KWOON CHUNG BUS HOLDINGS LIMITED
冠忠巴士集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 306)

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2024

The board (the "**Board**") of directors (the "**Directors**") of Kwoon Chung Bus Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2024 together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 March	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
REVENUE	4	**2,095,417**	1,311,312
Cost of services rendered		**(1,638,622)**	(1,233,142)
Gross profit		**456,795**	78,170
Other income and gains, net	4	**113,090**	179,567
Administrative expenses		**(368,887)**	(258,246)
Other expenses, net		**(8,395)**	(37,236)
Finance costs		**(121,539)**	(98,906)
Share of profits and losses of:			
A joint venture		**(7,956)**	(2,304)
Associates		**5,124**	(2,556)
PROFIT/(LOSS) BEFORE TAX	5	**68,232**	(141,511)
Income tax credit/(expense)	6	**(16,063)**	3,632
PROFIT/(LOSS) FOR THE YEAR		**52,169**	(137,879)

* *For identification purposes only*

		Year ended 31 March	
		2024	2023
	Note	***HK$'000***	*HK$'000*
Attributable to:			
Owners of the parent		**32,087**	(130,713)
Non-controlling interests		**20,082**	(7,166)
		52,169	(137,879)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		**HK6.7 cents**	HK(27.4) cents
Diluted		**HK6.7 cents**	HK(27.4) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2024	2023
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**52,169**	(137,879)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(23,953)**	(62,050)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**263**	301
Income tax effect	**–**	(76)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**263**	225
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(23,690)**	(61,825)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**28,479**	(199,704)
Attributable to:		
Owners of the parent	**12,251**	(186,237)
Non-controlling interests	**16,228**	(13,467)
	28,479	(199,704)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 March 2024** *HK$'000*	31 March 2023 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,294,535**	1,438,593
Investment properties		**246,509**	312,655
Right-of-use assets		**316,618**	264,932
Goodwill		**201,801**	201,801
Passenger service licences		**1,128,889**	1,128,889
Other intangible assets		**293,024**	302,224
Interest in a joint venture		**1,259**	–
Interests in associates		**56,619**	53,477
Equity investments designated at fair value through other comprehensive income		**4,849**	1,233
Financial assets at fair value through profit or loss		**34,613**	33,525
Prepayments, deposits and other receivables		**66,938**	51,751
Deferred tax assets		**9,709**	13,710
Total non-current assets		**3,655,363**	3,802,790
CURRENT ASSETS			
Inventories		**37,555**	34,061
Trade receivables	9	**272,076**	161,837
Prepayments, deposits and other receivables		**217,659**	200,458
Tax recoverable		**301**	2,830
Pledged time deposits and restricted cash		**57,827**	43,142
Cash and cash equivalents		**304,102**	499,150
		889,520	941,478
Investment property held for sale		**32,566**	–
Total current assets		**922,086**	941,478

	Note	31 March 2024 HK$'000	31 March 2023 HK$'000
CURRENT LIABILITIES			
Trade payables	10	**57,502**	56,823
Other payables and accruals		**557,712**	557,279
Interest-bearing bank borrowings		**84,715**	312,412
Lease liabilities		**39,200**	29,359
Tax payable		**45,602**	36,517
Total current liabilities		**784,731**	992,390
NET CURRENT ASSETS/(LIABILITIES)		**137,355**	(50,912)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,792,718**	3,751,878
NON-CURRENT LIABILITIES			
Accruals		**20,782**	18,314
Interest-bearing bank borrowings		**1,459,966**	1,432,792
Lease liabilities		**59,194**	40,823
Other long-term liabilities		**34,498**	46,677
Deferred tax liabilities		**205,220**	225,804
Total non-current liabilities		**1,779,660**	1,764,410
Net assets		**2,013,058**	1,987,468
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**47,678**	47,678
Reserves		**1,872,822**	1,864,146
		1,920,500	1,911,824
Non-controlling interests		**92,558**	75,644
Total equity		**2,013,058**	1,987,468

Notes:

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 year, the Group was engaged in the following principal activities:

- provision of non-franchised bus, franchised bus and public light bus ("**PLB**") and Chinese Mainland 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. ACCOUNTING POLICIES

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 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, investment properties held for sale, 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 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 (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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 Chinese Mainland 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 Chinese Mainland, 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 Chinese Mainland 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 Chinese Mainland; 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 profit/(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.

Year ended 31 March 2024

	Non-franchised bus *HK$'000*	**Limousine** *HK$'000*	**Franchised bus and PLB** *HK$'000*	**Chinese Mainland business** *HK$'000*	**Others** *HK$'000*	**Intersegment eliminations** *HK$'000*	**Total** *HK$'000*
Segment revenue:							
External sales	**1,424,219**	**231,221**	**206,634**	**231,705**	**1,638**	**–**	**2,095,417**
Intersegment sales	**25,121**	**66,962**	**23**	**222**	**15**	**(92,343)**	**–**
Other revenue	**112,469**	**9,351**	**8,353**	**16,550**	**694**	**(34,327)**	**113,090**
Total	**1,561,809**	**307,534**	**215,010**	**248,477**	**2,347**	**(126,670)**	**2,208,507**
Segment results	**152,121**	**(14,387)**	**17,878**	**29,856**	**(315)**	**–**	**185,153**
Reconciliation:							
Finance costs (other than interest on lease liabilities)							**(116,921)**
Profit before tax							**68,232**

Year ended 31 March 2023

	Non-franchised bus *HK$'000*	Limousine *HK$'000*	Franchised bus and PLB *HK$'000*	Chinese Mainland business *HK$'000*	Others *HK$'000*	Intersegment eliminations *HK$'000*	Total *HK$'000*
Segment revenue:							
External sales	986,952	66,056	140,156	116,853	1,295	–	1,311,312
Intersegment sales	25,548	13,908	30	–	160	(39,646)	–
Other revenue	136,342	17,272	22,670	17,885	235	(14,837)	179,567
Total	1,148,842	97,236	162,856	134,738	1,690	(54,483)	1,490,879
Segment results	36,112	(39,732)	6,222	(46,907)	(140)	–	(44,445)
Reconciliation:							
Finance costs (other than interest on lease liabilities)							(97,066)
Loss before tax							(141,511)

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers	**2,092,808**	1,304,176
Revenue from other sources		
Gross rental income from certain investment property operating leases:		
Lease payments, including fixed payments	**2,609**	7,136
Total	**2,095,417**	1,311,312

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

	2024	2023
	HK$'000	*HK$'000*
Other income		
Bank interest income	**6,881**	6,812
Other interest income	**1,046**	435
Gross rental income	**15,906**	13,684
Advertising income	**16,034**	3,108
Government subsidies	**40,721**	135,879
Covid-19-related rent concessions from lessors	**–**	962
Others	**26,577**	17,641
Total other income	**107,165**	178,521
Gains, net		
Fair value gain on financial assets at fair value through profit or loss	**1,088**	1,030
Fair value gain on investment properties, net	**4,837**	–
Gain on early termination of a lease	**–**	16
Total gains, net	**5,925**	1,046
Total other income and gains, net	**113,090**	179,567

5. PROFIT/(LOSS) BEFORE TAX

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

	2024	2023
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**223,150**	236,240
Depreciation of right-of-use assets	**37,441**	29,503
Amortisation of other intangible assets	**12,851**	13,977
Fair value loss/(gain) on investment properties, net	**(4,837)**	17,178
Impairment of trade receivables, net	**3,849**	4,632
Impairment of financial assets included in prepayment, deposits and other receivables, net	**474**	970
Loss on disposal of items of property, plant and equipment, net	**1,027**	10,099

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024	2023
	HK$'000	*HK$'000*
Current:		
Hong Kong		
Charge for the year	**25,801**	21,880
Underprovision/(overprovision) in prior years	**(1,474)**	3,024
Chinese Mainland		
Charge for the year	**2,019**	6
Overprovision in prior years	**–**	(7,229)
Deferred	**(10,283)**	(21,313)
Total tax charge/(credit) for the year	**16,063**	(3,632)

7. DIVIDEND

	2024	2023
	HK$'000	*HK$'000*
Dividend proposed after the end of the reporting period:		
Proposed final 2024 – HK2 cents (2023: Nil) per ordinary share	**9,536**	–

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

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

The calculation of the basic earnings/(loss) per share amount is based on the profit for the year attributable to owners of the parent of HK$32,087,000 (2023: loss of HK$130,713,000), and the weighted average number of ordinary shares of 476,776,842 (2023: 476,776,842) in issue during the year.

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

9. TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**304,563**	190,542
Impairment	**(32,487)**	(28,705)
Net carrying amount	**272,076**	161,837

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 an amount due from a joint venture of HK$3,456,000 (2023: HK$4,708,000) and amounts due from associates of HK$36,676,000 (2023: HK$12,716,000), 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:

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**104,527**	81,111
31 to 60 days	**104,991**	61,030
61 to 90 days	**1,900**	3,302
Over 90 days	**60,658**	16,394
Total	**272,076**	161,837

10. TRADE PAYABLES

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

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**34,849**	28,030
31 to 60 days	**4,970**	6,919
61 to 90 days	**352**	1,683
Over 90 days	**17,331**	20,191
Total	**57,502**	56,823

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

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK2 cents (2023: Nil) per ordinary share in respect of the year. The proposed final dividend will be paid on or about Friday, 6 September 2024 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 30 August 2024 if the proposed final dividend is approved by shareholders of the Company at the forthcoming annual general meeting of the Company (the "**AGM**") to be held on Thursday, 22 August 2024.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 19 August 2024 to Thursday, 22 August 2024, 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 branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 August 2024.

For determining the entitlement to the proposed final dividend, which is subject to approval by shareholders of the Company at the AGM, the register of members of the Company will be closed from Wednesday, 28 August 2024 to Friday, 30 August 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 27 August 2024.

RESULTS

For the year ended 31 March 2024, the Group achieved a turnaround from loss to profit and recorded the consolidated profit attributable to owners of the parent of approximately HK$32.1 million, as compared to the consolidated loss attributable to owners of the parent of approximately HK$130.7 million for the previous year. Revenue of the Group was approximately HK$2,095.4 million for the current year, representing an increase of 59.8% as compared to approximately HK$1,311.3 million for the previous year.

With the social and economic activities resuming to full normalcy in Hong Kong and the reconnection with Chinese Mainland and overseas, Hong Kong businesses of the Group have returned to normal operations in the current year, of which the business performance of core non-franchised bus segment was back on track and made a substantial contribution to the Group's profitability. Meanwhile, with the relaxation of pandemic prevention and control measures in Chinese Mainland, there was a strong recovery in the mainland tourism sector. The business performance of Bipenggou scenic area recorded a considerate growth in the current year, the number of tourists was hitting the highest record. The gross profit margin of the Group for the current year reached 21.8%, representing an increase of 15.8% year-over-year, which gradually recovered to pre-pandemic level.

Labour costs and fuel costs remained the significant operating costs in the Group, which altogether accounted for almost half of the total operating costs. As a tight local labour market in recent years has put pressure on labour costs in the Group. While the persistently high international fuel price also had a direct impact on the Group's operating costs. Furthermore, finance costs for the current year increased by 22.9% as compared with the previous year mainly due to high interest rate during the year. The Group continued to implement suitable cost control measures to mitigate the negative impacts from factors mentioned above.

REVIEW OF OPERATIONS

1. Non-franchised Bus Segment

Trans-Island Chinalink Bus Company Limited, a wholly-owned subsidiary of the Company, is one of the leading non-franchised cross-boundary bus service operators in Hong Kong. Kwoon Chung Motors Company, Limited is the flagship wholly-owned subsidiary of the Company that provides local non-franchised bus services.

The non-franchised bus services provided by the Group include: (i) cross-boundary transport between Chinese Mainland 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.

Non-franchised bus segment has turned around with the positive results in both revenue and profit for the current year, particularly in non-franchised cross-boundary bus services. The revenue of cross-boundary transport for the current year was approximately HK$594.5 million, representing an increase of 926.8% as compared to approximately HK$57.9 million for the previous year. Such increase was mainly attributable to the rebound in patronage from a low base as a result of the resumption of cross-boundary transport services as from 8 January 2023, following a three year period of suspension due to the pandemic. Meanwhile, the business performance from scheduled services of local transport remained stable and continued to provide a sound profit-making base for the Group.

Hong Kong faces a labour force shrinkage due to population ageing, and the prolonged pandemic has resulted in a significant loss of drivers in the transportation industry. In light of the above, the Group makes effort to retain experienced drivers and has also applied for the Labour Importation Scheme for Transport Sector which was launched by Government of the Hong Kong Special Administrative Region (the "**Government**") to enhance the stability of the driver workforce and the reliability of the transport services.

With the rapid development of the Greater Bay Area, there is strong demand for cross-boundary transport services. The management will continue to seize the development opportunities in the Greater Bay Area and proactively enrich its diversified portfolio of cross-boundary transport services to drive profitable business growth in the future.

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 among Chinese Mainland, Hong Kong and Macau.

The revenue of limousine services for the current year was approximately HK$231.2 million, representing an increase of 249.8% as compared to approximately HK$66.1 million for the previous year. The increase was mainly attributable to the rebound in patronage as a result of the resumption of cross-boundary transport services between Chinese Mainland, Hong Kong and Macau, as well as compared to the low base of revenue recorded in the previous year due to the outbreak of pandemic in Chinese Mainland and Macau.

In recent years, the ride-hailing market is experiencing significant growth and development in Hong Kong. Customers are placing an emphasis on convenient, safe and reliable point-to-point transport services. To capitalize on the growing customer demand for convenient transportation options, as one of the largest licensed hire car operators in Hong Kong, the Group will constantly explore the business opportunities to increase the market share by growing the customer base within the ride-hailing market in Hong Kong.

The Government endeavours to support Hong Kong in developing into an international tourism hub and a core demonstration zone for multi-destination tourism. The Group will continue to evolve and innovate to provide more diversified limousine services in local market and the Greater Bay Area 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 2024, NLB operated 29 (2023: 27) regular franchised bus routes, mainly covering in Lantau Island, with a fleet of 147 (2023: 150) 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. Coronet Ray Development Limited, a wholly-owned subsidiary of the Company that operates 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$205.6 million, representing an increase of 46.8% as compared to approximately HK$140.1 million for the previous year. The increase was mainly attributable to the implementation of new fares of NLB from 18 June 2023 and the rebound in patronage of the cross-boundary port routes after the resumption of services on 8 January 2023. With the fare increase, the rebound in patronage and the continuous optimization of resource allocation, NLB recorded a moderate growth in revenue and a return to profit in the current year. PLB service was resumed on 29 January 2023 after being suspended for three years due to the pandemic. Fare revenue from PLB service for the current year was approximately HK$1.1 million (2023: HK$0.1 million).

Since the Group assumes revenue risk with respect to NLB and PLB services, a positive customer experience is important, insofar as it fosters passenger satisfaction and loyalty. As such, the Group will continue to exercise strong creativity and service innovations in areas of key endeavor, not least with respect to service standards, fleet management and route developments.

4. Chinese Mainland Business Segment

The revenue of the Chinese Mainland business for the current year was approximately HK$231.7 million, representing an increase of 98.2% as compared to approximately HK$116.9 million for the previous year. The increase was mainly attributable to the strong recovery of domestic tourism in Chinese Mainland which drove the continued growth of the business performance of Bipenggou Tourism. At the end of 2023, Bipenggou scenic area welcomed its 1 millionth tourist that year. This is the first time that the annual number of tourists has exceeded one million since the scenic area opened and has hit the highest on record.

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

As at 31 March 2024, 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 one of the most popular destinations for tourists 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.

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 a place of endless fun and excitement for 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 and 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 in the progress of planning and construction, is expected to raise the popularity of Bipenggou scenic area.

Health and wellness tourism have become travel preferences among domestic travelers after the pandemic. The management of the Group believes that Bipenggou will be a sought after destination by travel enthusiasts and become even more popular for domestic travelers due to the growing popularity of domestic tourism over the past three years. The management will strive to enhance and strengthen the attractiveness and competitiveness of various ancillary tourist facilities in Bipenggou scenic area to cater for the increasing domestic leisure tourism demands.

*(b) Chongqing Grand Hotel Co., Ltd. ("**CQ Hotel**")*

As at 31 March 2024, the Group owned 100% equity interest in CQ Hotel which operates a 3-star 26-storey hotel, namely Chongqing Grand Hotel in Chongqing, Chinese Mainland.

Chongqing Grand Hotel operates as a commercial lease and hotel service. The renovation of the exterior wall and the improvement of internal facilities were completed, which was appreciated by the local government. The management of the Group believes that Chongqing Grand 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, Chongqing Grand 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.

The management will strive to take advantage of the location of Chongqing Grand Hotel to explore opportunities in the local market and adjust its operational orientation in order to promote business diversification. CQ Hotel will also strengthen the connection with various travel agencies to enhance the publicity of Chongqing Grand Hotel.

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

As at 31 March 2024, 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 Chinese Mainland has been significantly affected in recent years. The management of the Group is focusing efforts on studying how to utilize the existing resources to adjust the core business and exploring the opportunities of enterprise transformation. 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. In order to make better use of resources and create new business opportunities, the management 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.

FUTURE PROSPECTS

Under the 2023 Policy Address announced by the Chief Executive, the Government has launched various measures to enhance the attractiveness of Hong Kong to tourists. Business and leisure tourists from the Chinese Mainland and overseas are gradually resuming travel to Hong Kong and the number of visitors to Hong Kong has rebounded. In addition, cross-border spending during weekends and public holidays is becoming the new normal for Hong Kong residents, further driving the demand for transportation services at the boundary control points.

To cater for the increasing demand for services, the Group strives to enhance its operating capacity by making use of imported labour under the Government's recently introduced Labour Importation Scheme for Transport Sector. As at 31 March 2024, 85 imported captains have already entered services after completing the training course and passing the driving test conducted by the Transport Department. And at the strategic level, the Group continues to seek potential acquisitions, new business opportunities and to enter into strategic partnerships with operators and service providers aimed at strengthening the competitiveness of its core business and ensuring that the Group's non-franchised bus business will maintain its leading position among its peers in Hong Kong.

The financial performance of the Group for the coming year will continue to be affected by the external environment. With the slowdown of inflation in Hong Kong and the market expects that the US rate hike cycle is close to the end, the Group maintains a pragmatic and optimistic to the business prospects for the coming year. To this end, the Group actively, reviews its operating conditions regularly and adjusts business strategies in a timely manner. Besides, the Group will continue to evaluate the allocation of resources among business segments to improve operational efficiency and enhance the overall financial position of the Group, as well as to maintain sustainable value for all stakeholders.

The concept of the smart city has become a global phenomenon in recent years. Smart mobility is one of the core elements of building a smart city. To support the development of smart mobility, the Group has actively collaborated with the Government, industry, academia and research institutions to participate in projects in the research, development and application of autonomous driving technology. Through the innovation in autonomous driving technology, the Group looks forward to enhance the travel experiences of customers with smarter and more convenient travel solutions and support the smart city ambition in Hong Kong. In early 2024, the Group's joint venture, named KCM-PML Joint Venture was honoured to be awarded by the Airport Authority the package of contracts for design, supply, operation and maintenance of people-carrying autonomous vehicles and associated transportation system for the airportcity link at the Hong Kong International Airport. It marked a significant milestone in the development of smart mobility in the Group.

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 2024, the total outstanding indebtedness was approximately HK$1,544.7 million (2023: HK$1,745.2 million). The indebtedness comprised mainly term loans from banks in Hong Kong and Chinese Mainland, 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 2024, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 76.7% (2023: 87.8%).

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 Chinese Mainland.

The investments and related liabilities, income and expenditure of the Group for its Hong Kong and Chinese Mainland 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 2024, the Group employed approximately 4,440 (2023: 3,950) employees in Hong Kong, Chinese Mainland 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.

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 C1 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange throughout the year.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 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 year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The audit committee of the Company has met the external auditor of the Company and reviewed this results announcement of the Group for the year ended 31 March 2024.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.kcbh.com.hk). The annual report of the Group for the year ended 31 March 2024 containing all the information required by the Listing Rules will be sent to shareholders and published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my hearty gratitude to the Group's business partners, shareholders, and loyal and diligent staff.

On behalf of the Board
Kwoon Chung Bus Holdings Limited
Wong Leung Pak, Matthew, *BBS*
Chairman

Hong Kong, 26 June 2024

As at the date of this announcement, the Board comprises Mr. Wong Leung Pak, Matthew, BBS, Mr. Wong Cheuk On, James and Mr. Lo Man Po as executive Directors and Mr. Chan Bing Woon, SBS, JP, Mr. James Mathew Fong and Mr. Chan Fong Kong, Francis as independent non-executive Directors.