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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)

2009 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Directors") of AMS Public Transport Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009, together with the comparative figures for the year ended 31 March 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

| | Notes | 2009 HK\$'000 | 2008 HK\$'000 |
|---|-------|------------------|------------------|
| Turnover | 4 | 424,675 | 395,776 |
| Direct costs | | (321,081) | (294,715) |
| Gross profit | | 103,594 | 101,061 |
| Other revenue | 5 | 5,857 | 5,729 |
| Other net income | 5 | 574 | 2,489 |
| Administrative expenses | | (52,294) | (49,719) |
| Other operating expenses | | (3,019) | (2,298) |
| Operating profit | | 54,712 | 57,262 |
| Finance costs | 6 | (3,387) | (6,923) |
| Share of results of a jointly controlled entity | | (2) | (9) |
| Profit before income tax | 7 | 51,323 | 50,330 |
| Income tax expense | 8 | (8,558) | (10,840) |
| Profit for the year | | 42,765 | 39,490 |
| Attributable to: | | | |
| Equity holders of the Company | | 39,164 | 37,067 |
| Minority interest | | 3,601 | 2,423 |
| Profit for the year | | 42,765 | 39,490 |
| Dividends | | 22,750 | 22,750 |
| Earnings per share for profit attributable to equity holders of the Company | | | |
| – Basic | 9(a) | HK17.21 cents | HK16.29 cents |
| – Diluted | 9(b) | N/A | HK16.28 cents |

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

| | Notes | 2009 HK\$'000 | 2008 HK\$'000 |
|---|-------|------------------|------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 58,937 | 63,343 |
| Leasehold land | | 6,210 | 6,363 |
| PLB licences | | 125,180 | 140,800 |
| Goodwill | | 164,445 | 155,024 |
| Interest in a jointly controlled entity | | 134 | 136 |
| Deferred tax assets | | 85 | 182 |
| | | 354,991 | 365,848 |
| Current assets | | | |
| Trade and other receivables | 10 | 19,210 | 14,705 |
| Amount due from a jointly controlled entity | | 1,252 | 1,665 |
| Tax recoverable | | 56 | 351 |
| Bank balances and cash | | 38,524 | 33,968 |
| | | 59,042 | 50,689 |
| Current liabilities | | | |
| Borrowings | | 28,262 | 18,315 |
| Trade and other payables | 11 | 25,926 | 24,990 |
| Current portion of deferred income | | 3,785 | 1,128 |
| Other financial liability | | 4,650 | 4,650 |
| Other current liability | | 9,000 | - |
| Tax payable | | 5,452 | 3,759 |
| | | 77,075 | 52,842 |
| Net current liabilities | | (18,033) | (2,153) |
| Total assets less current liabilities | | 336,958 | 363,695 |
| Non-current liabilities | | | |
| Borrowings | | 80,743 | 107,409 |
| Other non-current liability | | - | 2,830 |
| Deferred income | | - | 573 |
| Deferred tax liabilities | | 4,933 | 6,079 |
| | | 85,676 | 116,891 |
| Net assets | | 251,282 | 246,804 |
| EQUITY | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | | 22,750 | 22,750 |
| Reserves | | 210,462 | 208,745 |
| | | 233,212 | 231,495 |
| Minority interest | | 18,070 | 15,309 |
| Total equity | | 251,282 | 246,804 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

In preparing the financial statements, the Directors have carefully assessed the working capital and financing requirements of the Group in the foreseeable future, as the current liabilities of the Group exceeded its current assets by HK\$18,033,000 at the balance sheet date.

Taking into account the existing banking facilities, bank balances and cash of the Group and continuing profitable operations, the Directors are satisfied that the Group has sufficient resources to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

The financial statements have been prepared on the historical cost basis except for public light bus ("PLB") licences and other financial liability which are stated at fair values.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new HKFRSs issued by the HKICPA, which are effective for the Group's financial statements for the annual period beginning on 1 April 2008.

| | |
|--------------------------------|--|
| HKAS 39 & HKFRS 7 (Amendments) | Reclassification of Financial Assets |
| HK(IFRIC) – Int 12 | Service Concession Arrangements |
| HK(IFRIC) – Int 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

The new or amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

There have been no significant changes to the accounting policies applied in the financial statements for the years ended 31 March 2009 and 2008.

3. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting policy, its segment information is presented by way of two segments format: (i) on a primary segment reporting basis, by business segment and (ii) on a secondary segment reporting basis, by geographical segment.

(a) Primary reporting - business segment

The Group is organised into two main business segments: (i) Franchised PLB services and (ii) cross-boundary public bus services.

| | Franchised PLB services HK\$'000 | Cross- boundary public bus services HK\$'000 | Inter-segment elimination HK\$'000 | Group HK\$'000 |
|--|---|--|--|-------------------|
| 2009 | | | | |
| Segment revenue | 297,545 | 127,130 | - | 424,675 |
| Segment results | 32,286 | 22,426 | - | 54,712 |
| Finance costs | | | | (3,387) |
| Share of results of a jointly controlled entity | - | (2) | - | (2) |
| Profit before income tax | | | | 51,323 |
| Income tax expense | | | | (8,558) |
| Profit for the year | | | | 42,765 |
| <u>Assets</u> | | | | |
| Segment assets | 179,050 | 234,726 | (18) | 413,758 |
| Jointly controlled entity | - | 134 | - | 134 |
| Unallocated assets | | | | 141 |
| Total assets | | | | 414,033 |
| <u>Liabilities</u> | | | | |
| Segment liabilities | 13,801 | 24,928 | (18) | 38,711 |
| Unallocated liabilities | | | | 124,040 |
| Total liabilities | | | | 162,751 |
| <u>Other information</u> | | | | |
| Capital expenditure | 1,842 | 6,131 | - | 7,973 |
| Depreciation | 2,179 | 8,275 | - | 10,454 |
| Amortisation | 153 | - | - | 153 |
| Deficit on revaluation of a PLB licence | 710 | - | - | 710 |
| Provision for impairment of trade receivables | 15 | - | - | 15 |

3. SEGMENT INFORMATION (Continued)

- (a) Primary reporting - business segment (Continued)
2008

| | Franchised PLB services HK\$'000 | Cross- boundary public bus services HK\$'000 | Inter-segment elimination HK\$'000 | Group HK\$'000 |
|--|---|--|--|-------------------|
| Segment revenue | 290,358 | 105,418 | - | 395,776 |
| Segment results | 37,655 | 19,607 | - | 57,262 |
| Finance costs | | | | (6,923) |
| Share of results of a jointly controlled entity | - | (9) | - | (9) |
| Profit before income tax | | | | 50,330 |
| Income tax expense | | | | (10,840) |
| Profit for the year | | | | 39,490 |
| <u>Assets</u> | | | | |
| Segment assets | 194,641 | 221,668 | (441) | 415,868 |
| Jointly controlled entity | - | 136 | - | 136 |
| Unallocated assets | | | | 533 |
| Total assets | | | | 416,537 |
| <u>Liabilities</u> | | | | |
| Segment liabilities | 13,765 | 13,367 | (441) | 26,691 |
| Unallocated liabilities | | | | 143,042 |
| Total liabilities | | | | 169,733 |
| <u>Other information</u> | | | | |
| Capital expenditure | 1,577 | 6,699 | - | 8,276 |
| Depreciation | 3,854 | 8,749 | - | 12,603 |
| Amortisation | 153 | - | - | 153 |
| Impairment of goodwill | - | 300 | - | 300 |
| Provision for impairment of trade receivables | - | 222 | - | 222 |

- (b) Secondary reporting – geographical segments

The Group's operations are located in two main geographical areas. The following table provides an analysis of the Group's turnover by geographical market.

| | |
|-----------------|--|
| Hong Kong | Operation in Hong Kong |
| PRC - Hong Kong | Cross-boundary operation between Hong Kong and the People's Republic of China (the "PRC") |
| Others | Other operations in Macau and the PRC |

3. SEGMENT INFORMATION (Continued)

(b) Secondary reporting – geographical segments (Continued)

Turnover by geographical markets:

| | 2009 HK\$'000 | 2008 HK\$'000 |
|-----------------|------------------|------------------|
| Hong Kong | 297,545 | 290,358 |
| PRC - Hong Kong | 125,816 | 102,557 |
| Others | 1,314 | 2,861 |
| | 424,675 | 395,776 |

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

| | Segment assets | | Capital expenditure | |
|-----------------|------------------|------------------|---------------------|------------------|
| | 2009 HK\$'000 | 2008 HK\$'000 | 2009 HK\$'000 | 2008 HK\$'000 |
| Hong Kong | 179,031 | 194,201 | 1,842 | 1,577 |
| PRC - Hong Kong | 230,604 | 213,070 | 6,131 | 2,261 |
| Others | 4,123 | 8,597 | - | 4,438 |
| | 413,758 | 415,868 | 7,973 | 8,276 |

4. TURNOVER

| | 2009 HK\$'000 | 2008 HK\$'000 |
|---|------------------|------------------|
| Franchised PLB services income | 297,545 | 290,358 |
| Cross-boundary public bus services income | 127,130 | 105,418 |
| | 424,675 | 395,776 |

5. OTHER REVENUE AND OTHER NET INCOME

| | 2009 HK\$'000 | 2008 HK\$'000 |
|---|------------------|------------------|
| Other revenue | | |
| Agency fee income | 2,503 | 2,453 |
| Rental income of cross-boundary quota | 982 | 982 |
| Advertising income | 880 | 396 |
| Repair and maintenance service income | 688 | 892 |
| Management fee income | 536 | 178 |
| Interest income | 182 | 790 |
| Travel agency income | 86 | 38 |
| | 5,857 | 5,729 |
| Other net income | | |
| Compensation from ex-shareholders of certain subsidiaries | - | 870 |
| Gain on disposal of passenger service licences | - | 500 |
| Reversal of deficit on revaluation of a PLB licence | - | 400 |
| Net gain on disposal of property, plant and equipment | - | 187 |
| Sundry income | 574 | 532 |
| | 574 | 2,489 |
| | 6,431 | 8,218 |

6. FINANCE COSTS

| | 2009 HK\$'000 | 2008 HK\$'000 |
|--|------------------|------------------|
| Interest on bank loans and overdrafts: | | |
| - wholly repayable within five years | 2,674 | 5,572 |
| - not wholly repayable within five years | 674 | 1,300 |
| Finance charges on finance leases | 39 | 51 |
| | 3,387 | 6,923 |

7. PROFIT BEFORE INCOME TAX

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

| | 2009 HK\$'000 | 2008 HK\$'000 |
|---|------------------|------------------|
| Fuel cost | 75,739 | 65,319 |
| Employee benefit expense (including directors' emoluments) | 143,946 | 137,012 |
| Operating lease rental in respect of | | |
| - land and buildings | 2,433 | 1,725 |
| - PLBs and public buses | 66,017 | 63,058 |
| - cross-boundary quotas | 5,047 | 3,709 |
| Depreciation of property, plant and equipment | | |
| - own assets | 10,330 | 12,441 |
| - leased assets | 124 | 162 |
| Amortisation of leasehold land (included in administrative expenses) | 153 | 153 |
| Impairment of goodwill (included in other operating expenses) | - | 300 |
| Provision for impairment of trade receivables | 15 | 222 |
| Deficit / (Reversal of deficit) on revaluation of a PLB licence charged to income statement | 710 | (400) |
| Net loss / (gain) on disposal of property, plant and equipment | 173 | (187) |
| Net exchange loss | 37 | 55 |
| Auditors' remuneration | 996 | 1,052 |

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

| | 2009 HK\$'000 | 2008 HK\$'000 |
|---------------------------------------|------------------|------------------|
| Current tax | | |
| - Hong Kong profits tax | | |
| Tax for the year | 9,142 | 9,118 |
| Under provision in prior years | 207 | 1,052 |
| | 9,349 | 10,170 |
| - Overseas taxation | | |
| Tax for the year | 258 | 167 |
| | 9,607 | 10,337 |
| Deferred tax | | |
| Current year | (712) | 503 |
| Attributable to reduction in tax rate | (337) | - |
| | (1,049) | 503 |
| | 8,558 | 10,840 |

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$39,164,000 (2008: HK\$37,067,000) and on the weighted average number of 227,500,000 (2008: 227,500,000) ordinary shares in issue during the year.

(b) 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 year, after adjusting the dilution effect of the outstanding share options granted by the Company.

The share options have no dilutive effect on ordinary shares for the year ended 31 March 2009 because the exercise price of the Company's share options was higher than the average market price of the Company's share in the year.

Details of the calculation of diluted earnings per share for the year ended 31 March 2008 are shown as follows:

| | |
|---|----------------|
| Profit for the year ended 31 March 2008 attributable to equity holders of the Company (in HK\$'000) | 37,067 |
| Weighted average number of ordinary shares in issue (in thousands) | 227,500 |
| Adjustments for the assumed conversion of share options (in thousands) | 82 |
| | 227,582 |
| Diluted earnings per share | HK16.28 cents |

10. TRADE AND OTHER RECEIVABLES

| | 2009 HK\$'000 | 2008 HK\$'000 |
|---|------------------|------------------|
| Trade receivables - gross | 6,014 | 4,126 |
| Less: Provision for impairment | - | (96) |
| Trade receivables - net | 6,014 | 4,030 |
| Deposits, prepayments and other receivables | 13,196 | 10,675 |
| | 19,210 | 14,705 |

Majority of the Group's turnover is attributable to the franchised PLB services which is received in cash or collected by Octopus Cards Limited and remitted to the Group on the next business day of the service rendered. The credit terms granted by the Group to other trade debtors range from 0 to 90 days.

The ageing analysis of trade receivables (net of provision for impairment), prepared in accordance with the due date of invoices, is as follows:

| | 2009 HK\$'000 | 2008 HK\$'000 |
|---------------|------------------|------------------|
| 0 to 30 days | 4,396 | 2,972 |
| 31 to 60 days | 1,159 | 764 |
| 61 to 90 days | 216 | 33 |
| Over 90 days | 243 | 261 |
| | 6,014 | 4,030 |

11. TRADE AND OTHER PAYABLES

| | 2009 HK\$'000 | 2008 HK\$'000 |
|-----------------------------|------------------|------------------|
| Trade payables | 7,765 | 7,331 |
| Other payables and accruals | 18,161 | 17,659 |
| | 25,926 | 24,990 |

The Group was granted by its suppliers credit periods ranging from 0 to 60 days. Based on the invoice dates, the ageing analysis of trade payables is as follows:

| | 2009 HK\$'000 | 2008 HK\$'000 |
|---------------|------------------|------------------|
| 0 to 30 days | 6,433 | 6,475 |
| 31 to 60 days | 703 | 295 |
| 61 to 90 days | 104 | - |
| Over 90 days | 525 | 561 |
| | 7,765 | 7,331 |

DIVIDENDS

The Directors recommended the payment of a final dividend of HK10.0 cents (2008: HK10.0 cents) per ordinary share for the year ended 31 March 2009 totalling HK\$22,750,000 (2008: HK\$22,750,000) to the shareholders registered in the Company's register of members as at the close of business on 28 August 2009. Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 28 August 2009, the final dividend will be payable on 4 September 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 August 2009 to 28 August 2009, both days inclusive in order to determine those shareholders entitled to the proposed final dividends. In order to qualify for the dividends, all share certificates accompanied by the duly completed transfer forms must be lodged with Hong Kong share registrar and transfer office of the Company, Union Registrars Limited of Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:00pm on 21 August 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Franchised Public Light Bus Operations

The demand of local green minibus ("GMB") market remained stable, the number of passengers carried in the GMB sector grew by 3.3% during the year ended 31 March 2009. Same as other transport operators, year 2008 was the most difficult year because the international fuel prices surged drastically to a record high at US\$147 per barrel. Although the global financial crisis later on in the second half year drove the slump of fuel prices, the franchised PLB operating results were severely hit by the extremely high fuel prices in the first half year. The overall average diesel unit price applied to the franchised PLB operations jumped by 10.9% compared with last year.

During the year, no new route was introduced and the number of routes operated by the Group maintained at 49 (2008: 49) as at 31 March 2009. The fleet size was also maintained at 299 GMBs (2008: 299 GMBs). The patronage grew by 0.8% to 53.2 million (2008: 52.8 million) during the year, whilst the total mileage traveled remained at around 39.1 million kilometers (2008: 38.9 million kilometers). Due to the approval of fare increment in 10 routes granted by the Transport Department and the patronage growth, the turnover for the franchised PLB operations went up by 2.5% to HK\$297,545,000 (2008: HK\$290,358,000).

The Group has put great efforts in enhancing the service quality and efficiency in the franchised PLB operations. As a leading GMB route operator, the Group is committed to rendering safe and comfortable transport services to our passengers. As at 31 March 2009, 196 long-wheel base minibuses came into service which offered extra space to passengers. These long-wheel base minibuses were equipped with state-of-the-art facilities, such as LED destination displays, speed display units, high-back seats, stop signal bells, luggage racks, skidproof floors etc. Our average fleet age was down to 5.9 years compared with 6.5 years as at 31 March 2008.

We will leverage our strengths to provide feeder services and point-to-point services to supplement the railway services, and grow along with the development of the local transportation network.

Cross-boundary Public Bus Operations

As at 31 March 2009, the Group operated 4 long-haul cross-boundary routes (2008: 4 routes) between Hong Kong and Guangzhou, Foshan, Yunfu and Wuzhou. Together with the shuttle routes running between Hong Kong and Shenzhen, including the Shenzhen International Airport and Baoan district (the "Shenzhen Shuttle Routes"), the public bus fleet provided passengers with about 35,700 journeys (2008: 19,600 journeys) and carried about 925,000 passengers (2008: 435,000 passengers) during the year.

Unlike the stable GMB market, the cross-boundary public bus industry is developing at a rapid rate. Opportunity comes alongside with the further extension of Individual Visitor Scheme of the Mainland China and closer social and economic relationship between Hong Kong and the Mainland China in recent years. Following the completion of the new Western Corridor control point, the Group foresaw the shift of visitor flow to the western area of Shenzhen owing to the more convenient immigration clearance. Furthermore, as the Western Corridor shortens the traveling time from Hong Kong to the western area of Shenzhen, it becomes more attractive and popular to travel via the Shenzhen International Airport.

In order to seize this opportunity, the Group launched the Shenzhen Shuttle Routes and took an unprecedented step to cooperate with Shenzhen International Airport to set up the first Shenzhen Airport (Kowloon Station) in-town check-in center (the "In-town Check-in Center") for providing in-town check-in service in Hong Kong in October 2007. The results for the year proved that it was a sound business decision. During the year under review, the number of visitors traveling via the Western Corridor control point reached 13,717,000 while that of Lok Ma Chau control point reduced by 9,152,000 or 20.0% to 36,592,000 when compared with last year.

While the Shenzhen Shuttle Routes are expanding on one hand, the joint venture 24-hour Tsuen Wan and Huanggang (Shenzhen) cross-boundary shuttle service (the "Tsuen Wan Line") has been affected by the shift of visitors flow to the Western Corridor on the other hand. Also, since the opening of the Lok Ma Chau spur line in August 2007, the Tsuen Wan Line has been facing even more intense competition. However, increased economic activities between Hong Kong and the Mainland China as well as the extension of the Individual Visit Scheme to more Mainland cities are expected to generate new and higher demand for the Tsuen Wan Line and the long haul routes.

Sharing the same mission of providing passengers with fast, convenient and comfortable journeys as the franchised PLB operations, the Group maintains a young public bus fleet with an average age of 5.1 years (2008: 4.8 years). As at 31 March 2009, the number of public buses operated by the Group was 62 (2008: 54), of which 1 (2008: 2) was locally operated public bus and the remaining were for cross-boundary operations.

Although the cross-boundary public bus enjoys a relatively lower fuel price in the Mainland China, the surging fuel prices still pose a burden to the cost of operations. During the year, the average unit diesel price applicable to the cross-boundary public bus operation surged by 21.1%. The Group will continue to maintain strict cost-control and energy efficient measures to relieve the impact from the rising operation costs.

During the year, the Group acquired 100% of equity interests and the subsisting shareholders' loan of Yuk Fai Bus Of Travel Limited, which engages in the provision of cross-boundary transportation services, at a consideration of HK\$3,205,000. The Group will continue to seek acquisition opportunities to strengthen its fleet capacity, as well as to look for synergies from acquiring or cooperating with fellow operators.

FINANCIAL REVIEW

Consolidated results for the year

During the financial year under review, the Group's turnover grew by 7.3% or HK\$28,899,000 to HK\$424,675,000 (2008: HK\$395,776,000). Although the drop in operating profit of the franchised PLB operations caused the decrease in total operating profit by HK\$2,550,000 to HK\$54,712,000 (2008: HK\$57,262,000), the decrease in finance costs contributed to the increase of profit before income tax by HK\$993,000 to HK\$51,323,000 (2008: HK\$50,330,000). As a result, the profit attributable to equity holders of the Company was HK\$39,164,000 (2008: HK\$37,067,000), representing a growth of 5.7%. Basic earnings per share were HK17.21 cents compared with HK16.29 cents last year.

| | Turnover | | Operating profit | |
|--|----------------|----------------|------------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Franchised PLB operations | 297,545 | 290,358 | 32,286 | 37,655 |
| Cross-boundary public bus operations | 127,130 | 105,418 | 22,426 | 19,607 |
| | 424,675 | 395,776 | 54,712 | 57,262 |
| Finance costs | | | (3,387) | (6,923) |
| Share of results of a jointly controlled entity | | | (2) | (9) |
| Profit before income tax | | | 51,323 | 50,330 |
| Income tax expense | | | (8,558) | (10,840) |
| Minority interest | | | (3,601) | (2,423) |
| Profit attributable to equity holders of the Company | | | 39,164 | 37,067 |

Franchised Public Light Bus Operations

The turnover of the franchised PLB operations grew by 2.5% or HK\$7,187,000 to HK\$297,545,000 (2008: HK\$290,358,000) during the year, as a result of fare increment in 10 minibus routes approved by the Transport Department and the growth of patronage.

Nevertheless, the segment profit dropped by HK\$5,369,000 to HK\$32,286,000 for the year ended 31 March 2009 compared with HK\$37,655,000 in 2008, reflecting the impact of high fuel cost in the first half year and other inflating operating expenses such as repair and maintenance costs and labour costs.

It is worth noting that the fuel cost had dropped significantly since the global economic crisis in August 2008. As a result, the segment profit rebounded to HK\$22,606,000 in the second half year compared with HK\$9,680,000 in the first half year.

Cross-boundary Public Bus Operations

Like the local franchised PLB segment, the cross-boundary public bus operations also suffered from the adverse impact caused by the high fuel cost. Also, the continuous drop in the Tsuen Wan Line patronage mainly caused by the competition of Lok Ma Chau spur line posed a threat to the cross-boundary public bus operations result.

On the other hand, the popularity of the Shenzhen Shuttle Routes was setting the stage for expansion of the cross-boundary public bus segment. Despite the high fuel costs, the Shenzhen Shuttle Routes drove the cross-boundary operation segment revenue soaring by 20.6% or HK\$21,712,000 to HK\$127,130,000 (2008: HK\$105,418,000) during the year under review, resulting in an increase of HK\$2,819,000 or 14.4% growth in segment profit to HK\$22,426,000 (2008: HK\$19,607,000).

Finance costs

Finance costs fell by HK\$3,536,000 or 51.1% to HK\$3,387,000 (2008: HK\$6,923,000) for the year ended 31 March 2009 mainly due to the sustained low interest rate in the financial market during the year.

Income tax expense

Income tax expense for the year was HK\$8,558,000 (2008: HK\$10,840,000). The effective tax rate for the year was 16.7% (2008: 21.5%).

Cash flow

| | 2009 HK\$'000 | 2008 HK\$'000 |
|--|------------------|------------------|
| Net cash from operating activities | 52,642 | 56,631 |
| Net cash used in investing activities | (6,935) | (5,086) |
| Net cash used in financing activities | (41,584) | (46,491) |
| Net increase in cash and cash equivalents | 4,123 | 5,054 |

Since the operating profit for the year dropped by 4.5% to HK\$54,712,000 (2008: HK\$57,262,000), the net cash inflow from operating activities of the Group decreased correspondingly by 7.0% to HK\$52,642,000 (2008: HK\$56,631,000). The net cash outflow from investing activities was HK\$6,935,000 (2008: HK\$5,086,000), which increased by HK\$1,849,000 compared with 2008 mainly because of the payment of HK\$1,606,000 for the acquisition of a subsidiary. The net cash outflow from financing activities was HK\$41,584,000 (2008: HK\$46,491,000). The outflow was mainly for the repayment of bank borrowings (excluding bank overdrafts) of HK\$17,994,000 and dividends of HK\$22,750,000 paid to the shareholders of the Company.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**Liquidity and financial resources**

The Group's operations were mainly financed by proceeds from operations in this financial year. In terms of liquidity, the current ratio (current assets/current liabilities) dropped to 0.77 times as at the year-end date compared with 0.96 times as at 31 March 2008. It was mainly attributable to the increase of current portion of bank borrowings by HK\$9,947,000 and other current liability of HK\$9,000,000 for the extension of a subsidiary's operation period as at 31 March 2009.

As at 31 March 2009, the gearing ratio of the Group (defined as the ratio of total liabilities to shareholders' equity) improved to 69.8% (2008: 73.3%), mainly due to the repayment of bank borrowings (excluding bank overdrafts) of HK\$17,994,000 during the year.

Borrowings

The borrowings balance decreased to HK\$109,005,000 (2008: HK\$125,724,000). There was no inception of borrowings during the year and the decrease of the borrowings balance was due to the scheduled loans repayment.

Cash and bank deposits

As at 31 March 2009, the cash and bank deposits of the Group increased to HK\$38,524,000 (2008: HK\$33,968,000). About 81% (2008: 84%) of the cash and bank deposits were denominated in Hong Kong dollars, the remaining in Renminbi and Macau Patacu.

Banking facilities

As at 31 March 2009, the Group had banking facilities totaling HK\$125,849,000 (2008: HK\$137,945,000) of which approximately HK\$108,073,000 (2008: HK\$125,497,000) were utilised.

Credit risk management

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

For the cross-boundary public bus operation, the income is mainly collected on credit basis. The Group normally grants a credit term ranging from 0 to 30 days to customers and the debt collection progress is monitored on an ongoing basis. Since the Group has implemented stringent credit control policy and the customer base is rather diverse, there is no significant concentration of credit risk.

Foreign currency risk management

The Group is exposed to foreign exchange risk, although not significant as the majority of the income and expenditures of the Group are denominated in Hong Kong dollars, arising mainly from conversion from Renminbi.

Although conversion of Renminbi into foreign currencies is subject to rules and regulations of foreign exchange of the PRC government, the management considers that the overall exposure to foreign exchange risk is minimal. Nevertheless, the Group plans to collect part of the cross-boundary public bus income in Renminbi to cover the foreign exchange risk relating to the appreciation of the Renminbi operating expenses through natural hedging.

Interest rate risk management

As for financing activities, all borrowings for the financial year ended 31 March 2009 were denominated in Hong Kong dollars and the majority of them were 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.

Pledge of assets

The pledged assets are as follows:

| | As at 31 March 2009 HK\$'000 | As at 31 March 2008 HK\$'000 |
|-------------------------------|---|---|
| Leasehold land | 1,396 | 5,169 |
| PLB licences | 45,520 | 51,200 |
| Property, plant and equipment | 41,155 | 51,184 |
| Trade and other receivables | 9,879 | 5,820 |
| Bank balances and cash | 14,174 | 6,892 |
| Other assets | 1,386 | 1,801 |

Capital expenditure and commitment

During the year, the total capital expenditure was HK\$7,973,000 (2008: HK\$8,276,000). The amount was mainly for the purchase of 6 public buses of HK\$5,828,000 (2008: HK\$5,374,000). As at 31 March 2009, capital commitment contracted and not provided for increased to HK\$15,567,000 (2008: HK\$2,582,000) owing to the purchase of 9 public buses for replacement and deployment to meet the market demands.

Employees and remuneration policies

Since the minibus and cross-boundary public bus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Employee benefit expenses incurred for the year were HK\$143,946,000 (2008: HK\$137,012,000), representing 37.1% (2008: 37.6%) of the total costs. Apart from the basic remuneration, double pay and discretionary bonus might be granted to eligible employees with reference to the Group's performance and individual's contribution. Other benefits include share option scheme, retirement plan and training schemes.

The headcounts of the Group are as follows:

| | As at 31 March 2009 | As at 31 March 2008 |
|----------------------|------------------------------------|---------------------------|
| Captains | 1,011 | 939 |
| Administrative staff | 242 | 226 |
| Technicians | 50 | 48 |
| <hr/> | | |
| Total | 1,303 | 1,213 |

Subsequent events

On 16 July 2009, the Group has entered into a share purchase agreement with an independent third party to acquire 100% equity interest of Wai Lok Tours and Coach Company Limited ("Wai Lok"), which engages in the provision of cross-boundary transportation service between Hong Kong and Guangdong province (the "Acquisition"). The consideration is approximately HK\$4,153,000. The Acquisition is expected to be completed by the end of August 2009.

Outlook

As the franchised PLB service is a kind of necessity to the general public in Hong Kong, our passenger demand remains stable despite the global economic tsunami and the outbreak of swine flu. The main challenge to the franchised PLB operations still rests on the fuel prices. Supposing the fuel prices continue to creep on the current level, we believe the segment results of the franchised PLB operations will rally in the next financial year. While the Group closely monitors the impact of the swing of fuel prices, we will strive to maintain growth by investing resources to enhance fleet efficiency, implementing cost saving plans and will consider applying fare adjustment if the fuel prices hike again.

The cross-boundary public bus operation, on the other hand, targets at business commuters and visitors. As a result of the global economic recession, the sluggish inbound tourism and weak consumer sentiment have dampened the service demand and fuelled the competition in the long haul routes among fellow operators. Coupled with the outbreak of swine flu in Hong Kong since May 2009, the number of tourists visiting Hong Kong dipped by 13.5% compared with the same month last year. Therefore, we anticipate the performance of the Tsuen Wan Line and long haul routes will be under stress in the short run.

The Shenzhen Shuttle Routes are, however, experiencing buoyant growth momentum against the market downturn. Apart from the Shenzhen Shuttle Routes, the Group has taken unprecedented step to cooperate with Shenzhen International Airport in launching the In-town Check-in Center in Hong Kong since October 2007. Tying with the In-town Check-in Center service, the Shenzhen Shuttle Routes have become more popular. Thanks to the promotion of the advantages of traveling from Shenzhen International Airport, more passengers are attracted by its frequent flights schedules, extensive destinations network and cheaper domestic air tickets fares. Grasping this opportunity, we have extended our service portfolio by providing one-stop hotel, air and bus tickets booking service, as well as joining hands with the Mainland airlines to offer budget packages to our customers.

With the Group's strong revenue stream and our dedicated management team, we have identified a number of business opportunities ahead. We believe the closer social and economic connection between the Mainland China and Hong Kong, the advancement of highways network in Guangdong province and the liberalisation of Individual Visit Scheme will be the catalyst to the market growth, and our cross-boundary public bus operations will be spearheading our business. To cope with the market growth, we have ordered 9 new public buses for replacement and deployment in the coming year.

Looking ahead, to cope with the future challenges and opportunities, we would be keen to improve the operational efficiency through technological enhancement and fleet optimisation by increasing the capacity and upgrading the bus quality. The Group is committed to exploring further business opportunities to bring robust returns to our shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (the "Model Code")

The Company has adopted codes of conduct regarding securities transactions by Directors and relevant employees (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules throughout the year ended 31 March 2009. Having made specific enquiries, all Directors, except for Ms. Ng Sui Chun, have confirmed that they have complied with the required standard set out in the Securities Code and Model Code throughout the financial year under review. Ms. Ng Sui Chun had inadvertently breached the Model Code as she acquired 60,000 shares of the Company at a total consideration of HK\$69,000 on 19 November 2008, the first day of the black-out period. In view of the breach, the Company has reminded all Directors again of the importance of complying with the Model Code.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES (the "Code")

The Company has complied throughout the year ended 31 March 2009 with the code provisions set out in the Code as contained in Appendix 14 of the Listing Rules.

REVIEWED BY AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code 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 committee comprises three Independent Non-Executive Directors and one of them possesses professional qualification in accounting. An audit committee meeting was held on 22 July 2009 to review the Group's annual financial statements and annual results announcement and to provide advice and recommendations to the Board.

REVIEWED BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2009 have been agreed by the Group's auditors, Grant Thornton, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton 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 HKICPA and consequently no assurance has been expressed by Grant Thornton on the preliminary announcement.

PUBLICATION OF DETAILED ANNUAL RESULTS AND ANNUAL REPORT

All the financial and other related information of the Company required by the Listing Rules will be published on The Stock Exchange of Hong Kong Limited's website at www.hkex.com.hk and the Company's website at www.amspt.com in due course.

By Order of the Board
Wong Man Kit
Chairman

Hong Kong, 22 July 2009

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. Chan Man Chun
Mr. Wong Ling Sun, Vincent

Independent Non-executive Directors

Dr. Leung Chi Keung
Dr. Lee Peng Fei, Allen
Mr. Lam Wai Keung