK$'000	Total HK$'000
Other segment information:						
Interests in associates	45,604	–	–	–	1,716	47,320
Share of losses of associates	1,950	–	–	–	372	2,322
Capital expenditure*	27,476	679	2,670	57,888	–	88,713
Amortisation of other intangible assets	12,943	2,320	–	374	–	15,637
Bank interest income	1,281	12	–	300	2	1,595
Depreciation of property, plant and equipment	143,404	27,750	27,424	51,480	892	250,950
Depreciation of right-of-use assets	27,948	1,477	18	4,265	158	33,866
Impairment of trade receivables, net	7,804	(385)	(21)	410	–	7,808
Impairment of financial assets included in prepayments, deposits and other receivables, net	459	–	–	–	–	459
Fair value loss/(gain) on investment properties	(600)	–	490	9,456	300	9,646
Loss/(gain) on disposal of items of property, plant and equipment, net	2,966	(1)	(60)	285	2	3,192

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

4. Operating Segment Information – Continued

Year ended 31 March 2021/at 31 March 2021

	Non-franchised bus HK$'000	Limousine HK$'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	752,227	30,925	114,846	185,589	292	–	1,083,879
Intersegment sales	24,596	8,642	7	–	–	(33,245)	–
Other revenue	249,471	38,731	27,355	24,235	2,105	(15,132)	326,765
Total	1,026,294	78,298	142,208	209,824	2,397	(48,377)	1,410,644
Segment results	3,676	(49,006)	(9,442)	33,916	1,206	–	(19,650)
Reconciliation:							
Finance costs (other than interest on lease liabilities)							(43,743)
Loss before tax							(63,393)
Segment assets	3,560,718	230,262	261,893	920,821	67,836	–	5,041,530
Reconciliation:							
Unallocated assets							85,338
Total assets							5,126,868
Segment liabilities	331,193	86,856	46,606	151,132	43,272	–	659,059
Reconciliation:							
Unallocated liabilities							2,204,315
Total liabilities							2,863,374

4. Operating Segment Information – Continued

Year ended 31 March 2021/at 31 March 2021 – continued

	Non-franchised bus HK$'000	Limousine HK$'000	Franchised bus and PLB HK$'000	Mainland China business HK$'000	Others HK$'000	Total HK$'000
Other segment information:						
Interests in associates	45,177	–	–	–	2,087	47,264
Share of losses/(profits) of associates	2,894	–	–	–	(968)	1,926
Capital expenditure*	26,446	5,814	12,127	85,906	–	130,293
Amortisation of other intangible assets	13,107	2,319	–	334	–	15,760
Bank interest income	581	–	–	467	–	1,048
Depreciation of property, plant and equipment	149,303	28,803	29,840	45,429	544	253,919
Depreciation of right-of-use assets	34,777	1,976	152	3,858	–	40,763
Impairment of trade receivables, net	6,624	85	16	243	–	6,968
Impairment of financial assets included in prepayments, deposits and other receivables, net	13,793	–	–	–	–	13,793
Reversal of impairment of a loan receivable	–	–	–	159	–	159
Fair value gain on investment properties	700	–	–	4	300	1,004
Gain on disposal of items of property, plant and equipment, net	2,187	62	25	209	–	2,483

* Capital expenditure consists of additions to property, plant and equipment, investment properties and right-of-use assets and deposits paid for purchases of items of property, plant and equipment and intangible assets.

4. Operating Segment Information – Continued

Geographical information

(a) Revenue from external customers

	2022 HK$'000	2021 HK$'000
Hong Kong and Macau	**992,317**	898,290
Mainland China	**209,734**	185,589
	1,202,051	1,083,879

The revenue information above is based on the location of the entities from which the revenue is derived.

(b) Non-current assets

	2022 HK$'000	2021 HK$'000
Hong Kong and Macau	**2,838,458**	3,027,253
Mainland China	**1,173,153**	1,110,078
	4,011,611	4,137,331

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No information about major customers is presented as no more than 10% of the Group's revenue was derived from sales to any single customer during the year (2021: Nil).

5. Revenue, Other Income and Gains, Net

An analysis of revenue is as follows:

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers	**1,193,573**	1,074,342
Revenue from other sources		
Gross rental income from certain investment property operating leases:		
Lease payments, including fixed payments	**8,478**	9,537
	1,202,051	1,083,879

5. Revenue, Other Income and Gains, Net – Continued

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 March 2022

Segments	Non-franchised bus HK$'000	Limousine HK$'000	Franchised bus and PLB HK$'000	Mainland China business HK$'000	Others HK$'000	Total HK$'000
Types of services						
Provision of transportation services	823,027	42,631	125,935	22,458	–	1,014,051
Provision of hotel and tourism services	–	–	–	178,798	–	178,798
Provision of other services	–	–	–	–	724	724
Total revenue from contracts with customers	823,027	42,631	125,935	201,256	724	1,193,573
Timing of revenue recognition						
Services transferred over time	823,027	42,631	125,935	201,256	724	1,193,573

For the year ended 31 March 2021

Segments	Non-franchised bus HK$'000	Limousine HK$'000	Franchised bus and PLB HK$'000	Mainland China business HK$'000	Others HK$'000	Total HK$'000
Types of services						
Provision of transportation services	752,227	30,925	114,846	21,044	–	919,042
Provision of hotel and tourism services	–	–	–	155,008	–	155,008
Provision of other services	–	–	–	–	292	292
Total revenue from contracts with customers	752,227	30,925	114,846	176,052	292	1,074,342
Timing of revenue recognition						
Services transferred over time	752,227	30,925	114,846	176,052	292	1,074,342

5. Revenue, Other Income and Gains, Net – Continued

Revenue from contracts with customers – continued

(i) Disaggregated revenue information – continued

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2022	2021
	HK$'000	HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Non-franchised bus and limousine services	**60,929**	94,541
Franchised bus and PLB services	**238**	24
Hotel and tourism services	**2,957**	3,205
Mainland China bus services	**2,601**	752
	66,725	98,522

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Transportation services

The performance obligation is satisfied over time as services are rendered and services are generally completed within a short period of time. Payment of the transaction price is due upon completion of services or within 30-90 days from the completion of service.

Hotel and tourism services

The performance obligation is satisfied over time as services are rendered and customers simultaneously receive and consume the benefits. Payment of the transaction price is due upon completion of services or within 30-90 days from the completion of service.

At the end of the reporting period, the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised as revenue within one year from contract inception. As permitted under HKFRS 15, the Group has elected the practical expedient of not disclosing the remaining performance obligations for these types of contracts.

5. Revenue, Other Income and Gains, Net – Continued

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

	2022 HK$'000	2021 HK$'000
Other income		
Bank interest income	**1,595**	1,048
Gross rental income	**15,552**	13,466
Advertising income	**880**	660
Government subsidies (note)	**89,333**	268,511
Covid-19-related rent concessions from lessors	**3,476**	7,078
Others	**22,029**	31,562
	132,865	322,325
Gains, net		
Fair value gain on investment properties, net	**–**	1,004
Fair value gain on financial assets at fair value through profit or loss, net	**1,031**	953
Gain on disposal of items of property, plant and equipment, net	**–**	2,483
Gain on disposal of a subsidiary	**50**	–
	1,081	4,440
	133,946	326,765

Note:

Government subsidies mainly represent subsidies granted by the Government of the Hong Kong Special Administrative Region under the anti-epidemic fund and the replacement of environmentally friendly commercial vehicles. The subsidies relating to the replacement of environmentally friendly commercial vehicles are credited to a deferred income account and are released to the statement of profit or loss over the expected useful lives of the motor vehicles. There are no unfulfilled conditions or contingencies relating to these subsidies.

6. Finance Costs

An analysis of finance costs is as follows:

	2022 HK$'000	2021 HK$'000
Interests on:		
Bank loans	**50,300**	43,743
Lease liabilities	**973**	1,068
Amortisation of debt establishment costs	**2,867**	–
	54,140	44,811

7. Loss Before Tax

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

	2022 HK$'000	2021 HK$'000
Auditor's remuneration	3,290	2,860
Depreciation of property, plant and equipment*	250,950	253,919
Depreciation of right-of-use assets*	33,866	40,763
Amortisation of other intangible assets*	15,637	15,760
Lease payments in respect of bus route operating rights*	136,790	153,663
Lease payments not included in the measurement of lease liabilities (note 15(c))*	15,343	29,979
Covid-19-related rent concessions from lessors	(3,476)	(7,078)
	148,657	176,564
Employee benefit expense (including directors' remuneration (note 8))*:		
Wages, salaries, bonuses and other benefits	593,678	590,664
Pension scheme contributions^	33,654	28,592
	627,332	619,256
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	452	229
Fair value loss/(gain) on investment properties, net	9,646#	(1,004)
Fair value gain on derivative financial instrument	–	(597)
Foreign exchange differences, net	(1,366)	(2,222)
Impairment of trade receivables, net#	7,808	6,968
Reversal of impairment of a loan receivable	–	(159)
Impairment of financial assets included in prepayments, deposits and other receivables, net#	459	13,793
Loss/(gain) on disposal of items of property, plant and equipment, net	3,192#	(2,483)
Loss on deregistration of an associate	–	245
Gain on termination of leases	–	(306)

Notes:

* The cost of services rendered for the year amounted to HK$1,141,338,000 (2021: HK$1,158,362,000) and included amortisation of other intangible assets of HK$15,637,000 (2021: HK$15,760,000), depreciation of property, plant and equipment of HK$226,495,000 (2021: HK$221,776,000), depreciation of right-of-use assets of HK$16,034,000 (2021: HK$21,267,000), employee benefit expense of HK$483,570,000 (2021: HK$501,071,000) and lease payments of HK$147,714,000 (2021: HK$176,971,000).

These items were included in "Other expenses, net" in the consolidated statement of profit or loss.

^ As at 31 March 2022, there were no material forfeited contributions available to the Group to reduce its contributions to the pension schemes in future years (2021: Nil).

8. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022	2021
	HK$'000	HK$'000
Fees	**850**	850
Other emoluments:		
Salaries and other benefits	**5,192**	3,911
Pension scheme contributions	**36**	166
	5,228	4,077
	6,078	4,927

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2022	2021
	HK$'000	HK$'000
Mr. Chan Bing Woon, SBS, JP	**340**	340
Mr. James Mathew Fong	**255**	255
Mr. Chan Fong Kong, Francis	**255**	255
	850	850

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

8. Directors' Remuneration – Continued

(b) Executive directors

	Fees HK$'000	Salaries and other benefits HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2022				
Mr. Wong Leung Pak, Matthew, BBS	**–**	**2,634**	**–**	**2,634**
Mr. Wong Cheuk On, James	**–**	**1,349**	**18**	**1,367**
Mr. Lo Man Po	**–**	**1,209**	**18**	**1,227**
	–	**5,192**	**36**	**5,228**
2021				
Mr. Wong Leung Pak, Matthew, BBS	–	2,090	125	2,215
Mr. Wong Cheuk On, James	–	740	17	757
Mr. Lo Man Po	–	1,081	24	1,105
	–	3,911	166	4,077

During the year, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2021: Nil).

9. Five Highest Paid Employees

The five highest paid employees during the year included two (2021: one) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2021: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 HK$'000	2021 HK$'000
Salaries and other benefits	**5,904**	6,318
Pension scheme contributions	**495**	537
	6,399	6,855

9. Five Highest Paid Employees – Continued

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	2
HK$2,000,001 to HK$2,500,000	**–**	1
HK$3,000,001 to HK$3,500,000	**1**	–
	3	4

10. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2022	2021
	HK$'000	HK$'000
Current:		
Hong Kong		
Charge for the year	**20,649**	15,368
Overprovision in prior years	**(227)**	(78)
Mainland China		
Charge for the year	**4,814**	7,017
Overprovision in prior years	**(2,164)**	–
Deferred (note 29)	**(25,891)**	(41,956)
Total tax credit for the year	**(2,819)**	(19,649)

10. Income Tax – Continued

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge/(credit) at the Group's effective tax rates is as follows:

2022

	Hong Kong HK$'000	**%**	**Mainland China HK$'000**	**%**	**Total HK$'000**
Profit/(loss) before tax	**(142,364)**		**3,545**		**(138,819)**
Tax at the statutory tax rate	**(23,490)**	**16.5**	**886**	**25.0**	**(22,604)**
Lower tax rate under two-tiered profits tax rates regime	**(165)**		**–**		**(165)**
Adjustments in respect of current tax of previous periods	**(227)**		**(2,164)**		**(2,391)**
Losses attributable to associates	**383**		**–**		**383**
Income not subject to tax, net	**(11,600)**		**(3,040)**		**(14,640)**
Expenses not deductible for tax	**4,302**		**4,972**		**9,274**
Tax losses utilised from previous periods	**(824)**		**–**		**(824)**
Tax losses not recognised	**25,215**		**1,333**		**26,548**
Others	**1,600**		**–**		**1,600**
Tax charge/(credit) at the Group's effective tax rate	**(4,806)**		**1,987**		**(2,819)**

2021

	Hong Kong HK$'000	%	Mainland China HK$'000	%	Total HK$'000
Profit/(loss) before tax	(100,813)		37,420		(63,393)
Tax at the statutory tax rate	(16,634)	16.5	9,355	25.0	(7,279)
Lower tax rate under two-tiered profits tax rates regime	(165)		–		(165)
Adjustments in respect of current tax of previous periods	(78)		–		(78)
Losses attributable to associates	318		–		318
Income not subject to tax, net	(26,504)		(4,015)		(30,519)
Expenses not deductible for tax	3,500		2,030		5,530
Tax losses utilised from previous periods	–		(353)		(353)
Tax losses not recognised	6,853		–		6,853
Others	6,044		–		6,044
Tax charge/(credit) at the Group's effective tax rate	(26,666)		7,017		(19,649)

The share of tax attributable to associates amounting to HK$162,000 (2021: HK$154,000) is included in "share of profits and losses of associates" in the consolidated statement of profit or loss.

11. Dividend

The board of directors does not recommend the payment of a final dividend in respect of the year ended 31 March 2022 (2021: Nil).

12. Loss Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the parent of HK$139,935,000 (2021: HK$46,891,000), and the weighted average number of ordinary shares of 476,776,842 (2021: 476,776,842) in issue during the year.

No adjustment has been made to the basic loss per share amount in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic loss per share amount presented.

13. Property, Plant and Equipment

	Buildings HK$'000	Hotel building HK$'000	Bus terminal structures HK$'000	Garage and leasehold improvements HK$'000	Motor buses and vehicles HK$'000	Furniture, fixtures and office machinery HK$'000	Equipment and tools HK$'000	Scenic area establishments HK$'000	Construction in progress HK$'000	Total HK$'000
31 March 2022										
At cost or valuation:										
At 1 April 2021	92,075	68,040	54,165	48,781	2,683,715	129,710	121,376	495,727	15,911	3,709,500
Additions	-	2,143	-	6,819	29,181	9,763	9,116	6,172	21,946	85,140
Disposals/write-off	(1,152)	-	-	(3,760)	(72,072)	(3,304)	(14,098)	-	-	(94,386)
Surplus on revaluation	22,895	-	-	-	-	-	-	-	-	22,895
Transfer upon revaluation*	(23,440)	(34)	-	-	-	-	-	-	-	(23,474)
Transfer from investment properties (note 14)	4,830	-	-	-	-	-	-	-	-	4,830
Transfer to investment properties (note 14)	(800)	(65)	-	-	-	-	-	-	-	(865)
Reclassification	-	-	3,352	-	473	8,979	1,357	8,923	(23,084)	-
Exchange realignment	3,216	4,970	1,981	1,055	5,347	2,426	2,373	23,472	606	45,446
At 31 March 2022	97,624	75,054	59,498	52,895	2,646,644	147,574	120,124	534,294	15,379	3,749,086
Accumulated depreciation:										
At 1 April 2021	19,737	19,799	16,645	35,551	1,555,960	91,319	69,972	139,214	-	1,948,197
Provided during the year	7,522	1,593	3,662	3,679	187,884	11,567	13,832	21,211	-	250,950
Disposals/write-off	(153)	-	-	(3,578)	(63,446)	(3,173)	(13,828)	-	-	(84,178)
Transfer upon revaluation*	(23,440)	(34)	-	-	-	-	-	-	-	(23,474)
Exchange realignment	843	2,156	434	685	3,038	1,812	985	6,857	-	16,810
At 31 March 2022	4,509	23,514	20,741	36,337	1,683,436	101,525	70,961	167,282	-	2,108,305
Net book value:										
At 31 March 2022	93,115	51,540	38,757	16,558	963,208	46,049	49,163	367,012	15,379	1,640,781

* The transfer was related to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued assets.

13. Property, Plant and Equipment – Continued

	Buildings HK$'000	Hotel building HK$'000	Bus terminal structures HK$'000	Garage and leasehold improvements HK$'000	Motor buses and vehicles HK$'000	Furniture, fixtures and office machinery HK$'000	Equipment and tools HK$'000	Scenic area establishments HK$'000	Construction in progress HK$'000	Total HK$'000
31 March 2021										
At cost or valuation:										
At 1 April 2020	87,529	52,107	35,508	47,268	2,679,329	124,704	92,080	443,389	26,537	3,588,451
Additions	2,759	9,744	898	1,812	58,298	7,487	6,828	3,439	37,766	129,031
Disposals	–	–	–	(1,788)	(61,341)	(5,997)	(1,921)	(412)	–	(71,459)
Surplus on revaluation	20,350	–	–	–	–	–	–	–	–	20,350
Transfer upon revaluation*	(1,331)	–	–	–	–	–	–	–	–	(1,331)
Transfer to investment properties (note 14)	(23,300)	–	–	–	–	–	–	–	–	(23,300)
Reclassification	–	–	15,460	–	–	–	21,893	13,941	(51,294)	–
Exchange realignment	6,068	6,189	2,299	1,489	7,429	3,516	2,496	35,370	2,902	67,758
At 31 March 2021	92,075	68,040	54,165	48,781	2,683,715	129,710	121,376	495,727	15,911	3,709,500
Accumulated depreciation:										
At 1 April 2020	11,044	18,636	12,919	31,488	1,410,155	83,536	56,364	109,517	–	1,733,659
Provided during the year	8,986	545	3,201	4,020	193,415	9,927	13,165	20,660	–	253,919
Disposals	–	–	–	(958)	(51,998)	(4,927)	(1,622)	(123)	–	(59,628)
Transfer upon revaluation*	(1,331)	–	–	–	–	–	–	–	–	(1,331)
Exchange realignment	1,038	618	525	1,001	4,388	2,783	2,065	9,160	–	21,578
At 31 March 2021	19,737	19,799	16,645	35,551	1,555,960	91,319	69,972	139,214	–	1,948,197
Net book value:										
At 31 March 2021	72,338	48,241	37,520	13,230	1,127,755	38,391	51,404	356,513	15,911	1,761,303

* The transfer was related to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued assets.

13. Property, Plant and Equipment – Continued

Other than the Group's buildings which are carried at valuation, the remaining property, plant and equipment are carried at historical cost less accumulated depreciation.

The Group's buildings consist of two (2021: two) bus depots, two (2021: three) commercial properties, one (2021: Nil) industrial property and one (2021: Nil) car parking space in Hong Kong and seventeen (2021: eighteen) commercial properties in Mainland China. The directors of the Company have determined that the buildings consist of four (2021: two) classes of assets, i.e. bus depots, commercial properties, industrial property and car parking space, based on the nature, characteristics and risks of each property. The Group's buildings were revalued on 31 March 2022 based on valuations performed by AVISTA Valuation Advisory Limited ("AVISTA"), an independent firm of professionally qualified valuers, at HK$93,115,000. A revaluation surplus of HK$22,580,000 resulting from the above valuations has been credited to other comprehensive income. Every three years, the Group appoints an external valuer to be responsible for the external valuations of the Group's buildings. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior management has discussions with the valuer on the valuation assumptions and valuation results every three years when the valuation is performed for financial reporting.

Had all the buildings been carried at historical cost less accumulated depreciation, their aggregate carrying amount would have been approximately HK$43,797,000 (2021: HK$43,102,000) as at 31 March 2022.

During the year, certain of the Group's buildings and part of hotel building (2021: buildings) were transferred from property, plant and equipment to investment properties. Such buildings and part of hotel building were revalued on the date of change in use based on valuations performed by AVISTA at HK$865,000 (2021: HK$23,300,000). A revaluation surplus of HK$315,000 (2021: HK$20,350,000) resulting from the above valuations has been credited to other comprehensive income.

At 31 March 2022, certain of the Group's property, plant and equipment and leasehold land included in right-of-use assets (note 15(a)) with net carrying amounts of HK$131,439,000 and HK$97,000, (2021: HK$92,678,000 and HK$595,000) were pledged to secure banking facilities granted to the Group as set out in note 27(a) to the financial statements.

13. Property, Plant and Equipment – Continued

Fair value hierarchy

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

	Fair value measurement as at 31 March 2022 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Bus depots	**–**	**–**	**16,380**	**16,380**
Commercial properties	**–**	**–**	**71,905**	**71,905**
Industrial property	**–**	**–**	**4,220**	**4,220**
Car parking space	**–**	**–**	**610**	**610**
	–	**–**	**93,115**	**93,115**

	Fair value measurement as at 31 March 2021 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Bus depots	–	–	20,194	20,194
Commercial properties	–	–	52,144	52,144
	–	–	72,338	72,338

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2021: Nil).

13. Property, Plant and Equipment – Continued

Fair value hierarchy – continued

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Bus depots HK$'000	Commercial properties HK$'000	Industrial property HK$'000	Car parking space HK$'000	Total HK$'000
Carrying amount at 1 April 2020	21,289	55,196	–	–	76,485
Additions	–	2,759	–	–	2,759
Surplus on revaluation	–	20,350	–	–	20,350
Transfer to investment properties (note 14)	–	(23,300)	–	–	(23,300)
Depreciation	(1,095)	(7,891)	–	–	(8,986)
Exchange realignment	–	5,030	–	–	5,030
Carrying amount at 31 March 2021 and at 1 April 2021	**20,194**	**52,144**	**–**	**–**	**72,338**
Surplus/(deficit) on revaluation	**(2,736)**	**25,615**	**14**	**2**	**22,895**
Transfer from investment properties (note 14)	**–**	**–**	**4,220**	**610**	**4,830**
Transfer to investment properties (note 14)	**–**	**(800)**	**–**	**–**	**(800)**
Depreciation	**(1,078)**	**(6,428)**	**(14)**	**(2)**	**(7,522)**
Disposals	**–**	**(999)**	**–**	**–**	**(999)**
Exchange realignment	**–**	**2,373**	**–**	**–**	**2,373**
Carrying amount at 31 March 2022	**16,380**	**71,905**	**4,220**	**610**	**93,115**

13. Property, Plant and Equipment – Continued

Fair value hierarchy – continued

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of buildings:

	Valuation techniques	Significant unobservable inputs	Range
Bus depots	Depreciated replacement cost method	Current construction cost for buildings (per square metre)	**HK$14,700 to HK$21,800**
		Depreciation rate (p.a.)	**2%**
Commercial properties	Market comparison method	Price per square foot	**HK$15,596 to HK$18,713**
		Price per square metre	**RMB9,050 to RMB53,206**
	Depreciated replacement cost method	Current construction cost for buildings (per square metre)	**RMB1,800 to RMB2,300**
		Depreciation rate (p.a.)	**2%**
Industrial property	Market comparison method	Price per square foot	**HK$13,740 to HK$15,010**
Car parking space	Market comparison method	Price per unit	**HK$590,000 to HK$610,000**

A significant increase/(decrease) in the current construction cost for buildings in isolation would result in a significant increase/(decrease) in the fair value of the bus depots and certain commercial properties. A significant increase/(decrease) in the depreciation rate in isolation would result in a significant (decrease)/increase in the fair value of the bus depots and certain commercial properties. The bus depots and certain commercial properties are valued by the depreciated replacement cost method. The valuations take into account the current construction costs for similar buildings and structures in the locality, age, conditions and functional obsolescence collectively.

A significant increase/(decrease) in the price per square foot, the price per square metre and the price per unit in isolation would result in a significant increase/(decrease) in the fair value of certain commercial properties, industrial property and car parking space. These commercial properties, industrial property and car parking space are valued by the market comparison method having regard to comparable sales transactions as available in the relevant market. The valuations take into account the characteristics of the properties which included the location, size, floor level, year of completion and other factors collectively.

14. Investment Properties

	2022 HK$'000	2021 HK$'000
Carrying amount at beginning of year	**372,940**	319,616
Additions	**1,985**	10,303
Transfer from owner-occupied properties (note 13)	**865**	23,300
Transfer to owner-occupied properties (note 13)	**(4,830)**	–
Transfer from right-of-use assets (note 15(a))	**5,407**	–
Transfer to right-of-use assets (note 15(a))	**(29,270)**	–
Net gain/(loss) from a fair value adjustment	**(9,646)**	1,004
Exchange realignment	**12,176**	18,717
Carrying amount at end of year	**349,627**	372,940

The directors of the Company have determined that the investment properties consist of three (2021: five) classes of assets, i.e. agricultural land, commercial properties and residential property (2021: agricultural land, commercial properties, residential property, industrial property and car parking space), based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 March 2022 based on valuations performed by AVISTA Valuation Advisory Limited, an independent firm of professionally qualified valuers, at HK$349,627,000. Each year, the Group appoints an external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior management has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

Certain of the investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

At 31 March 2022, certain of the Group's investment properties with a carrying value of HK$90,845,000 (2021: HK$59,101,000) were pledged to secure banking facilities granted to the Group as set out in note 27(a) to the financial statements.

Further particulars of the Group's investment properties are included on page 148.

14. Investment Properties – Continued

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 March 2022 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Agricultural land	**–**	**–**	**21,010**	**21,010**
Commercial properties	**–**	**–**	**315,817**	**315,817**
Residential property	**–**	**–**	**12,800**	**12,800**
	–	**–**	**349,627**	**349,627**

	Fair value measurement as at 31 March 2021 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Agricultural land	–	–	19,100	19,100
Commercial properties	–	–	303,640	303,640
Residential property	–	–	15,800	15,800
Industrial property	–	–	31,000	31,000
Car parking space	–	–	3,400	3,400
	–	–	372,940	372,940

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2021: Nil).

14. Investment Properties – Continued

Fair value hierarchy – continued

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Agricultural land HK$'000	Commercial properties HK$'000	Residential property HK$'000	Industrial property HK$'000	Car parking space HK$'000	Total HK$'000
Carrying amount at 1 April 2020	18,700	266,816	–	31,100	3,000	319,616
Additions	–	10,303	–	–	–	10,303
Transfer from owner-occupied properties (note 13)	–	7,500	15,800	–	–	23,300
Net gain/(loss) from a fair value adjustment	400	304	–	(100)	400	1,004
Exchange realignment	–	18,717	–	–	–	18,717
Carrying amount at 31 March 2021 and at 1 April 2021	**19,100**	**303,640**	**15,800**	**31,000**	**3,400**	**372,940**
Additions	**–**	**1,985**	**–**	**–**	**–**	**1,985**
Transfer from owner-occupied properties (note 13)	**–**	**865**	**–**	**–**	**–**	**865**
Transfer to owner-occupied properties (note 13)	**–**	**–**	**–**	**(4,220)**	**(610)**	**(4,830)**
Transfer from right-of-use assets (note 15(a))	**–**	**5,407**	**–**	**–**	**–**	**5,407**
Transfer to right-of-use assets (note 15(a))	**–**	**–**	**–**	**(26,880)**	**(2,390)**	**(29,270)**
Net gain/(loss) from a fair value adjustment	**1,910**	**(8,256)**	**(3,000)**	**100**	**(400)**	**(9,646)**
Exchange realignment	**–**	**12,176**	**–**	**–**	**–**	**12,176**
Carrying amount at 31 March 2022	**21,010**	**315,817**	**12,800**	**–**	**–**	**349,627**

14. Investment Properties – Continued

Fair value hierarchy – continued

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range 2022	2021
Agricultural land	Market comparison method	Price per square foot	**HK$218 to HK$847**	HK$646 to HK$847
Commercial properties	Market comparison method	Price per square foot	**HK$3,985 to HK$37,520**	HK$9,141 to HK$37,747
	Income capitalisation approach	Estimated unit rent per square metre per month	**RMB97 to RMB434**	RMB72 to RMB460
		Capitalisation rate	**6%**	6%
Residential property	Market comparison method	Price per square foot	**HK$4,957 to HK$7,859**	HK$6,913 to HK$7,543
Industrial property	Market comparison method	Price per square foot	**N/A**	HK$13,318 to HK$17,172
Car parking space	Market comparison method	Price per unit	**N/A**	HK$3,400,000

A significant increase/(decrease) in the price per square foot, the estimated unit rent per square metre per month and the price per unit in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significant (decrease)/increase in the fair value of the investment properties. The valuations take into account the characteristics of the properties which included the location, size, floor level, year of completion and other factors collectively.

15. Leases

The Group as a lessee

The Group has lease contracts for certain of its motor buses and vehicles, office properties, ticket counters, bus depots, terminals and car parks used in its operations. Lump sum payments were made upfront to acquire the leased land from owners with lease periods of 30 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases for leased properties and motor buses and vehicles are 1 to 5 years and 3 to 5 years, respectively.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land	Leased properties	Motor buses and vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2020	154,266	53,405	1,170	208,841
Additions	3,115	30,592	4,500	38,207
Termination of leases	–	(20,216)	–	(20,216)
Depreciation charge during the year	(6,461)	(33,313)	(989)	(40,763)
Remeasurement on lease modifications	–	720	–	720
Exchange realignment	10,701	–	52	10,753
At 31 March 2021 and at 1 April 2021	**161,621**	**31,188**	**4,733**	**197,542**
Additions	**–**	**29,642**	**11,744**	**41,386**
Termination of leases	**–**	**(87)**	**–**	**(87)**
Depreciation charge during the year	**(7,231)**	**(25,529)**	**(1,106)**	**(33,866)**
Surplus on revaluation	**5,400**	**–**	**–**	**5,400**
Transfer from investment properties (note 14)	**29,270**	**–**	**–**	**29,270**
Transfer to investment properties (note 14)	**(5,407)**	**–**	**–**	**(5,407)**
Exchange realignment	**8,299**	**–**	**25**	**8,324**
As at 31 March 2022	**191,952**	**35,214**	**15,396**	**242,562**

As at the date of approval of these financial statements, the Group is in the process of applying the related land use right certificate of a parcel of land located in Lixian Bipenggou, the PRC (the "Leasehold Land") with a carrying value of HK$3,664,000 (2021: HK$3,634,000). The Group continues to use the Leasehold Land for car parking purpose without objection from the relevant authorities. In the opinion of the directors, the application process for the land use right certificate is merely an administrative procedure and does not have any significant impact on the Group's financial statements.

15. Leases – Continued

The Group as a lessee – continued

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of year	**35,440**	54,536
New leases	**41,386**	35,092
Termination of leases	**(87)**	(20,522)
Accretion of interest recognised during the year	**973**	1,068
Remeasurement on lease modifications	**–**	720
Covid-19-related rent concessions from lessors	**(3,476)**	(7,078)
Payments during the year	**(24,148)**	(28,376)
At end of year	**50,088**	35,440
Analysed into:		
Due within one year	**19,093**	19,473
Due in the second year	**21,275**	10,489
Due in the third to fifth years, inclusive	**9,720**	5,478
	50,088	35,440

The maturity analysis of lease liabilities is disclosed in note 41 to the financial statements.

The Group has applied the practical expedient to all eligible rent concessions granted by the lessors for leases of certain leased properties during the year.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities	**973**	1,068
Depreciation charge of right-of-use assets	**33,866**	40,763
Expenses relating to short-term leases (note (i))	**15,343**	29,979
Covid-19-related rent concessions from lessors	**(3,476)**	(7,078)
Gain on termination of leases	**–**	(306)
Total amount recognised in profit or loss	**46,706**	64,426

Note:

(i) Expenses relating to short-term leases of HK$10,924,000 (2021: HK$23,308,000) and HK$4,419,000 (2021: HK$6,671,000) has been included in cost of services rendered and administrative expenses, respectively.

(d) The total cash outflow for leases is disclosed in note 34(c) to the financial statements.

15. Leases – Continued

The Group as a lessor

The Group leases certain of its investment properties under operating lease arrangements. Rental income recognised by the Group in respect of these operating lease arrangements during the year was HK$10,815,000 (2021: HK$13,088,000).

The undiscounted lease payments receivable under non-cancellable operating leases with its tenants were as follows:

	2022	2021
	HK$'000	HK$'000
Within one year	**3,766**	9,886
After one year but within two years	**602**	1,631
After two years but within three years	**611**	561
After three years but within four years	**616**	561
After four years but within five years	**616**	582
After five years	**1,335**	2,502
	7,546	15,723

16. Goodwill

	2022	2021
	HK$'000	HK$'000
At 31 March:		
Cost	**216,962**	216,962
Accumulated impairment	**(15,161)**	(15,161)
Net carrying amount	**201,801**	201,801

Impairment testing of goodwill, passenger service licences and other intangible assets with indefinite useful lives

Goodwill acquired through business combinations, passenger service licences, certain bus route operating rights and trade name are allocated to the following groups of cash-generating units for impairment testing:

- Non-franchised Bus CGUs;
- Limousine CGUs; and
- Franchised Bus and PLB CGUs.

16. Goodwill – Continued

Impairment testing of goodwill, passenger service licences and other intangible assets with indefinite useful lives – continued

The Group has engaged certain independent professionally qualified valuers to assist in the determination of the recoverable amounts of the Non-franchised Bus CGUs, the Limousine CGUs and the Franchised Bus and PLB CGUs. The recoverable amounts of the Non-franchised Bus CGUs, the Limousine CGUs and the Franchised Bus and PLB CGUs have been determined based on a value in use calculation using cash flow projections of financial budgets approved by senior management covering a five-year period. The discount rates applied to the cash flow projections ranged from 10.2% to 10.8% (2021: 10.8% to 11.0%). The growth rate used to extrapolate the cash flows of the Non-franchised Bus CGUs, the Limousine CGUs and the Franchised Bus and PLB CGUs was 2.5% (2021: 3.0%). The rate does not exceed the long term average growth rates for the relevant markets.

As at 31 March 2022, the recoverable amounts and the headroom available of the Non-franchised Bus CGUs were HK$3,869,229,000 and HK$1,297,382,000, respectively. Such recoverable amounts were determined based on the budgeted revenue growth rates ranging from 7.2% to 66.4% (2021: 6.6% to 93.8%) in the cash flow projections, which had taken account of the expected recovery of economic activities after the ease of the covid-19 pandemic.

The carrying amounts of goodwill, passenger service licences, certain bus route operating rights and trade name allocated to each of the cash-generating units are as follows:

	Non-franchised Bus CGUs		Limousine CGUs		Franchised Bus and PLB CGUs		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Carrying amount of goodwill	**182,600**	182,600	**19,201**	19,201	**–**	–	**201,801**	201,801
Carrying amount of passenger service licences	**1,111,989**	1,108,467	**–**	–	**16,900**	16,900	**1,128,889**	1,125,367
Carrying amount of other intangible assets with indefinite useful lives	**231,952**	231,952	**–**	–	**–**	–	**231,952**	231,952

16. Goodwill – Continued

Impairment testing of goodwill, passenger service licences and other intangible assets with indefinite useful lives – continued

Assumptions were used in the value in use calculation of the Non-franchised Bus CGUs, the Limousine CGUs and the Franchised Bus and PLB CGUs for the years ended 31 March 2022 and 31 March 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill, passenger service licences, certain bus route operating rights and trade name:

Budgeted revenue – The basis used to determine the value assigned to the budgeted revenue is the revenue achieved in the year immediately before the budget year, increased for expected economic conditions and market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

General price inflation – The inflation rates used are with reference to current market conditions.

Growth rates – The growth rates used are with reference to the long term average growth rates for the relevant markets.

At the end of each reporting period, the directors of the Company considered a reasonably possible change in the key assumptions mentioned above would not cause the carrying amounts of the cash-generating units to exceed their recoverable amounts.

17. Passenger Service Licences

	2022 **HK$'000**	2021 HK$'000
Cost at 1 April	**1,125,367**	1,125,367
Addition	**3,522**	–
At 31 March	**1,128,889**	1,125,367
At 31 March:		
Cost and carrying amount	**1,128,889**	1,125,367

Passenger service licences are allocated to the Non-franchised Bus CGUs and the Franchised Bus and PLB CGUs. Details of impairment testing are set out in note 16 to the financial statements.

18. Other Intangible Assets

	Bus route operating rights HK$'000	Trade name HK$'000	Customer relationships HK$'000	Total HK$'000
31 March 2022				
Cost at 1 April 2021, net of accumulated amortisation	**271,770**	**57,504**	**2,608**	**331,882**
Amortisation provided during the year	**(15,023)**	**–**	**(614)**	**(15,637)**
Exchange realignment	**80**	**–**	**–**	**80**
At 31 March 2022	**256,827**	**57,504**	**1,994**	**316,325**
At 31 March 2022:				
Cost	**443,948**	**57,504**	**7,097**	**508,549**
Accumulated amortisation	**(187,121)**	**–**	**(5,103)**	**(192,224)**
Net carrying amount	**256,827**	**57,504**	**1,994**	**316,325**
31 March 2021				
Cost at 1 April 2020, net of accumulated amortisation	286,784	57,504	3,222	347,510
Amortisation provided during the year	(15,146)	–	(614)	(15,760)
Exchange realignment	132	–	–	132
At 31 March 2021	271,770	57,504	2,608	331,882
At 31 March 2021:				
Cost	442,892	57,504	7,097	507,493
Accumulated amortisation	(171,122)	–	(4,489)	(175,611)
Net carrying amount	271,770	57,504	2,608	331,882

Certain bus route operating rights and trade name of the Group are regarded as having indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate cash inflow for the Group. Certain bus route operating rights with indefinite useful lives and trade name are allocated to the Non-franchised Bus CGUs. Details of impairment testing are set out in note 16 to the financial statements.

19. Interests in Associates

	2022 HK$'000	2021 HK$'000
Share of net assets	**7,637**	9,959
Due from associates	**15,563**	13,185
Loan to an associate	**24,120**	24,120
	47,320	47,264

The amounts due from associates and a loan to an associate are unsecured, interest-free and repayable on demand.

In the opinion of the directors, the amounts due from associates and a loan to an associate are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in associates. There are no recent history of default and past due amounts for amounts due from associates and a loan to an associate. As at 31 March 2022 and 2021, the loss allowance was assessed to be minimal.

Particulars of the associates are as follows:

Name	Particulars of issued shares held/ paid-up capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group 2022	2021	Principal activities
All China Express Limited	73 ordinary shares	Hong Kong	**42.2**	42.2	Provision of bus and travel-related services
Kowloon Tong Express Services Limited	14 ordinary shares	Hong Kong	**35.9**	35.9	Provision of bus and travel-related services
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	200,000 ordinary shares	Hong Kong	**20.0**	20.0	Provision of bus and travel-related services
G. D., H.K. and Macao System Technology Company Limited	220,000 ordinary shares	Hong Kong	**22.0**	22.0	Provision of transportation services
Huiketong Technology (Zhuhai) Limited	RMB1,540,000	PRC/ Mainland China	**22.0**	22.0	Provision of ticketing services
Starnet Media Group Company Limited ("Starnet")#	5 ordinary shares	Hong Kong	**50.0**	50.0	Provision of advertising services
Howell International Travel Service Limited	Macau Pataca 1,500,000	Macau	**30.0**	30.0	Provision of bus and travel-related services

Pursuant to the shareholders' deed, the Group could appoint 2 representatives, out of 5, to the board of directors of Starnet and all decision making shall be carried by a simple majority vote of the directors. In the opinion of the directors, the Group is in a position to exercise significant influence over the financial and operating policy decisions of Starnet through its participation in the board.

19. Interests in Associates – Continued

Certain associates have a financial year end of 31 December to conform with their holding companies' reporting date. The consolidated financial statements of the Group are adjusted for the material transactions between 1 January and 31 March.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2022 **HK$'000**	2021 HK$'000
Share of the associates' losses and total comprehensive loss for the year	**(2,322)**	(1,926)
Aggregate carrying amount of the Group's interests in the associates	**47,320**	47,264

20. Equity Investments Designated at Fair Value through Other Comprehensive Income

	2022 **HK$'000**	2021 HK$'000
Unlisted equity investments, at fair value		
Hong Kong International Airport Passenger Service (Macao) Co. Ltd.	**608**	608
Hong Kong & Macao International Airport Transportation Service (HK) Co. Limited	**625**	625
	1,233	1,233

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

21. Financial Assets at Fair Value through Profit or Loss

	2022 HK$'000	2021 HK$'000
Unlisted investments, at fair value	**32,495**	31,464

The unlisted investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

As at 31 March 2022, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of HK$26,070,000 (2021: HK$24,655,000) were pledged as security for the Group's banking facilities, as further detailed in note 27(a) to the financial statements.

22. Trade Receivables

	2022 HK$'000	2021 HK$'000
Trade receivables	**173,795**	166,997
Impairment	**(24,803)**	(16,995)
	148,992	150,002

Included in the Group's trade receivables are amounts due from associates of HK$10,346,000 (2021: HK$12,928,000), 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.

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:

	2022 HK$'000	2021 HK$'000
Within 30 days	**64,677**	57,156
31 to 60 days	**53,143**	58,271
61 to 90 days	**9,539**	8,895
Over 90 days	**21,633**	25,680
	148,992	150,002

22. Trade Receivables – Continued

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of year	**16,995**	10,027
Impairment losses, net (note 7)	**7,808**	6,968
At end of year	**24,803**	16,995

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2022

			Past due			
	Credit-impaired receivables	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	100%	2.41%	3.96%	5.26%	52.16%	14.27%
Gross carrying amount (HK$'000)	498	61,802	57,897	15,842	37,756	173,795
Expected credit losses (HK$'000)	498	1,487	2,290	833	19,695	24,803

22. Trade Receivables – Continued

As at 31 March 2021

	Credit-impaired receivables	Current	Past due: Less than 1 month	Past due: 1 to 3 months	Past due: Over 3 months	Total
Expected credit loss rate	100%	0.89%	1.26%	2.90%	37.27%	10.18%
Gross carrying amount (HK$'000)	365	57,668	59,015	9,428	40,521	166,997
Expected credit losses (HK$'000)	365	511	745	273	15,101	16,995

23. Prepayments, Deposits and Other Receivables

	2022 HK$'000	2021 HK$'000
Prepayments	**98,307**	119,747
Rental and other deposits	**89,867**	86,536
Deposits paid for purchases of items of property, plant and equipment	**22,147**	24,080
Deposits paid for purchases of bus route operating rights	**11,733**	11,733
Other receivables	**112,449**	141,761
	334,503	383,857
Impairment	**(51,269)**	(49,182)
	283,234	334,675
Less: Portion classified as non-current assets	**(88,097)**	(143,885)
Portion classified as current assets	**195,137**	190,790

23. Prepayments, Deposits and Other Receivables – Continued

The Group allows an average credit period ranging from 30 to 90 days for its debtors. An ageing analysis of other receivables, as at the end of the reporting period that are not individually nor collectively considered to be impaired, is as follows:

	2022 HK$'000	2021 HK$'000
Neither past due nor impaired	58,823	83,498
Less than 1 month past due	960	3,183
1 to 3 months past due	609	362
Over 3 months past due	788	5,536
	61,180	92,579

The movements in the loss allowance for impairment of financial assets included in prepayments, deposits and other receivables are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of year	49,182	33,927
Impairment losses, net (note 7)	459	13,793
Exchange realignment	1,628	1,462
At end of year	51,269	49,182

An impairment analysis is performed at each reporting date by considering the probability of default of counterparties. The Group also takes into account the forward-looking information to reflect the debtors' probability of default under the current conditions and forecasts of future economic conditions, as appropriate. As at 31 March 2022, the probability of default applied ranged from 0.14% to 100% (2021: 0.15% to 100%) and the loss given default was estimated to be 100% (2021: 100%).

23. Prepayments, Deposits and Other Receivables – Continued

Analysis of the gross carrying amount and movements of impairment allowance of financial assets included in prepayments, deposits and other receivables as at 31 March is as follows:

As at 31 March 2022

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs not credit-impaired Stage 2 HK$'000	Lifetime ECLs credit-impaired Stage 3 HK$'000	Total HK$'000
Gross carrying amount	161,205	–	41,111	202,316
ECL allowance				
At 1 April 2021	9,375	–	39,807	49,182
Loss allowance recognised (note 7)	459	–	–	459
Exchange realignment	324	–	1,304	1,628
At 31 March 2022	10,158	–	41,111	51,269

As at 31 March 2021

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs not credit-impaired Stage 2 HK$'000	Lifetime ECLs credit-impaired Stage 3 HK$'000	Total HK$'000
Gross carrying amount	188,490	–	39,807	228,297
ECL allowance				
At 1 April 2020	6,892	–	27,035	33,927
Transfer from Stage 1 to Stage 3	(3,217)	–	3,217	–
Loss allowance recognised (note 7)	5,454	–	8,339	13,793
Exchange realignment	246	–	1,216	1,462
At 31 March 2021	9,375	–	39,807	49,182

24. Cash and Cash Equivalents and Pledged Time Deposits and Restricted Cash

	2022 HK$'000	2021 HK$'000
Cash and bank balances	**607,579**	480,935
Time deposits and restricted cash	**61,463**	40,967
	669,042	521,902
Less: Pledged time deposits and restricted cash for bank loans and performance guarantees/bonds	**(60,546)**	(40,330)
Cash and cash equivalents	**608,496**	481,572

As at 31 March 2022, the Group had cash of approximately HK$29,598,000 (2021: HK$22,213,000) which was restricted as to use and mainly to be utilised for the purpose of the construction work in respect of the scenic spot in Mainland China.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between ninety days and a year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

25. 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:

	2022 HK$'000	2021 HK$'000
Within 30 days	**33,458**	21,409
31 to 60 days	**7,214**	11,247
61 to 90 days	**1,587**	4,326
Over 90 days	**35,925**	37,667
	78,184	74,649

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

26. Other Payables and Accruals

	Note	2022 HK$'000	2021 HK$'000
Accruals and other payables		**315,422**	261,704
Contract liabilities	(a)	**110,671**	98,798
Deposits received		**14,143**	15,946
Traffic accident compensation payables		**46,720**	68,970
Payables for purchases of items of property, plant and equipment and passenger service licences		**16,417**	14,944
Deferred income in respect of government subsidies received		**15,484**	20,952
Due to non-controlling shareholders		**5,670**	5,124
		524,527	486,438

Note:

(a) Details of contract liabilities are as follows:

	31 March 2022 HK$'000	31 March 2021 HK$'000	1 April 2020 HK$'000
Short-term advances received from customers			
Non-franchised bus and limousine services	**106,460**	93,002	102,839
Franchised bus and PLB services	**91**	238	95
Hotel and tourism services	**2,038**	2,957	3,241
Mainland China bus services	**2,082**	2,601	752
Total contract liabilities	**110,671**	98,798	106,927

Contract liabilities relate to short-term advances received from customers in Hong Kong and Mainland China. The increase in contract liabilities in 2022 was mainly due to increase in short-term advances received from customers in relation to the provision of non-franchised bus and limousine services. The decrease in contract liabilities in 2021 was mainly due to decrease in short-term advances received from customers in relation to the provision of non-franchised bus and limousine services.

The above payables are non-interest-bearing and have an average term of three months.

The amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand.

27. Interest-Bearing Bank Borrowings

	2022			2021		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – secured (note (a))	**2.47%-5.88%**	**2023-2028**	**213,810**	1.33%-6.37%	2022-2028	1,301,723
Bank loans – unsecured	**–**	**2023**	**581**	–	2022	555
			214,391			1,302,278
Non-current						
Bank loans – secured (note (a))	**2.47%-5.88%**	**2024-2028**	**1,719,788**	1.33%-6.37%	2023-2028	608,949
			1,934,179			1,911,227

	2022 HK$'000	2021 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand (note (b))	**214,391**	1,302,278
In the second year	**290,083**	156,732
In the third to fifth years, inclusive	**1,405,988**	415,532
Beyond five years	**23,717**	36,685
	1,934,179	1,911,227

27. Interest-Bearing Bank Borrowings – Continued

Notes:

(a) Further details of secured bank loans of the Group are as follows:

	2022 HK$'000	2021 HK$'000
Hong Kong		
Secured with corporate guarantees	–	1,544,660
Secured with corporate guarantees and pledged assets*	1,792,068	232,447
	1,792,068	1,777,107
Mainland China		
Secured with pledge of assets#	141,530	133,564
	1,933,598	1,910,671

* Certain of the above bank loans and facilities in Hong Kong are secured by:

(i) the pledge of deposit of HK$16,585,000 (2021: HK$4,576,000); and

(ii) the pledge of certain financial assets at fair value through profit or loss of HK$26,070,000 (2021: HK$24,655,000) (note 21).

Certain of the above bank loans and facilities in Mainland China are secured by:

(i) the pledge of time deposits and restricted cash of HK$29,598,000 (2021: HK$22,213,000) (note 24);

(ii) the pledge of certain property, plant and equipment and right-of-use assets with an aggregate net carrying amount of HK$131,536,000 (2021: HK$93,273,000) (note 13); and

(iii) the pledge of certain investment properties of HK$90,845,000 (2021: HK$59,101,000) (note 14).

(b) The bank loans of the Group which contain a repayment on demand clause are as follows:

	2022 HK$'000	2021 HK$'000
Repayable on demand	581	1,037,985

Ignoring the effect of any repayment on demand clause and based on the maturity terms of the loans, the loans are repayable:

	2022 HK$'000	2021 HK$'000
Within one year	581	412,297
In the second year	–	235,946
In the third to fifth years, inclusive	–	389,742
	581	1,037,985

(c) As at the end of each reporting period, except for bank loans of HK$142,111,000 (2021: HK$134,120,000), which were denominated in RMB and bank loans of Nil (2021: HK$5,000,000) which were denominated in United States dollars, all bank borrowings were denominated in Hong Kong dollars.

(d) In respect of certain bank borrowing of Nil (2021: HK$1,397,396,000) as at 31 March 2022 provided to certain subsidiaries of the Group by several banks (the "Banks"), the Group had not maintained certain financial covenants as specified in the corresponding bank facility letters during the years ended 31 March 2022 and 2021. The Group received from the Banks one-off waivers in writing on such financial covenants prior to the end of the reporting periods and the Banks did not demand for immediate payment of the outstanding balances.

(e) As at 31 March 2022, the Group held bank guarantees in lieu of performance guarantees/bonds amounting to HK$12,900,000 (2021: HK$18,222,000). Such bank guarantees are secured by pledged deposits of HK$14,363,000 (2021: HK$13,541,000).

28. Other Long-Term Liabilities

	2022 HK$'000	2021 HK$'000
Deferred income	**56,681**	62,355
Other liabilities	**233**	177
	56,914	62,532

Deferred income represents subsidies received from government authorities in respect of the replacement of environmentally friendly commercial vehicles and is recognised in the consolidated statement of profit or loss on the straight-line basis over the expected useful lives of the relevant assets.

29. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

	Note	Depreciation allowance in excess of related depreciation HK$'000	Depreciation in excess of related depreciation allowance HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Revaluation of properties HK$'000	Losses available for offsetting against future taxable profits HK$'000	Impairment of financial assets at amortised cost HK$'000	Others HK$'000	Total HK$'000
Gross deferred tax liabilities/(assets) at 1 April 2020		179,647	(220)	73,304	65,183	(16,682)	(2,792)	(5,806)	292,634
Deferred tax charged/(credited) to the statement of profit or loss during the year	10	(1,536)	114	(2,199)	(1,735)	(35,982)	(771)	153	(41,956)
Exchange differences		–	–	–	118	–	–	–	118
Gross deferred tax liabilities/(assets) at 31 March 2021 and at 1 April 2021		**178,111**	**(106)**	**71,105**	**63,566**	**(52,664)**	**(3,563)**	**(5,653)**	**250,796**
Deferred tax charged to the statement of other comprehensive income during the year		**-**	**-**	**-**	**8,377**	**-**	**-**	**-**	**8,377**
Deferred tax charged/(credited) to the statement of profit or loss during the year	10	**(22,929)**	**(667)**	**(1,105)**	**(1,121)**	**1,188**	**(1,372)**	**115**	**(25,891)**
Exchange differences		**-**	**-**	**-**	**(13)**	**-**	**-**	**-**	**(13)**
Gross deferred tax liabilities/(assets) at 31 March 2022		**155,182**	**(773)**	**70,000**	**70,809**	**(51,476)**	**(4,935)**	**(5,538)**	**233,269**

29. Deferred Tax – Continued

For presentation purposes, certain deferred tax assets and liabilities of the Group that relate to the same taxable entity and the same taxation authority have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2022 **HK$'000**	2021 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**9,269**	4,136
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(242,538)**	(254,932)
	(233,269)	(250,796)

The Group has unrecognised tax losses arising in Hong Kong of HK$212,858,000 (2021: HK$65,034,000), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets in respect of these tax losses have not been recognised on account of the unpredictability of future profit streams.

The Group also has unrecognised tax losses arising in Mainland China of HK$11,259,000 (2021: HK$5,960,000) that are available for offsetting against future taxable profits of the companies in which the losses arose for a maximum of five years. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries in Mainland China in respect of earnings generated from 1 January 2008.

At 31 March 2022, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$78,158,000 at 31 March 2022 (2021: HK$63,014,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. Share Capital

Shares	2022 HK$'000	2021 HK$'000
Authorised:		
600,000,000 ordinary shares of HK$0.10 each	**60,000**	60,000
Issued and fully paid:		
476,776,842 ordinary shares of HK$0.10 each	**47,678**	47,678

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 31 to the financial statements.

31. Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any non-controlling shareholders of the Company's subsidiaries. The Scheme became effective on 23 August 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the issued share capital of the Company at the time of adoption of the Scheme. The maximum number of shares issuable under share options to each eligible participant under the Scheme within any 12-month period is limited to 1% of the issued share capital of the Company in that period. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the issued share capital of the Company or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer. A consideration of HK$1 is payable on acceptance of the offer of the grant of an option. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period, if any, and ends on a date which is not later than 10 years from the date of offer of the grant of share options.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares on The Stock Exchange of Hong Kong Limited on the date of offer of the grant, which must be a trading day; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of offer of the grant; and (iii) the nominal value of the Company's shares.

31. Share Option Scheme – Continued

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

	2022 Weighted average exercise price HK$ per share	**2022** Number of options '000	2021 Weighted average exercise price HK$ per share	2021 Number of options '000
At beginning and at end of year	**4.3**	**13,500**	4.3	13,500

There were no share options exercised under the Scheme during the year (2021: Nil).

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

	Number of options '000	Exercise price* HK$ per share	Exercise period
2022	**13,500**	**4.3**	**23 April 2019 to 22 April 2029**
2021	13,500	4.3	23 April 2019 to 22 April 2029

* 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.

No share option expense was recognised during the years ended 31 March 2022 and 31 March 2021.

At the end of the reporting period, the Company had 13,500,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 13,500,000 additional ordinary shares of the Company and additional share capital of HK$1,350,000 and share premium of HK$56,700,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 13,500,000 share options outstanding under the Scheme, which represented approximately 2.8% of the Company's shares in issue as at that date.

32. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 46 to 47 of the financial statements.

Contributed surplus

The Group's contributed surplus represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in August 1996, over the nominal value of the Company's shares issued in exchange therefor.

Reserve fund

In accordance with the applicable regulations in Mainland China and the joint venture agreements, the subsidiaries in Mainland China are required to transfer part of their net profit after tax to the enterprise expansion fund and the reserve fund, which are non-distributable, before sharing of profit to the joint venture partners. The amounts of the transfer are subject to the approval of the boards of directors of these subsidiaries in accordance with the respective joint venture agreements.

Pursuant to the provisions of the Macao Commercial Code, subsidiaries of the Group established in Macau are required to transfer a minimum of 25% of the annual profit after tax to a legal reserve until the reserve equals half of the share capital. Such a transfer has to be approved by the shareholders of the subsidiaries. This reserve is not distributable to shareholders of the subsidiaries.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

33. Partly-Owned Subsidiary with Material Non-Controlling Interests

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2022	2021
Percentage of equity interest held by non-controlling interests:		
Bipenggou Tourism and its subsidiary	32.2%	32.2%

	2022 HK$'000	2021 HK$'000
Profit for the year allocated to non-controlling interests:		
Bipenggou Tourism and its subsidiary	6,899	6,027
Accumulated balances of non-controlling interests at the reporting date:		
Bipenggou Tourism and its subsidiary	84,088	73,602

The following table illustrates the summarised financial information of Bipenggou Tourism and its subsidiary. The amounts disclosed are before any inter-company eliminations:

	2022 HK$'000	2021 HK$'000
Revenue	165,304	143,618
Total expenses	(143,877)	(124,894)
Profit for the year	21,427	18,724
Other comprehensive income for the year	11,237	18,231
Total comprehensive income for the year	32,664	36,955
Current assets	49,394	36,459
Non-current assets	459,976	443,318
Current liabilities	(144,327)	(143,974)
Non-current liabilities	(103,939)	(106,038)
Net cash flows from operating activities	47,141	90,450
Net cash flows used in investing activities	(50,947)	(54,621)
Net cash flows from/(used in) financing activities	5,915	(47,006)
Net increase/(decrease) in cash and cash equivalents	2,109	(11,177)

34. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

During the year, the Group had the following major non-cash transactions:

(i) The Group had non-cash additions to right-of-use assets and lease liabilities of HK$41,386,000 (2021: HK$35,092,000) and HK$41,386,000 (2021: HK$35,092,000), respectively, in respect of lease arrangements for leased properties and motor buses and vehicles.

(ii) In the prior year, an amount of RMB5,807,000 (equivalent to HK$6,683,000) payable to a Non-controlling Shareholder of a 67.8%-owned subsidiary was offset against the loan made to the Non-controlling Shareholder.

(b) Changes in liabilities arising from financing activities:

2022

	Interest-bearing bank borrowings HK$'000	**Lease liabilities HK$'000**
At 1 April 2021	**1,911,227**	**35,440**
Changes from operating cash flows	**–**	**(973)**
Changes from financing cash flows	**13,778**	**(23,175)**
Non-cash changes		
Amortisation of debt establishment costs	**2,867**	**–**
New leases	**–**	**41,386**
Interest expenses	**–**	**973**
Covid-19-related rent concessions from lessors	**–**	**(3,476)**
Termination of leases	**–**	**(87)**
Foreign exchange movement	**6,307**	**–**
At 31 March 2022	**1,934,179**	**50,088**

2021

	Interest-bearing bank borrowings HK$'000	Lease liabilities HK$'000
At 1 April 2020	1,937,436	54,536
Changes from operating cash flows	–	(1,068)
Changes from financing cash flows	(36,189)	(27,308)
Non-cash changes		
New leases	–	35,092
Interest expenses	–	1,068
Covid-19-related rent concessions from lessors	–	(7,078)
Termination of leases	–	(20,522)
Remeasurement on lease modifications	–	720
Foreign exchange movement	9,980	–
At 31 March 2021	1,911,227	35,440

34. Notes to the Consolidated Statement of Cash Flows – Continued

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022 HK$'000	2021 HK$'000
Within operating activities	**12,840**	23,969
Within financing activities	**23,175**	27,308
	36,015	51,277

35. Contingent Liabilities

Save as detailed elsewhere in these financial statements, the Group had no significant contingent liabilities (2021: Nil) at the end of the reporting period.

36. Commitments

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

	2022 HK$'000	2021 HK$'000
Contracted, but not provided for:		
Acquisitions of motor buses and vehicles	**353,956**	119,704
Purchases of items of property, plant and equipment	**471**	622
Capital contribution to a contractual arrangement	**24,986**	24,035
Construction of bus terminal structures and senic area establishments	**11,777**	1,148
	391,190	145,509

(b) Operating lease commitments

At the end of the reporting period, the Group had total future minimum lease payments for bus route operating rights under non-cancellable operating leases falling due as follows:

	2022 HK$'000	2021 HK$'000
Bus route operating rights		
Within one year	**19,549**	67,190
In the second to fifth years, inclusive	**32,657**	48,757
After five years	**12,074**	14,492
	64,280	130,439

37. Pledge of Assets

Details of the Group's assets pledged for Group's bank borrowings are included in note 27 to the financial statements.

38. Related Party Transactions

(a) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	**2022 HK$'000**	2021 HK$'000
Coach rental income, advertising income and administrative service income from associates	(i)	**2,043**	3,949
Coach rental expense paid to a related party	(ii)	**9,991**	10,458

Notes:

(i) The coach rental income was received according to the prices and conditions similar to those offered by the Group to its customers. The advertising income and administrative service income were received based on mutually agreed terms and conditions.

(ii) The coach rental expense was paid to Basic Fame Company Limited, a company beneficially owned by Mr. Wong Leung Pak, Matthew, BBS, an executive director and the chairman of the Company. The rental expense was charged based on mutually agreed terms and conditions.

(b) Compensation of key management personnel of the Group:

	2022 HK$'000	2021 HK$'000
Short term employee benefits	**13,258**	12,752
Post-employment benefits	**560**	761
	13,818	13,513

Further details of directors' emoluments are included in note 8 to the financial statements.

The related party transaction mentioned in note(a)(ii) above constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules.

39. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2022

Financial assets

	Financial assets at fair value through profit or loss – mandatorily designated as such HK$'000	Financial assets at fair value through other comprehensive income – equity investments HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Equity investments designated at fair value through other comprehensive income	–	1,233	–	1,233
Financial assets at fair value through profit or loss	32,495	–	–	32,495
Due from associates	–	–	15,563	15,563
Loan to an associate	–	–	24,120	24,120
Trade receivables	–	–	148,992	148,992
Financial assets included in prepayments, deposits and other receivables	–	–	151,047	151,047
Pledged time deposits and restricted cash	–	–	60,546	60,546
Cash and cash equivalents	–	–	608,496	608,496
	32,495	1,233	1,008,764	1,042,492

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	78,184
Financial liabilities included in other payables and accruals	186,186
Interest-bearing bank borrowings	1,934,179
Financial liabilities included in other long-term liabilities	233
Lease liabilities	50,088
	2,248,870

39. Financial Instruments by Category – Continued

2021

Financial assets

	Financial assets at fair value through profit or loss – mandatorily designated as such HK$'000	Financial assets at fair value through other comprehensive income – equity investments HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Equity investments designated at fair value through other comprehensive income	–	1,233	–	1,233
Financial assets at fair value through profit or loss	31,464	–	–	31,464
Due from associates	–	–	13,185	13,185
Loan to an associate	–	–	24,120	24,120
Trade receivables	–	–	150,002	150,002
Financial assets included in prepayments, deposits and other receivables	–	–	179,115	179,115
Pledged time deposits and restricted cash	–	–	40,330	40,330
Cash and cash equivalents	–	–	481,572	481,572
	31,464	1,233	888,324	921,021

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	74,649
Financial liabilities included in other payables and accruals	220,518
Interest-bearing bank borrowings	1,911,227
Financial liabilities included in other long-term liabilities	177
Lease liabilities	35,440
	2,242,011

40. Fair Value and Fair Value Hierarchy of Financial Instruments

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits and restricted cash, trade receivables, trade payables, a loan receivable, the current portions of financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings 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, a loan receivable, amounts due from associates, a loan to an associate, interest-bearing bank borrowings 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 changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 March 2022 were 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 based on the surrender values, which are calculated and quoted by the issuer. The directors believe that the estimated fair values resulting therefrom, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in the consolidated statement of profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair value of unlisted equity investments included in equity investments designated at fair value through other comprehensive income have been estimated using adjusted net asset method and are classified under Level 3 of the fair value hierarchy as the valuation involved significant unobservable inputs. The valuation requires the directors to make estimates about the fair value of the assets and liabilities of the underlying entity. An increase in net assets of the underlying entity will increase the fair value of the unlisted equity investments.

40. 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 31 March 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Equity investments designated at fair value through other comprehensive income	**–**	**–**	**1,233**	**1,233**
Financial assets at fair value through profit or loss	**–**	**32,495**	**–**	**32,495**
	–	**32,495**	**1,233**	**33,728**
As at 31 March 2021				
Equity investments designated at fair value through other comprehensive income	–	–	1,233	1,233
Financial assets at fair value through profit or loss	–	31,464	–	31,464
	–	31,464	1,233	32,697

During the year, 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 (2021: Nil).

There were no movements in fair value measurements within Level 3 during the years ended 31 March 2022 and 2021.

Liabilities measured at fair value:

There were no financial liabilities measured at fair value as at 31 March 2022 and 2021.

41. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The Group's policy is to obtain the most favourable interest rates available for its borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, assuming that the amounts of borrowings outstanding at the end of the reporting period were outstanding for the whole year with all other variables held constant, of the Group's loss before tax through the impact on floating-rate borrowings.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in loss before tax HK$'000**
31 March 2022		
Hong Kong dollar	**50**	**8,960**
Renminbi	**50**	**711**
Hong Kong dollar	**(50)**	**(8,960)**
Renminbi	**(50)**	**(711)**

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax HK$'000
31 March 2021		
Hong Kong dollar	50	8,858
Renminbi	50	671
Hong Kong dollar	(50)	(8,858)
Renminbi	(50)	(671)

41. Financial Risk Management Objectives and Policies – Continued

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in RMB amounted to HK$93,260,000 (2021: HK$81,804,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business under certain circumstances. In accordance with the foreign exchange regulations applicable in Mainland China, the cash and bank balances held by subsidiaries in Mainland China are not freely remittable to Hong Kong.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in RMB rate	**Increase/ (decrease) in loss before tax HK$'000**
2022		
If Hong Kong dollar weakens against RMB	**5%**	**(3,164)**
If Hong Kong dollar strengthens against RMB	**5%**	**3,164**

	Change in RMB rate	Increase/ (decrease) in loss before tax HK$'000
2021		
If Hong Kong dollar weakens against RMB	5%	(2,751)
If Hong Kong dollar strengthens against RMB	5%	2,751

Credit risk

The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

At the end of the reporting period, the Group had certain concentrations of credit risk as 12% (2021: 8%) and 29% (2021: 25%) of the Group's trade receivables were due from the Group's largest debtor and five largest debtors, respectively.

Further quantitative data in respect of the Group's exposure to credit risk from trade receivables are disclosed in note 22 to the financial statements.

41. Financial Risk Management Objectives and Policies – Continued

Credit risk – continued

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts for financial assets.

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Simplified approach HK$'000**	**Total HK$'000**
Due from associates	**15,563**	**–**	**–**	**–**	**15,563**
Loan to an associate	**24,120**	**–**	**–**	**–**	**24,120**
Trade receivables*	**–**	**–**	**–**	**173,795**	**173,795**
Financial assets included in prepayments, deposits and other receivables					
Normal**	**161,205**	**–**	**–**	**–**	**161,205**
Doubtful**	**–**	**–**	**41,111**	**–**	**41,111**
Pledged time deposits and restricted cash – Not yet past due	**60,546**	**–**	**–**	**–**	**60,546**
Cash and cash equivalents – Not yet past due	**608,496**	**–**	**–**	**–**	**608,496**
	869,930	**–**	**41,111**	**173,795**	**1,084,836**

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Due from associates	13,185	–	–	–	13,185
Loan to an associate	24,120	–	–	–	24,120
Trade receivables*	–	–	–	166,997	166,997
Financial assets included in prepayments, deposits and other receivables					
Normal**	188,490	–	–	–	188,490
Doubtful**	–	–	39,807	–	39,807
Pledged time deposits and restricted cash – Not yet past due	40,330	–	–	–	40,330
Cash and cash equivalents – Not yet past due	481,572	–	–	–	481,572
	747,697	–	39,807	166,997	954,501

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

41. Financial Risk Management Objectives and Policies – Continued

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

For the management of the Group's liquidity risk, the Group monitors and maintains a sufficient level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. Management reviews and monitors its working capital requirements regularly.

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group closely monitors its liquidity and financial resources to ensure that a healthy financial position is maintained such that cash inflows from operating activities together with undrawn committed banking facilities are sufficient to meet the requirements for loan repayments, daily operational needs, capital expenditure, as well as potential business expansion and development. Management reviews the Group's compliance with lending covenants regularly. Major operating companies of the Group arrange for their own financing to meet specific requirements. The Group's other subsidiaries are mainly financed by the Group's capital base. The Group reviews its strategy from time to time to ensure that cost-efficient funding is available to cater for the unique operating environment of each subsidiary.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand/ less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2022				
Trade payables	78,184	–	–	78,184
Financial liabilities included in other payables and accruals	186,186	–	–	186,186
Interest-bearing bank borrowings (note)	504,474	1,405,989	23,716	1,934,179
Lease liabilities	19,734	32,290	–	52,024
Financial liabilities included in other long-term liabilities	–	233	–	233
	788,578	1,438,512	23,716	2,250,806

41. Financial Risk Management Objectives and Policies – Continued

Liquidity risk – continued

	On demand/ less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2021				
Trade payables	74,649	–	–	74,649
Financial liabilities included in other payables and accruals	220,694	–	–	220,694
Interest-bearing bank borrowings (note)	1,305,162	610,077	51,885	1,967,124
Lease liabilities	20,838	15,729	–	36,567
Financial liabilities included in other long-term liabilities	–	176	–	176
	1,621,343	625,982	51,885	2,299,210

Note:

Included in the above interest-bearing bank borrowings as at 31 March 2022 are term loans with an aggregate carrying amount of HK$581,000 (2021: HK$1,037,985,000) which contain a repayment on demand clause in the loan agreements giving the banks the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the amount is classified as "on demand".

Notwithstanding the repayment on demand clause and the non-compliance with certain financial covenants of certain bank borrowings as disclosed in note 27 to the financial statements, the directors do not believe that the loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the loan agreements, the maturity profile of those loans as at the end of the reporting period, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause, is as follows:

	Less than 1 year HK$'000	**1 to 5 years** HK$'000	**Over 5 years** HK$'000	**Total** HK$'000
As at 31 March 2022	**270,374**	**1,772,137**	**31,961**	**2,074,472**
As at 31 March 2021	684,627	1,262,356	51,885	1,998,868

41. Financial Risk Management Objectives and Policies – Continued

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is required to comply with certain externally imposed financial covenants set out in certain of its banking facilities. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

The Group monitors its capital using a gearing ratio, which is interest-bearing debts divided by total equity. The Group's policy is to maintain the gearing ratio below 90%. Interest-bearing debts include interest-bearing bank borrowings. Total equity includes equity attributable to owners of the parent and non-controlling interests. At the end of the reporting period, the gearing ratio was 88.4% (2021: 84.4%), being the gross amount of the outstanding interest-bearing bank borrowings of HK$1,934,179,000 (2021: HK$1,911,227,000) over the total equity of HK$2,187,172,000 (2021: HK$2,263,494,000).

In addition to the gearing ratio, the Group also monitors its capital with reference to adjusted current assets/liabilities position of the Group, which is net current assets/liabilities adjusted for certain current liabilities with cash outflows expected to be made after one year or without any expected future cash outflows. As at 31 March 2022, the net current assets of the Group of approximately HK$179,008,000. As at 31 March 2021, the net current liabilities of HK$1,012,943,000 were largely attributable to (i) portions of bank borrowings due for repayment after one year being classified as current liabilities due to repayment on demand clauses included in bank facility letters; (ii) certain deferred revenue arising from the ordinary course of business of which recognition of revenue was pending for completion of service obligation; and (iii) certain financial obligations with settlement expected to be made after the next 12 months. The directors monitor the cash flow projections of the Group on a regular basis, taking into account the performance of the Group and financial obligations in the foreseeable future. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to settle its financial obligations as and when they fall due.

42. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**751,060**	751,208
CURRENT ASSETS		
Prepayments	**234**	228
Due from a subsidiary	**51,000**	51,000
Cash and cash equivalents	**538**	541
Total current assets	**51,772**	51,769
CURRENT LIABILITIES		
Other payables and accruals	**350**	372
NET CURRENT ASSETS	**51,422**	51,397
Net assets	**802,482**	802,605
EQUITY		
Issued capital	**47,678**	47,678
Reserves (note)	**754,804**	754,927
Total equity	**802,482**	802,605

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 31 March 2020 and 1 April 2020	676,246	70,770	6,511	1,553	755,080
Loss and total comprehensive loss for the year	–	–	–	(153)	(153)
At 31 March 2021	676,246	70,770	6,511	1,400	754,927
At 31 March 2021 and 1 April 2021	**676,246**	**70,770**	**6,511**	**1,400**	**754,927**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(123)**	**(123)**
At 31 March 2022	**676,246**	**70,770**	**6,511**	**1,277**	**754,804**

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in August 1996 over the nominal value of the Company's shares issued in exchange therefor.

Under the Bermuda Companies Act 1981 (as amended), the contributed surplus of the Company is distributable to shareholders under certain circumstances.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

43. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 28 June 2022.

PARTICULARS OF PROPERTIES

Investment Properties

Location	Use	Tenure	Attributable interest of the Group
Lot 286, 287, 289, DD316, Pui O, Lo Wai, Lantau Island, Hong Kong	Agricultural	Medium term lease	100%
Lot 356, 363, 364, DD316, Pui O, Lo Wai, Lantau Island, Kong Kong	Agricultural	Medium term lease	100%
The Remaining Portion of Sections A and B of Lot No. 879 and the Remaining Portion of Section C of Lot No. 880 in Demarcation District 92, North District, New Territories, Hong Kong	Agricultural	Medium term lease	100%
G/F, 171 Tai Ping Street, Tai O, Lantau Island, Hong Kong	Commercial	Medium term lease	100%
G/F, No. 370A Portland Street, Kowloon, Hong Kong	Commercial	Medium term lease	100%
Levels 2-4, Levels 6-9, Levels 17-20, No.84 Xiaolongkan New Street, Shapingba District, Chongqing City, the PRC	Commercial	Medium term lease	100%
Shop D on Ground Floor Silver Centre Building No. 10 Mui Wo Ferry Pier Road, Lantau Island, Hong Kong	Commercial	Medium term lease	100%
G/F, 1/F, 2/F & Roof, 5 Tai Tei Tong, Mui Wo Lantau Island, Hong Kong	Residential	Medium term lease	100%