

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 March	
		2021	2020
		HK\$'000	HK\$'000
Revenue	4	303,366	365,077
Direct costs		(278,411)	(317,123)
Gross profit		24,955	47,954
Other revenue	5	7,104	10,681
Other net income	5	58,507	111
Administrative expenses		(38,972)	(40,035)
Other operating expenses		(1,333)	(1,165)
Operating profit		50,261	17,546
Deficit on revaluation of public light bus (“PLB”) licences	10	(20,790)	(47,120)
Provision for impairment of public bus licences		(4,734)	(400)
Finance costs	6	(5,681)	(5,288)
Share of result of a joint venture		262	601
Profit / (Loss) before income tax	7	19,318	(34,661)
Income tax credit / (expense)	8	2,503	(1,712)
Profit / (Loss) for the year attributable to equity holders of the Company		21,821	(36,373)
Earnings / (Loss) per share attributable to equity holders of the Company			
- Basic (In HK cents)	9(a)	8.03	(13.38)
- Diluted (In HK cents)	9(b)	8.03	(13.38)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March	
		2021	2020
		HK\$'000	HK\$'000
Profit / (Loss) for the year		21,821	(36,373)
Other comprehensive expense			
Item that will not be reclassified subsequently to consolidated income statement			
- Deficit on revaluation of PLB licences	10	-	(400)
Total comprehensive income / (expense) for the year attributable to equity holders of the Company		21,821	(36,773)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March	
		2021	2020
		HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		37,246	42,063
Investment property		51	-
Right-of-use assets		153,656	34,029
PLB licences	10	129,690	150,480
Public bus licences		10,050	14,784
Interest in a joint venture		-	1,348
Goodwill		22,918	22,918
Deferred tax assets		3,399	1,721
		357,010	267,343
Current assets			
Trade and other receivables	11	12,855	8,989
Amount due from a joint venture		-	1,000
Tax recoverable		1,528	1,869
Bank balances and cash		47,602	21,263
		61,985	33,121
Current liabilities			
Trade and other payables	12	33,083	34,581
Bank borrowings		10,462	15,258
Lease liabilities		60,732	34,191
Tax payable		139	2
		104,416	84,032
Net current liabilities		(42,431)	(50,911)
Total assets less current liabilities		314,579	216,432

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Non-current liabilities		
Bank borrowings	135,644	143,450
Lease liabilities	93,431	-
Deferred tax liabilities	2,246	3,388
	231,321	146,838
Net assets	83,258	69,594
EQUITY		
Share capital	27,191	27,191
Reserves	56,067	42,403
Total equity	83,258	69,594

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

The consolidated financial statements have been prepared on the historical cost basis except for PLB licences which are stated at fair values.

2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of a Material

The adoption of these amended HKFRSs has no impact on how the results and the financial position of the Group for the current and prior periods have been prepared and presented.

3. SEGMENT INFORMATION

The executive directors regard the Group's franchised PLB and residents' bus services as the only operating segment and assess the operating performance and allocate the resources of the Group as a whole. Accordingly, no separate analysis of the reportable segment results and assets and liabilities is presented.

Since the Group's revenue and non-current assets are attributed to and located in Hong Kong, which is also the place of domicile, no geographical information is presented.

There was no individual customer contributed over 10% of the Group's revenue for the years ended 31 March 2021 and 2020.

4. REVENUE

The Group is principally engaged in provision of the franchised PLB and residents' bus services in Hong Kong.

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Franchised PLB services income	297,658	358,100
Residents' bus services income	5,708	6,977
	303,366	365,077

The Group derived all the revenue from provision of the franchised PLB and residents' bus services at a point in time during the years ended 31 March 2021 and 2020.

5. OTHER REVENUE AND OTHER NET INCOME

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Other revenue		
Advertising income	4,400	4,400
Government subsidies (note i)	-	3,432
Administration fee income	2,419	2,435
Management fee income	190	190
Interest income	41	183
Property rental income	42	-
Repair and maintenance service income	12	41
	7,104	10,681
Other net income		
Government subsidies (note ii)	58,309	-
Gain on disposal of property, plant and equipment	41	83
Sundry income	157	28
	58,507	111

Notes:

- (i): During the year ended 31 March 2020, the Group was entitled to receive subsidies of HK\$3,432,000 under the Government of HKSAR's Ex-gratia Payment Scheme ("EP Scheme") for the disposal of certain pre-Euro IV diesel commercial vehicles (the "Disposal"). The government subsidies to the Group were recognised as income in the consolidated income statement during the year of the Disposal and when the conditions under the EP Scheme were complied with.
- (ii): During the year ended 31 March 2021, the Group received subsidies of HK\$58,309,000 which included wage and fuel subsidies, and a one-off subsidy amounting to HK\$10,620,000 to green minibus passenger service operators, under the Anti-epidemic Fund set up by the Hong Kong Government as a result of the outbreak of COVID-19. As at 31 March 2021, the Government subsidies recognised but not yet received were HK\$1,322,000 (note 11). There are no unfulfilled conditions and other contingencies attached to the receipts of these subsidies.

6. FINANCE COSTS

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Interest expenses on bank borrowings	3,003	3,584
Finance charges on lease liabilities	2,678	1,704
	5,681	5,288

7. PROFIT / (LOSS) BEFORE INCOME TAX

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Profit / (Loss) before income tax is arrived at after charging / (crediting):		
Fuel cost in direct costs	40,983	50,684
Lease charges:		
- Short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16 as at 1 April 2019	76	67
Depreciation of right-of-use assets	65,067	67,560
Depreciation of property, plant and equipment	5,363	4,880
Depreciation of investment property	3	-
Auditor's remuneration		
- Audit services	555	560
- Non-audit services	84	84
Gain on disposal of property, plant and equipment	(41)	(83)

8. INCOME TAX CREDIT / (EXPENSE)

Hong Kong Profits Tax had been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the year, except for a subsidiary of the Group which was a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Current tax		
- Hong Kong Profits Tax		
Current year	(455)	(1,310)
Over provision in respect of prior years	138	197
	(317)	(1,113)
Deferred tax		
Current year	2,820	(599)
Total income tax credit / (expense)	2,503	(1,712)

9. EARNINGS / (LOSS) PER SHARE

(a) Basic earnings / (loss) per share

The calculation of basic earnings / (loss) per share is based on the profit attributable to equity holders of the Company of HK\$21,821,000 (2020: loss of HK\$36,373,000) and on the weighted average number of 271,913,000 (2020: 271,913,000) ordinary shares in issue during the year ended 31 March 2021.

9. EARNINGS / (LOSS) PER SHARE (Continued)

(b) Diluted earnings / (loss) per share

Diluted earnings per share is the same as basic earnings per share for the years ended 31 March 2021, as the share options had no dilutive effect on ordinary shares for the year 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.

Diluted loss per share is the same as basic loss per share for the year ended 31 March 2020. The potential shares arising from the conversion of the Company's share options would decrease the loss per share attributable to equity holders of the Company and was not taken into account as they had anti-dilutive effects.

10. PLB LICENCES

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
At the beginning of the year	150,480	198,000
Deficit on revaluation charged to the consolidated income statement	(20,790)	(47,120)
Deficit on revaluation dealt with in revaluation reserve	-	(400)
At the end of the year	129,690	150,480

PLB licenses are regarded as having indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate net cash flows to the Group.

Fair value hierarchy

The following table presents the fair value of the Group's PLB licences measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy. The levels are based on the observability and significance of inputs to the measurements as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset and liability.

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement of PLB licences:				
As at 31 March 2021	-	129,690	-	129,690
As at 31 March 2020	-	150,480	-	150,480

During the years ended 31 March 2021 and 2020, there were no transfers between Level 1 and Level 2.

At 31 March 2021 and 2020, the PLB licences were revalued by Vigers Appraisal & Consulting Limited, the independent qualified valuer. The fair value of PLB licences was determined using the market approach with reference to the average of recent market-quoted prices from different market dealers. The key assumptions under such approach included the continuous existence of an open market for PLB licences and the status-quo of the trends, market conditions and government policies for PLB industry. The assumptions made were based on past performance and expectations on the market development.

11. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade receivables – gross	1,825	1,827
Less: Expected credit loss (“ECL”) allowance	-	-
Trade receivables – net	1,825	1,827
Other receivables – gross	2,698	3,829
Subsidy receivables – gross	1,322	-
Less: ECL allowance	-	-
Other receivables – net	4,020	3,829
Deposits	1,221	1,131
Prepayments	5,789	2,202
	12,855	8,989

Majority of the Group's revenue is attributable to franchised PLB services income which is mainly 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. During the year, the Group normally granted a credit term ranging from 0 to 30 days (2020: 0 to 30 days) to other trade debtors.

Based on the invoice dates (or date of revenue recognition if earlier), the ageing analysis of the trade receivables, net of ECL allowance, is as follows:

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
0 to 30 days	1,396	1,036
31 to 60 days	261	273
61 to 90 days	168	273
Over 90 days	-	245
	1,825	1,827

12. TRADE AND OTHER PAYABLES

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Trade payables	3,888	3,968
Other payables and accruals	29,195	30,613
	33,083	34,581

During the year, the Group was granted by its suppliers credit periods ranging from 0 to 30 days (2020: 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
0 to 30 days	3,888	3,968

DIVIDENDS ATTRIBUTABLE TO THE YEAR

Having carefully considered the factors in the Company's dividend policy, which include but not limited to the financial performance and the future cashflows of the Group under the current business environment, the Board recommended a final dividend of HK7.0 cents per ordinary share (2020: Nil), totaling HK\$19,034,000 for the year ended 31 March 2021 (2020: Nil). No special dividend was declared by the Board for the year ended 31 March 2021. The special dividend declared for the year ended 31 March 2020 was HK3.0 cents per ordinary share, totaling HK\$8,157,000.

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("AGM") to be held on 26 August 2021, the final dividend will be payable on 14 September 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining members' eligibility to attend, speak and vote at the AGM (or at any adjournment of it), and entitlement to the final dividend, the register of members of the Company will be closed as set out below:

(i) For determining eligibility to attend, speak and vote at the AGM:

Latest time to lodge transfer documents for registration
with the Company's Registrar. At 4:00 p.m. on
Thursday, 19 August 2021

Closure of register of members Friday, 20 August 2021 to
Thursday, 26 August 2021
(both dates inclusive)

Record date Thursday, 26 August 2021

(ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration
with the Company's Registrar. At 4:00 p.m. on
Wednesday, 1 September 2021

Closure of register of members Thursday, 2 September 2021 to
Tuesday, 7 September 2021
(both dates inclusive)

Record date Tuesday, 7 September 2021

During the above closure periods, no transfer of shares will be registered. To be eligible to attend, speak and vote at the AGM (or at any adjournment of it), and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's registrar, Union Registrars Limited ("Registrar"), at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than the aforementioned latest time.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

- During the year, the Group completed certain route re-organisations involving five franchised PLB routes. The focus of the route re-organisations of the year was to allocate the PLBs between routes in order to optimize the fleet size. An ancillary route with low passenger demand was cut for better utilisation of resources. After the re-organisations, the number of PLB routes operated by the Group reduced to 70 (2020: 71) and the number of PLBs operated by the Group remained at 354 as at 31 March 2021 (2020: 354). The number of routes and fleet size of residents' bus remained at 5 (2020: 5) and 8 (2020: 8) respectively.
- Owing to the shrinkage in passenger demand under the COVID-19 pandemic, the Group has postponed its PLB replacement schedule. During the year, the Group replaced 2 aged PLBs (2020: 77 aged PLBs) with brand-new 19-seat PLBs. The average fleet age was slightly increased to 7.0 years as at 31 March 2021 (2020: 6.1 years). As at 31 March 2021, the Group deployed 224 19-seat PLBs (2020: 222), representing around 63% of the Group's PLB fleet (2020: 63%). Since the pandemic situation in Hong Kong is becoming stable, the Group has resumed the PLB replacement schedule in June 2021 and aims to replace around 31 aged PLBs with 19-seat PLBs by the end of 2022.
- As a result of a rapid decline in passenger demand caused by the outbreak of COVID-19 and the corresponding anti-epidemic measures launched by the Government, the patronage of the Group's franchised PLB services for the year fell by around 17.2% to approximately 45.8 million as compared with last year (2020: 55.3 million). In response to the significant drop in passenger demand, the Group had adjusted its service frequencies to the greatest extent possible to enhance the efficient use of resources. Hence, the total mileage travelled for the year decreased by around 13.0% to approximately 33.4 million kilometers (2020: 38.4 million kilometers).
- Owing to the significant drop in patronage, the revenue for the year decreased accordingly by HK\$61,711,000 or around 16.9% to HK\$303,366,000 (2020: HK\$365,077,000), as compared with last year. The Group had submitted certain fare increase applications before the COVID-19 outbreak. However, the review and approval process of the applications slowed down during the COVID-19 pandemic. Therefore, the effect of fare increase on revenue for the year was negligible as only seven loss-making routes were allowed to increase the fares by ranging from around 4.8% to 6.7% (2020: 14 routes, ranging from 2.9% to 9.7%).
- During the year, the Group participated in the technical study on seat occupancy and seat belt fastening detection for green minibuses launched by the Transport Department and considered the new facilities could enhance the convenience and safety of the operators and the passengers. Furthermore, the Group was the first operator joining the trial of the real-time arrival information system for green minibus rolled out by the Transport Department. The system facilitates trip planning by enabling passengers to access the estimated time of arrival ("ETA") information of green minibuses through the Transport Department's mobile application "HKeMobility". The Group can also obtain certain operational data from the management platform. The Group considers the system is beneficial to the operators and the passengers. Currently, the ETA information is available for certain route package (with route numbers 39, 40, 56, 69, 403 and 20) and the Group is looking forward to extending the use of the system to the other routes of the Group.

FINANCIAL REVIEW

Consolidated results for the year

For the year ended 31 March 2021, the Group recorded a profit attributable to equity holders of HK\$21,821,000 (2020: loss of HK\$36,373,000). Excluding the non-cash deficit on revaluation of PLB licences and provision for impairment of public bus licences, the profit of the Group for the year increased by HK\$36,198,000 to HK\$47,345,000 (2020: HK\$11,147,000) owing to the cost control measures taken by the Group and the subsidies received from the Hong Kong Government's Anti-epidemic Fund.

The details of the consolidated results are presented below:

	Year ended 31 March		Increase/(Decrease)	
	2021 HK\$'000	2020 HK\$'000	HK\$'000	In %
Revenue	303,366	365,077	(61,711)	-16.9%
Other revenue and other net income	65,611	10,792	54,819	+508.0%
Direct costs	(278,411)	(317,123)	(38,712)	-12.2%
Administrative expenses	(38,972)	(40,035)	(1,063)	-2.7%
Other operating expenses	(1,333)	(1,165)	168	+14.4%
Finance costs	(5,681)	(5,288)	393	+7.4%
Share of result of a joint venture	262	601	(339)	-56.4%
Income tax credit / (expense)	2,503	(1,712)	(4,215)	N/A
Profit for the year before deficit on revaluation of PLB licences and provision for impairment of public bus licences	47,345	11,147	36,198	+324.7%
Deficit on revaluation of PLB licences	(20,790)	(47,120)	(26,330)	-55.9%
Provision for impairment of public bus licences	(4,734)	(400)	4,334	+1083.5%
Profit / (Loss) for the year	21,821	(36,373)	58,194	N/A

- Owing to the significant drop in patronage by approximately 17.2% under the COVID-19 epidemic, the revenue for the year decreased accordingly by HK\$61,711,000 or 16.9% to HK\$303,366,000 (2020: HK\$365,077,000), as compared with last year.
- Other revenue and other income for the year increased by HK\$54,819,000 or around 508.0% to HK\$65,611,000 (2020: HK\$10,792,000) as compared with last year because the Group received subsidies amounting to HK\$58,309,000 from the Anti-epidemic Fund of the Hong Kong Government (including the Government's Employment Support Scheme). The Group received a subsidy of HK\$3,432,000 for the disposal of pre-Euro IV PLBs under the Ex-gratia Payment Scheme from the Government during the last year. During the year, the Group did not receive any subsidy from the Ex-gratia Payment Scheme due to the postponement of its PLB replacement schedule.
- Direct costs for the year were HK\$278,411,000 (2020: HK\$317,123,000), representing a decrease of HK\$38,712,000 or around 12.2% as compared with that for last year. The major direct costs of the Group were labour costs, depreciation of right-of-use assets in respect of leased PLBs, fuel costs and repair and maintenance ("R&M") costs, which altogether made up over 90% of the total direct costs. The changes on these major costs are as follows:
 - Fuel costs: As a result of the drop in international fuel prices and reduction in consumption (i.e. decrease in mileage travelled by around 13.0% as compared with last year), fuel costs for the year reduced accordingly by HK\$9,701,000 or around 19.1% to HK\$40,983,000 (2020: HK\$50,684,000);

- Depreciation of right-of-use asset in respect of the leased PLBs for the year reduced by HK\$2,493,000 or around 3.7% to HK\$65,067,000 (2020: HK\$67,560,000), which was mainly attributable to the lower rental rate paid for the leased PLBs upon the renewal of the Minibus Leasing Agreement (the “MLA”) with the connected parties with effect from 1 October 2020;
- R&M costs: Better costs control and lower minibus utilisation during the year effectively reduced the R&M costs of the Group. The R&M costs for the year was HK\$21,572,000, representing a decrease of HK\$5,547,000 or approximately 20.5% as compared with last year (2020: HK\$27,119,000); and
- Labour costs: The labour costs decreased by HK\$21,201,000 or approximately 13.9% to HK\$130,978,000 (2020: HK\$152,179,000) as compared with last year, which was mainly attributable to the decrease in captains’ working hours caused by the reduced service frequency during the year.
- Administrative expenses for the year were HK\$38,972,000 (2020: HK\$40,035,000), of which HK\$31,228,000 (2020: HK\$31,838,000) was staff costs. There was no material change in administrative expenses for the year as compared with last year.
- The breakdown of finance costs for the year is as follows:

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Interest expenses on bank borrowings (note i)	3,003	3,584
Finance charges on lease liabilities (note ii)	2,678	1,704
Total finance costs	5,681	5,288

Notes:

- (i) The interest expenses on bank borrowings for the year decreased by HK\$581,000 or around 16.2% to HK\$3,003,000 (2020: HK\$3,584,000), which was mainly due to the drop in average interest rate of the Group by approximately 44 basis points (i.e. 0.44%) as compared with that of last year. The drop in average interest rate for the year was in line with the trend of the borrowing rate in the market; and
- (ii) The finance charges on lease liabilities for the year increased by HK\$974,000 or around 57.2% to HK\$2,678,000 (2020: HK\$1,704,000), which was attributable to the increase in lease liabilities recognised under the new MLA entered into between the Group and the connected parties. The MLA renewed the PLB leasing arrangement for further three years with effect from 1 October 2020.
- During the year, the income tax credit was HK\$2,503,000 (2020: income tax expense of HK\$1,712,000). Excluding 1) the non-deductible effect of deficit on revaluation of PLB licences and provision for impairment of public bus licences, 2) the non-taxable effect on the subsidies received from the Hong Kong Government’s Anti-epidemic Fund, 3) the over provision of profits tax for the last financial year and 4) the effect of two-tiered profits tax rates, the effective tax rate for the year was 16.3% (2020: 16.2%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2020: 16.5%), except that a subsidiary was entitled to a profits tax rate cut to 8.25% for the first HK\$2,000,000 assessable profit under the two-tiered profits tax rates regime introduced by the Hong Kong Government.

- As compared with last year, the fair value of PLB licence further dropped by HK\$315,000 or approximately 13.8% to HK\$1,965,000 per licence as at 31 March 2021 (2020: HK\$2,280,000). As a result, the total carrying value of PLB licences of the Group decreased accordingly to HK\$129,690,000, representing a decrease of HK\$20,790,000 or approximately 13.8% (2020: HK\$150,480,000). The whole amount of the deficit on revaluation of PLB licences totaling HK\$20,790,000 was charged to the Group's consolidated income statement (2020: HK\$47,120,000 and the remaining HK\$400,000 was dealt with in the revaluation reserve). Please also refer to note 10 to the consolidated financial statements for more information on the carrying amount of PLB licences.

According to the applicable accounting standards, the PLB licences are revaluated with reference to their market value at each reporting date. Nevertheless, instead of holding for investment purpose, all the PLB licences owned by the Group are for operational use. The accounting revaluation of the PLB licences should be considered separately because the volatility of their market value has no significant impact on the Group's core operation.

- Owing to the difficult business environment of the public bus industry under the COVID-19 pandemic, the recoverable amount of the public bus licences of the Group decreased accordingly. As such, the Group recorded a provision for impairment of public bus licences of HK\$4,734,000 (2020: HK\$400,000).

Cash flow

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Net cash from operating activities (note i)	115,409	84,815
Net cash from / (used in) investing activities (note ii):		
Purchase of property, plant and equipment	(600)	(16,157)
Receipt of Government subsidies for the disposal of pre-Euro IV diesel vehicles	-	4,248
Dividend income from a joint venture	1,600	-
Repayment of amount due from a joint venture	1,000	500
Proceeds from disposal of a subsidiary and a joint venture	10	-
Others	82	426
	2,092	(10,983)
Net cash used in financing activities:		
Proceeds from new bank borrowings	-	38,950
Capital element of lease rental paid	(64,722)	(67,398)
Repayment of bank borrowings	(12,602)	(29,909)
Dividends paid	(8,157)	(21,753)
Interest paid on bank borrowings	(3,003)	(3,584)
Interest element of lease rental paid	(2,678)	(1,704)
	(91,162)	(85,398)
Net increase / (decrease) in cash and cash equivalents, represented by bank balances and cash	26,339	(11,566)

Notes:

- (i) The increase in the net cash from operating activities was generally in line with the increase in the operating profit for the year; and
- (ii) The decrease in the net cash used in investing activities was mainly attributable to the postponement of the Group's PLB replacement schedule during the year.

Capital structure, liquidity and financial resources

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.

The total amount of the current liabilities of the Group increased to HK\$104,416,000 (2020: HK\$84,032,000) as at 31 March 2021, which was attributable to the increase in lease liabilities recognised under the new MLA entered into between the Group and the connected parties. Nevertheless, the increase in the bank balances and cash outweighed the increase in current liabilities. As a result, as at 31 March 2021, the net current liabilities of the Group decreased by HK\$8,480,000 or around 16.7% to HK\$42,431,000 (2020: HK\$50,911,000), while the current ratio (current assets/current liabilities) improved to 0.59 times (2020: 0.39 times).

As at 31 March 2021, the Group had bank balances and cash amounting to HK\$47,602,000 (2020: HK\$21,263,000). All of the bank balances and cash as at 31 March 2021 and 31 March 2020 were denominated in Hong Kong dollars. Please refer to the "Cash Flow" section above for the change of the bank balances and cash for the year.

As at 31 March 2021, the Group had banking facilities totalling HK\$213,406,000 (2020: HK\$206,008,000) of which HK\$146,106,000 (2020: HK\$158,708,000) was utilised.

Bank borrowings

As at 31 March 2021, the balance of total bank borrowings of the Group decreased by HK\$12,602,000 or around 7.9% to HK\$146,106,000 (2020: HK\$158,708,000). No new bank borrowing was incepted during the year. The reduction in the total bank borrowings was due to the scheduled repayments.

The maturity profiles of the bank borrowings are as follows:

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
Within one year	10,462	15,258
In the second year	10,897	10,425
In the third to fifth years	46,969	30,350
After the fifth year	77,778	102,675
	146,106	158,708

The gearing ratio (defined as total bank borrowings less bank balances and cash/shareholders' equity) of the Group as at 31 March 2021 was around 118.3% (2020: 197.5%). The decrease in gearing ratio was mainly attributable to the decrease in bank borrowings less bank balances and cash, and also the increase in shareholders' equity. As at 31 March 2021, the shareholders' equity increased by HK\$13,664,000 or around 19.6% to HK\$83,258,000 (2020: HK\$69,594,000), as compared with last year.

Pledge of assets

The Group has pledged certain assets to secure the banking facilities obtained. Details of the pledged assets as at years end are as follows:

	As at 31 March	
	2021	2020
	HK\$'000	HK\$'000
PLB licences	86,460	100,320
Property, plant and equipment	19,896	22,228

Capital expenditure and commitment

Due to the outbreak of COVID-19, the Group postponed the schedule of upgrading the PLB fleet during the year. As a result, the total capital expenditure for the year substantially reduced to HK\$600,000 (2020: HK\$16,157,000) compared with last year.

The capital commitment of the Group of HK\$14,137,000 as at 31 March 2021 (2020: HK\$14,098,000) was mainly for purchasing 23 new PLBs for replacement use.

Credit risk management

The income of the franchised PLB operation of the Group is either received in cash or collected via Octopus Cards Limited or Alipay HK and remitted to the Group on the next business day. Also, the Group does not provide guarantees to any 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, monetary assets and liabilities are denominated in Hong Kong dollars.

Interest rate risk management

The Group's interest rate risk arises primarily from its bank balances, bank borrowings and lease liabilities. All bank borrowings as at 31 March 2021 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. Finance costs accounted for around 1.8% (2020: 1.4%) of the total costs of the Group (excluding the deficit on revaluation of PLB licences and provision for impairment of public bus licences) for the reporting year. Any reasonably possible changes in the market interest rates would not bring significant impact to the Group.

Fuel price risk

The Group is exposed to fuel price risk. The fluctuations in the fuel prices could be significant to the operations of the Group. However, having carefully evaluated the market conditions, the Group's internal resources and the possible outcomes of entering into hedging derivatives, the Board concluded that entering into hedging contracts might not necessarily be an effective tool to manage the fuel price risk. Therefore, the Group did not have any hedging policies over its anticipated fuel consumption during the years ended 31 March 2021 and 31 March 2020. The management will continue to closely monitor the changes in market conditions.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 March 2021 and 31 March 2020.

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. Apart from the basic remuneration, double pay and/or discretionary bonus are granted to eligible employees taking into account the Group's performance and individual's contributions. Other benefits including share option scheme, retirement plan and training schemes are also provided to the staff members. Employee benefit expenses incurred for the year were HK\$176,210,000 (2020: HK\$198,716,000), representing approximately 54.3% (2020: 54.4%) of the total costs (excluding the deficit on revaluation of PLB licences and provision for impairment of public bus licences). For the headcount of the Group, please refer to the Environmental, Social and Governance Report of the annual report 2020/21.

PROSPECT

The fourth wave of the COVID-19 pandemic has come to its end. We can see the patronage of the Group has been gradually recovering in the past two months following the easing of the pandemic. Whether the patronage can return to the pre-pandemic level would depend on the maintenance of zero or low number of confirmed COVID-19 cases in Hong Kong and the pace of relaxation of Government's anti-epidemic measures.

During the year under review, the Group had temporarily relieved from the fuel price pressure due to the plunge in international fuel prices and the receipt of fuel subsidy from the Government. However, we are aware that the fuel prices have recently climbed up to the pre-pandemic high level. Meanwhile, the Government's fuel subsidy scheme will soon end in June 2021. Apart from the pandemic condition of Hong Kong, we anticipate that the hiking fuel prices will also be the main unfavourable factor affecting the Group's profitability in the near future.

Despite the uncertainties faced by the Group, the management would continue to closely monitor the situation of the COVID-19 epidemic and respond quickly by adjusting the service frequencies, as well as maintaining our preventive measures to minimise the risk of COVID-19 outbreak.

The Group always supports the Transport Department's campaigns in advancing the green minibus service quality in Hong Kong. Apart from participating in the technical study on seat occupancy and seat belt fastening detection for green minibuses launched by the Transport Department, the Group was the first operator joining the trial of the real-time arrival information system for green minibus rolled out by the Transport Department. The system facilitates trip planning by enabling passengers to access the estimated time of arrival information of green minibuses through the Transport Department's mobile application "HKeMobility". The management considers the new facilities could provide convenience to both operators and passengers and will continue to support any new initiatives which would improve the safety and service standard of the industry.

Even though the approval process of fare increase applications has become sluggish under the COVID-19 pandemic, the management would continue to seek for supports from the local communities and the Government in order to maintain the service quality of our franchised PLB passenger service to meet the needs of the general public. As always, the Group will continue to explore and capture opportunities for development and strategic cooperation in the market so as to generate sustainable value for our shareholders.

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

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 (the "Code") for the year ended 31 March 2021. Following the passing away of Dr. Lee Peng Fei, Allen, the former Independent Non-Executive Director, on 15 May 2020, the number of Independent Non-Executive Director of the Board was temporarily under two and represent less than one-third of the Board. Also, the audit committee of the Company then comprised two members only and there was a vacancy for chairman of the Remuneration Committee of the Company. On 19 June 2020, Mr. James Mathew Fong was appointed as an Independent Non-Executive Director, the chairman of Remuneration Committee and also a member of Audit Committee and Nomination Committee. Therefore, the Board did not meet the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules during the period from 15 May 2020 to 19 June 2020.

The Company has adopted codes of conduct regarding securities transactions by Directors and relevant employees 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 2021. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the financial year under review.

REVIEW BY AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code 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 29 June 2021 to review the Group's annual financial statements and annual results announcement, and to provide advice and recommendations to the Board.

REVIEW BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2021 are based on the Group's audited consolidated financial statements for the year which have been agreed with the auditor, Grant Thornton Hong Kong Limited. The work performed by Grant Thornton Hong Kong Limited in this respect was limited and did not constitute an audit, review or other 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 Hong Kong Limited on this preliminary announcement.

PUBLICATION OF DETAILED ANNUAL RESULTS AND ANNUAL REPORT

All the financial information and other related information of the Company for the year ended 31 March 2021 as required to be disclosed by the Listing Rules will be published on the Stock Exchange'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 Ling Sun, Vincent
Chairman

Hong Kong, 29 June 2021

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

Executive Directors

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

Non-executive Director

Ms. Wong Wai Man, Vivian

Independent Non-executive Directors

Dr. Chan Yuen Tak Fai, Dorothy
Mr. Kwong Ki Chi
Mr. James Mathew Fong