

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



KWOON CHUNG BUS HOLDINGS LIMITED

冠忠巴士集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 306)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024
AND
APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR,
MEMBER OF AUDIT COMMITTEE, NOMINATION COMMITTEE
AND REMUNERATION COMMITTEE**

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 2024 together with the comparative figures for the corresponding period in 2023. The condensed consolidated interim financial information has not been audited, but has been reviewed by the Company’s audit committee.

* *For identification purposes only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 September	
	<i>Notes</i>	2024 (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
REVENUE	4	1,112,211	893,308
Cost of services rendered		(901,079)	(712,860)
Gross profit		211,132	180,448
Other income and gains, net		59,186	54,591
Administrative expenses		(204,283)	(139,106)
Other expenses, net		(7,929)	(10,522)
Finance costs		(58,116)	(59,829)
Share of profits and losses of:			
A joint venture		(1,675)	(4,607)
Associates		12,092	(1,329)
PROFIT BEFORE TAX	5	10,407	19,646
Income tax expense	6	(1,041)	(10,191)
PROFIT FOR THE PERIOD		9,366	9,455
Attributable to:			
Owners of the parent		6,374	5,514
Non-controlling interests		2,992	3,941
		9,366	9,455
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		HK1.34 cents	HK1.16 cents
Diluted		HK1.34 cents	HK1.16 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	9,366	9,455
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	<u>8,479</u>	<u>(15,957)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>17,845</u>	<u>(6,502)</u>
Attributable to:		
Owners of the parent	13,353	(6,143)
Non-controlling interests	<u>4,492</u>	<u>(359)</u>
	<u>17,845</u>	<u>(6,502)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September	31 March
	2024	2024
<i>Notes</i>	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,239,748	1,294,535
Investment properties	253,613	246,509
Right-of-use assets	343,114	316,618
Goodwill	201,801	201,801
Passenger service licences	1,128,889	1,128,889
Other intangible assets	286,567	293,024
Interest in a joint venture	2,402	1,259
Interests in associates	60,354	56,619
Equity investments designated at fair value through other comprehensive income	4,849	4,849
Financial assets at fair value through profit or loss	35,078	34,613
Prepayments, deposits and other receivables	87,317	66,938
Deferred tax assets	9,750	9,709
	<hr/>	<hr/>
Total non-current assets	3,653,482	3,655,363
CURRENT ASSETS		
Inventories	40,446	37,555
Trade receivables	301,600	272,076
Prepayments, deposits and other receivables	225,149	217,659
Tax recoverable	60	301
Pledged time deposits and restricted cash	61,172	57,827
Cash and cash equivalents	444,671	304,102
	<hr/>	<hr/>
	1,073,098	889,520
Investment property held for sale	32,566	32,566
	<hr/>	<hr/>
Total current assets	1,105,664	922,086

		30 September	31 March
		2024	2024
	<i>Notes</i>	(Unaudited)	(Audited)
		HK\$'000	HK\$'000
CURRENT LIABILITIES			
Trade payables	10	70,507	57,502
Other payables and accruals		620,289	557,712
Interest-bearing bank borrowings		129,072	84,715
Lease liabilities		47,503	39,200
Tax payable		39,262	45,602
		<hr/>	<hr/>
Total current liabilities		906,633	784,731
		<hr/>	<hr/>
NET CURRENT ASSETS		199,031	137,355
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,852,513	3,792,718
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Accruals		22,322	20,782
Interest-bearing bank borrowings		1,519,490	1,459,966
Lease liabilities		60,924	59,194
Other long-term liabilities		29,776	34,498
Deferred tax liabilities		205,778	205,220
		<hr/>	<hr/>
Total non-current liabilities		1,838,290	1,779,660
		<hr/>	<hr/>
Net assets		2,014,223	2,013,058
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		47,678	47,678
Reserves		1,881,185	1,872,822
		<hr/>	<hr/>
		1,928,863	1,920,500
Non-controlling interests		85,360	92,558
		<hr/>	<hr/>
Total equity		2,014,223	2,013,058
		<hr/>	<hr/>

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 period, the Company and its subsidiaries (collectively referred to as the “**Group**”) 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.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 September 2024 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 2024.

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, investment property 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. 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 2024, 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 April 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

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 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.

Six months ended 30 September 2024 (Unaudited)

	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	797,951	140,780	104,949	67,834	697	–	1,112,211
Intersegment sales	11,137	51,585	–	–	–	(62,722)	–
Other revenue	54,687	4,328	7,646	14,106	103	(21,684)	59,186
Total	<u>863,755</u>	<u>196,693</u>	<u>112,595</u>	<u>81,940</u>	<u>800</u>	<u>(84,406)</u>	<u>1,171,397</u>
Segment results	<u>59,481</u>	<u>9,314</u>	<u>(4,214)</u>	<u>1,598</u>	<u>(1,187)</u>	<u>–</u>	<u>64,992</u>
Reconciliation:							
Finance costs (other than interest on lease liabilities)							<u>(54,585)</u>
Profit before tax							<u>10,407</u>

Six months ended 30 September 2023 (Unaudited)

	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	631,462	91,763	93,525	75,893	665	–	893,308
Intersegment sales	15,777	11,027	2	–	19	(26,825)	–
Other revenue	41,359	3,351	4,614	5,267	–	–	54,591
Total	<u>688,598</u>	<u>106,141</u>	<u>98,141</u>	<u>81,160</u>	<u>684</u>	<u>(26,825)</u>	<u>947,899</u>
Segment results	<u>84,166</u>	<u>(12,091)</u>	<u>14,935</u>	<u>(8,122)</u>	<u>(1,342)</u>	<u>–</u>	<u>77,546</u>
Reconciliation:							
Finance costs (other than interest on lease liabilities)							<u>(57,900)</u>
Profit before tax							<u>19,646</u>

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Revenue from contracts with customers</i>	1,110,332	891,349
<i>Revenue from other sources</i>		
Gross rental income from certain investment property operating leases:		
Lease payments, including fixed payments	1,879	1,959
Total	1,112,211	893,308

5. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	106,434	112,225
Depreciation of right-of-use assets	24,527	17,031
Amortisation of other intangible assets	6,473	6,294
Government subsidies	(19,684)	(19,608)
Fair value gain on financial assets at fair value through profit or loss	(465)	(484)
Fair value loss/(gain) on investment properties	(2,216)	5,968
Impairment of trade receivables, net	5,545	3,277
Loss/(gain) on disposal of items of property, plant and equipment, net	1,098	(583)
Loss on deregistration of an associate	1,248	–
Equity-settled share option expense	4,545	–

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2023: 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 (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%).

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current:		
Hong Kong		
Charge for the period	3,212	9,979
Overprovision in prior periods	(3,472)	–
Chinese Mainland		
Underprovision in prior periods	1,746	713
Deferred	(445)	(501)
	<hr/>	<hr/>
Total tax charge for the period	1,041	10,191

7. DIVIDENDS

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend recognised as distribution during the period:		
Final 2024 –		
HK2 cents (2023: Nil) per ordinary share	9,536	–
	<hr/>	<hr/>

The board of directors of the Company does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of HK\$6,374,000 (six months ended 30 September 2023: HK\$5,514,000), and the weighted average number of ordinary shares of 476,776,842 (six months ended 30 September 2023: 476,776,842) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 September 2024 and 2023 in respect of a dilution as the impact of the share options outstanding had no dilutive effect on the basic earnings per share amount presented.

9. TRADE RECEIVABLES

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Trade receivables	339,520	304,563
Impairment	<u>(37,920)</u>	<u>(32,487)</u>
Net carrying amount	<u>301,600</u>	<u>272,076</u>

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\$12,905,000 (31 March 2024: HK\$3,456,000) and amounts due from associates of HK\$18,801,000 (31 March 2024: HK\$36,676,000), 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 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Within 30 days	146,491	104,527
31 to 60 days	58,253	104,991
61 to 90 days	32,608	1,900
Over 90 days	<u>64,248</u>	<u>60,658</u>
Total	<u>301,600</u>	<u>272,076</u>

10. TRADE PAYABLES

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

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Within 30 days	38,798	34,849
31 to 60 days	7,123	4,970
61 to 90 days	2,094	352
Over 90 days	22,492	17,331
	<hr/>	<hr/>
Total	70,507	57,502
	<hr/>	<hr/>

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

DIVIDEND

At a meeting of the Board held on 27 November 2024, the Directors resolved not to pay an interim dividend to shareholders for the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 September 2024 (the “**Reporting Period**”), the Group recorded unaudited consolidated profit attributable to owners of the parent of approximately HK\$6.4 million, remained relatively stable compared with unaudited consolidated profit attributable to owners of the parent of approximately HK\$5.5 million for the corresponding period in 2023 (the “**Last Period**”). Revenue of the Group for the Reporting Period was approximately HK\$1,112.2 million, representing an increase of 24.5% as compared to approximately HK\$893.3 million for the Last Period. Gross profit of the Group for the Reporting Period was approximately HK\$211.1 million, representing an increase of 17.0% as compared to approximately HK\$180.4 million for the Last Period. The gross profit margin remained relatively stable at 19.0% in the Reporting Period compared to 20.2% in the Last Period.

The overall revenue of the Group continued to increase in the Reporting Period. Such increase was mainly attributable to the growth in core business in Hong Kong. Inbound tourism in Hong Kong continued to recover steadily since the full resumption of normal travel in early 2023, coupled with the recovery of the meetings, incentives, conventions and exhibitions (“**MICE**”) tourism sector and the continued enthusiasm for cross-border spending of Hong Kong residents. These factors remained the major drivers of revenue growth in cross-boundary services of both the non-franchised bus segment and the limousine segment. Meanwhile, the revenue from local scheduled services of the non-franchised bus segment maintained considerable growth in the Reporting Period. However, the positive effect on the revenue was partially offset by the increase in staff costs arising from the increase in headcount and annual pay adjustments.

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.

The revenue of non-franchised bus services for the Reporting Period was approximately HK\$798.0 million, representing an increase of 26.4% as compared to approximately HK\$631.5 million for the Last Period. Non-franchised bus segment continued to provide a sound profit-making base for the Group. A steady growth in inbound tourism, the recovery of the MICE tourism sector and the trend of Hong Kong resident travelling northward are driving the growth of the non-franchised bus service demand. To cater for the increasing demand for services, particularly in cross-boundary operation, the Group has applied for the second round of Labour Importation Scheme for Transport Sector in order to maintain the operational capacities of the Group.

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 Chinese Mainland, Hong Kong and Macau.

The revenue of limousine services for the Reporting Period was approximately HK\$140.8 million, representing an increase of 53.4% as compared to approximately HK\$91.8 million for the Last Period. The limousine segment achieved the positive results in the Reporting Period. The revenue of cross-boundary limousine services has recorded a significant increase in the Reporting Period, such increase was mainly attributable to the increase of passenger flows in Macau. In the recent year, concerts and other mega events have become one of the primary drivers boosting Macau's visitation. The increasing number of visitor arrivals in Macau boosts the cross-boundary limousine services demand travelling from Hong Kong and Chinese Mainland to 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. Coronet Ray Development Limited, the 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 Reporting Period was approximately HK\$104.3 million, representing an increase of 12.2% as compared to approximately HK\$93.0 million for the Last Period. Although the revenue in the Reporting Period has recorded a slight increase, such positive impact was offset by the increase in operating costs such as wages and fuel costs. To alleviate the issue of rising costs of operation, NLB has already submitted fare increase application to the Transport Department.

4. **Chinese Mainland Business Segment**

Revenue of the Chinese Mainland business for the Reporting Period was approximately HK\$67.8 million, representing a decrease of 10.7% as compared to approximately HK\$75.9 million for the Last Period. However, the Chinese Mainland business segment achieved a positive result in the Reporting Period, with a positive contribution from Bipenggou Tourism and CQ Hotel.

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

As at 30 September 2024, the Group owned 67.807% equity interest in Bipenggou Tourism. The scenic area of Bipenggou, Lixian has maintained its popularity in Sichuan Province, Chinese Mainland.

Health and wellness tourism become travel preferences among domestic travelers after pandemic. With the relaxation of pandemic prevention and control measures in Chinese Mainland, 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 after the pandemic.

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

As at 30 September 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.

CQ 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 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 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

Looking ahead, the Group remains cautiously optimistic about the outlook for the second half of the year. The outlook is subject to various external risks and uncertainties. The fluctuations in fuel prices in the global market, the pressure on wages and the future path of interest rates continue to create cost instability to the Group. Meanwhile, the completion of key infrastructures creates a favourable condition to the business growth of the Group. Kai Tak Sport Park is scheduled to be opened in the first quarter of 2025, aiming to boost inbound tourism by holding mega live events. In addition, Shenzhen-Zhongshan Bridge has opened to traffic in July 2024 and Huangmaohai Sea-crossing Channel is expected to be completed by the end of 2024. These infrastructures are crucial to facilitate the passenger flow within the Greater Bay Area. With the continuous enhancement of the transport network covering the Greater Bay Area, the Group 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.

The Group has been actively exploring autonomous electric bus services in recent years. In July 2024, the Group's joint venture, named KCM-PML Joint Venture was honoured to be awarded by the Airport Authority the contract for the development of autonomous vehicles and the associated transportation system for carrying visitors between the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge and SKYCITY at the Hong Kong International Airport, which will be the first autonomous mass transportation system in Hong Kong. The Group also participated in "5G-enabled Autonomous People Mover Service in a Residential Park" pilot programme which is launched by The Automotive Platforms and Application Systems (APAS) R&D Centre. Two autonomous shuttle light buses were commenced operations in such pilot programme at Fairview Park in August 2024. In addition, the Group has obtained a service contract for autonomous electric bus operations in the West Kowloon Cultural District. Two autonomous shuttles will link the M+ museum and other stations in the cultural district and it is expected to commence operations in the fourth quarter of 2025. It marks a key milestone of the Group's continued efforts in promoting smart mobility and demonstrates the Group's commitment to become a key operator of autonomous driving technology implementation projects in Hong Kong, injecting new vitality into the city's transportation development.

LIQUIDITY AND FINANCIAL RESOURCES

Funding for the Group's operations during the six months ended 30 September 2024 was sourced mainly from internally generated cash flows, with shortfalls being financed mainly by borrowings from banks. As at 30 September 2024, the total outstanding indebtedness was approximately HK\$1,648.6 million (31 March 2024: HK\$1,544.7 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 30 September 2024, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 81.8% (31 March 2024: 76.7%).

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 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 30 September 2024, the Group employed approximately 4,580 employees (31 March 2024: 4,440 employees) in Chinese Mainland, 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.

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 Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the six months ended 30 September 2024.

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 six months ended 30 September 2024.

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 2024.

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.

PUBLICATION OF INTERIM 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 interim report of the Group for the six months ended 30 September 2024 containing all the information required by the Listing Rules will be sent to shareholders of the Company 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.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board is pleased to announce that with effect from 1 December 2024, Ms. Cheung Ka Wan (“**Ms. Cheung**”) will be appointed as an independent non-executive Director, a member of the audit committee, nomination committee, and remuneration committee of the Company.

Ms. Cheung, aged 40, is a partner at Holman Fenwick Willan, one of the largest international law firms and one of the first international law firms to open an office in Hong Kong. She obtained her Bachelor of Laws with Business with Honours degree from Keele University in the United Kingdom and the Postgraduate Certificate in Laws from the University of Hong Kong. Prior to qualifying as a solicitor in Hong Kong and the Guangdong-Hong Kong-Macao Greater Bay Area, Ms. Cheung practiced as a barrister in Hong Kong. She is a China-Appointed Attesting Officer, a member of the Law Society of Hong Kong, a fellow member of the Chartered Institute of Arbitrators in the United Kingdom, a fellow member of the Hong Kong Institute of Arbitrators, a fellow member of the Arbitrators’ and Mediators’ Institute of New Zealand, and an accredited mediator at the Hong Kong International Arbitration Centre. Throughout her 18-year legal career, Ms. Cheung has advised and represented clients on cases involving complex cross-border corporate and commercial litigation, white-collar crime, regulatory matters, shareholder disputes, shipping law, employment law, land disputes, and judicial review. Ms. Cheung is also actively involved in community engagement. She is the vice chairman of the Hong Kong and Mainland Legal Profession Association, founding vice chairman of the Greater Bay Area Union, a member of the Hong Kong Trustees’ Association, China Development Subcommittee, and a council member of the Guangdong-Hong Kong-Macao Greater Bay Area Social Organizations Cooperation and Development Centre.

Ms. Cheung has entered into a service agreement with the Company on 27 November 2024 for her appointment as independent non-executive Director for a period of two years commencing from 1 December 2024 which is subject to the requirements for retirement by rotation and re-election at the next following general meeting of the Company, in accordance with the by-laws of the Company. Ms. Cheung is entitled to receive a director’s fee of HK\$285,000 per annum, which is determined by the Board with reference to her duties and responsibilities with the Company, the prevailing market conditions and the remuneration committee’s recommendation.

Save as disclosed above, as at the date of this announcement, Ms. Cheung (i) has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years preceding the date of this announcement; (ii) does not have any relationship with any Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company; (iii) does not hold any position with the Company or any of its subsidiaries; and (iv) does not have any interest or short position in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Ms. Cheung has confirmed that (i) she has satisfied all the criteria for independence as set out in Rule 3.13(1) to (8) of the Listing Rules; (ii) she has no past or present financial or other interest in the business of the Group or any connection with any core connected person (as defined in the Listing Rules) of the Company; and (iii) there are no other factors that may affect her independence at the time of her appointment.

Save as disclosed above, there are no other matters relating to the appointment of Ms. Cheung that needs to be brought to the attention of the shareholders of the Company nor any other information that needs to be disclosed pursuant to the requirement of Rule 13.51(2) (h) to (v) of the Listing Rules.

The Board would like to take this opportunity to welcome Ms. Cheung on her new appointment in the Company.

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

Hong Kong, 27 November 2024

As at the date of this announcement, the board of directors of the Company 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.