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KWOON CHUNG BUS HOLDINGS LIMITED

冠忠巴士集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 306)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025, RETIREMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHANGES OF COMPOSITION OF BOARD COMMITTEES

The board (the “**Board**”) of directors (the “**Directors**”) of Kwoon Chung Bus Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2025 together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 March	
		2025	2024
	Notes	HK\$'000	HK\$'000
REVENUE	4	2,529,916	2,095,417
Cost of services rendered		(1,868,029)	(1,638,622)
Gross profit		661,887	456,795
Other income and gains, net	4	128,347	113,090
Administrative expenses		(453,387)	(368,887)
Other expenses, net		(76,090)	(8,395)
Finance costs		(114,944)	(121,539)
Share of profits and losses of:			
Joint ventures		(6,894)	(7,956)
Associates		21,775	5,124
PROFIT BEFORE TAX	5	160,694	68,232
Income tax expense	6	(13,314)	(16,063)
PROFIT FOR THE YEAR		147,380	52,169

* For identification purposes only

	<i>Note</i>	Year ended 31 March	
		2025	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to:			
Owners of the parent		127,132	32,087
Non-controlling interests		20,248	20,082
		<u>147,380</u>	<u>52,169</u>
 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	 8		
Basic		<u>HK26.7 cents</u>	HK6.7 cents
Diluted		<u>HK26.7 cents</u>	HK6.7 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2025	2024
	HK\$'000	HK\$'000
PROFIT FOR THE YEAR	<u>147,380</u>	<u>52,169</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(7,890)</u>	<u>(23,953)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair values of equity investments designated at fair value through other comprehensive income	8,257	–
Gains on property revaluation	20,808	263
Income tax effect	<u>(5,348)</u>	<u>–</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>23,717</u>	<u>263</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>15,827</u>	<u>(23,690)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>163,207</u>	<u>28,479</u>
Attributable to:		
Owners of the parent	143,939	12,251
Non-controlling interests	<u>19,268</u>	<u>16,228</u>
	<u>163,207</u>	<u>28,479</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 March 2025	31 March 2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,208,833	1,294,535
Investment properties		215,454	246,509
Right-of-use assets		463,711	316,618
Goodwill		201,801	201,801
Passenger service licences		1,115,389	1,128,889
Other intangible assets		313,882	293,024
Interest in joint ventures		2,000	1,259
Interests in associates		67,341	56,619
Equity investments designated at fair value through other comprehensive income		13,106	4,849
Financial assets at fair value through profit or loss		35,656	34,613
Prepayments, deposits and other receivables		130,707	66,938
Deferred tax assets		12,523	9,709
		<hr/>	<hr/>
Total non-current assets		3,780,403	3,655,363
CURRENT ASSETS			
Inventories		43,465	37,555
Trade receivables	9	338,912	272,076
Prepayments, deposits and other receivables		206,920	217,659
Tax recoverable		72	301
Pledged time deposits and restricted cash		65,475	57,827
Cash and cash equivalents		436,955	304,102
		<hr/>	<hr/>
		1,091,799	889,520
Investment property held for sale		<hr/> –	<hr/> 32,566
Total current assets		<hr/> 1,091,799	<hr/> 922,086

		31 March 2025	31 March 2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	10	67,383	57,502
Other payables and accruals		595,043	557,712
Interest-bearing bank borrowings		127,840	84,715
Lease liabilities		68,458	39,200
Tax payable		45,627	45,602
		<hr/>	<hr/>
Total current liabilities		904,351	784,731
		<hr/>	<hr/>
NET CURRENT ASSETS		187,448	137,355
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,967,851	3,792,718
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Accruals		27,488	20,782
Interest-bearing bank borrowings		1,458,439	1,459,966
Lease liabilities		102,571	59,194
Other long-term liabilities		25,798	34,498
Deferred tax liabilities		197,183	205,220
		<hr/>	<hr/>
Total non-current liabilities		1,811,479	1,779,660
		<hr/>	<hr/>
Net assets		2,156,372	2,013,058
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		47,678	47,678
Reserves		2,014,800	1,872,822
		<hr/>	<hr/>
		2,062,478	1,920,500
Non-controlling interests		93,894	92,558
		<hr/>	<hr/>
Total equity		2,156,372	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 year, the Group was engaged in the following principal activities:

- provision of non-franchised bus, franchised bus and public light bus (“**PLB**”) and Chinese Mainland bus services
- provision of limousine services
- provision of hotel and tourism services
- provision of other transportation services

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for buildings classified as property, plant and equipment, investment properties, investment 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 statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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 the impact of the revised HKFRS Accounting Standards 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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.

Year ended 31 March 2025

	Non-franchised bus HK\$'000	Limousine HK\$'000	Franchised bus and PLB HK\$'000	Chinese Mainland business HK\$'000	Others HK\$'000	Intersegment eliminations HK\$'000	Total HK\$'000
Segment revenue:							
External sales	1,733,026	312,987	232,375	250,450	1,078	–	2,529,916
Intersegment sales	26,022	107,962	270	–	–	(134,254)	–
Other revenue	132,745	9,402	17,255	14,981	3,027	(49,063)	128,347
Total segment revenue	1,891,793	430,351	249,900	265,431	4,105	(183,317)	2,658,263
Segment results	223,467	37,878	(7,854)	17,392	(3,410)	–	267,473
Reconciliation:							
Finance costs (other than interest on lease liabilities)							(106,779)
Profit before tax							160,694

Year ended 31 March 2024

	Non-franchised bus HK\$'000	Limousine HK\$'000	Franchised bus and PLB HK\$'000	Chinese Mainland business HK\$'000	Others HK\$'000	Intersegment eliminations HK\$'000	Total HK\$'000
Segment revenue:							
External sales	1,424,219	231,221	206,634	231,705	1,638	–	2,095,417
Intersegment sales	25,121	66,962	23	222	15	(92,343)	–
Other revenue	112,469	9,351	8,353	16,550	694	(34,327)	113,090
Total segment revenue	1,561,809	307,534	215,010	248,477	2,347	(126,670)	2,208,507
Segment results	152,122	(14,387)	17,878	29,856	(315)	–	185,154
Reconciliation:							
Finance costs (other than interest on lease liabilities)							(116,922)
Profit before tax							68,232

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
<i>Revenue from contracts with customers</i>	2,526,477	2,092,808
<i>Revenue from other sources</i>		
Gross rental income from certain investment property operating leases:		
Lease payments, including fixed payments	<u>3,439</u>	<u>2,609</u>
Total	<u>2,529,916</u>	<u>2,095,417</u>

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

	2025 HK\$'000	2024 HK\$'000
Other income		
Bank interest income	5,326	6,881
Other interest income	1,533	1,046
Gross rental income	16,518	15,906
Advertising income	12,395	16,034
Government subsidies	57,864	40,721
Others	<u>33,356</u>	<u>26,577</u>
Total other income	<u>126,992</u>	<u>107,165</u>
Gains, net		
Fair value gain on financial assets at fair value through profit or loss	1,043	1,088
Fair value gain on investment properties, net	–	4,837
Gain on bargain purchase	<u>312</u>	<u>–</u>
Total gains, net	<u>1,355</u>	<u>5,925</u>
Total other income and gains, net	<u>128,347</u>	<u>113,090</u>

5. PROFIT BEFORE TAX

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

	2025 HK\$'000	2024 HK\$'000
Depreciation of property, plant and equipment	211,014	223,150
Depreciation of right-of-use assets	54,927	37,441
Amortisation of other intangible assets	14,333	12,851
Fair value loss/(gain) on investment properties, net	35,755	(4,837)
Impairment of passenger service licences	13,500	–
Impairment of trade receivables, net	18	3,849
Impairment of financial assets included in prepayment, deposits and other receivables, net	19,605	474
Loss on disposal of items of property, plant and equipment, net	726	1,027

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 HK\$'000	2024 HK\$'000
Current:		
Hong Kong		
Charge for the year	22,233	25,801
Overprovision in prior years	(3,169)	(1,474)
Chinese Mainland		
Charge for the year	9,126	2,019
Deferred	(14,876)	(10,283)
Total tax charge for the year	13,314	16,063

7. DIVIDEND

	2025 HK\$'000	2024 HK\$'000
Dividend recognised as distribution during the year:		
Final 2024 – HK2 cents (2023: Nil) per ordinary share	9,536	–
Dividend proposed after the end of the reporting period:		
Proposed final 2025 – HK4 cents (2024: HK2 cents) per ordinary share	19,071	9,536

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

8. EARNINGS 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 year attributable to owners of the parent of HK\$127,132,000 (2024: HK\$32,087,000), and the weighted average number of ordinary shares of 476,776,842 (2024: 476,776,842) outstanding during the year.

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

9. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	371,300	304,563
Impairment	<u>(32,388)</u>	<u>(32,487)</u>
Net carrying amount	<u>338,912</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\$17,006,000 (2024: HK\$3,456,000) and amounts due from associates of HK\$13,342,000 (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:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	117,947	104,527
31 to 60 days	129,671	104,991
61 to 90 days	36,126	1,900
Over 90 days	<u>55,168</u>	<u>60,658</u>
Total	<u>338,912</u>	<u>272,076</u>

10. TRADE PAYABLES

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	43,353	34,849
31 to 60 days	6,515	4,970
61 to 90 days	949	352
Over 90 days	16,566	17,331
	<hr/>	<hr/>
Total	67,383	57,502
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The trade payables are non-interest-bearing and are normally settled on 60-day terms.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK4 cents (2024: HK2 cents) per ordinary share in respect of the year. The proposed final dividend will be paid on or about Monday, 15 September 2025 to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 8 September 2025 if the proposed final dividend is approved by shareholders of the Company at the forthcoming annual general meeting of the Company (the “AGM”) to be held on Friday, 29 August 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 26 August 2025 to Friday, 29 August 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 August 2025.

For determining the entitlement to the proposed final dividend, which is subject to approval by shareholders of the Company at the AGM, the register of members of the Company will be closed from Thursday, 4 September 2025 to Monday, 8 September 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 3 September 2025.

RESULTS

For the year ended 31 March 2025 (the “**Current Year**”), the Group recorded the consolidated profit attributable to owners of the parent of approximately HK\$127.1 million, represent a notable increase of 296.0% compared with the consolidated profit attributable to owners of the parent of approximately HK\$32.1 million for the previous year (the “**Previous Year**”). Revenue of the Group for the Current Year was approximately HK\$2,529.9 million, representing an increase of 20.7% as compared to approximately HK\$2,095.4 million for the Previous Year. Gross profit of the Group for the Current Year was approximately HK\$661.9 million, representing an increase of 44.9% as compared to approximately HK\$456.8 million for the Previous Year. The gross profit margin of the Group increased from 21.8% in the Previous Year to 26.2% in the Current Year.

The Group’s solid financial performance in the Current Year was mainly attributable to the healthy revenue growth across all business segments. Inbound tourism has progressively increased as a result of various mega events hosted in Hong Kong, combined with the recovery of the meetings, incentives, conferences and exhibitions (MICE) tourism sector. In addition, northward consumerism has become a more frequent leisure activity among Hong Kong residents. These factors fueled the growth of the local and cross-boundary service demand in the Current Year. Furthermore, the business performance of the Bipenggou scenic area remained satisfactory in the Current Year, with the number of tourists setting a new record.

Labour costs increased in the Current Year due to a combination of factors such as inflationary pressures and labor shortages. Nonetheless, the negative impact of increasing labour costs was partially offset by decreasing fuel costs as the international fuel prices steadied during the Current Year. Meanwhile, the finance expenses were decreased as the Hong Kong Interbank Offered Rate (HIBOR) was relatively lower in the Current Year compared to the Previous Year. Furthermore, the Group continues to implement effective cost control measures to increase operational efficiency, resulting in improved overall financial performance in the Current Year.

REVIEW OF OPERATIONS

1. Non-franchised Bus Segment

Kwoon Chung Motors Company, Limited is the flagship wholly-owned subsidiary of the Company that provides local non-franchised bus services. 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.

The non-franchised bus services provided by the Group include: (i) local transport in Hong Kong, which comprises scheduled service (mainly to student, employee, resident) and non-scheduled service (mainly to tour and contract hire) and (ii) cross-boundary transport between Chinese Mainland and Hong Kong. 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.

During the Current Year, the Group's non-franchised bus segment maintained a solid competitive edge. The revenue of the non-franchised bus segment for the Current Year was approximately HK\$1,733.0 million, representing a year-on-year increase of 21.7%, driven by an increase in non-franchised cross-boundary bus services to approximately HK\$798.7 million and a strong contribution from non-franchised local bus services of approximately HK\$934.3 million. The non-franchised bus segment remained a profitable base for 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 services for 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 segment for the Current Year was approximately HK\$313.0 million, representing a year-on-year increase of 35.4%. This growth was driven by the robust performance of cross-boundary limousine services, which generated approximately HK\$218.1 million in revenue.

The Group gains a foothold in the taxi market in the Current Year. Big Boss Taxi Co., Ltd., a jointly controlled entity of the Group, which was formed by Intercontinental Limousine Company Limited and other transport providers, was issued a Taxi Fleet Licence in late July 2024 with a five-year validity period. The fleet will offer wheelchair-accessible and luxury taxi services to meet a variety of travel needs while also promoting green transportation. The fleet will enter service at the end of July 2025.

3. Franchised Bus and PLB Segment

New Lantau Bus Company (1973) Limited (“**NLB**”), a 99.99%-owned subsidiary of the Company, is a franchised bus service operator operating on Lantau Island. NLB also runs several franchised cross-boundary port routes between Shenzhen Bay Port and New Territories West and between the Hong Kong-Zhuhai-Macao Bridge Port and Lantau Island. Coronet Ray Development Limited, the wholly-owned subsidiary of the Company that operates one green public light bus (“**PLB**”) route, between the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge and Tung Chung East.

Franchised bus and PLB segment posted an operating loss of about HK\$7.9 million in the Current Year, which was mainly caused by the impairment of PLB licenses. Excluding the effect of the aforementioned impairment of PLB licenses, this segment recorded a positive results in the Current Year.

NLB has implemented a 6.5% fare increase, which took effect in the final quarter of the Current Year on 5 January 2025. NLB’s fares have only been raised three times in the past 16 years. The implementation of the new fares along with continued organic growth and ongoing cost control is projected to provide NLB with sufficient financial resources to upscale its investment in providing innovative, safe, efficient, and reliable bus services to the public.

4. Chinese Mainland Business Segment

The business performance of the Chinese Mainland business segment remained relatively steady on a sequential basis in the Current Year. The revenue of the Chinese Mainland business for the Current Year was approximately HK\$250.5 million, representing an increase of 8.1% as compared to approximately HK\$231.7 million for the Previous Year. The business performance of the Bipenggou Tourism continued to be satisfactory in the Current Year. Since 2023, the number of visitors has surpassed 1 million for two years in a row, and this year it hit a new all-time high of 1.05 million visitors.

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

As at 31 March 2025, the Group owned 67.807% equity interest in Bipenggou Tourism. Bipenggou is located within the Solo Valley in Putou Rural area, Lixian County, Aba Prefecture. With the official opening of the Wenma Expressway in 2020, Bipenggou has developed into one of the most popular destinations for tourists all over the world and the back garden of the people of Chengdu with its inherent geographical advantages and convenient access. It is only 201 kilometers away by car from Chengdu. Bipenggou was titled the World Natural Heritage, the World Network of Biosphere Reserves, the National AAAA Tourist Scenic Spot, and was awarded as the National Ecotourism Demonstration Zone and the Sichuan Provincial Ecotourism Demonstration Zone. Bipenggou is hugely popular among tourists all year round, offering a blooming mountain landscape in spring, an ideal resort in summer, a stunning world of red leaves in autumn and a place of endless fun and excitement for skiing in winter. The Namu Lake Hot Spring Hotel in the scenic area has also earned the praise as the “Little Switzerland of Western Sichuan”. The hotel was fully renovated in 2019 and has entered a new era of luxury hospitality for the hot spring hotel. Applying the design concept of blending modernism and tradition seamlessly, the new guest rooms and suites have a peaceful and leisurely atmosphere everywhere. Each room has an independent hot spring pool which greatly meets the needs of hotel guests.

Health and wellness tourism have become travel preferences among domestic travelers after the pandemic. Meanwhile, the Chinese Mainland has implemented the 240-hour visa-free transit policy in late December 2024 to allow eligible foreign travelers from 54 countries to enter and exit from 60 designated ports to stay at 24 provinces, autonomous regions and municipalities in Chinese Mainland up to 240 hours or 10 days. Chengdu Tianfu International Airport and Chengdu Shuangliu International Airport are two of the designated ports under the policy. The Group believes that Bipenggou will be a sought after destination by travel enthusiasts and become even more popular for both domestic and foreign travelers due to the growing popularity of domestic tourism and the implementation of visa-free transit policy. The management of the Group will strive to enhance and strengthen the attractiveness and competitiveness of various ancillary tourist facilities in Bipenggou scenic area to cater for the increasing leisure tourism demands.

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

As at 31 March 2025, the Group owned 100% equity interest in CQ Hotel which operates a 3-star 26-storey hotel, namely Chongqing Grand Hotel in Chongqing, Chinese Mainland. Chongqing Grand Hotel operates as a commercial lease and hotel service. The renovation of the exterior wall and the improvement of internal facilities were completed, which was appreciated by the local government. The management of the Group believes that Chongqing Grand Hotel will be more attractive to potential corporate clients and tourists. With the increasing possibilities offered by the Internet and the latest cutting-edge technology, Chongqing Grand Hotel is embracing the current trend for hospitality automation which will bring in the benefits of enhanced flexibility and versatility, lowered costs and improved operational efficiency in relation to its operation. The management will strive to take advantage of the location of Chongqing Grand Hotel to explore opportunities in the local market and adjust its operational orientation in order to promote business diversification. CQ Hotel will also strengthen the connection with various travel agencies to enhance the publicity of Chongqing Grand Hotel.

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

As at 31 March 2025, 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.

5. Smart Mobility

KC Smart Mobility Company Limited (“**KCSM**”), a wholly-owned subsidiary of the Company, is dedicated to the field in the smart mobility. The Group places great importance on the dedication to environmental stewardship, which encompasses initiatives such as urban greening, minimizing vehicle emissions, and striving for carbon neutrality. It is anticipated that the unique opportunities will be presented to the Group in this era of swift technological progress, especially with the emergence of autonomous driving and the low-altitude economy.

As a long-standing bus service operator, the Group understands the deep transformative power of technology. The development of self-driving technology is poised to disrupt the traditional bus business, not just by increasing operational efficiency, but also by reinventing service models and optimizing user experience. To maintain the Group’s competitive advantage, KCSM is actively integrating cutting-edge industry technologies to the Hong Kong market.

The objective of KCSM is to develop smart mobility technology as the Group’s next growth driver. It aims to reduce labour costs while increasing operational safety and dependability through the use of cutting-edge autonomous driving technologies. KCSM uses artificial intelligence, data analytics platforms, and intelligent dispatching systems to understand passenger expectations, optimize route planning, and improve service quality and efficiency. This will increase the Group’s market share and bring in more passengers.

The Group is systematically advancing various projects, strategically allocating resources and collaborating closely with leading domestic technical teams and internationally recognized automakers. The focus of the Group is on developing and implementing L4-level fully autonomous driving solutions tailored to Hong Kong’s complex road conditions, continuously refining the technologies and services to build a solid foundation for future large-scale commercial operations.

The Group has already achieved certain progress in autonomous driving buses, with deployments in real-world scenarios. In 2024, the Airport Authority awarded the contract to the Group’s joint venture, KCM-PML Joint Venture, 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 Hong Kong’s first autonomous mass transportation system.

The Group also took part in the “5G-enabled Autonomous People Mover Service in a Residential Park” pilot programme, which was launched by the Automotive Platforms and Application Systems (APAS) R&D Centre. In August 2024, two autonomous shuttle light buses began operations at Fairview Park as part of a test initiative. In addition, the Group has secured a service contract for autonomous electric bus operations in the West Kowloon Cultural District. Two autonomous shuttles will connect the M+ museum to other stations in the cultural area, with service planned to begin in the fourth quarter of 2025.

Furthermore, public transit demand has become more diverse. The Group anticipates a transition from traditional two-dimensional ground transportation to three-dimensional mobility, with the low-altitude economy offering immense growth opportunities. As a result, the Group’s strategic goal expands beyond autonomous buses and taxis to the skies above. In July 2024, KCSM entered into the Cooperation Agreement with EHang Intelligent for the cooperation plans to promote the deployment and operation of EHang’s EH216-S pilotless electric vertical take-off and landing in Hong Kong, Macau, and the cities of Xiangyang and Shiyan in Hubei Province in Chinese Mainland.

The Group believes that mature drone technology will expand passenger services into the low-altitude area. By improving urban air mobility, it hopes to increase travel efficiency and provide passengers with more personalized, intelligent travel experiences. In the future, passengers will be able to book low-altitude vehicles to reach their destinations quickly and conveniently, bypassing ground traffic congestion and saving valuable time. Recognizing that low-altitude flight involves complex issues like airspace management and safety oversight, the Group understands that establishing and refining the necessary laws, regulations, and standards requires a concerted effort from government, industry, and all societal sectors. To this end, the Group is actively collaborating with Low-Altitude Economy Task Force and the Civil Aviation Department to explore necessary regulatory adaptations.

Future Prospects

For the purposes of enhancing mobility within the Guangdong-Hong Kong-Macau Greater Bay Area, the Central Government approved new measures in late 2024 to further ease travel regulations for residents of Shenzhen and Zhuhai. The measures allow permanent Shenzhen residents and holders of residence permits in Shenzhen to be eligible to apply for “Multiple-Entry” Individual Visit Endorsements to visit Hong Kong, as well as permanent Zhuhai residents being eligible to apply for a “one trip per week” permit to visit Macau. Additionally, residents of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin are able to apply for a “multiple-entry permit” to visit Macau. The aforementioned new measures are expected to increase demand for transportation services, as is the continuous trend of northward consumerism and the ongoing growth in inbound tourism, all of which are beneficial to the Group’s operations. Furthermore, the Group’s established brand and customer base in the public transportation sector over the years have been a reliable source of revenue growth.

The macroeconomic outlook in Hong Kong for the coming year is mixed. While the US Federal Reserve is expected to begin a cycle of interest rate cuts, international fuel prices in 2025 are estimated to be uncertain, with fluctuations due to geopolitical tensions and other factors. The Group remains cautiously optimistic about its business prospects for the coming year. To this end, the Group will continue to optimize operational efficiency by assessing resource allocation across each business segment in order to increase the profitability and create value for all stakeholders.

The Group celebrates its 60th anniversary in 2025. Throughout its history, the Group has faced numerous challenges, from which it has accumulated extensive experience in providing excellent transportation services to the public. Looking ahead, the Group is dedicated to retaining its significant position as a comprehensive public transport service provider and further consolidating its position as a technical enabler in the smart mobility sector in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

Funding for the Group's operations during the year was sourced mainly from internally generated cash flows, with shortfalls being financed mainly by borrowings from banks. As at 31 March 2025, the total outstanding indebtedness was approximately HK\$1,586.3 million (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 31 March 2025, the Group's gearing ratio, which is computed based on dividing the total outstanding indebtedness by the total equity, was approximately 73.6% (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 minimise financial risks. All prospective material investments or capital assets will be financed by internal cash flows from operations, bank facilities or other viable forms of finance in Hong Kong and/or Chinese Mainland.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group employed approximately 4,640 (2024: 4,440) employees in Hong Kong, Chinese Mainland and Macau. The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is offered with reference to market rates. Salary and/or promotion review is conducted upon performance appraisal by management on a regular basis. Discretionary year-end bonus and share options, if applicable, are granted to eligible employees, in accordance with the Group's performance and individual's contribution. Ample in-house orientation and on-the-job training are arranged for the employees all year around. Employees are always encouraged to attend job-related seminars, courses and programs organised by professional or educational institutions, no matter in Hong Kong or overseas.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The Board is of the view that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange throughout the year.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules for securities transactions by directors. Having made specific enquiry of all Directors, all Directors have complied with the required standard set out in the Model Code regarding securities transactions by directors throughout the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee comprises the four independent non-executive directors of the Company. The audit committee of the Company has met the external auditor of the Company and reviewed this results announcement of the Group for the year ended 31 March 2025.

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

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditor on the preliminary announcement.

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

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.kcbh.com.hk). The annual report of the Group for the year ended 31 March 2025 containing all the information required by the Listing Rules will be sent to shareholders and published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules in due course.

APPRECIATION

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

RETIREMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board hereby announces that Mr. Chan Bing Woon, *SBS, JP* (“**Mr. Chan**”) did not seek for re-election as an independent non-executive Director at the forthcoming AGM in order to allocate more time for his personal affairs. Upon his retirement, Mr. Chan will cease to be the chairman of the audit committee of the Company (the “**Audit Committee**”), the chairman of the remuneration committee of the Company (the “**Remuneration Committee**”) and a member of the nomination committee of the Company with effect from the conclusion of the AGM.

Mr. Chan has confirmed that he has no disagreement with the Board and there are no matters relating to his retirement that need to be brought to the attention of the shareholders of the Company and the Stock Exchange.

The Board extends its deepest gratitude to Mr. Chan for his over three decades of exceptional contributions to the Company, from his initial position as non-executive Director to his current position as independent non-executive Director.

CHANGES OF COMPOSITION OF BOARD COMMITTEES

The Board further announces that Mr. Chan Fong Kong, Francis will be appointed as the chairman of the Audit Committee and Mr. James Mathew Fong will be appointed as the chairman of the Remuneration Committee subsequent to the retirement of Mr. Chan as abovementioned, with effect from the conclusion of the AGM.

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

Hong Kong, 26 June 2025

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