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## AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

### ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2011, together with the unaudited comparative figures for the corresponding period in 2010. The unaudited condensed consolidated financial statements have been reviewed by the auditors and the audit committee of the Company (the “Audit Committee”).

#### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2011

		For the six months ended 30 September	
		2011	2010*
	Notes	Unaudited HK\$'000	Unaudited HK\$'000 (Restated)
<b>CONTINUING OPERATION:</b>			
Turnover	3	160,609	152,677
Direct costs		(142,939)	(121,915)
Gross profit		17,670	30,762
Other revenue	4	3,106	2,625
Other net income	4	200	192
Administrative expenses		(14,769)	(13,863)
Other operating expenses		(563)	(520)
Operating profit		5,644	19,196
Finance costs		(497)	(282)
Profit before income tax	6	5,147	18,914
Income tax expense	7	(471)	(3,124)
Profit for the period from continuing operation		4,676	15,790
<b>DISCONTINUED OPERATION:</b>			
Profit / (loss) for the period from discontinued operation	10	133,797	(1,175)
Profit for the period		138,473	14,615

\*The figures have been restated to separate the results of discontinued operation from the results of continuing operation.

## CONDENSED CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 September 2011

	Notes	For the six months ended 30 September	
		2011 Unaudited HK\$'000	2010* Unaudited HK\$'000 (Restated)
Profit for the period attributable to:			
Equity holders of the Company			
- from continuing operation		4,676	15,790
- from discontinued operation		133,662	(1,014)
		<b>138,338</b>	14,776
Non-controlling interests			
- from discontinued operation		135	(161)
<b>Profit for the period</b>		<b>138,473</b>	14,615
Earnings per share for profit attributable to the equity holders of the Company			
- Basic (in HK cents)			
- from continuing operation		1.86	6.31
- from discontinued operation		53.02	(0.41)
	9	<b>54.88</b>	5.90
- Diluted (in HK cents)			
- from continuing operation		1.84	6.30
- from discontinued operation		52.62	(0.40)
	9	<b>54.46</b>	5.90

\*The figures have been restated to separate the results of discontinued operation from the results of continuing operation.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	For the six months ended 30 September	
	2011 Unaudited HK\$'000	2010 Unaudited HK\$'000
Profit for the period	138,473	14,615
Other comprehensive income		
- (Deficit) / Surplus on revaluation of PLB licences	(7,700)	7,180
- Exchange gain on translation of financial statements of foreign operations	160	80
Other comprehensive income for the period	(7,540)	7,260
<b>Total comprehensive income for the period</b>	<b>130,933</b>	21,875
Total comprehensive income attributable to:		
Equity holders of the Company	130,765	22,036
Non-controlling interests	168	(161)
	<b>130,933</b>	21,875

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2011

		30 September 2011 Unaudited HK\$'000	31 March 2011 Audited HK\$'000
	Notes		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		17,015	15,653
PLB licences		156,200	163,900
Goodwill		41,105	9,118
Deferred tax assets		1,315	26
		<b>215,635</b>	<b>188,697</b>
<b>Current assets</b>			
Trade receivables	11	1,692	1,332
Other receivables		15,881	4,491
Deposit on acquisition of a subsidiary		35,000	32,000
Tax recoverable		571	934
Bank balances and cash		236,158	20,699
		<b>289,302</b>	<b>59,456</b>
Assets held for sale	10	-	262,460
		<b>289,302</b>	<b>321,916</b>
<b>Current liabilities</b>			
Borrowings		3,090	3,062
Trade payables	12	6,895	6,893
Other payables		15,164	10,274
Tax payable		1,528	465
		<b>26,677</b>	<b>20,694</b>
Liabilities directly associated with assets held for sale	10	-	112,526
		<b>26,677</b>	<b>133,220</b>
<b>Net current assets</b>		<b>262,625</b>	<b>188,696</b>
<b>Total assets less current liabilities</b>		<b>478,260</b>	<b>377,393</b>
<b>Non-current liabilities</b>			
Borrowings		52,297	53,845
Deferred tax liabilities		71	130
		<b>52,368</b>	<b>53,975</b>
<b>Net assets</b>		<b>425,892</b>	<b>323,418</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		26,593	22,750
Reserves		399,299	280,253
		<b>425,892</b>	<b>303,003</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>20,415</b>
<b>Total equity</b>		<b>425,892</b>	<b>323,418</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

## 1. Corporate information

The Company was incorporated in the Cayman Islands on 18 March 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Company is located at 11th-12th Floor, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong. The shares of the Company have been listed on the Main Board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 April 2004.

On 27 April 2011, the Company entered into an agreement with Trans-Island Limousine Service Limited ("TILS") to dispose of its entire interest in Elegant Sun Group Limited ("ESG"), a wholly owned subsidiary of the Company (together with its subsidiaries, collectively referred to as the "Disposal Group"), to TILS at a consideration of HK\$300,000,000, subject to adjustment (the "Disposal"). The Disposal was completed on 31 July 2011. The Disposal Group carried out all of the Group's cross-boundary public bus operation. As at the reporting date, the cross-boundary public bus operation for the period from 1 April 2011 to 31 July 2011 has been categorized under "discontinued operation" in the condensed consolidated income statement. Analysis of the results and cash flows of the Disposal Group is presented in note 10.

## 2. Basis of preparation and significant accounting policies

The unaudited condensed consolidated 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 ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for public light bus ("PLB") licences and other financial liability, which are measured at their fair values. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the Group's audited annual financial statements for the year ended 31 March 2011.

These unaudited condensed 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 2011.

## 2. Basis of preparation and significant accounting policies (Continued)

In the current interim period, the Group has applied for the first time the new or amended Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2011.

The application of the new or amended HKFRSs had no impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not early applied the new or amended HKFRSs that have been issued but are not yet effective. The directors of the Company (the “Directors”) anticipate that the application of these new or amended HKFRSs will have no material impact on the results and financial position of the Group.

## 3. Turnover

	For the six months ended 30 September	
	2011 Unaudited HK\$’000	2010 Unaudited HK\$’000 (Restated)
Franchised PLB services income	160,609	152,677

## 4. Other revenue and other net income

	For the six months ended 30 September	
	2011 Unaudited HK\$’000	2010 Unaudited HK\$’000 (Restated)
<b>Other revenue</b>		
Agency fee income	1,260	1,259
Interest income	576	-
Repair and maintenance service income	530	806
Advertising income	464	234
Management fee income	276	326
	<b>3,106</b>	<b>2,625</b>
<b>Other net income</b>		
Reversal of deficit on revaluation of PLB licences	-	80
Net exchange gain	92	-
Loss on disposal of property, plant and equipment	(20)	-
Sundry income	128	112
	<b>200</b>	<b>192</b>
	<b>3,306</b>	<b>2,817</b>

## 5. Segment information

The Group identifies its operating segments and prepares segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of these components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines.

The Group has identified two reportable segments: i) franchised PLB services; and ii) cross-boundary public bus services.

The segment results for the six months ended 30 September 2011 are as follows:

	Continuing operation	Discontinued operation	
	Franchised PLB services HK\$'000	Cross- boundary public bus services HK\$'000	Total HK\$'000
<b><u>For the six months ended 30 September 2011 (Unaudited)</u></b>			
Reportable segment revenue (note (i))	160,609	54,298	214,907
Reportable segment profit	5,644	3,507	9,151
Finance costs			(965)
Share of results of a jointly controlled entity			114
Profit before income tax			8,300
Income tax expense			(721)
Profit for the period			7,579
Gain on disposal of subsidiaries			130,894
Non-controlling interests			(135)
<b>Profit attributable to equity holders of the Company</b>			<b>138,338</b>
<b><u>For the six months ended 30 September 2010 (Unaudited)</u></b>			
<b><u>(Restated)</u></b>			
Reportable segment revenue (note (i))	152,677	72,234	224,911
Reportable segment profit	19,196	14	19,210
Finance costs			(1,426)
Share of results of a jointly controlled entity			175
Profit before income tax			17,959
Income tax expense			(3,344)
Profit for the period			14,615
Non-controlling interests			161
<b>Profit attributable to equity holders of the Company</b>			<b>14,776</b>

Note:

(i) All of the reportable segment revenue is from external customers.

## 5. Segment information (Continued)

As at 30 September 2011, after the Disposal, the only operating segment of the Group is the franchised PLB services. No separate analysis of the reportable segment assets by operating segment is presented. The segment assets as at 31 March 2011 are as follows:

	Continuing operation	Discontinued operation	
	Franchised PLB services HK\$'000	Cross- boundary public bus services HK\$'000	Total HK\$'000
<u>As at 31 March 2011 (Audited)</u>			
Reportable segment assets	247,193	261,496	508,689
Unallocated assets			1,924
Group assets			<u>510,613</u>

## 6. Profit before income tax

Profit before income tax is arrived at after charging / (crediting):

	<b>For the six months ended 30 September</b>	
	<b>2011</b>	2010
	<b>Unaudited HK\$'000</b>	Unaudited HK\$'000 (Restated)
Fuel cost	<b>38,601</b>	28,273
Employee benefit expense (including directors' emoluments)	<b>65,462</b>	58,778
Operating lease rental in respect of		
- PLBs	<b>32,961</b>	30,356
- land and buildings	<b>4</b>	3
Depreciation of property, plant and equipment	<b>891</b>	730
Loss on disposal of property, plant and equipment	<b>20</b>	-
Net exchange gain	<b>(92)</b>	-
Reversal of deficit on revaluation of PLB licences credited to income statement	-	(80)

## 7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period.

	For the six months ended 30 September	
	2011 Unaudited HK\$'000	2010 Unaudited HK\$'000 (Restated)
Current tax	1,819	3,083
Deferred tax	(1,348)	41
<b>Total income tax expense</b>	<b>471</b>	<b>3,124</b>

## 8. Dividends

### (a) Dividends attributable to the period

	For the six months ended 30 September	
	2011 Unaudited HK\$'000	2010 Unaudited HK\$'000
Special interim dividend of HK10.0 cents (2010: Nil) per ordinary share declared after balance sheet date	26,593	-

### (b) Dividends attributable to the previous financial year, approved and paid during the period

	For the six months ended 30 September	
	2011 Unaudited HK\$'000	2010 Unaudited HK\$'000
Final dividend of HK12.0 cents (2010: HK11.0 cents) per ordinary share approved and paid in respect of the previous financial year	29,010	25,025



## 9. Earnings per share

### **Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company from (1) continuing operation of HK\$4,676,000 (2010: HK\$15,790,000) and (2) discontinued operation of HK\$133,662,000 (2010: loss of HK\$1,014,000) and on the weighted average number of 252,079,000 (2010: 250,250,000 (restated)) ordinary shares in issue during the period.

### **Diluted earnings per share**

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the period after adjusting for the effects of all dilutive potential ordinary shares.

Details of calculation of diluted earnings per share for the six months ended 30 September 2011 and 2010 are shown as follows:

	For the six months ended 30 September	
	2011 Unaudited	2010 Unaudited (Restated)
Profit attributable to equity holders of the Company for the period (in HK\$'000)		
- from continuing operation	4,676	15,790
- from discontinued operation	133,662	(1,014)
	<b>138,338</b>	14,776
Weighted average number of ordinary shares in issue during the period (in thousands)	252,079	250,250
Effect of dilutive potential shares upon exercise of share options (in thousands)	1,936	201
Weighted average number of ordinary shares used in calculating diluted earnings per share (in thousands)	<b>254,015</b>	250,451
Diluted earnings per share (in HK cents)		
- from continuing operation	1.84	6.30
- from discontinued operation	52.62	(0.40)
	<b>54.46</b>	5.90

The comparative figures have been restated to separate the results of continuing and discontinued operations, and to reflect the effect of the bonus shares issued on 20 September 2011.

## 10. Discontinued operation and assets held for sale

The cross-boundary public bus operation was discontinued upon the completion of the Disposal on 31 July 2011. Analysis of the results, cash flows and assets and liabilities of the Disposal Group is as follows:

### (a) Discontinued operation

	For the four months ended 31 July 2011 Unaudited HK\$'000	For the six months ended 30 September 2010 Unaudited HK\$'000
<b>Results</b>		
Turnover	54,298	72,234
Direct costs	(40,303)	(54,808)
Gross profit	13,995	17,426
Other revenue	772	1,185
Other net income / (loss)	2,130	(17)
Administrative expenses	(12,749)	(18,156)
Other operating expenses	(641)	(424)
Operating profit	3,507	14
Finance costs	(468)	(1,144)
Share of results of a jointly controlled entity	114	175
Profit / (loss) before income tax	3,153	(955)
Income tax expense	(250)	(220)
	2,903	(1,175)
Gain on disposal of subsidiaries – note 14	130,894	-
Profit / (loss) for the period from discontinued operation	133,797	(1,175)
<b>Cash flows</b>		
Operating cash flows	(1,733)	4,824
Investing cash flows	289,063	(6,287)
Financing cash flows	(6,898)	(1,706)
Total cash flows	280,432	(3,169)

### (b) Assets held for sale

	30 September 2011 Unaudited HK\$'000	31 March 2011 Audited HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	-	68,601
Public bus licences	-	5,196
Goodwill	-	158,474
Interest in a jointly controlled entity	-	136
Deferred tax assets	-	58
	-	232,465
<b>Current assets</b>		
Trade and other receivables	-	19,268
Amount due from a jointly controlled entity	-	1,065
Tax recoverable	-	770
Bank balances and cash	-	8,892
	-	29,995
<b>Total assets</b>	-	262,460

## 10. Discontinued operation and assets held for sale (Continued)

(c) Liabilities directly associated with assets held for sale

	<b>30 September 2011 Unaudited HK\$'000</b>	31 March 2011 Audited HK\$'000
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	-	6,928
<b>Current liabilities</b>		
Borrowings	-	82,280
Trade and other payables	-	15,074
Deferred income	-	5,368
Other financial liability	-	2,190
Tax payable	-	686
	-	105,598
<b>Total liabilities</b>	-	112,526

(d) As at 31 March 2011, the aggregate net book value of assets held for sale which were pledged as securities for borrowings amounted to HK\$65,677,000.

## 11. Trade receivables

The majority of the Group's turnover is attributable to the franchised PLB services which is received in cash or collected via Octopus cards by Octopus Cards Limited and remitted to the Group on the next business day after the service is rendered. The Group normally granted a credit term ranging from 0 to 30 days to other trade debtors.

The ageing analysis of trade receivables (net of provision for impairment), prepared on the basis of invoice dates, is as follows:

	<b>30 September 2011 Unaudited HK\$'000</b>	31 March 2011 Audited HK\$'000
0 to 30 days	1,471	956
31 to 60 days	116	194
61 to 90 days	82	35
Over 90 days	23	147
	1,692	1,332

## 12. Trade payables

The Group was granted by its suppliers credit periods ranging from 0 to 30 days. Based on the invoice dates, the ageing analysis of trade payables is as follows:

	<b>30 September 2011</b> <b>Unaudited</b> <b>HK\$'000</b>	31 March 2011 Audited HK\$'000
0 to 30 days	<b>6,895</b>	6,893

## 13. Business combination

On 1 April 2011, the Group's subsidiary, Gurnard Holdings Limited, acquired the entire equity interest and shareholders' loans of Hong Kong Maxicab Limited ("HKM"), a company which principally engages in the provision of PLB transportation services in Hong Kong.

HKM contributed revenue of HK\$9,852,000 and net loss of HK\$1,752,000 to the Group for the period from 1 April 2011 to 30 September 2011.

Details of the net assets acquired and goodwill are as follows:

	<b>HK\$'000</b>
Purchase consideration	<b>32,000</b>
Fair value of net assets acquired	<b>(13)</b>
Goodwill	<b>31,987</b>

The goodwill is attributable to the expected profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of HKM.

The assets and liabilities arising from the acquisition are as follows:

	<b>Acquiree's carrying amount and fair value HK\$'000</b>
Property, plant and equipment	2
Trade and other receivables	97
Bank balances and cash	1,138
Trade and other payables	(1,224)
Net assets acquired	13
Purchase consideration settled in cash	32,000
Less: deposit paid	(32,000)
Bank balances and cash of the acquired subsidiary	(1,138)
Net cash inflow on acquisition of the subsidiary	1,138

#### 14. Disposal of Elegant Sun Group Limited

On 27 April 2011, the Company entered into an agreement with TILS, a wholly-owned subsidiary of Kwoon Chung Bus Holdings Limited, to dispose of its entire interest in ESG, a wholly-owned subsidiary of the Company, at a consideration of HK\$300,000,000, subject to adjustment. The Disposal was completed on 31 July 2011.

	<b>HK\$'000</b>
Net assets disposed of:	
Property, plant and equipment	<b>64,829</b>
Public bus licences	<b>5,196</b>
Goodwill	<b>158,474</b>
Interest in a jointly controlled entity	<b>250</b>
Trade and other receivables	<b>22,173</b>
Amount due from a jointly controlled entity	<b>1,047</b>
Bank balances and cash, net	<b>153</b>
Borrowings	<b>(45)</b>
Tax payable, net	<b>(590)</b>
Trade and other payables	<b>(54,166)</b>
Deferred income	<b>(5,851)</b>
Deferred tax liabilities, net	<b>(6,749)</b>
<b>Net assets</b>	<b>184,721</b>
Non-controlling interests	<b>(20,095)</b>
Translation reserve	<b>(846)</b>
Gain on disposal of subsidiaries – note 10	<b>130,894</b>
Expenses on disposal of subsidiaries	<b>3,036</b>
<b>Total consideration</b>	<b>297,710</b>
Satisfied by:	
Consideration settled in cash	<b>290,000</b>
Consideration receivable in cash	<b>7,710</b>
<b>Total consideration</b>	<b>297,710</b>
Consideration settled in cash	<b>290,000</b>
Expenses paid on disposal of subsidiaries	<b>(684)</b>
<b>Net cash inflow on disposal of subsidiaries</b>	<b>289,316</b>

## **15. Events after the reporting date**

### **15.1 Acquisition of Central Maxicab Limited**

On 7 September 2011, the Group entered into a sale and purchase agreement with So Sai Hung, Lo Hon Keung, Ip Po Fun, Jessie, Yip Chun, Tsui Po Keung and So Chi Hung to acquire the entire equity interest in Central Maxicab Limited (“CML”), a company which principally engages in the provision of PLB transportation services in Hong Kong, at a consideration of HK\$215,000,000. The acquisition was completed on 1 November 2011.

As the financial statements of CML as at the completion date was not yet available by the date of approval of this interim report, it is not practical to disclose further details about the acquisition.

### **15.2 Grant of share options**

On 20 October 2011, a total of 5,250,000 share options at an exercise price of HK\$1.60 per share was granted. Out of the balance, a total of 900,000 options were granted to Dr. Lee Peng Fei, Allen, Dr. Chan Yuen Tak Fai, Dorothy and Mr. Kwong Ki Chi, the Group’s independent non-executive directors, with each granted 300,000 options. The remaining 4,350,000 options were granted to the Group’s employees. These share options are exercisable from 20 October 2011 to 19 October 2021.

## **INTERIM DIVIDENDS**

The Board recommended the payment of a special interim dividend of HK10.0 cents (2010: Nil) per ordinary share for the six months ended 30 September 2011 totaling HK\$26,593,000 (2010: Nil) to the shareholders registered in the Company’s register of members as at the close of business on 15 December 2011. The special interim dividend will be payable on 16 December 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the shareholders’ entitlements to the declared special interim dividend, the register of members of the Company will be closed from 12 December 2011 to 15 December 2011 (both days inclusive). In order to qualify for entitlement to the declared special interim dividend, all share certificates accompanied by the duly completed transfer documents must be lodged with the Company’s Hong Kong share registrar and transfer office, Union Registrars Limited, at 18<sup>th</sup> Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong, for registration not later than 4:00p.m. on 9 December 2011.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Interim Results

Attributable to a gain on disposal of the cross-boundary public bus business, which amounted to HK\$130,894,000, the profit attributable to equity holders of the Company for the period increased by 8.4 times to HK\$138,338,000 (2010: HK\$14,776,000). Although it is not the Company's usual practice to declare interim dividend, the Board considered it appropriate for the Company to return part of the surplus cash to the shareholders as the Group recorded a special profit from the Disposal during the period under review. After due consideration of the Group's operating cashflow, financial position and future expansion plans, the Board recommends the payment of a special interim dividend of HK10.0 cents per ordinary share.

### REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

#### Continuing operation — franchised PLB operation

- During the six months ended 30 September 2011, the turnover of the franchised PLB operation grew by 5.2% to HK\$160,609,000 (2010: HK\$152,677,000). The growth was contributed by the Group's new subsidiary, HKM, which operates four green minibus ("GMB") routes with 33 PLBs running between Central/Causeway Bay and the Southern District. The acquisition of HKM was completed on 1 April 2011.
- Excluding the turnover of HK\$9,852,000 contributed by HKM during the period under review, the Group's turnover slightly dropped by HK\$1,920,000 or 1.3% to HK\$150,757,000 (2010: HK\$152,677,000). Despite a stable passenger demand, the Group did not manage to operate its minibus fleet at its optimal capacity during off-peak hours owing to shortage of captains. Since the statutory minimum wage became effective on 1 May 2011, the industry has been experiencing difficulties in recruiting and retaining captains. The management foresaw the recruitment problem and had already raised the captains' basic pay by approximately 3.4% with effect from 1 April 2011. Furthermore, the Group has made a number of applications to the Transport Department for fare increase. Nevertheless, the applications were still pending for the Transport Department's approval and there was therefore no fare adjustment during the period.
- The operating profit of the franchised PLB operation dropped by 70.6% to HK\$5,644,000 (2010: HK\$19,196,000). The drop in the operating profit was mainly due to the following:
  - 1) HKM recorded an operating loss of HK\$2,366,000 owing to low passenger demand. Since it takes time for the Group to restructure the newly acquired routes and communicate the plan to the Transport Department, the District Council and the communities, it was not feasible to immediately realize the potential synergy effect at this initial stage; and

- 2) Excluding the loss attributable to HKM, the operating profit of the franchised PLB operation was HK\$8,010,000 (2010: HK\$19,196,000), entailing a drop of 58.3% or HK\$11,186,000 compared with the preceding period. The main reasons for the significant drop were the increase in fuel costs by 27.5% or HK\$7,768,000 to HK\$36,041,000 (2010: HK\$28,273,000), the increase in captains' wages and benefits by 4.0% or HK\$1,738,000 to HK\$45,359,000 (2010: HK\$43,621,000) and the drop in turnover by 1.3% or HK\$1,920,000 to HK\$150,757,000 (2010: HK\$152,677,000) as mentioned above. Compared with the same period of last year, the diesel unit cost and liquefied petroleum gas unit cost had risen by 29% and 26% respectively, resulting in the escalation of fuel expenses.
- During the period, income tax expense decreased to HK\$471,000 (2010: HK\$3,124,000). The effective tax rate was 9.2% for the period (2010: 16.5%). The drop in effective tax rate was mainly due to the recognition of accumulated tax loss of HKM amounting to HK\$1,377,000.
  - On 18 February 2011, the Group entered into a sale and purchase agreement with Mr. Ma Kiu Sang, Mr. Ma Kiu Mo and Mr. Ma Kiu Man, Vince to acquire the entire equity interest and shareholders' loans in HKM at a consideration of HK\$32,000,000. The acquisition was completed on 1 April 2011.
  - As at 30 September 2011, the Group operated 54 routes (31 March 2011: 50 routes; 30 September 2010: 50 routes) with 346 PLBs (31 March 2011: 309 PLBs; 30 September 2010: 308 PLBs). The average fleet age was 7.7 years (31 March 2011: 7.7 years).
  - On 7 September 2011, the Group entered into a sale and purchase agreement with Mr. So Sai Hung, Mr. Lo Hon Keung, Ms. Ip Po Fun, Jessie, Ms. Yip Chun, Mr. Tsui Po Keung and Mr. So Chi Hung to acquire the entire equity interest in CML at a consideration of HK\$215,000,000. CML owns 25 PLBs and PLB licences and operates three GMB routes with the 25 PLBs running between Central and Queen Mary Hospital/the Southern District. The acquisition of CML was completed on 1 November 2011.

#### **Discontinued operation — cross-boundary public bus operation**

On 27 April 2011, the Company entered into a sale and purchase agreement (the "Agreement") with TILS, a wholly owned subsidiary of Kwoon Chung Bus Holdings Limited, whereby TILS agreed to acquire and the Company agreed to sell its entire shareholding interest in ESG, a wholly owned subsidiary of the Company, at a consideration of HK\$300,000,000 (subject to adjustment) upon and subject to the terms and conditions of the Agreement. ESG holds a 80% shareholding interest in each of Chinalink Express Holdings Limited and Chinalink Transport Group Limited (together with their subsidiaries, collectively the "Chinalink Group"). The Chinalink Group principally engages in the provision of cross-boundary public bus services. The Disposal was completed on 31 July 2011. After the completion of the Disposal, the Group has discontinued all its business in the cross-boundary public bus industry. The gain on disposal of ESG and hence the Chinalink Group was HK\$130,894,000.



## CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND POLICIES

### Liquidity and financial resources

The Group's operations were mainly financed by proceeds from its operations.

The current ratio (current assets/current liabilities) increased to 10.84 times (31 March 2011: 2.42 times) due to a significant increase in bank balances and cash after receiving the sale proceeds of the Disposal. As at 30 September 2011, the Group had net current assets of HK\$262,625,000 (31 March 2011: HK\$188,696,000).

### Borrowings

As at 30 September 2011, the balance of the total borrowings of the Group decreased slightly by HK\$1,520,000 to HK\$55,387,000 (31 March 2011: HK\$56,907,000). There was no borrowing incepted during the period and the drop in borrowing balance was due to scheduled repayments.

The gearing ratio (total liabilities/shareholders' equity) of the Group as at 30 September 2011 decreased to 18.6% (31 March 2011: 61.8%).

As at 30 September 2011, the Group had banking facilities totaling HK\$64,687,000 (31 March 2011: HK\$192,996,000) of which HK\$55,387,000 (31 March 2011: HK\$139,017,000) was utilised.

### Pledge of assets

The Group has pledged certain of its assets to secure the banking facilities granted. Details of the pledged assets were as follows:

	<b>As at 30 September 2011 HK\$'000</b>	<b>As at 31 March 2011 HK\$'000</b>
PLB licences	<b>99,400</b>	104,300
Property, plant and equipment	<b>4,442</b>	4,591
Assets held for sale	-	65,677

### Credit risk management

The income of the franchised PLB operation of the Group is either received in cash or collected via Octopus cards by Octopus Cards Limited and remitted to the Group on the next business day. The Group is therefore not exposed to any significant credit risk.

### Foreign currency risk management

The Group is not exposed to significant foreign exchange risk as the majority of the transactions, monetary assets and liabilities of the Group are denominated in Hong Kong dollars.

### Interest rate risk management

The Group's interest rate risk arises primarily from its borrowings. All borrowings as at 30 September 2011 were denominated in Hong Kong dollars and on a floating interest rate basis. The practice effectively eliminated the currency risk and the management is of the view that the Group is not subject to significant interest rate risk.

### CAPITAL EXPENDITURE AND COMMITMENT

During the period, the Group's total capital expenditure was HK\$34,260,000 (2010: HK\$14,208,000), which was mainly attributable to the acquisition of HKM at a consideration of HK\$32,000,000. As at 30 September 2011, the Group's capital commitment contracted and not provided for was HK\$180,051,000 (31 March 2011: HK\$9,384,000), which was mainly attributable to the payment of the balance of HK\$180,000,000 in relation to the acquisition of CML.

### CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 September 2011 and 31 March 2011.

### EMPLOYEES AND REMUNERATION POLICIES

Since the minibus industry is labour intensive in nature, employee benefit expenses accounted for a substantial part of the total operating costs of the Group. Employee benefit expenses incurred for the period were HK\$65,462,000 (2010: HK\$58,778,000), representing 41.1% (2010: 42.1%) of the total costs. Apart from the basic remuneration, double pay and/or discretionary bonus were also granted to eligible employees with reference to the Group's performance and individual's contribution. Other benefits including share option scheme, retirement plans and training schemes were also provided to the staff members.

The headcounts of the Group were as follows:

	<b>As at 30 September 2011 Continuing operation</b>	As at 31 March 2011		
		Continuing operation	Discontinued operation	Total
Captains	<b>1,018</b>	920	118	1,038
Administrative staff	<b>89</b>	85	199	284
Technicians	<b>45</b>	42	17	59
<b>Total</b>	<b>1,152</b>	1,047	334	1,381

## **PROSPECTS**

After the disposal of its entire cross-boundary public bus operation business, the Group will devote all its efforts and resources to developing the minibus business. Looking forward, the business environment within the local minibus industry remains challenging. As a kind of necessity to the daily lives of the general public, the Group anticipates that the demand for the minibus service will remain stable. However, since the statutory minimum wage came into force on 1 May 2011, the Group has been experiencing difficulties in recruiting and retaining captains. As a result, certain minibuses were not able to run at their optimal capacity during off-peak hours. To tackle the recruitment problem, the Group may consider raising the wages of and allowances to the frontline staff. Apart from the pressure from labour costs, the rising fuel prices may continue to adversely affect the profitability of the Group. To cope with the climbing operating costs, the Group will continue to enhance fleet efficiency and implement cost saving plans.

In addition to cost saving, the Group will continue to apply for fare increase, and strive to increase the number of seats on minibuses to 20. The Group will also propose rationalization plans for less popular routes and at the same time strengthen the services for routes with growing demand. Acquiring routes which will bring about potential synergy effect to the operation is also a strategy for the Group to expand its business and market share, particularly in the Southern District. Although the financial performance of the newly acquired HKM was disappointing during the period under review, the management remains optimistic of HKM's operation and has designed a relevant route restructuring plan which is awaiting approval of the Transport Department. The management believes that the performance of the routes operated under HKM will improve after the restructuring. Following the completion of the acquisition of CML which operates three GMB routes with 25 PLBs running between Central and Queen Mary Hospital/the Southern District on 1 November 2011, it is expected that the performance of the Group in the second half of the financial year will improve due to the immediate profit contribution from CML.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions set out in Appendix 14 "Code on Corporate Governance Practices" of the Listing Rules for the six months ended 30 September 2011.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in the Model Code in Appendix 10 of the Listing Rules throughout the six months ended 30 September 2011. The Company had also made specific enquiries of all Directors and the Company was not aware of any non-compliance with the required standard of dealings set out in the Model Code and its code of conduct regarding securities transactions by Directors.

## **AUDIT COMMITTEE**

The Audit Committee was established in accordance with the requirements under the Listing Rules and “A Guide for The Formation of An Audit Committee” published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises 3 independent non-executive directors and one of them possesses appropriate accounting or financial management expertise. A meeting of the Audit Committee was held on 29 November 2011 to review the unaudited interim financial statements and interim results announcement of the Group, and to render advice and recommendations to the Board.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the six months ended 30 September 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **PUBLICATION OF DETAILED INTERIM RESULTS**

All the financial and other related information of the Company for the six months ended 30 September 2011 which is required to be disclosed under the Listing Rules will be published on the Stock Exchange’s website at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company’s website at [www.amspt.com](http://www.amspt.com) in due course.

By Order of the Board  
Wong Man Kit  
*Chairman*

Hong Kong, 29 November 2011

Members of the Board as at the date of this announcement are as follows:

### *Executive Directors*

Mr. Wong Man Kit (Chairman)  
Ms. Ng Sui Chun  
Mr. Wong Ling Sun, Vincent  
Mr. Chan Man Chun  
Ms. Wong Wai Sum, May

### *Independent Non-executive Directors*

Dr. Lee Peng Fei, Allen  
Dr. Chan Yuen Tak Fai, Dorothy  
Mr. Kwong Ki Chi