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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)
<b>Operating profit</b>		<b>54,712</b>	<b>57,262</b>
Finance costs	6	(3,387)	(6,923)
Share of results of a jointly controlled entity		(2)	(9)
<b>Profit before income tax</b>	7	<b>51,323</b>	<b>50,330</b>
Income tax expense	8	(8,558)	(10,840)
<b>Profit for the year</b>		<b>42,765</b>	<b>39,490</b>
Attributable to:			
Equity holders of the Company		39,164	37,067
Minority interest		3,601	2,423
<b>Profit for the year</b>		<b>42,765</b>	<b>39,490</b>
<b>Dividends</b>		<b>22,750</b>	<b>22,750</b>
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
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
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
		<b>354,991</b>	<b>365,848</b>
<b>Current assets</b>			
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
		<b>59,042</b>	<b>50,689</b>
<b>Current liabilities</b>			
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
		<b>77,075</b>	<b>52,842</b>
<b>Net current liabilities</b>		<b>(18,033)</b>	<b>(2,153)</b>
<b>Total assets less current liabilities</b>		<b>336,958</b>	<b>363,695</b>
<b>Non-current liabilities</b>			
Borrowings		80,743	107,409
Other non-current liability		-	2,830
Deferred income		-	573
Deferred tax liabilities		4,933	6,079
		<b>85,676</b>	<b>116,891</b>
<b>Net assets</b>		<b>251,282</b>	<b>246,804</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		22,750	22,750
Reserves		210,462	208,745
		<b>233,212</b>	<b>231,495</b>
<b>Minority interest</b>		<b>18,070</b>	<b>15,309</b>
<b>Total equity</b>		<b>251,282</b>	<b>246,804</b>

## **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
	<b>424,675</b>	<b>395,776</b>

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
	<b>413,758</b>	<b>415,868</b>	<b>7,973</b>	<b>8,276</b>

### 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
	<b>424,675</b>	<b>395,776</b>

### 5. OTHER REVENUE AND OTHER NET INCOME

	2009 HK\$'000	2008 HK\$'000
<b>Other revenue</b>		
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
	<b>5,857</b>	<b>5,729</b>
<b>Other net income</b>		
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
	<b>574</b>	<b>2,489</b>
	<b>6,431</b>	<b>8,218</b>

## 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
	<b>3,387</b>	<b>6,923</b>

## 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
	<b>9,349</b>	10,170
- Overseas taxation		
Tax for the year	258	167
	<b>9,607</b>	10,337
Deferred tax		
Current year	(712)	503
Attributable to reduction in tax rate	(337)	-
	<b>(1,049)</b>	503
	<b>8,558</b>	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
	<b>227,582</b>
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
	<b>19,210</b>	<b>14,705</b>

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
	<b>6,014</b>	<b>4,030</b>

## 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
	<b>25,926</b>	<b>24,990</b>

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
	<b>7,765</b>	<b>7,331</b>

## **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	<b>297,545</b>	290,358	<b>32,286</b>	37,655
Cross-boundary public bus operations	<b>127,130</b>	105,418	<b>22,426</b>	19,607
	<b>424,675</b>	<b>395,776</b>	<b>54,712</b>	<b>57,262</b>
Finance costs			<b>(3,387)</b>	(6,923)
Share of results of a jointly controlled entity			<b>(2)</b>	(9)
Profit before income tax			<b>51,323</b>	50,330
Income tax expense			<b>(8,558)</b>	(10,840)
Minority interest			<b>(3,601)</b>	(2,423)
Profit attributable to equity holders of the Company			<b>39,164</b>	<b>37,067</b>

### 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)
<b>Net increase in cash and cash equivalents</b>	<b>4,123</b>	<b>5,054</b>

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:

	<b>As at 31 March 2009 HK\$'000</b>	<b>As at 31 March 2008 HK\$'000</b>
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:

	<b>As at 31 March 2009</b>	As at 31 March 2008
Captains	<b>1,011</b>	939
Administrative staff	<b>242</b>	226
Technicians	<b>50</b>	48
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Total	<b>1,303</b>	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](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, 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