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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 2015

The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2015, together with the unaudited comparative figures for the corresponding period in 2014. 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 2015

	Notes	For the six months ended 30 September	
		2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
Revenue	3	<b>183,392</b>	178,330
Direct costs		<b>(151,799)</b>	(161,340)
Gross profit		<b>31,593</b>	16,990
Other revenue	4	<b>4,221</b>	4,098
Other net income	4	<b>384</b>	96
Deficit on revaluation of PLB licences	10	<b>(2,100)</b>	(8,400)
Administrative expenses		<b>(18,615)</b>	(16,485)
Other operating expenses		<b>(532)</b>	(875)
Operating profit / (loss)		<b>14,951</b>	(4,576)
Finance costs		<b>(1,503)</b>	(1,593)
Profit / (Loss) before income tax	6	<b>13,448</b>	(6,169)
Income tax expense	7	<b>(2,807)</b>	(372)
Profit / (Loss) for the period		<b>10,641</b>	(6,541)
Earnings / (Loss) per share attributable to equity holders of the Company			
- Basic (in HK cents)	9	<b>4.00</b>	(2.46)
- Diluted (in HK cents)	9	<b>4.00</b>	(2.46)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		For the six months ended 30 September	
		2015	2014
	Note	Unaudited HK\$'000	Unaudited HK\$'000
Profit / (Loss) for the period		<b>10,641</b>	(6,541)
Other comprehensive expense Item that will not be reclassified subsequently to income statement			
- Deficit on revaluation of PLB licences	10	<b>(1,260)</b>	(5,040)
<b>Total comprehensive income / (expense) for the period</b>		<b>9,381</b>	(11,581)

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2015

		30 September 2015 Unaudited HK\$'000	31 March 2015 Audited HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		17,105	16,952
PLB licences	10	290,080	293,440
Public bus ("PB") licences		11,384	11,384
Goodwill		22,918	22,918
Deferred tax assets		2,593	3,449
		<b>344,080</b>	<b>348,143</b>
<b>Current assets</b>			
Trade and other receivables	11	10,086	9,011
Tax recoverable		-	16
Bank balances and cash		49,331	49,275
		<b>59,417</b>	<b>58,302</b>
<b>Current liabilities</b>			
Borrowings		9,603	9,506
Trade and other payables	12	23,392	21,058
Tax payable		2,458	455
		<b>35,453</b>	<b>31,019</b>
<b>Net current assets</b>		<b>23,964</b>	<b>27,283</b>
<b>Total assets less current liabilities</b>		<b>368,044</b>	<b>375,426</b>
<b>Non-current liabilities</b>			
Borrowings		133,089	137,911
Deferred tax liabilities		59	127
		<b>133,148</b>	<b>138,038</b>
<b>Net assets</b>		<b>234,896</b>	<b>237,388</b>
<b>EQUITY</b>			
Share capital		26,613	26,613
Reserves		208,283	210,775
<b>Total equity</b>		<b>234,896</b>	<b>237,388</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 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, the 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 of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 April 2004.

## 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, which are stated at 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 2015.

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 2015.

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 2015.

The application of the new or amended HKFRSs has no material impact on the preparation and presentation of the results and financial position for the six months ended 30 September 2015 and periods prior to that.

The Group has not yet adopted 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. Revenue

	For the six months ended 30 September	
	2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
Services income	183,392	178,330

#### 4. Other revenue and other net income

	For the six months ended 30 September	
	2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
<b>Other revenue</b>		
Advertising income	2,780	2,585
Administration fee income	1,252	1,253
Interest income	145	231
Management fee income	30	24
Repair and maintenance service income	14	5
	<b>4,221</b>	<b>4,098</b>
<b>Other net income</b>		
Gain on disposal of property, plant and equipment	44	-
Net exchange loss	(5)	(80)
Sundry income	345	176
	<b>384</b>	<b>96</b>
	<b>4,605</b>	<b>4,194</b>

#### 5. Segment information

The only operating segment of the Group is the franchised PLB and residents' bus services. No separate analysis of the reportable segment results by operating segment is necessary.

#### 6. Profit / (Loss) before income tax

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

	For the six months ended 30 September	
	2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
Fuel cost in direct costs	23,541	35,456
Employee benefits expense (including directors' emoluments)	87,225	79,260
Operating lease rental in respect of		
- PLBs	37,659	39,736
- land and buildings	11	10
Depreciation of property, plant and equipment	815	785
Gain on disposal of property, plant and equipment (note 4)	(44)	-
Deficit on revaluation of PLB licences (note 10)	2,100	8,400
Net exchange loss (note 4)	5	80

## 7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period.

	For the six months ended 30 September	
	2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
Current tax	2,019	1,085
Deferred tax	788	(713)
<b>Total income tax expense</b>	<b>2,807</b>	<b>372</b>

## 8. Dividends

### (a) Dividends attributable to the period

No interim dividend was declared by the Company for the six months ended 30 September 2015 (2014: Nil).

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

	For the six months ended 30 September	
	2015 Unaudited HK\$'000	2014 Unaudited HK\$'000
Special dividend of HK5.0 cents (2014: HK1.0 cent) per ordinary share for the year ended 31 March 2015	<b>13,306</b>	2,661

## 9. Earnings / (Loss) per share

### (a) Basic earnings / (loss) per share

The calculation of basic earnings / (loss) per share is based on the profit of HK\$10,641,000 attributable to equity holders of the Company (2014: loss of HK\$6,541,000) and on the weighted average number of 266,125,000 (2014: 266,125,000) ordinary shares in issue during the period.

### (b) Diluted earnings / (loss) per share

Diluted earnings / (loss) per share is the same as basic earnings / (loss) per share for the six months ended 30 September 2015 and 2014. The share options have no dilutive effect on ordinary shares for the periods because the exercise prices of the Company's share options were higher than the average market price of the Company's share in the periods.

## 10. PLB licences

	2015 HK\$'000	2014 HK\$'000
As at 1 April (Audited)	293,440	310,240
Deficit on revaluation charged to income statement	(2,100)	(8,400)
Deficit on revaluation dealt with in revaluation reserve	(1,260)	(5,040)
<b>As at 30 September (Unaudited)</b>	<b>290,080</b>	<b>296,800</b>

The fair value of a PLB licence dropped to HK\$5,180,000 as at 30 September 2015 (31 March 2015: HK\$5,240,000). At the balance sheet date, PLB licences were revalued by Vigers Appraisal & Consulting Limited, the independent qualified valuer. The fair value is determined under the market approach with reference to recent market-quoted prices. The key assumptions used under the market approach are consistent with those used and disclosed in the Group's financial statements for the year ended 31 March 2015.

### Fair value hierarchy

The following table presents the fair value of the Group's PLB licences measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured by using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured by using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured by using significant unobservable inputs

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Recurring fair value measurement of PLB licences:</b>				
<b>As at 30 September 2015 (Unaudited)</b>	-	290,080	-	290,080
As at 31 March 2015 (Audited)	-	293,440	-	293,440

During the six months ended 30 September 2015 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## 11. Trade and other receivables

	<b>30 September 2015 Unaudited HK\$'000</b>	31 March 2015 Audited HK\$'000
Trade receivables – gross	1,674	1,394
Less: provision for impairment	-	-
Trade receivables – net	1,674	1,394
Deposits, prepayments and other receivables	8,412	7,617
	<b>10,086</b>	<b>9,011</b>

The directors consider that the fair values of the trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Majority of the Group's revenue is attributable to franchised PLB services income which is received in cash or collected via Octopus Cards Limited and remitted to the Group on the next business day after the day in which services are rendered. The Group normally grants 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 in accordance with the invoice dates, is as follows:

	<b>30 September 2015 Unaudited HK\$'000</b>	31 March 2015 Audited HK\$'000
0 to 30 days	1,388	1,224
31 to 60 days	201	170
61 to 90 days	43	-
Over 90 days	42	-
	<b>1,674</b>	<b>1,394</b>

## 12. Trade and other payables

	<b>30 September 2015 Unaudited HK\$'000</b>	31 March 2015 Audited HK\$'000
Trade payables	4,706	4,781
Other payables and accruals	18,686	16,277
	<b>23,392</b>	<b>21,058</b>

The Group is 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 2015 Unaudited HK\$'000</b>	31 March 2015 Audited HK\$'000
0 to 30 days	4,706	4,781

All amounts are short-term and hence the carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.



### 13. Share-based compensation

The number of share options outstanding and the weighted average exercise prices are as follows:

	For the six months ended 30 September			
	2015		2014	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the period	4,950,000	1.60	4,950,000	1.60
Granted	8,428,000	1.25	-	-
Outstanding at the end of the period	13,378,000	1.38	4,950,000	1.60
Exercisable at the end of the period	13,378,000	1.38	4,950,000	1.60

On 23 September 2015, a total of 8,428,000 share options was granted and vested immediately. The Binomial Model was used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options were based on the management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

The significant inputs into the model for the share options granted during the period are as follows:

Closing price of the share on date of grant	HK\$1.25
Exercise price	HK\$1.25
Annual risk-free interest rate	1.802%
Expected annual dividend yield	6.98%
Expected option life	10 years
Expected annual volatility	23.74%

The underlying expected annual volatility was determined by reference to the historical data calculated based on the expected life of share options.

The Group recognised a total share-based compensation expense of HK\$1,433,000 (2014: Nil) for the six months ended 30 September 2015, in regard of the share options granted by the Company during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM RESULTS AND DIVIDEND

For the six months ended 30 September 2015, the profit excluding the non-cash deficit on revaluation of PLB licences increased by HK\$10,882,000 or 585.4% to HK\$12,741,000 (2014: HK\$1,859,000) compared with same period last year, primarily attributable to the significant drop in fuel prices and partly to route restructuring and fare adjustments. The non-cash deficit on revaluation of PLB licences charged to income statement for the period decreased by HK\$6,300,000 or 75.0% to HK\$2,100,000 (2014: HK\$8,400,000), compared with same period last year. The rate of decline of PLB licences price continued to slow down during the period under review. As a result, the results of the Group for the period substantially improved to a profit of HK\$10,641,000 (2014: loss of HK\$6,541,000).

In line with previous practice, the Board does not recommend the payment of any interim dividend for the six months ended 30 September 2015 (2014: Nil).

### REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

- During the period, the Group continued to do its best endeavor to meet the passengers demand emerged from the railway development and improve its operational efficiency. The management cautiously evaluated the impact of the MTR West Island Line, which opened on 28 December 2014, and the extension of the Government's Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ("Fare Concession Scheme") to the green minibus sector, which commenced on 29 March 2015, and proposed some route restructuring plans to the Transport Department. Series of route restructuring plans involving 20 PLB routes and one residents' bus route had been approved and completed during the period. The route restructure aimed at supplementing West Island Line and served the public in a more efficient and competitive manner. It also effectively helped the Group to optimise the operating costs and resources.
- After rationalising the routes and frequency of services, the fleet size of the Group slightly reduced by 3 to 354 PLBs as at 30 September 2015 (31 March 2015: 357 PLBs; 30 September 2014: 360 PLBs) and the number of PLB routes increased to 62 (31 March 2015: 61; 30 September 2014: 59 routes). The Group also operated 4 residents' bus routes (31 March 2015 and 30 September 2014: 3 routes) with 6 PBs (31 March 2015 and 30 September 2014: 5 PBs) as at 30 September 2015. The total mileage travelled for the period was slightly down by 0.7% to 20,875,000 kilometers, generally in line with the change in fleet size. The average fleet age of the PLBs was 10.7 years (31 March 2015: 11 years).
- The opening of the West Island Line inevitably had a negative impact on the patronage of the Group's routes operating in the vicinity. Nevertheless, joining the Fare Concession Scheme increased the price competitiveness of the PLB routes and thus partly recovered the loss of passengers to the franchised buses and MTR in previous years. As a result, the patronage for the period was slightly down by 0.4% to 28,458,000 (2014: 28,585,000).

The details of the unaudited consolidated results for the period are presented below:

	For the six months ended 30 September		Increase/ (Decrease) HK\$'000	In %
	2015 HK\$'000	2014 HK\$'000		
Revenue	<b>183,392</b>	178,330	5,062	+2.8
Other revenue and other net income	<b>4,605</b>	4,194	411	+9.8
Direct costs	<b>(151,799)</b>	(161,340)	(9,541)	-5.9
Administrative and other operating expenses	<b>(19,147)</b>	(17,360)	1,787	+10.3
Deficit on revaluation of PLB licences	<b>(2,100)</b>	(8,400)	(6,300)	-75.0
Finance costs	<b>(1,503)</b>	(1,593)	(90)	-5.6
Income tax expense	<b>(2,807)</b>	(372)	2,435	+654.6
<b>Profit / (Loss) for the period</b>	<b>10,641</b>	(6,541)	17,182	N/A
<b>Profit for the period excluding deficit on revaluation of PLB licences</b>	<b>12,741</b>	1,859	10,882	+585.4

- To ease the pressure from the inflating staff costs, the Group continued to submit fare increase applications during the period. During the period, the Group was granted approval to raise the fares in 16 routes at rates ranging from 4.9% to 9.4%<sup>1</sup> (2014: 4 routes at rates ranging from 7.7% to 8.3%<sup>1</sup>). Coupled with the full year effect from the fare increase approved in the last financial year, the revenue for the period increased by HK\$5,062,000 or 2.8% to HK\$183,392,000 (2014: HK\$178,330,000), compared with same period last year.
- The major direct costs of the Group are labour costs, PLB rental expenses and fuel costs, which altogether made up around 83.8% (2014: 84.4%) of the total direct costs for the period. Attributable to the significant drop in fuel prices and route rationalisation, the direct costs decreased by HK\$9,541,000 or 5.9% to HK\$151,799,000 (2014: HK\$161,340,000) compared with same period last year. The changes on the major direct costs are as follows:
  - Fuel costs for the period dropped significantly by HK\$11,915,000 or 33.6% to HK\$23,541,000 (2014: HK\$35,456,000), which was mainly due to the substantial drop in fuel prices. With the drop in international fuel prices and increased rebates from suppliers, the average diesel and liquefied petroleum gas unit prices decreased by around 32.0% during the period;
  - As at 30 September 2015, around 84% of the PLB fleet were leased PLBs, therefore, PLB rental expense is a major direct cost. The PLB rental expense dropped by HK\$2,077,000 or 5.2% to HK\$37,659,000 (2014: HK\$39,736,000), which was mainly attributable to the lowered hire rates and reduced use of leased PLBs following the reduction in fleet size by around 7 PLBs (on monthly average) or 2.0%. With effect from 1 October 2014, the PLB hiring rates paid to the connected parties decreased by 2.9% on average. The PLB rental expense paid to the connected parties for the period therefore decreased accordingly to HK\$34,792,000 (2014: HK\$35,692,000) compared with same period last year; and
  - Following the around 7.9% on average pay rise in all routes in late July 2014, the Group again increased the captains' pay in 42 routes by around 5.9% on average in April 2015. The increase aimed at attracting and retaining captains in these routes which still faced labour shortage. Thus, the labour costs of captains for the period increased by HK\$4,974,000 or 8.2% to HK\$65,986,000 (2014: HK\$61,012,000).

Note:

<sup>1</sup> The rates refer to the increment in full fares of the routes.

- During the period, the rate of decline of the PLB licences price slowed down. As compared with the 4.3% decrease in same period last year, the fair value of a PLB licence was down by 1.1% to HK\$5,180,000 during the period (31 March 2015: HK\$5,240,000). The total carrying amount of the PLB licences of the Group, hence, dropped by HK\$3,360,000 or 1.1% to HK\$290,080,000 (31 March 2015: HK\$293,440,000). The deficit on revaluation of PLB licences charged to income statement was HK\$2,100,000 (2014: HK\$8,400,000), representing a significant decrease of HK\$6,300,000 or 75.0% compared with same period last year. Please also refer to the note 10 of the unaudited condensed consolidated financial statements for more information on the carrying amount of PLB licences.
- The administrative and other operating expenses increased by HK\$1,787,000 or 10.3% to HK\$19,147,000 (2014: HK\$17,360,000), which was primarily due to the share-based compensation expense of HK\$1,316,000 recognised for the grant of share options to administrative staff members during the period. Please also refer to the note 13 of the unaudited condensed consolidated financial statements.
- Owing to the reduced borrowings balance, the finance costs of the Group for the reporting period decreased by \$90,000 or 5.6% to HK\$1,503,000 (2014: HK\$1,593,000). The average interest rate applicable to the Group during the reporting period maintained at similar level as that of the same period last year. There was no new borrowing incepted during the period. The decrease in the borrowings balance was solely due to scheduled repayments.
- During the reporting period, income tax expense increased to HK\$2,807,000 (2014: HK\$372,000). Excluding the effect of deficit on revaluation of PLB licences and share-based compensation expense, which were non-deductible expenses under Hong Kong profits tax law, the effective tax rate was 16.5% for the period (2014: 16.7%).

## Cash flow

	For the six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000
Net cash from operating activities	20,374	4,117
Net cash used in investing activities	(779)	(1,891)
Net cash used in financing activities	(19,534)	(8,885)
Net increase / (decrease) in cash and cash equivalents	61	(6,659)

With the substantial growth in operating results for the period, the net cash from operating activities increased by HK\$16,257,000 or 394.9% to HK\$20,374,000. The net cash used in investing activities of HK\$779,000 was mainly for acquiring a motor vehicle and improving the properties and computer systems of the repairing centers. As for the net cash used in financing activities of HK\$19,534,000, which were for the dividends payment to the equity holders of the Company of HK\$13,306,000, and the repayment of borrowings and interests amounting to HK\$6,228,000 during the period.

## Capital structure, liquidity, financial resources and policies

### *Liquidity and financial resources*

The Group's operations are mainly financed by proceeds from its operations. The Group carefully assesses and monitors its liquidity to ensure that it has sufficient cash and standby bank facilities to meet its daily operational needs.

As at 30 September 2015, the Group had net current assets of HK\$23,964,000 (31 March 2015: HK\$27,283,000), and the current ratio (current assets/current liabilities) was 1.68 times (31 March 2015: 1.88 times). As at 30 September 2015, the balance of the total borrowings of the Group decreased by HK\$4,725,000 or 3.2% to HK\$142,692,000 (31 March 2015: HK\$147,417,000). There was no new borrowing incepted during the period. The decrease in the borrowings balance was solely due to scheduled repayments.

The maturity profiles of the borrowings are as follows:

	<b>As at 30 September 2015 HK\$'000</b>	As at 31 March 2015 HK\$'000
Within one year	<b>9,603</b>	9,506
In the second year	<b>9,809</b>	9,710
In the third to fifth years	<b>30,310</b>	30,199
After the fifth year	<b>92,970</b>	98,002
	<b>142,692</b>	147,417

Although the Group substantially improved its operating profit during the period, the shareholders' equity slightly reduced by HK\$2,492,000 or 1.0% to HK\$234,896,000 (31 March 2015: HK\$237,388,000) as a result of the deficit on revaluation of PLB licences recognised for the period and the distribution of special dividends of HK\$13,306,000 for last financial year. The gearing ratio (total liabilities/shareholders' equity) of the Group as at 30 September 2015 was therefore 71.8% (31 March 2015: 71.2%), stood at a similar level as that of 31 March 2015.

#### *Pledge of assets*

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

	<b>As at 30 September 2015 HK\$'000</b>	As at 31 March 2015 HK\$'000
PLB licences	<b>233,100</b>	235,800
Property, plant and equipment	<b>3,851</b>	4,010

#### **Credit risk management**

The income of the franchised PLB operation of the Group is either received in cash or collected via Octopus Cards Limited and remitted to the Group on the next business day. Also, the Group does not provide guarantees to third parties which would expose the Group to credit risk. 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 income and expenditures of its operating activities and 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 bank balances and borrowings. All borrowings as at 30 September 2015 were denominated in Hong Kong dollars and on a floating interest rate basis. The practice effectively eliminates 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 reporting period, the Group's total capital expenditure of HK\$1,149,000 (2014: HK\$4,032,000) was for acquiring a motor vehicle and improving the properties and computer systems of the repairing centers. As at 30 September 2015, the Group's capital commitment contracted and not provided for was HK\$263,000 (31 March 2015: HK\$43,000).

#### **Contingent liabilities**

The Group did not have any material contingent liabilities as at 30 September 2015 and 31 March 2015.

## Employees and remuneration policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Expenses relating to employee benefits incurred for the reporting period were HK\$87,225,000 (2014: HK\$79,260,000), representing 49.8% (2014: 43.9%) of the total costs (excluding the deficit on revaluation of PLB licences). 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 contribution. Other benefits including share option scheme, retirement plans and training schemes were also provided to the staff members. The main reasons for the approximately 10% up in employees benefits expense compared with same period last year are the increase in labour costs of captains as explained above and the share-based compensation expense of HK\$1,433,000 incurred for the grant of 8,428,000 share options to the employees during the period.

The headcounts of the Group were as follows:

	<b>As at 30 September 2015</b>	As at 31 March 2015
Directors	<b>8</b>	8
Administrative staff	<b>98</b>	96
Captains	<b>1,126</b>	1,091
Technicians	<b>44</b>	44
<b>Total</b>	<b>1,276</b>	1,239

## PROSPECT

Since all the Group's PLB routes joined the Fare Concession Scheme in late March 2015, the patronage of the Group has improved and the effect was relatively obvious in those PLB routes that were not affected by the MTR West Island Line. Riding on the convenience and efficiency of our minibus services, the management anticipates the Fare Concession Scheme would continue to attract the passengers to take our franchised PLB services in the future. Coupled with the fare adjustments effective during the period, the management expects the revenue of the PLB routes would further improve in the second half of the financial year 2015/16.

Although the route restructure in response to the impact brought by the MTR West Island Line is almost completed, the management would continue to monitor the traffic development in the vicinity and react promptly to meet the passengers demand. As for the MTR South Island Line (East), which is expected to commence service in late 2016, the Group has submitted a preliminary route restructure plan to the Transport Department. With the Group's existing extensive service network within the Southern District, the management believes the Group would manage to provide efficient feeder service to supplement the railway. Meanwhile, the MTR South Island Line (East) may help relieve the traffic congestion of Aberdeen Tunnel at peak hours, which may benefit other routes of the Group. The management would continue to communicate with the Government and the communities for better understanding of the needs of the commuters.

On the cost side, it is anticipated that the Group would continue to benefit from the decline in fuel prices in the second half of the financial year. However, the industry-wide manpower shortage issue is still the main operating pressure to the Group. The Group has been encountering difficulties in retaining and recruiting captains in recent years and under the current employment condition in Hong Kong, it is probable that the Group may need to further adjust the captains' pay in order to maintain the frequency and quality of service.

As reported in the Group's last annual report, the Government is currently reviewing the feasibility and desirability of increasing the number of passenger seats of the PLBs under a work plan for the Public Transport Strategy Study. The management is pleased to know that the Government unveiled that it has accorded priority on the review on PLB service during a meeting of Legislative Council Panel on Transport in early November 2015, and it will strive to complete the review on the PLB service by the third quarter of 2016. The Group reiterates that increasing the number of seats on PLBs is in any way a win-win solution for both the operators and the general public as the former could increase revenue without transferring the costs to the public and affecting road conditions while the latter could shorten the minibus waiting time. Furthermore, increasing the PLB capacity would also encourage the operators to replace the old PLBs with more environmentally-friendly PLBs at a faster pace, which in turn would help alleviating the roadside air pollution in Hong Kong. Therefore, the Group hopes the result of the review would reflect the current needs of the community.

## **CORPORATE GOVERNANCE**

The Company has complied with the provisions of the code as set out in Appendix 14 “Corporate Governance Code and Corporate Governance Report” of the Listing Rules for the six months ended 30 September 2015.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in the Model Code under Appendix 10 of the Listing Rules (the “Model Code”) throughout the six months ended 30 September 2015. The Company had also made specific enquiries with 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 guidance 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 three independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 24 November 2015 to review the unaudited interim financial statements and interim results announcement of the Group, and to provide advice and recommendations to the Board.

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

During the six months ended 30 September 2015, 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 2015 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 Ling Sun, Vincent**  
*Chairman*

Hong Kong, 24 November 2015

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

### *Executive Directors*

Mr. Wong Ling Sun, Vincent (*Chairman*)  
Mr. Wong Man Kit (*Honorary chairman*)  
Ms. Ng Sui Chun  
Mr. Chan Man Chun (*Chief Executive Officer*)  
Ms. Wong Wai Sum, May

### *Independent Non-Executive Directors*

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