



KWOON CHUNG BUS HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)

(Stock Code: 306)



**INTERIM
REPORT**

2022/2023



The board (the “Board”) of directors (the “Directors”) of Kwoon Chung Bus Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2022 together with the comparative figures of the corresponding period in 2021. The interim condensed consolidated financial information has not been audited, but has been reviewed by the Company’s audit committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended	
		30 September	
	<i>Notes</i>	2022	2021
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	4	613,155	535,012
Cost of services rendered		(612,836)	(527,680)
Gross profit		319	7,332
Other income and gains, net		125,084	41,831
Administrative expenses		(119,044)	(119,387)
Other expenses, net		(7,942)	(4,276)
Finance costs		(38,218)	(23,652)
Share of profits and losses of associates		(693)	310
LOSS BEFORE TAX	5	(40,494)	(97,842)
Income tax expense	6	(13,413)	(1,553)
LOSS FOR THE PERIOD		(53,907)	(99,395)
Attributable to:			
Owners of the parent		(42,681)	(95,612)
Non-controlling interests		(11,226)	(3,783)
		(53,907)	(99,395)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		HK(8.95) cents	HK(20.05) cents
Diluted		HK(8.95) cents	HK(20.05) cents



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(53,907)	(99,395)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(66,558)	6,639
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(120,465)	(92,756)
Attributable to:		
Owners of the parent	(100,939)	(90,718)
Non-controlling interests	(19,526)	(2,038)
	(120,465)	(92,756)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,504,562	1,640,781
Investment properties		321,083	349,627
Right-of-use assets		233,879	242,562
Goodwill		201,801	201,801
Passenger service licences		1,128,889	1,128,889
Other intangible assets		309,091	316,325
Interests in associates		47,032	47,320
Equity investments designated at fair value through other comprehensive income		1,233	1,233
Financial assets at fair value through profit or loss		32,968	32,495
Prepayments, deposits and other receivables		77,320	88,097
Deferred tax assets		9,050	9,269
Total non-current assets		3,866,908	4,058,399
CURRENT ASSETS			
Inventories		35,249	35,184
Trade receivables	10	186,345	148,992
Prepayments, deposits and other receivables		201,813	195,137
Tax recoverable		1,229	6,041
Pledged time deposits and restricted cash		61,359	60,546
Cash and cash equivalents		582,691	608,496
Total current assets		1,068,686	1,054,396



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade payables	11	90,382	78,184
Other payables and accruals		527,512	524,527
Interest-bearing bank borrowings		256,925	214,391
Lease liabilities		22,445	19,093
Tax payable		52,953	39,193
Total current liabilities		950,217	875,388
NET CURRENT ASSETS		118,469	179,008
TOTAL ASSETS LESS CURRENT LIABILITIES		3,985,377	4,237,407
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		1,594,795	1,719,788
Lease liabilities		31,796	30,995
Other long-term liabilities		53,116	56,914
Deferred tax liabilities		238,963	242,538
Total non-current liabilities		1,918,670	2,050,235
Net assets		2,066,707	2,187,172
EQUITY			
Equity attributable to owners of the parent			
Issued capital		47,678	47,678
Reserves		1,949,444	2,050,383
		1,997,122	2,098,061
Non-controlling interests		69,585	89,111
Total equity		2,066,707	2,187,172



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022 (Unaudited)

	Attributable to owners of the parent											Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Asset revaluation reserve HK\$'000	Reserve fund HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
At 1 April 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	
Loss for the period	-	-	-	-	-	-	-	-	(42,681)	(42,681)	(11,226)	(53,907)	
Other comprehensive loss for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(58,258)	-	(58,258)	(8,300)	(66,558)	
Total comprehensive loss for the period	-	-	-	-	-	-	-	(58,258)	(42,681)	(100,939)	(19,526)	(120,465)	
Transfer of depreciation on buildings	-	-	-	-	-	(2,174)	-	-	2,174	-	-	-	
At 30 September 2022 (unaudited)	47,678	676,246*	10,648*	(1,855)*	6,511*	253,305*	8,558*	(10,149)*	1,006,180*	1,997,122	69,585	2,066,707	

For the six months ended 30 September 2021 (Unaudited)

	Attributable to owners of the parent											Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Asset revaluation reserve HK\$'000	Reserve fund HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000			
At 1 April 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 period	-	-	-	-	-	-	-	-	(95,612)	(95,612)	(3,783)	(99,395)	
Other comprehensive income for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	4,894	-	4,894	1,745	6,639	
Total comprehensive loss for the period	-	-	-	-	-	-	-	4,894	(95,612)	(90,718)	(2,038)	(92,756)	
Transfer of depreciation on buildings	-	-	-	-	-	(2,907)	-	-	2,907	-	-	-	
At 30 September 2021 (unaudited)	47,678	676,246	10,648	(1,855)	6,511	237,002	5,316	16,525	1,092,811	2,090,882	79,856	2,170,738	

* These reserve accounts comprise the consolidated reserves of HK\$1,949,444,000 (31 March 2022: HK\$2,050,383,000) in the interim condensed consolidated statement of financial position as at 30 September 2022.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net cash flows from operating activities	103,032	71,905
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(51,190)	(28,550)
Increase in deposits paid for purchases of items of property, plant and equipment	(2,238)	(2,971)
Proceeds from disposal of items of property, plant and equipment	9,497	9,901
Decrease/(increase) in pledged time deposits and restricted cash	(813)	5,176
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired	(100,587)	386
Net cash flows used in investing activities	(145,331)	(16,058)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings, net of debt establishment costs	15,450	1,808,732
Repayment of bank borrowings	(84,691)	(1,781,911)
Principal portion of lease payments	(12,644)	(6,654)
Net cash flows from/(used in) financing activities	(81,885)	20,167
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(124,184)	76,014
Cash and cash equivalents at beginning of period	607,579	480,935
Effect of foreign exchange rate changes, net	(2,208)	522
CASH AND CASH EQUIVALENTS AT END OF PERIOD	481,187	557,471
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	414,789	557,471
Non-pledged time deposits with original maturity of less than three months when acquired	66,398	–
Non-pledged time deposits with original maturity of more than three months when acquired	101,504	251
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	582,691	557,722
Non-pledged time deposits with original maturity of more than three months when acquired	(101,504)	(251)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	481,187	557,471



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE 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 period, 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.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2022.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3
Amendments to HKAS 16
Amendments to HKAS 37
*Annual Improvements to
HKFRSs 2018-2020*

*Reference to the Conceptual Framework
Property, Plant and Equipment: Proceeds before Intended Use
Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, Illustrative Examples
accompanying HKFRS 16, and HKAS 41*



2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

- (a) Amendments to HKFRS 3 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 has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) 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 Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 April 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) 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 Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.



2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (d) *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 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. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 April 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - 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.

3. 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 non-lease-related finance costs are excluded from such measurement.

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

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 September 2022 (Unaudited)

	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	486,849	17,537	61,317	47,226	226	-	613,155
Intersegment sales	15,992	9,233	2	-	13	(25,240)	-
Other revenue	86,965	15,568	17,424	4,910	217	-	125,084
Total	589,806	42,338	78,743	52,136	456	(25,240)	738,239
Segment results	49,251	(19,248)	(3,015)	(28,222)	(1,700)	-	(2,934)
Reconciliation:							
Finance costs (other than interest on lease liabilities)							(37,560)
Loss before tax							(40,494)

Six months ended 30 September 2021 (Unaudited)

	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	385,615	19,769	65,464	63,739	425	-	535,012
Intersegment sales	14,069	6,214	7	-	10	(20,300)	-
Other revenue	34,100	1,937	860	4,259	675	-	41,831
Total	433,784	27,920	66,331	67,998	1,110	(20,300)	576,843
Segment results	(23,660)	(32,467)	(9,170)	(9,184)	(319)	-	(74,800)
Reconciliation:							
Finance costs (other than interest on lease liabilities)							(23,042)
Loss before tax							(97,842)



4. REVENUE

An analysis of revenue is as follows:

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Revenue from contracts with customers</i>	608,886	529,331
<i>Revenue from other sources</i>		
Gross rental income from certain investment property operating leases:		
Lease payment, including fixed payments	4,269	5,681
	613,155	535,012

Disaggregated revenue information

For the six months ended 30 September 2022 (Unaudited)

Segments	Non-franchised		Franchised bus and PLB	Mainland China business	Others	Total
	bus	Limousine				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Type of services						
Provision of transportation services	486,849	17,537	61,317	6,638	-	572,341
Provision of hotel and tourism services	-	-	-	36,319	-	36,319
Provision of other services	-	-	-	-	226	226
Total revenue from contracts with customers	486,849	17,537	61,317	42,957	226	608,886
Timing of revenue recognition						
Services transferred over time	486,849	17,537	61,317	42,957	226	608,886

4. REVENUE (CONTINUED)

Disaggregated revenue information (Continued)

For the six months ended 30 September 2021 (Unaudited)

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
Type of services						
Provision of transportation services	385,615	19,769	65,464	7,744	-	478,592
Provision of hotel and tourism services	-	-	-	50,314	-	50,314
Provision of other services	-	-	-	-	425	425
Total revenue from contracts with customers	385,615	19,769	65,464	58,058	425	529,331
Timing of revenue recognition						
Services transferred over time	385,615	19,769	65,464	58,058	425	529,331

5. LOSS BEFORE TAX

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

	Six months ended 30 September 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	120,566	125,756
Depreciation of right-of-use assets	13,791	17,336
Amortisation of other intangible assets	7,067	7,713
Government subsidies	(107,190)	(20,263)
Fair value gain on financial assets at fair value through profit or loss	(473)	(466)
Gain on disposal of a subsidiary	-	(50)
Impairment/(reversal of impairment) of trade receivables, net	3,947	(2,530)
Loss on disposal of items of property, plant and equipment, net	103	805
Write-off of items of property, plant and equipment	-	2,657



6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, 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.

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current:		
Hong Kong		
Charge for the period	23,232	15,446
Mainland China		
Overprovision in prior periods	(6,391)	–
Deferred	(3,428)	(13,893)
Total tax charge for the period	13,413	1,553

7. DIVIDEND

The board of directors does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

8. 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 period attributable to ordinary equity holders of the parent of HK\$42,681,000 (six months ended 30 September 2021: HK\$95,612,000) and the weighted average number of ordinary shares of 476,776,842 (six months ended 30 September 2021: 476,776,842) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2022 and 2021 in respect of a dilution as the impact of the share options outstanding had no dilutive effect on the basic loss per share amounts presented.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired property, plant and equipment with an aggregate cost of HK\$57,176,000 (six months ended 30 September 2021: HK\$33,963,000).

10. TRADE RECEIVABLES

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Trade receivables	215,095	173,795
Impairment	(28,750)	(24,803)
	186,345	148,992

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.

Included in the Group's trade receivables are amounts due from associates of HK\$10,579,000 (31 March 2022: HK\$10,346,000), which are repayable within 90 days.

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

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Within 30 days	138,401	64,677
31 to 60 days	18,079	53,143
61 to 90 days	4,068	9,539
Over 90 days	25,797	21,633
	186,345	148,992



11. TRADE PAYABLES

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Within 30 days	33,797	33,458
31 to 60 days	9,510	7,214
61 to 90 days	1,330	1,587
Over 90 days	45,745	35,925
	90,382	78,184

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

12. CONTINGENT LIABILITIES

Save as detailed elsewhere in this financial information, the Group had no significant contingent liabilities as at the end of the reporting period (31 March 2022: Nil).

13. COMMITMENTS

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

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Contracted, but not provided for:		
Acquisitions of motor buses and vehicles	339,325	353,956
Purchases of items of property, plant and equipment	420	471
Capital contribution to contractual arrangements	22,856	24,986
Construction of bus terminal structures and scenic area establishments	6,089	11,777
	368,690	391,190

14. PLEDGE OF ASSETS

As at 30 September 2022, certain of the Group's bank loans and bank guarantees are secured by:

- (i) the pledge of certain property, plant and equipment and right-of-use assets with an aggregate net carrying amount of HK\$117,566,000 (31 March 2022: HK\$131,536,000);
- (ii) the pledge of certain time deposits and restricted cash of HK\$48,209,000 (31 March 2022: HK\$46,183,000) for bank loans;
- (iii) the pledge of a time deposit of HK\$13,150,000 (31 March 2022: HK\$14,363,000) for bank guarantees in lieu of performance guarantees/bonds amounting to HK\$9,870,000 (31 March 2022: HK\$12,900,000);
- (iv) the pledge of certain financial assets at fair value through profit or loss of HK\$26,070,000 as at 31 March 2022; and
- (v) the pledge of certain investment properties of HK\$81,165,000 (31 March 2022: HK\$90,845,000).

15. RELATED PARTY TRANSACTIONS

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

	Notes	Six months ended	
		30 September 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Advertising income and administrative service income from associates	(i)	1,205	1,214
Coach rental expense paid to a related party	(ii)	4,843	4,346

Notes:

- (i) 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 controlled 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.



15. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	6,423	4,856
Post-employment benefits	185	291
Total compensation paid to key management personnel	6,608	5,147

(c) Outstanding balances with related parties:

	30 September	31 March
	2022	2022
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Due from associates	15,968	15,563
Loan to an associate	24,120	24,120

Details of the Group's trade balances with associates as at the end of the reporting period are disclosed in note 10 to the interim condensed consolidated financial information.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits and restricted cash, trade receivables, trade payables, and the current portions of financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and 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, 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 30 September 2022 were assessed to be insignificant. In the opinion of the directors, their carrying amounts are not significantly different from their respective fair values.

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

The fair values of the unlisted 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 the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in the interim condensed consolidated statement of profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of the unlisted equity investments designated at fair value through other comprehensive income have been estimated using adjusted net asset method and are classified within Level 3 of the fair value hierarchy as the valuations involve significant unobservable inputs. The valuations require the directors to make estimates about the fair values of the assets and liabilities of the underlying entities. An increase in the net assets of the underlying entities will increase the fair values of the unlisted equity investments.

Fair value hierarchy

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

Assets measured at fair value: As at 30 September 2022

	Fair value measurement using			Total (Unaudited) HK\$'000
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) 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	–	32,968	–	32,968
	–	32,968	1,233	34,201

As at 31 March 2022

	Fair value measurement using			Total (Audited) HK\$'000
	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) 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



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

Fair value hierarchy (Continued)

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (six months ended 30 September 2021: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 September 2022 (31 March 2022: Nil).

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 29 November 2022.



DIVIDEND

At a meeting of the Board held on 29 November 2022, the Directors resolved not to pay an interim dividend to shareholders for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 September 2022, the Group recorded unaudited consolidated loss of approximately HK\$53.9 million, representing a decrease in loss of 45.8% as compared to a consolidated loss of approximately HK\$99.4 million for the corresponding period in 2021. Revenue of the Group for the six months ended 30 September 2022 was approximately HK\$613.2 million, representing an increase of 14.6% as compared to approximately HK\$535.0 million for the corresponding period in 2021.

The decrease in loss was mainly attributable to the increase in revenue of local non-franchised bus operation and various relief measures that were granted by the Government of the Hong Kong Special Administrative Region (the “Government”) under the Anti-epidemic Fund during the six months ended 30 September 2022.

Nonetheless, the above positive impact was offset by the increase in fuel cost due to international fuel price volatility and the increase in borrowing cost due to the continuously rising Hong Kong Interbank Offered Rate which followed the pace of the rate hike cycle of the United States. In addition, the outbreak of the fifth-wave of COVID-19 pandemic in Hong Kong and the ongoing border control measures implemented by the Government have added further uncertainties to the Group’s cross-boundary transport services, which have adversely impacted on the Group’s financial performance. The management of the Group shall continue to strengthen its cost control measures to mitigate the financial impact of the above pandemic to the Group.

REVIEW OF OPERATIONS

1. Non-franchised Bus Segment

The non-franchised 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 to student, employee, resident) and non-scheduled service (mainly to 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 six months ended 30 September 2022 was approximately HK\$7.0 million, representing an increase of 37.3% as compared to approximately HK\$5.1 million for the corresponding period in 2021. Revenue remained sluggish due to the implementation of stringent measures at control point for passengers by the Government as part of its anti-epidemic measures, which caused inbound and outbound activities to have unprecedentedly come to a standstill since early 2020.

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 six months ended 30 September 2022 was approximately HK\$479.8 million, representing an increase of 26.1% as compared to approximately HK\$380.5 million for the corresponding period in 2021. The Group will keep abreast of developments in local markets and explore potential business opportunities.



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 VIP of hotels, 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 six months ended 30 September 2022 was approximately HK\$17.5 million, representing a decrease of 11.6% as compared to approximately HK\$19.8 million for the corresponding period in 2021. The decrease was mainly due to the outbreak of COVID-19 pandemic in Macau during Mid-June 2022, which placed Macau into lockdown in July 2022, resulted in a decrease of revenue from cross-boundary limousine transport services between Mainland China and Macau.

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. 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 route, connecting the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge and Tung Chung, which has been suspended due to the COVID-19 pandemic since early 2020.

Fare revenue of NLB for the six months ended 30 September 2022 was approximately HK\$61.3 million, representing a decrease of 6.4% as compared to approximately HK\$65.5 million for the corresponding period in 2021. Despite the patronage of NLB may take time to return to pre-pandemic levels, the Group will continue to review the current service standard, especially on fleet management, bus punctuality and fares to meet the expectation from customers.

4. Mainland China Business Segment

For the six months ended 30 September 2022, revenue of the Group’s Mainland China business was approximately HK\$47.2 million, representing a decrease of 25.9% as compared to approximately HK\$63.7 million for the corresponding period in 2021. The decrease was mainly due to the resurgence of COVID-19 pandemic in Mainland China since March 2022, which placed cities into lockdown.

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

As at 30 September 2022, the Group owned 67.807% equity interest in Bipenggou Tourism. The scenic area of Bipenggou, Lixian has maintained its popularity in Sichuan Province, Mainland China.

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.



(b) Chongqing Grand Hotel Co., Ltd. (“CQ Hotel”)

As at 30 September 2022, the Group owned 100% equity interest in CQ Hotel which operates a 3-star 26-storey hotel, namely Chongqing Grand Hotel in Chongqing, Mainland China.

CQ Hotel has successfully turned around and continued to operate as a commercial lease and hotel service. The renovation of the exterior wall and the improvement of internal facilities were completed last year, which was appreciated by the local government. The management of the Group believes that CQ Hotel will be more attractive to potential corporate clients and tourists. With the increasing possibilities offered by the Internet and the latest cutting-edge technology, CQ Hotel is embracing the current trend for hospitality automation which will bring in the benefits of enhanced flexibility and versatility, lowered costs and improved operational efficiency in relation to its operation.

(c) Hubei Shenzhou Transport Holdings Co., Ltd. (“Hubei Shenzhou”)

As at 30 September 2022, the Group owned 100% equity interest in Hubei Shenzhou. Hubei Shenzhou operates a long-distance bus terminal, a public bus transport company and other transportation related business in Xiangyang City and Nanzhang County, Hubei Province.

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 the core business of Hubei Shenzhou. 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. The said replacement is expected to bring both economic and social benefits in the coming future.

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 at the latest practicable date prior to the publishing of this report, Hubei KRS has not performed its payment obligations under the Agreements, therefore, the Board has taken legal action to terminate the transaction.

* For identification purposes only



FUTURE PROSPECTS

The Group has faced unprecedented challenges by the resurgence of the COVID-19 pandemic for nearly two and a half years. With the fifth wave of COVID-19 pandemic situation having stabilized in Hong Kong, the performance of the local transport services is on track to get back to normality. However, the performance of cross-boundary transport services will continue to face uncertainties. In addition, the rising volatility in the international fuel prices, as well as the continuously rising Hong Kong Interbank Offered Rate which follows the rate hike cycle of United States, the financial performance of the Group still faces challenges and uncertainties in the second half of the financial year.

On 23 September 2022, the Government announced the lifting of compulsory quarantine requirement for inbound travelers effective from late September 2022. The Group expects that the border control measures will be further lifted in the foreseeable future, especially the reopening of the borders between the Mainland China, Hong Kong and Macau, which enables the Group to resume cross-boundary transport services gradually.

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

LIQUIDITY AND FINANCIAL RESOURCES

Funding for the Group's operations during the six months ended 30 September 2022 was sourced mainly from internally generated cash flows, with shortfalls being financed mainly by borrowings from banks. As at 30 September 2022, the total outstanding indebtedness was approximately HK\$1,851.7 million (31 March 2022: HK\$1,934.2 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 30 September 2022, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 89.6% (31 March 2022: 88.4%).

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 minimize financial risks. All prospective material investments or capital assets will be financed by internal cash flows from operations, bank facilities or other viable forms of finance in Hong Kong and/or Mainland China.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed approximately 3,500 employees (31 March 2022: 3,700 employees) in Mainland China, Hong Kong 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. In-house orientation and on-the-job training are arranged for the employees all year around. Employees are encouraged to attend job-related seminars, courses and programs organized by professional or educational institutions.



MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 September 2022, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

SIGNIFICANT INVESTMENTS

During the six months ended 30 September 2022, 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 30 September 2022 are included in note 14 to the interim condensed consolidated financial information.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 September 2022, the Group did not have any future plans for material investments or capital assets.

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

As at 30 September 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 Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

1. Long Positions in Ordinary Shares of the Company

Name of director	Number of shares held, capacity and nature of interest		Total	Percentage of the Company's issued share capital (%)
	Directly beneficially owned	Through controlled corporation		
Mr. Wong Leung Pak, Matthew, BBS	599,665 ⁽¹⁾	241,535,555 ⁽²⁾	242,135,220	50.79
Mr. Wong Cheuk On, James	3,585,611	–	3,585,611	0.75
Mr. Lo Man Po	2,297,130	–	2,297,130	0.48

Notes:

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



2. Long Positions in Shares of Associated Corporations

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

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 September 2022 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose to provide incentives or rewards to the eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity of the Group.

1. 2012 Share Option Scheme

A share option scheme which was adopted and became effective on 23 August 2012 (the "2012 Share Option Scheme"). Unless otherwise cancelled or amended, the 2012 Share Option Scheme will remain in force for a period of 10 years from the date of adoption. The 2012 Share Option Scheme had expired on 22 August 2022. No further options shall thereafter be offered under the 2012 Share Option Scheme but the provisions of the 2012 Share Option Scheme shall remain in full force and effect in all other respects. The options which had been granted under the 2012 Share Option Scheme and remain unexercised immediately prior to the expiry shall continue to be exercisable in accordance with the terms of the grant.

The following share options were granted and outstanding under the 2012 Share Option Scheme during the reporting period:

Name or category of participant	Number of share options					Price of the Company's shares				
	At 1 April 2022	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	At 30 September 2022	Date of grant of share options	Exercise period of share options	Exercise price of share options [†]	At grant date of options ^{**}	At exercise date of options [#]
								HK\$ per share	HK\$ per share	HK\$ per share
Employees	13,500,000	-	-	-	13,500,000	23 April 2019	23 April 2019 to 22 April 2029	4.30	4.26	N/A

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

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

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

2. 2022 Share Option Scheme

Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 23 August 2022 (the "Adoption Date"), the Company had approved and adopted the new share option scheme (the "2022 Share Option Scheme"). The 2022 Share Option Scheme become effective on the Adoption Date and, unless otherwise cancelled or amended, the 2022 Share Option Scheme will remain in force for a period of 10 years from the Adoption Date.

For the further details of the principal terms of the 2022 Share Option Scheme, please refer to the Company's circular dated 22 July 2022. No share options under the 2022 Share Option Scheme have been granted, exercised, cancelled or lapsed since the Adoption Date until the date of this report. As at the date of this report, the Company has no outstanding share option under the 2022 Share Option Scheme.



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

As at 30 September 2022, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Capacity	Number of ordinary shares of the Company held	Percentage of the Company's issued share capital (%)
Ms. Ng Lai Yee, Christina	Joint interest	599,665 ⁽¹⁾	0.13
	Interest of spouse	241,535,555 ⁽²⁾	50.66
Basic Faith	Beneficial owner	241,535,555 ⁽³⁾	50.66
Infinity Faith	Interest of corporation controlled	241,535,555 ⁽³⁾	50.66
Cathay International Corporation	Beneficial owner	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, the spouse of Mr. Wong Leung Pak, Matthew, BBS, was deemed to be interested in all the shares in which Mr. Wong Leung Pak, Matthew, BBS was interested by virtue of the SFO.
- (3) These shares were held by Basic Faith, which was wholly owned by Infinity Faith. Infinity Faith was deemed to be interested in all the shares in which Basic Faith was interested by virtue of the SFO.

Save as disclosed above, as at 30 September 2022, no person, other than the Directors or chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company" above, had registered an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2022.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by Directors. Having made specific enquiry of all Directors, all Directors have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the six months ended 30 September 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2022.



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.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 30 September 2022 and up to the date of this report.

AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The interim condensed consolidated financial information of the Group has been reviewed by the Audit Committee.

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 challenging period.

On behalf of the Board

Kwoon Chung Bus Holdings Limited

Wong Leung Pak, Matthew, BBS

Chairman

Hong Kong, 29 November 2022