



KWOON CHUNG BUS HOLDINGS LIMITED

(Stock Code: 306)



Interim Report
2009/2010



The directors of Kwoon Chung Bus Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended	
		30 September	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
CONTINUING OPERATIONS			
REVENUE	2	868,631	908,329
Cost of services rendered		<u>(715,939)</u>	<u>(776,449)</u>
Gross profit		152,692	131,880
Other income and gains		20,707	18,995
Administrative expenses		(120,492)	(118,320)
Other expenses		(2,595)	(8,945)
Finance costs		(8,243)	(10,373)
Share of profits and losses of:			
Jointly-controlled entities		8,378	(198)
Associates		<u>(2)</u>	<u>2</u>
PROFIT BEFORE TAX	3	50,445	13,041
Tax	4	<u>(12,238)</u>	<u>(2,852)</u>
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		38,207	10,189
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation	5	<u>-</u>	<u>31,874</u>
PROFIT FOR THE PERIOD		<u>38,207</u>	<u>42,063</u>

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

	Notes	For the six months ended	
		30 September	
		2009	2008
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
ATTRIBUTABLE TO:			
Equity holders of the parent			
– continuing operations		35,373	4,107
– discontinued operation		–	33,014
		<u>35,373</u>	<u>37,121</u>
Minority interests			
– continuing operations		2,834	6,082
– discontinued operation		–	(1,140)
		<u>2,834</u>	<u>4,942</u>
		<u>38,207</u>	<u>42,063</u>
DIVIDEND	6	<u>15,796</u>	<u>–</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	7		
Basic			
– For profit for the period		<u>HK8.96 cents</u>	<u>HK9.40 cents</u>
– For profit from continuing operations		<u>HK8.96 cents</u>	<u>HK1.04 cents</u>
Diluted			
– For profit for the period		<u>HK8.90 cents</u>	<u>HK9.05 cents</u>
– For profit from continuing operations		<u>HK8.90 cents</u>	<u>HK1.00 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	38,207	42,063
OTHER COMPREHENSIVE INCOME		
FOR THE PERIOD, NET OF TAX:		
Exchange differences on translation of foreign operations	<u>-</u>	<u>25,935</u>
TOTAL COMPREHENSIVE INCOME FOR		
THE PERIOD, NET OF TAX	<u>38,207</u>	<u>67,998</u>
Attributable to:		
Equity holders of the parent	35,373	57,681
Minority interests	<u>2,834</u>	<u>10,317</u>
	<u>38,207</u>	<u>67,998</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	8, 13	1,182,562	1,182,358
Investment property		1,200	1,200
Prepaid land lease payments	13	128,679	86,470
Other intangible assets		41,545	40,124
Goodwill		18,426	18,426
Interests in jointly-controlled entities		132,015	124,636
Interests in associates		31,437	28,194
Available-for-sale investments		7,130	7,551
Deposits paid for purchases of items of property, plant and equipment		2,540	11,139
Pledged other deposits	13	<u>21,136</u>	<u>21,094</u>
Total non-current assets		<u>1,566,670</u>	<u>1,521,192</u>
CURRENT ASSETS			
Properties held for sale		74,377	74,377
Inventories		25,791	23,272
Trade receivables	9	104,966	106,275
Prepayments, deposits and other receivables		138,322	142,885
Tax recoverable		-	321
Pledged time deposits	13	22,443	31,547
Cash and cash equivalents		<u>320,562</u>	<u>258,585</u>
Total current assets		<u>686,461</u>	<u>637,262</u>
CURRENT LIABILITIES			
Trade payables	10	79,159	62,672
Accruals and other payables		346,752	335,492
Tax payable		14,412	16,336
Derivative financial instruments		479	479
Deposits received		48,519	37,502
Interest-bearing bank and other borrowings		<u>224,170</u>	<u>208,585</u>
Total current liabilities		<u>713,491</u>	<u>661,066</u>
NET CURRENT LIABILITIES		<u>(27,030)</u>	<u>(23,804)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,539,640</u>	<u>1,497,388</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	30 September 2009 (Unaudited) Notes	31 March 2009 (Audited)
	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	210,016	182,187
Due to joint venturers	25,062	25,062
Other long term liabilities	17,105	14,013
Deferred tax liabilities	<u>89,338</u>	<u>84,622</u>
Total non-current liabilities	<u>341,521</u>	<u>305,884</u>
Net assets	<u>1,198,119</u>	<u>1,191,504</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	39,491	39,491
Reserves	915,634	880,261
Proposed final and special dividends	6	<u>31,592</u>
	<u>955,125</u>	<u>951,344</u>
Minority interests	<u>242,994</u>	<u>240,160</u>
Total equity	<u>1,198,119</u>	<u>1,191,504</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009 (Unaudited)

	Attributable to equity holders of the parent												
	Share			Asset		Enterprise	Exchange		Proposed		Minority	Total	
	Issued	premium	Contributed	Capital	revaluation	expansion	Reserve	equalisation	Retained	final			
	capital	account	surplus	reserve	reserve	funds	fund	reserve	profits	dividend	Total	interests	equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2009	39,491	523,211	10,648	(1,855)	2,499	940	6,216	45,727	292,875	31,592	951,344	246,160	1,191,504
Profit for the period	-	-	-	-	-	-	-	-	35,373	-	35,373	2,834	38,207
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	35,373	-	35,373	2,834	38,207
Final and special 2009 dividends declared (note 6)	-	-	-	-	-	-	-	-	-	(31,592)	(31,592)	-	(31,592)
At 30 September 2009	<u>39,491</u>	<u>523,211*</u>	<u>10,648*</u>	<u>(1,855)*</u>	<u>2,499*</u>	<u>940*</u>	<u>6,216*</u>	<u>45,727*</u>	<u>328,248*</u>	<u>-</u>	<u>955,125</u>	<u>242,994</u>	<u>1,198,119</u>

For the six months ended 30 September 2008 (Unaudited)

	Attributable to equity holders of the parent												
	Share			Asset		Enterprise	Exchange		Proposed		Minority	Total	
	Issued	premium	Contributed	Capital	revaluation	expansion	Reserve	equalisation	Retained	final			
	capital	account	surplus	reserve	reserve	funds	fund	reserve	profits	dividend	Total	interests	equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2008	39,491	523,211	10,648	(1,855)	2,638	1,034	9,265	49,904	258,492	11,847	904,675	263,781	1,168,456
Profit for the period	-	-	-	-	-	-	-	-	37,121	-	37,121	4,942	42,063
Other comprehensive income	-	-	-	-	-	-	-	20,560	-	-	20,560	5,375	25,935
Total comprehensive income	-	-	-	-	-	-	-	20,560	37,121	-	57,681	10,317	67,998
Disposal of subsidiaries	-	-	-	-	-	-	-	(9,838)	-	-	(9,838)	(41,121)	(50,959)
Final 2008 dividend declared (note 6)	-	-	-	-	-	-	-	-	-	(11,847)	(11,847)	-	(11,847)
At 30 September 2008	<u>39,491</u>	<u>523,211</u>	<u>10,648</u>	<u>(1,855)</u>	<u>2,638</u>	<u>1,034</u>	<u>9,265</u>	<u>60,626</u>	<u>295,613</u>	<u>-</u>	<u>940,671</u>	<u>232,977</u>	<u>1,173,648</u>

* These reserve accounts comprise the consolidated reserves of HK\$915,634,000 in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM:		
OPERATING ACTIVITIES	169,453	165,441
INVESTING ACTIVITIES	(107,596)	(82,629)
FINANCING ACTIVITIES	11,822	(19,452)
	<u>73,679</u>	<u>63,360</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,679	63,360
Cash and cash equivalents at beginning of period	246,304	173,386
Effects of foreign exchange rate changes, net	-	2,491
	<u>319,983</u>	<u>239,237</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	296,276	164,767
Non-pledged time deposits with original maturity of less than three months when acquired	23,707	74,470
	<u>319,983</u>	<u>239,237</u>

Note:

Reconciliation of cash and cash equivalents:

	For the six months ended	
	30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Cash and bank balances and non-pledged time deposits with original maturity of less than three months	319,983	239,237
Non-pledged time deposits with original maturity of more than three months when acquired	579	-
	<u>320,562</u>	<u>239,237</u>
Total cash and cash equivalents at end of period		

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have 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 "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2009.

The accounting policies used in the preparation of this unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards HKASs and Interpretations) and amendments to HKFRSs issued by the HKICPA for the first time for the current period's unaudited condensed consolidated interim financial statements:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendment	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Finance Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC) 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 – <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HKFRSs (Amendments)	<i>Improvements to HKFRSs</i>

Except for HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has no material impact on the Group's results of operations and financial position.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income, with all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expenses recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2. SEGMENT INFORMATION

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

- (a) the designated bus routes segment includes the provision of bus services by designated routes as approved by various local governments/transport authorities in Chongqing, Shanghai, Hubei and Guangdong, Mainland China. Pursuant to equity transfer agreements as detailed in note 5, the Group disposed of its entire operation in Shanghai and, accordingly, the designated bus routes operation in Shanghai is regarded as a discontinued operation;
- (b) the non-franchised bus segment includes the provision of non-franchised bus hire service and travel related services;
- (c) the franchised bus segment includes the provision of franchised bus services on Lantau Island in Hong Kong;
- (d) the tour segment engages in travel agency and tour service businesses in Hong Kong and Mainland China;
- (e) the hotel segment includes the provision of hotel services in Mainland China; and
- (f) the corporate and others segment comprises, principally, the provision of other transportation services, together with corporate income and expense items.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

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

2. **SEGMENT INFORMATION** (Continued)

Operating segments

The following tables present revenue and profit/(loss) information of the Group's operating segments for the six months ended 30 September 2009 and 2008.

For the six months ended 30 September 2009 (Unaudited)

	Continuing operations							Discontinued operation		
	Designated bus routes (excluding Shanghai)	Non-franchised bus	Franchised bus	Tour	Hotel	Corporate and others	Inter-segment eliminations	Total	Designated bus routes (Shanghai)	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
External sales	327,068	451,212	52,950	25,896	11,505	-	-	868,631	-	868,631
Intersegment sales	-	39,424	-	-	-	-	(39,424)	-	-	-
Other revenue	5,431	141,937	1,180	62	3	626	(128,854)	20,385	-	20,385
Total	332,499	632,573	54,130	25,958	11,508	626	(168,278)	889,016	-	889,016
Segment results	20,068	28,522	5,276	(1,672)	101	(1,833)	(472)	49,990	-	49,990
Bank interest income								322	-	322
Finance costs								(8,243)	-	(8,243)
Share of profits and losses of:										
Jointly-controlled entities	8,378	-	-	-	-	-	-	8,378	-	8,378
Associates	-	(2)	-	-	-	-	-	(2)	-	(2)
Profit before tax								50,445	-	50,445
Tax								(12,238)	-	(12,238)
Profit for the period								38,207	-	38,207

2. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

For the six months ended 30 September 2008 (Unaudited)

	Continuing operations							Discontinued operation		
	Designated bus routes (excluding Shanghai)	Non-franchised bus	Franchised bus	Tour	Hotel	Corporate and others	Inter-segment eliminations	Total	Designated bus routes (Shanghai)	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
External sales	323,925	492,956	45,159	33,466	12,823	-	-	908,329	47,486	955,815
Intersegment sales	-	49,940	-	-	-	-	(49,940)	-	-	-
Other revenue	16,159	130,643	1,452	96	525	270	(130,874)	18,271	7,376	25,647
Total	340,084	673,539	46,611	33,562	13,348	270	(180,814)	926,600	54,862	981,462
Segment results	19,015	10,611	(5,528)	(779)	(79)	(354)	-	22,886	(1,465)	21,421
Bank interest income								724	-	724
Finance costs								(10,373)	(961)	(11,334)
Gain on disposal of subsidiaries								-	34,300	34,300
Share of profits and losses of:										
Jointly-controlled entities	(198)	-	-	-	-	-	-	(198)	-	(198)
Associates	-	2	-	-	-	-	-	2	-	2
Profit before tax								13,041	31,874	44,915
Tax								(2,852)	-	(2,852)
Profit for the period								10,189	31,874	42,063

3. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	84,790	87,909
Amortisation	978	810
Impairment of amounts due from jointly-controlled entities	-	2,400
Write-off of an other receivable	-	4,800
	<u> </u>	<u> </u>

4. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current:		
Hong Kong	5,590	186
Mainland China	1,932	1,453
Deferred	<u>4,716</u>	<u>1,213</u>
Tax charge for the period	<u>12,238</u>	<u>2,852</u>

No provision for income tax is required in respect of associates and jointly-controlled entities because no assessable profits were earned by the associates and jointly-controlled entities during the period (2008: Nil).

5. DISCONTINUED OPERATION

On 25 March 2008, the Group entered into equity transfer agreements with Shanghai Transportation Investment Group Co., Ltd. ("Shanghai Transportation"), the PRC joint venture partner of Shanghai Wu Qi (defined hereunder), whereby the Group agreed to dispose of its entire 53% equity interest in Shanghai Wu Qi Kwoon Chung Public Transport Co., Ltd. ("Shanghai Wu Qi") to Shanghai Transportation for a total consideration of RMB62.7 million. Shanghai Wu Qi is primarily engaged in the provision of bus services in Shanghai.

5. **DISCONTINUED OPERATION** (Continued)

The disposal of Shanghai Wu Qi was completed during the six months ended 30 September 2008 and the Group discontinued all of its operations in Shanghai, Mainland China.

The results of the discontinued operation are presented below:

	For the six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue	-	47,486
Cost of services rendered	-	(47,805)
Gross loss	-	(319)
Other income and gains	-	7,376
Administrative expenses	-	(6,241)
Other expenses	-	(2,281)
Finance costs	-	(961)
Loss before tax	-	(2,426)
Tax	-	-
Loss for the period	-	(2,426)
Profit/(loss) for the period from the discontinued operation:		
Loss for the period	-	(2,426)
Gain on disposal of Shanghai Wu Qi	-	34,300
	-	31,874
Attributable to:		
Equity holders of the parent	-	33,014
Minority interests	-	(1,140)
	-	31,874
Profit per share:		
Basic, from the discontinued operation	-	HK8.36 cents
Diluted, from the discontinued operation	-	HK8.05 cents

6. DIVIDENDS PAID AND PROPOSED

	For the six months ended	
	30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Dividends on ordinary shares declared and paid during the six month period:		
Final dividend for the year ended 31 March 2009:		
HK5 cents (2008: HK3 cents)	19,745	11,847
Special dividend for the year ended 31 March 2009:		
HK3 cents (2008: Nil)	<u>11,847</u>	<u>-</u>
	<u>31,592</u>	<u>11,847</u>
Dividends on ordinary shares proposed for approval (not recognised as a liability as at 30 September):		
Interim dividend for the year ending 31 March 2010:		
HK4 cents (2009: nil)	<u>15,796</u>	<u>-</u>

The proposed dividend for the year ending 31 March 2010 was approved on 18 December 2009.

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

The calculation of basic earnings per ordinary share is based on the unaudited consolidated profit for the period attributable to equity holders of the parent of HK\$35,373,000 (2008: HK\$37,121,000) and on the weighted average of 394,906,000 (2008: 394,906,000) ordinary shares in issue during the period.

The calculation of basic earnings per share amount for the period from continuing operations is based on the unaudited consolidated profit for the period from continuing operations attributable to equity holders of the parent of HK\$35,373,000 (2008: HK\$4,107,000) and the weighted average number of 394,906,000 (2008: 394,906,000) ordinary shares in issue during this period.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

The calculations of basic and diluted earnings per share are based on:

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings:		
Profit for the period attributable to equity holders of the parent, for the purpose of basic and diluted earnings per share calculation	<u>35,373</u>	<u>37,121</u>
Profit for the period of continuing operations attributable to equity holders of the parent, for the purpose of basic and diluted earnings per share calculation	<u>35,373</u>	<u>4,107</u>
Number of shares		
For the six months ended		
30 September		
	2009	2008
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share calculation	394,906,000	394,906,000
Weighted average number of ordinary shares assumed issued at no consideration on deemed exercise of share options outstanding during the period	<u>2,517,938</u>	<u>15,400,352</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share calculation	<u>397,423,938</u>	<u>410,306,352</u>

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment at cost amounting to HK\$118,424,000 (2008: HK\$122,456,000) and disposed of property, plant and equipment with net book value amounting to HK\$33,430,000 (2008: HK\$12,395,000).

9. TRADE RECEIVABLES

Included in the Group's trade receivables is an amount due from associates of HK\$10,516,000 (31 March 2009: HK\$6,546,000), which is repayable within 90 days. The Group seeks to maintain strict control over its outstanding receivables, and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

The Group allows an average credit period ranging from 30 to 60 days for its trade debtors. An aged analysis of the Group's trade receivables that are not considered to be impaired, based on the payment due date, is as follows:

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Neither past due nor impaired	66,522	35,705
Less than 1 month past due	21,084	53,139
1 to 3 months past due	6,348	11,673
Over 3 months past due	<u>11,012</u>	<u>5,758</u>
	<u>104,966</u>	<u>106,275</u>

10. TRADE PAYABLES

An aged 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 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Current to 30 days	48,163	37,538
31 to 60 days	18,196	10,340
61 to 90 days	2,771	1,938
Over 90 days	<u>10,029</u>	<u>12,856</u>
	<u>79,159</u>	<u>62,672</u>

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

11. CONTINGENT LIABILITIES

The Company has given certain guarantees amounting to HK\$627,090,000 (31 March 2009: HK\$611,436,000) in favour of certain banks for the banking facilities granted to its subsidiaries and a jointly-controlled entity.

12. COMMITMENTS

At 30 September 2009, the Group had the following capital commitments:

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Contracted, but not provided for:		
Acquisition of motor buses and vehicles	42,720	61,191
Construction of a scenic site and a plant for repair and maintenance	-	1,578
Authorised, but not provided for:		
Capital contribution payable to joint ventures	<u>19,890</u>	<u>106,915</u>
	<u>62,610</u>	<u>169,684</u>

13. PLEDGE OF ASSETS

At 30 September 2009, the Group's interest-bearing bank and other borrowings are secured by (i) certain property, plant and equipment and prepaid land lease payments with an aggregate net book value of HK\$80,155,000 (31 March 2009: HK\$154,983,000); (ii) the pledge of certain time deposits and other deposits of HK\$23,113,000 (31 March 2009: HK\$23,490,000); (iii) all the issued shares of New Lantao Bus Company (1973) Limited and Trans-Island Limousine Service Limited, subsidiaries of the Company, held by the Group; and (iv) fixed and floating charges over all the assets and undertakings of the Group in Hong Kong to the extent of HK\$390,000,000 (31 March 2009: HK\$390,000,000) under debentures given by the Company.

At 30 September 2009, the Group's other payables in an aggregate amount of HK\$20,456,000 (31 March 2009: HK\$29,151,000) are secured by the pledge of certain time deposits of HK\$20,466,000 (31 March 2009: HK\$29,151,000).

14. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with connected and/or related parties during the period:

	<i>Notes</i>	For the six months ended	
		30 September	
		2009	2008
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Rental expenses paid to joint venturers of subsidiaries	<i>(i), (ii)</i>	484	1,072
Coach rental income from associates	<i>(iii)</i>	10,536	14,161
Bus washing charges paid to a related company	<i>(iv), (v)</i>	98	98
Purchases of fuel from related companies	<i>(iv), (v)</i>	7,608	13,064
Rental and related expenses paid to a related company	<i>(vi)</i>	<u>1,487</u>	<u>1,188</u>

Notes:

- (i) On 1 January 2007, Shanghai Wu Qi, entered into an agreement with Shanghai Transportation for the leasing of offices and bus depots at a monthly rental of RMB136,000 (equivalent to approximately HK\$155,000). On 1 January 2008, the agreement was renewed and the monthly rental increased to RMB345,000 (approximately HK\$392,000). The above rentals were determined between both parties by reference to the prevailing market rentals at the time when the lease agreements were entered into. Shanghai Wu Qi paid rental expenses amounting to approximately HK\$588,000 to Shanghai Transportation for prior period.
- (ii) In 1999, Chongqing Kwoon Chung Public Transport Holdings Co., Ltd. ("Chongqing KC"), in which the Group has an effective interest of 30.25% (2008: 30.25%), entered into an agreement with Chongqing No. 3 Public Transport Company ("Chongqing Public Transport"), a minority shareholder of Chongqing KC, for the leasing of offices and bus depots for a term of 30 years starting from 1999 at an annual rental of approximately RMB852,000 (equivalent to approximately HK\$968,000), which was determined between both parties by reference to the open market rentals at the time when the lease agreements were entered into. Pursuant to the agreement, Chongqing KC paid rental expenses amounting to approximately HK\$484,000 (2008: HK\$484,000) to Chongqing Public Transport for the period.

14. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

- (iii) The coach rental income was made according to the prices and conditions similar to those offered by the Group to its customers.
- (iv) On 13 June 2003, the Company entered into an agreement with New World First Bus Services Limited ("NWFB"), a fellow subsidiary of a shareholder of the Company, for (a) the provision of bus washing services by NWFB to certain of the motor vehicles of the Group in Hong Kong; and (b) the purchase of fuel from NWFB by the Group. The fee related to the bus washing services provided by NWFB to the Group was determined at monthly charge of HK\$16,400 since 1 November 2007 (2008: HK\$16,400). The aggregate fee related to bus washing services was approximately HK\$98,000 (2008: HK\$98,000). The purchase of fuel from NWFB was made according to the prices and conditions similar to those offered by other unrelated suppliers to the Group. The aggregate purchases of fuel from NWFB amounted to HK\$4,287,000 (2008: HK\$7,420,000).
- (v) On 10 October 2005, the Company entered into an agreement with Citybus Limited ("CTB"), a fellow subsidiary of a shareholder of the Company, for (a) the provision of bus washing services by CTB to certain of the motor vehicles of the Group in Hong Kong; and (b) the purchase of fuel from CTB by the Group. The refuelling charge was determined at a fixed rate of HK\$0.65 per litre for the total quantity of fuel refuelled and the bus washing charges were determined at a fixed rate of HK\$16 per vehicle. On 24 December 2008, the agreement was renewed for another period commencing from 1 April 2008 to 31 March 2009 with the same terms. No bus washing services was provided by CTB during both current and prior periods. The purchase of fuel from CTB was determined by reference to open market rates. The aggregate purchases from CTB amounted to HK\$3,321,000 (2008: HK\$5,644,000).
- (vi) On 25 May 2007, the Company entered into a tenancy agreement with NWFB for the lease of office premises for a period of two years commencing on 1 January 2007 at a monthly charge, including rental and related management charges, of HK\$214,635 (2008: HK\$198,000). On 23 February 2009, the agreement was renewed for a period of two years commencing from 1 January 2009, and the monthly charge increased to HK\$247,000. The above charges were determined by reference to open market rates based on the actual disbursement basis. The total rentals and related expenses paid by the Group for the period amounted to HK\$1,487,000 (2008: HK\$1,188,000).

14. CONNECTED AND RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
Due from associates	25,367	22,122
Due from jointly controlled entities	34,804	35,803
Due to jointly controlled entities	(31,744)	(31,744)
Loan to jointly controlled entities	5,862	5,862
Due from joint venturers	3,328	3,328
Due to joint venturers	<u>(28,012)</u>	<u>(28,012)</u>

Details of the Group's trade balances with its associates as at balance sheet date are disclosed in note 9 to the interim financial statements.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Short term employee benefits	6,994	6,570
Post-employment benefits	<u>613</u>	<u>573</u>
Total compensation paid to key management personnel	<u>7,607</u>	<u>7,143</u>

15. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 18 December 2009.

REVIEW OF OPERATIONS

The unaudited consolidated profit attributable to equity holders of the parent for the six months ended 30 September 2009 was approximately HK\$35.4 million. This was a drop of about 4.6% from that of approximately HK\$37.1 million for the same period of prior year.

It should be recalled that two non-recurring transactions had contributed considerably to the Group's profit for the prior period. These were the recognition of approximately HK\$34 million gain on the disposal of Shanghai Wu Qi Kwoon Chung Public Transport Co., Ltd., and an exceptional gross income of approximately HK\$24 million from the Olympic and Paralympic Equestrian Events for the non-franchised bus operations in Hong Kong.

Thus, aside from these, the performance and profit of HK\$35.4 million for the six months ended 30 September 2009 was, in effect, better than that of the prior year. Conditions favorable to the improved results included: i) lower fuel cost by about 27% compared with astronomical prices last year; ii) New Lantao Bus Company (1973) Limited turned around from a loss to a profit position; and iii) the expiry of certain Co-operative Joint Ventures ("CJVs") and the conversion of the CJV of Guangzhou Kwoon Chung into an Equity Joint Venture ("EJV") of Guangzhou City No. 2 Bus greatly reduced the amortization expenses for the current period.

Nevertheless, the general economic environment has still been tough for the Group's operations both in Hong Kong and in Mainland China. Details are discussed below.

1. Non-franchised Bus Services in Hong Kong

The principal non-franchised bus services provided by the Group covered student, employee, resident, hotel, tour, Mainland China/Hong Kong cross-boundary and contract hire bus services. The Group continued to be the largest non-franchised bus operator in Hong Kong in terms of the size of the bus fleet, and, as at 30 September 2009, was operating a fleet of 860 (2008: 831) buses.

The total turnover of this sector for the six months ended 30 September 2009 was approximately HK\$451 million (2008: HK\$493 million), representing a decrease of approximately 8.5% from the same period of prior year.

The Group's Hotel limo, Hotelink, and tour bus services had been most hard hit by the slow return of visitors, especially those from the overseas business sector, in the wake of a gradual recovery of the global economy from the economic downturn last year. On the cross-boundary side, competition from the Lok Ma Chau Spur Line had seen quite a number of passengers moving away from the short, fixed routes via Huanggang operated by the Group.

To meet up with the challenges, the Group made efforts to maximize efficiency in the utilization of its bus and limo fleets, manpower as well as other resources.

The profit margin of this sector improved partly as a result of the relative contraction in fuel expenses during the period.

REVIEW OF OPERATIONS *(Continued)*

2. Franchised Bus Services in Hong Kong

New Lantau Bus Company (1973) Limited ("NLB")

As at 30 September 2009, this 99.99% (2008: 99.99%) owned subsidiary was operating 23 (2008: 25) franchised bus routes, mainly in Lantau Island, with a fleet of 103 (2008: 102) buses. For the period, the total turnover was approximately HK\$53.0 million (2008: HK\$45.2 million), and the share of profit attributable to the Company was approximately HK\$4.3 million (2008: a loss of approximately HK\$4.8 million).

This contrast in profit reflected, in large, the reduction of fuel costs during the period when compared with that of the prior period. In addition, the intake of more population in the Tung Chung New Town, the gradual build-up of the patronage of Route B2 between Yuen Long and Shenzhen Bay Port, and the increased popularity of some of the packages developed by NLB in connection with Ngong Ping 360, such as Tai O Pass, had contributed to the improved result.

3. Other Operations in Hong Kong

The Group continued to operate a number of airport service counters at the Passenger Terminal Building of the Hong Kong International Airport, catering for inbound visitors to Hong Kong as well as visitors on transit by buses or limousines to Mainland China. The Group was operating three travel companies/units in Hong Kong, namely, Lantau Tours Limited, TIL Travel (operated by Trans-Island Limousine Service Limited), and Vigor Tours Limited.

4. Designated Bus Routes Services in Mainland China

(a) Co-operative Joint Ventures in Mainland China

Through its CJVs, the Group had operated a number of routes and buses in Shantou and Harbin. During the six months ended 30 September 2009, the Group negotiated and reached agreement with the Chinese Partners of these CJVs to cease operations as and when contracts expired. The share of losses of these CJVs (together with certain impairment made for the prior period) amounted to approximately HK\$491,000 for the period (2008: HK\$3.7 million).

(b) Equity Joint Ventures and Subsidiary in Mainland China.

i. Chongqing Kwoon Chung Public Transport Holdings Co., Ltd.

As at 30 September 2009, this 30.25% (2008: 30.25%) owned subsidiary, was operating 86 (2008: 76) routes with a fleet of 1,053 (2008: 930) buses in Chongqing, mainly in the southern area. The share of loss attributable to the Company for the period was approximately HK\$1.5 million (2008: profit of HK\$1.1 million). The major road reconstruction and redirection in the southern district of Chongqing had affected the patronage of this subsidiary for the period.

REVIEW OF OPERATIONS *(Continued)*

4. Designated Bus Routes Services in Mainland China *(Continued)*

(b) Equity Joint Ventures and Subsidiary in Mainland China. (Continued)

- ii. Chongqing Kwoon Chung (New Town) Public Transport Co., Ltd.
As at 30 September 2009, this 42.15% (2008: 42.15%) owned subsidiary was operating 38 (2008: 29) routes with a fleet of 704 (2008: 637) buses in Chongqing, mainly in the northern area. The share of profit attributable to the Company for the period was approximately HK\$4.5 million (2008: HK\$1.9 million). The increase in profit was mainly due to the enlargement of fleet size with economies of scale and the effective cost-saving measures imposed by the local management.
- iii. Hubei Shenzhou Transport Holdings Co., Ltd.
As at 30 September 2009, this 100% (2008: 100%) owned subsidiary was operating a transport terminal and long distance bus routes services in Hubei Province comprising 93 (2008: 93) routes with a fleet of 239 (2008: 258) chartered buses. The profit attributable to the subsidiary for the period was approximately HK\$1.7 million (2008: HK\$1.0 million). The better performance for the period was mainly due to its more mature and scientific management since the Group's acquisition.
- iv. GFTZ Xing Hua International Transport Ltd. ("Xing Hua")
As at 30 September 2009, this 56% (2008: 56%) owned subsidiary was operating 6 (2008: 12) routes with a fleet of 56 (2008: 54) buses, providing long distance bus transport in Guangdong Province. The share of loss attributable to the Company for the period was approximately HK\$265,000 (2008: HK\$248,000). The keen competition in its surrounding environment, especially for the Guangzhou-Shenzhen route, was still a headache for this subsidiary.
- v. Guangzhou New Era Express Bus Co., Ltd.
As at 30 September 2009, this 56% (2008: 56%) owned subsidiary was operating a fleet of 21 (2008: 19) buses for 5 (2008: 5) long distance bus routes in Guangdong Province. The share of profit attributable to the Company for the period was approximately HK\$2.5 million (2008: HK\$3.1 million). Similar to Xing Hua, keener competition had also reduced the profitability of this subsidiary.
- vi. Guangzhou City No.2 Bus Co., Ltd.
This relatively new, 40% (2008: 40%) owned jointly controlled entity commenced operation from January 2008. As at 30 September 2009, it was operating a fleet of 1,453 buses (2008: 1,436) for 91 routes (2008: 78) in Guangzhou. The share of profit attributable to the Company for the period was approximately HK\$8.9 million (2008: HK\$1.1 million). This remarkable improvement of results is due to the more reasonable grant of government subsidies.

REVIEW OF OPERATIONS *(Continued)*

5. Tour, Hotel and Theme Park Businesses in Mainland China

(a) Chongqing Tourism (Group) Co., Ltd.

This 60% (2008: 60%) owned subsidiary, via its three group companies with the same shareholding structure (collectively "Chongqing Tourism Group"), operated a hotel, a travel agency company and a tour bus company. The aggregate share of loss attributable to the Company for the period was approximately HK\$774,000 (2008: HK\$606,000).

Tourism and related businesses in Chongqing and Sichuan Province suffered from the swine flu scare and the aftermath of global financial recession. The hotel management strived to control and keep costs down while making viable plans for expanding future revenue. Nevertheless, the operating cashflow position of the hotel and Chongqing Tourism Group as a whole had been positive for the past years.

(b) Lixian Bipenggou Tourism Development Co., Ltd.

As at 30 September 2009, the Group owned 51% (2008: 51%) equity interest in this subsidiary. The other two equity holders are Chengdu China Travel Service Co., Ltd. (with 34.3% equity interest) and Lixian Government of Sichuan Province (with 14.7% equity interest). During the period, the share of loss attributable to the Company was approximately HK\$660,000 (2008: HK\$625,000). Reconstruction after the catastrophic 5.12 earthquake in 2008 had been in full swing, with much work being done to upgrade roads and transportation networks with government and provincial funding. It was understood that access to Miyalou would improve with much greater expediency in about two years, bringing more visitors to the scenic sites in Bippengou. Until then, the project was undergoing a trying period to control costs and implement development plans at measured pace and with caution.

LIQUIDITY AND FINANCIAL RESOURCES

Funding for the Group's operations during the period came mainly from internally generated cash flows. Shortfalls, if any, were financed by bank loans and leases. The total indebtedness outstanding as at 30 September 2009 was approximately HK\$434 million (31 March 2009: HK\$391 million), of which HK\$224 million (31 March 2009: HK\$209 million) was repayable/renewable within one year. The indebtedness comprised mainly of bank loans and leases and was deployed primarily for the purchase of buses and for investments both in Hong Kong and Mainland China. The leverage was approximately 36% (31 March 2009: 33%).

FUNDING AND TREASURY POLICY

The Group maintains a prudent funding and treasury policy towards its overall business operations, with an aim to minimize financial risks. Future projects will be financed by cash flows from the Group's operations, from banking facilities or other viable forms of financing in Hong Kong and/or Mainland China.

The income and expenditure of the Group's Hong Kong operations are denominated in Hong Kong Dollars ("HKD"). For its investments in Mainland China, the major sources of income are in Renminbi ("RMB"). The Group will be watchful of any significant fluctuation in the exchange rates. The Group is also watchful of significant interest rate fluctuations as the bank loans of the Group carry mainly floating interest rates. Appropriate measures in minimizing such risks have been duly executed by the Group.

HUMAN RESOURCES

The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is established in accordance with market rates. In-house orientation and training programs are arranged for the staff both in Hong Kong and Mainland China. Employees are also encouraged to attend job-related seminars and courses organized by professional and/or educational institutions.

FUTURE PROSPECTS

The Group will continue to face the challenges of a tough operating environment in view of the following factors:

- (a) The international oil price has more than doubled from US\$33 per barrel in early 2009 to the recent level of US\$75-80 per barrel. Rising fuel costs and volatile market situations remain a big burden for the Group.
- (b) The expanding competition from rail transport continues to exert pressure on the Group's patronage and revenue, and parallel routes are particularly at risk.
- (c) When businesses are frugal in spending, the demand for some of the Group's bus and limo services, especially those related to tour and hotel, may suffer. It is hard to increase fares to compensate for diminished demand.

FUTURE PROSPECTS *(Continued)*

To meet various challenges, the Group plans to implement the following measures:

- (1) The Group will further consolidate its bus operations in Mainland China. Route rationalisation and necessary adjustments will be conducted to reduce costs and increase the profit margin.
- (2) The Group may dispose of certain fixed assets, such as land and buildings in Mainland China, which will not affect its core business. By doing so, the Group's leverage and cash flow position will improve. On the other hand, the Group will develop those properties that will increase rental income, such as bus terminal rentals and hotel rooms.
- (3) In view of the volatility and high risk in the current global economic environment, the Group will take a cautious stance in making new investments.

On the segmental level:

1. Non-franchised Bus Services in Hong Kong

While the student, employee, resident and coach hire services will grow mildly, it is still the tour, hotel and cross-boundary bus services that would be important areas of growth for this segment. More tailor-made transport services will be developed and offered to the clients. Also, the Group will gear up efforts to utilize its existing fleet of buses and manpower more fully.

2. Franchised Bus Services in Hong Kong

In response to the rising patronage demand, NLB has, from mid-2009, divided its B2 Route into two separate routes between Yuen Long and between Tin Shui Wai and Shenzhen Port. To maintain cost-efficiency, performance will be monitored and, where justified, measures would be taken for further rationalization of other NLB routes. Also, NLB will maintain a good working relationship with Ngong Ping 360 to develop products that will be mutually beneficial.

3. Designated Bus Routes Services in Mainland China

The Group will continue to consolidate its existing bus operations in Mainland China. The profitability of these operations has been greatly affected by high fuel and salary costs, severe competition from rail and other means of public transport, and the difficulty to increase bus fares. The Group will work in co-operation with the corresponding Chinese partners to solicit more government subsidies and may not exclude the possibility of disposing of the EJV's when good prices are offered.

FUTURE PROSPECTS *(Continued)*

4. Tour, Hotel and other related services

- (a) The Group has continued to invest and operate travel and tourism businesses through the operations of its subsidiary: Chongqing Tourism (Group) Co., Ltd. This subsidiary, together with its fellow subsidiary – Chongqing Everbright International Travel Service Co., Ltd., has achieved and will continue to promote more inbound as well as outbound package tours, Free Individual Travelers to Hong Kong and increasing conference packages in Chongqing from other cities in Mainland China and overseas countries. It will continue to strengthen bilateral business ties with Taiwan, Japan and other overseas markets, which have much potential for tourism business in Mainland China.
- (b) In Hong Kong, making use of the relative strengths of the Group in its wide range of transport services and access to the major tourist attractions such as Disneyland and other parts of Lantau, the Group has developed some tourist package services in line with the concept of “one-stop shopping”, that is to include ‘transport, tour, and possibly hotel reservation in one convenient package. This targets the growing number of Free Individual Travelers from Mainland China to Hong Kong, and is one of the modes by which the Group hopes to transform from a transport company to a service conglomerate providing a wide range of services with added values, and to achieve a bigger profit margin.
- (c) The disastrous earthquake in Sichuan in May 2008 has had an impact on the Lixian Bipenggou Tourism Development Co., Ltd. and the Miyalou project concerned. The subsidiary has been involved in discussions with the local government on reconstruction subsidies and development strategies. The focus in the past several months had been on development inside Bipeng Valley (Bipenggou), in clearing up the internal road network, resumption of the scenic spots, and on the initial work related to the building of a new and the only resort hotel that would provide accommodation to overnight visitors inside Bipenggou. As to the development of other parts of Miyaluo, there has been a big breakthrough in that the local Lixian Government, with aids from the Central Government, will spend more than RMB300 million to improve the internal road network inside the theme park area. Specific projects, such as building cable car, etc. will be subject to joint venture investments from strategic partners who could provide capital and technological know-how.
- (d) Regarding the Chengdu Kwoon Chung CTS International Tourism Co., Ltd, the subsidiary is adopting a “wait and see” tactic. As an initial step, the major sphere of operation of this new subsidiary will be to run a fleet of 60 tour buses that would serve different scenic spots in Sichuan Province. This subsidiary will also aim to establish a “tourist distribution center” to conduct travel and travel-related business.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2009, the interests and short positions of the directors in the share capital and underlying shares of the Company and 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"), were as follows:

(i) 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		
Wong Chung Pak, Thomas	1,217,665 ⁽¹⁾	125,880,981 ⁽²⁾	127,098,646	32.18
Wong Wing Pak	699,665 ⁽¹⁾	125,880,981 ⁽²⁾	126,580,646	32.05
Wong Leung Pak, Matthew	599,665 ⁽¹⁾	125,880,981 ⁽²⁾	126,480,646	32.03
Lee Yin Ching, Stanley	2,893,556	–	2,893,556	0.73
Cheng King Hoi, Andrew	755,556	–	755,556	0.19
Ng King Yee	<u>100,000</u>	<u>–</u>	<u>100,000</u>	<u>0.03</u>

Notes:

- (1) Mr. Wong Chung Pak, Thomas jointly holds 1,217,665 shares with his spouse. Mr. Wong Wing Pak jointly holds 699,665 shares with his spouse. Mr. Wong Leung Pak, Matthew jointly holds 599,665 shares with his spouse.
- (2) These shares are held by Wong Family Holdings Limited (as trustee of The Wong Family Unit Trust), with each of Messrs. Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew holding one-third of the shares in issue in Wong Family Holdings Limited. The units of The Wong Family Unit Trust are held by the discretionary trusts established for the respective spouse and issues of each of Messrs. Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew.

The interests of the directors in the share options of the Company are separately disclosed in the section headed "Share option schemes" below.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

(ii) Long positions in shares of associated corporations

Name of associated corporation	Name of director	Number of shares [#]	Class of shares
Good Funds Services Limited*	Wong Chung Pak, Thomas	50,000	Non-voting deferred
Good Funds Services Limited*	Wong Wing Pak	125,000	Non-voting deferred
Good Funds Services Limited*	Wong Leung Pak, Matthew	125,000	Non-voting deferred
Good Funds Services Limited*	Lo Kin Wai	50,010	Non-voting deferred
Kwoon Chung Motors Company, Limited*	Wong Chung Pak, Thomas	33,333	Non-voting deferred
Kwoon Chung Motors Company, Limited*	Wong Wing Pak	33,333	Non-voting deferred
Kwoon Chung Motors Company, Limited*	Wong Leung Pak, Matthew	33,334	Non-voting deferred

* subsidiaries of the Company

[#] directly beneficially owned

In addition, Mr. Wong Chung Pak, Thomas has non-beneficial personal equity interests in certain subsidiaries of the Company held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 30 September 2009, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in the section headed "Share option schemes" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company 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 following share options were outstanding under the share option scheme during the period:

Name or category of participant	Number of share options at 1 April and 30 September 2009	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	Price of the Company's shares***	
					At grant date of options HK\$ per share	At exercise date of options HK\$ per share
Directors						
Wong Chung Pak, Thomas	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>3,500,000</u>					
Wong Wing Pak	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>3,500,000</u>					
Wong Leung Pak, Matthew	2,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	1,500,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>3,500,000</u>					
Lee Yin Ching, Stanley	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>1,200,000</u>					

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options at 1 April and 30 September 2009	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	Price of the Company's shares***	
					At grant date of options HK\$ per share	At exercise date of options HK\$ per share
<i>Directors (Continued)</i>						
Cheng King Hoi, Andrew	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>1,200,000</u>					
Ng King Yee	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>1,200,000</u>					
Chan Yu Kwong, Francis	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>1,200,000</u>					
Mok Wah Fun, Peter	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>1,200,000</u>					
Chan Bing Woon, SBS, JP	500,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>700,000</u>					

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options at 1 April and 30 September 2009	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	Price of the Company's shares***	
					At grant date of options HK\$ per share	At exercise date of options HK\$ per share
Directors (Continued)						
Sung Yuen Lam	500,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>700,000</u>					
Lee Kwong Yin, Colin	100,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>100,000</u>					
Shareholders						
In aggregate	<u>3,500,000</u>	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
Suppliers of goods or services						
In aggregate	<u>2,500,000</u>	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
Other employees						
In aggregate	4,900,000	2 October 2003	5 September 2003 to 4 September 2013	1.200	1.170	N/A
	100,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>5,000,000</u>					
Others						
In aggregate	1,000,000	28 July 2003	23 July 2003 to 22 July 2013	0.844	0.900	N/A
	1,000,000	2 October 2003	5 September 2003 to 4 September 2013	1.200	1.170	N/A
	200,000	5 October 2004	21 September 2004 to 20 September 2014	1.126	1.160	N/A
	<u>2,200,000</u>					
	<u>31,200,000</u>					

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** 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.

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

At 30 September 2009, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity	Number of ordinary shares held and nature of interest		Interest in underlying shares pursuant to share options	Aggregate interest	Percentage of the Company's issued share capital
		Personal	Corporate			
Wong Chung Pak, Thomas	Joint interest	1,217,665	-	-	130,598,646	33.07
	Founder of a discretionary trust	-	125,880,981 ⁽¹⁾	-		
	Beneficial owner	-	-	3,500,000		
Tso Anna	Joint interest	1,217,665	-	-	130,598,646	33.07
	Interest of spouse	-	125,880,981	3,500,000		
Wong Leung Pak, Matthew	Joint interest	599,665	-	-	130,280,646	32.99
	Founder of a discretionary trust	-	125,880,981 ⁽¹⁾	-		
	Beneficial owner	-	-	3,500,000		
	Interest of spouse	-	-	300,000		
Ng Lai Yee, Christina	Joint interest	599,665	-	-	130,280,646	32.99
	Beneficial owner	-	-	300,000		
	Interest of spouse	-	125,880,981	3,500,000		
Wong Wing Pak	Joint interest	699,665	-	-	130,080,646	32.94
	Founder of a discretionary trust	-	125,880,981 ⁽¹⁾	-		
	Beneficial owner	-	-	3,500,000		
Tang Kit Ling, Louise	Joint interest	699,665	-	-	130,080,646	32.94
	Interest of spouse	-	125,880,981	3,500,000		
Equity Trustee Limited	Trustee	-	125,880,981	-	125,880,981	31.88

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES *(Continued)*

Name	Capacity	Number of ordinary shares held and nature of interest		Interest in underlying shares pursuant to share options	Aggregate interest	Percentage of the Company's issued share capital
		Personal	Corporate			
Wong Family Holdings Limited ("WFHL")	Beneficial owner	-	125,880,981 ⁽¹⁾	-	125,880,981	31.88
New World First Holdings Limited ("NWFH")	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
NWS Transport Services Limited ("NWST")	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
NWS Service Management Limited ("NWSSM-BVI") ⁽³⁾	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
NWS Service Management Limited ("NWSSM-Cayman Islands") ⁽³⁾	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
NWS Holdings Limited ("NWSH")	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
New World Development Company Limited ("NWD")	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
Enrich Group Limited ("EGL")	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
Chow Tai Fook Enterprises Limited ("CTFEL")	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES *(Continued)*

Name	Capacity	Number of ordinary shares held and nature of interest		Interest in underlying shares pursuant to share options	Aggregate interest	Percentage of the Company's issued share capital
		Personal	Corporate			
Centennial Success Limited ("CSL")	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
Cheng Yu Tung Family (Holdings) Limited ("CYTFHL")	Interest of a controlled corporation	-	118,093,019 ⁽²⁾	6,000,000 ⁽⁴⁾	124,093,019	31.42
First Action Developments Limited ("First Action")	Beneficial owner	-	118,093,019 ⁽²⁾	3,500,000	121,593,019	30.79
Cathay International Corporation	Beneficial owner	-	79,028,000	-	79,028,000	20.01

Notes:

- (1) Each of Messrs. Wong Chung Pak, Thomas, Wong Wing Pak and Wong Leung Pak, Matthew holds one-third of the shares in WFHL and they are deemed to be interested in the 125,880,981 shares which are directly held by WFHL. These 125,880,981 shares represent approximately 31.88% of the issued share capital of the Company.
- (2) At 30 September 2009, First Action was a wholly-owned subsidiary of NWFH; NWFH was a wholly-owned subsidiary of NWST; the issued share capital of NWST was held directly by NWSSM-BVI and EGL on a 50-50 basis; NWSSM-BVI was a wholly-owned subsidiary of NWSSM-Cayman Islands; NWSSM-Cayman Islands was a wholly-owned subsidiary of NWSH; NWD owned approximately 57% equity shares in NWSH; CTFEL owned approximately 38% equity shares in NWD; EGL was a wholly-owned subsidiary of CTFEL; CTFEL was a wholly-owned subsidiary of CSL; and CSL was 51% owned by CYTFHL. At 30 September 2009, each of NWFH, NWST, NWSSM-BVI, NWSSM-Cayman Islands, NWSH, NWD, EGL, CTFEL, CSL and CYTFHL was deemed to be interested in the 118,093,019 shares which were held directly by First Action. These 118,093,019 shares represented approximately 29.90% of the issued share capital of the Company.
- (3) NWSSM-BVI was incorporated in the British Virgin Islands and NWSSM-Cayman Islands was incorporated in the Cayman Islands.
- (4) At 30 September 2009, NWFH owned 100% equity shares in New World First Bus Services Limited ("NWFB"), which held 2,500,000 share options of the Company. At 30 September 2009, NWFH was deemed to be interested in the 6,000,000 share options which were held directly by First Action and NWFB as to 3,500,000 share options and 2,500,000 share options, respectively.

Save as disclosed above, as at 30 September 2009, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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 period.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Main Board 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.

These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES AND THE MODEL CODE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

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 period.

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

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

ON BEHALF OF THE BOARD

Wong Chung Pak, Thomas
Chairman

Hong Kong
18 December 2009