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AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 77)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

The board of directors (“Board”) of AMS Public Transport Holdings Limited (“Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively “Group”) for the year ended 31 March 2014, together with the comparative figures for the year ended 31 March 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Turnover	4	357,446	358,733
Direct costs		(320,512)	(326,250)
Gross profit		36,934	32,483
Other revenue	5	7,959	7,431
Other net income	5	404	1,265
Deficit on revaluation of public light bus (“PLB”) licences	10	(26,250)	(12,347)
Administrative expenses		(31,358)	(30,667)
Other operating expenses		(1,181)	(1,894)
Provision for impairment of goodwill	11	-	(31,987)
Operating loss		(13,492)	(35,716)
Finance costs	6	(3,227)	(3,224)
Loss before income tax	7	(16,719)	(38,940)
Income tax expense	8	(1,425)	(623)
Loss for the year		(18,144)	(39,563)
Loss per share attributable to equity holders of the Company			
- Basic (In HK cents)	9(a)	(6.82)	(14.87)
- Diluted (In HK cents)	9(b)	(6.82)	(14.87)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Loss for the year		(18,144)	(39,563)
Other comprehensive income			
Item that will not be reclassified subsequently to income statement			
- Deficit on revaluation of PLB licences	10	(15,750)	(7,616)
Total comprehensive income for the year		(33,894)	(47,179)

CONSOLIDATED BALANCE SHEET

As at 31 March 2014

	Notes	As at 31 March 2014 HK\$'000	As at 31 March 2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		17,565	18,020
PLB licences	10	310,240	352,240
Public bus ("PB") licences		7,584	3,784
Goodwill	11	50,069	50,069
Deferred tax assets		3,596	2,652
		389,054	426,765
Current assets			
Trade and other receivables	12	9,370	8,274
Tax recoverable		202	159
Bank balances and cash		48,393	59,284
		57,965	67,717
Current liabilities			
Borrowings		9,320	8,837
Trade and other payables	13	20,341	21,183
Tax payable		553	566
		30,214	30,586
Net current assets		27,751	37,131
Total assets less current liabilities		416,805	463,896
Non-current liabilities			
Borrowings		147,416	147,286
Deferred tax liabilities		138	159
		147,554	147,445
Net assets		269,251	316,451
EQUITY			
Share capital		26,613	26,613
Reserves		242,638	289,838
Total equity		269,251	316,451

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”). The term HKFRSs 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”). 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 “Stock Exchange”) (the “Listing Rules”) have also been complied with in the financial statements.

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

2. ADOPTION OF NEW OR AMENDED HKFRSs

For the year ended 31 March 2014, the Group has applied for the first time the following new and revised standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2013:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKFRS 7 (Amendments)	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
Various	Annual Improvements to HKFRSs 2009–2011 Cycle

Other than as noted below, the adoption of the new HKFRSs has no material impact on the preparation and presentation of the results and financial position for the year ended 31 March 2014 and the periods prior to that.

HKAS 1 (Amendments) — Presentation of Items of Other Comprehensive Income

HKAS 1 (Amendments) requires an entity to group items presented in other comprehensive income into those that, in accordance with other HKFRSs: (a) will not be reclassified subsequently to profit or loss; and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group’s presentation of other comprehensive income in the consolidated financial statements has been modified accordingly.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 replaced the guidance on consolidation in HKAS 27 Consolidated and Separate Financial Statements and HK(SIC)-Int 12 Consolidation — Special Purpose Entities by introducing a single consolidation model for all entities based on “control”, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements which is common in special purpose entities). Under HKFRS 10, “control” is determined based on whether an investor has: (1) power over the investee; (2) exposure, or rights, to variable returns attributable to the investee involved; and (3) the ability to use its power over the investee to affect the amount of the returns. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to the determination of whether it has control over an investee. The new policy does not change any of the conclusions in respect of consolidation which had been reached by the Group in respect of its involvement with other entities as at 1 April 2013.

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

HKFRS 13 — Fair Value Measurement

HKFRS 13 applies when another HKFRS requires or permits fair value measurements or disclosures about fair value measurements (and other measurements based on fair value or disclosures about those measurements, such as fair value less costs to sell), except for certain exemptions. HKFRS 13 requires the disclosures of fair values through a “fair value hierarchy”. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure fair value are categorised into different levels under the fair value hierarchy, the fair value measurement would be categorised in its entirety in the level of the lowest level input that is significant to the entire measurement. To the extent that the requirements are applicable to the Group, the Group has made the relevant disclosures in the financial statements.

The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group’s assets and liabilities.

The Group has not yet adopted the following new HKFRSs which have been issued and are relevant to the Group’s financial statements but are not yet effective for the current accounting period:

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets ¹
HKFRS 9	Financial Instruments ³
Various	Annual Improvements to HKFRSs 2010–2012 Cycle ²
Various	Annual Improvements to HKFRSs 2011–2013 Cycle ²

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

3 No mandatory effective date yet determined but is available for adoption

The directors anticipate that all of the new HKFRSs will be adopted in the Group’s accounting policy for the first period beginning after the effective date. The adoption of new HKFRSs is not expected to have a material impact on the Group’s financial statements.

3. SEGMENT INFORMATION

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

4. TURNOVER

	2014 HK\$'000	2013 HK\$'000
Services income	357,446	358,733

5. OTHER REVENUE AND OTHER NET INCOME

	2014 HK\$'000	2013 HK\$'000
Other revenue		
Advertising income	4,799	3,754
Administration fee income	2,512	2,518
Interest income	503	889
Repair and maintenance service income	87	211
Management fee income	58	59
	7,959	7,431
Other net income		
Net (loss) / gain on disposal of property, plant and equipment	(80)	1,162
Net exchange gain	72	39
Sundry income	412	64
	404	1,265
	8,363	8,696

6. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on bank loans:		
- wholly repayable within five years	-	8
- not wholly repayable within five years	3,227	3,216
	3,227	3,224

7. LOSS BEFORE INCOME TAX

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

	2014 HK\$'000	2013 HK\$'000
Fuel cost in direct costs	72,886	77,359
Employee benefit expense (including directors' emoluments)	152,609	150,730
Operating lease rental in respect of		
- land and buildings	19	17
- PLBs	80,834	83,171
Depreciation of property, plant and equipment	1,724	1,843
Provision for impairment of trade receivables	-	1
Deficit on revaluation of PLB licences	26,250	12,347
Provision for impairment of goodwill	-	31,987
Auditors' remuneration	574	552
Net loss / (gain) on disposal of property, plant and equipment	80	(1,162)
Net exchange gain	(72)	(39)

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

	2014 HK\$'000	2013 HK\$'000
Current tax		
- Hong Kong profits tax		
Current year	2,498	2,448
Over provision in prior years	(108)	(128)
	2,390	2,320
Deferred tax		
Current year	(965)	(1,697)
Total income tax expense	1,425	623

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss of HK\$18,144,000 attributable to equity holders of the Company (2013: HK\$39,563,000) and on the weighted average number of 266,125,000 (2013: 266,125,000) ordinary shares in issue during the year.

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share for the year ended 31 March 2014, as the share options have 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 same as basic loss per share for the year ended 31 March 2013, as the potential shares on exercise of share options are not included in the calculation of diluted loss per share for the year because they are anti-dilutive.

10. PLB LICENCES

	2014 HK\$'000	2013 HK\$'000
At the beginning of the year	352,240	325,360
Additions	-	46,843
Deficit on revaluation charged to income statement	(26,250)	(12,347)
Deficit on revaluation dealt with in revaluation reserve	(15,750)	(7,616)
At the end of the year	310,240	352,240

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.

At the balance sheet date, the PLB licences were revalued by Vigers Appraisal & Consulting Limited ("Vigers"), the independent qualified valuers. The fair value of PLB licences is determined under the market approach with reference to the recent market-quoted prices. The key assumptions under such approach include the continuous existence of an open market for PLB licences and the status-quo of the trends, market conditions and government policies for PLB businesses. Vigers made these assumptions based on past performance and expectations on the market development.

11. GOODWILL

	2014 HK\$'000	2013 HK\$'000
Net carrying amount at the beginning of the year	50,069	82,056
Provision for impairment of goodwill	-	(31,987)
Net carrying amount at the end of the year	50,069	50,069

The impairment loss recognised during the year ended 31 March 2013 solely related to goodwill arising from acquisition of Hong Kong Maxicab Limited ("HKM"). After the acquisition of HKM, the Group discussed with the Transport Department on several routes restructuring and rationalisation plans to improve the profitability of HKM and to achieve synergies effect. Finally, route rationalisation plans with some modifications were approved by the Transport Department in February 2013. Although the modified route rationalisation plans had improved the operating efficiency to a certain extent, the chance of generating profit by HKM in the near future remained slim owing to the high operating costs. To assist the directors on the impairment review on goodwill arising from acquisition of HKM, the Group engaged an independent professional valuer to carry out a valuation of routes operated by HKM as at 31 March 2013 and eventually recognised an impairment loss of HK\$31,987,000, being the entire goodwill on acquisition of HKM, for the year ended 31 March 2013.

12. TRADE AND OTHER RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Trade receivables – gross	1,327	3,152
Less: provision for impairment	-	-
Trade receivables – net	1,327	3,152
Deposits, prepayments and other receivables	8,043	5,122
	9,370	8,274

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

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

	2014 HK\$'000	2013 HK\$'000
0 to 30 days	1,264	3,089
31 to 60 days	59	47
61 to 90 days	-	-
Over 90 days	4	16
	1,327	3,152

13. TRADE AND OTHER PAYABLES

	2014 HK\$'000	2013 HK\$'000
Trade payables	6,110	6,845
Other payables and accruals	14,231	14,338
	20,341	21,183

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

	2014 HK\$'000	2013 HK\$'000
0 to 30 days	6,110	6,845

DIVIDENDS ATTRIBUTABLE TO THE YEAR

Having carefully considered the financial performance and the future cashflows of the Group under the challenging business environment, the Board recommended a special dividend of HK1.0 cent per ordinary share (2013: a special dividend of HK5.0 cents per ordinary share), totaling HK\$2,661,000 (2013: HK\$13,306,000) for the year ended 31 March 2014.

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("AGM") to be held on 28 August 2014, the special dividend will be payable on 12 September 2014.

CLOSURE OF REGISTER OF MEMBERS

In order to attend and vote at the AGM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 27 August 2014.

For determining the entitlements to the proposed special dividends, the register of members of the Company will be closed from 5 September 2014 to 11 September 2014 (both days inclusive). In order to qualify for the proposed special dividends, all share certificates accompanied by the duly completed transfer documents must be lodged with Union Registrars Limited not later than 4:00 p.m. on 4 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

- As at 31 March 2014, the Group operated 60 PLB routes (2013: 60) and 2 residents' bus routes (2013: 2). Owing to the aggravated shortage of captains and traffic congestion, the service frequency and patronage of the PLB service were inevitably affected. Furthermore, after assessing the latest passenger demand and the impact from the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ("Fare Concession Scheme"), the Group reduced 5 PLBs during the year. The PLB fleet size of the Group was slightly reduced by 1.4% to 364 (2013: 369) as at 31 March 2014. The fleet size of the residents' bus routes remained at 3 (2013: 3).
- Owing to the fleet size reduction, the aggravated shortage of captains and traffic congestion, the number of journeys traveled for the year was 4.2 million, representing a drop of 2.3% compared to that of last year (2013: 4.3 million). The total mileage traveled by the Group also decreased by 2.5% to around 42.7 million kilometers (2013: 43.8 million kilometers). The patronage of the Group decreased by 3.9% to around 58.7 million (2013: 61.1 million) compared with that of last year.
- Although the Group was granted approval to raise the fares in 45 routes at rates ranging from 2.3% to 15.4% during the year (2013: 18 routes at rates ranging from 3.0% to 11.4%), the drop in patronage drove the turnover down slightly by HK\$1,287,000 or 0.4% to HK\$357,446,000 (2013: HK\$358,733,000) during the year.
- The average PLB fleet age increased to 10.3 years (2013: 9.6) as at 31 March 2014 due to limited choice of environmentally-friendly PLBs in Hong Kong. The replacement plan for aged minibuses has been suspended since the financial year 2009/10 due to unresolved technical problems found in the latest model of minibuses. Please refer to the annual report 2013/2014 for details.

FINANCIAL REVIEW

Consolidated results for the year

For the year ended 31 March 2014, the Group recorded a loss attributable to equity holders of HK\$18,144,000 (2013: HK\$39,563,000). The details of the consolidated results are presented below:

	2014 HK\$'000	2013 HK\$'000	Increase/(decrease) HK\$'000 In %	
Turnover	357,446	358,733	(1,287)	-0.4
Other revenue and other net income	8,363	8,696	(333)	-3.8
Direct costs	(320,512)	(326,250)	(5,738)	-1.8
Administrative and other operating expenses	(32,539)	(32,561)	(22)	-0.1
Deficit on revaluation of PLB licences	(26,250)	(12,347)	13,903	+112.6
Provision for impairment of goodwill	-	(31,987)	(31,987)	-100.0
Finance costs	(3,227)	(3,224)	3	+0.1
Income tax expense	(1,425)	(623)	802	+128.7
Loss for the year	(18,144)	(39,563)	(21,419)	-54.1
Profit for the year excluding deficit on revaluation of PLB licences and provision for impairment of goodwill	8,106	4,771	3,335	+69.9

- Although the fare rise of 45 routes at rates ranging from 2.3% to 15.4% was effective during the year, its effect was offset by the drop in patronage. Thus, the turnover of the Group was slightly reduced by HK\$1,287,000 or 0.4% to HK\$357,446,000 (2013: HK\$358,733,000).
- The decrease in direct costs by HK\$5,738,000 or 1.8% to HK\$320,512,000 (2013 : HK\$326,250,000) was mainly attributable to:
 - (i) The reduction in fuel costs by HK\$4,473,000 or 5.8% to HK\$72,886,000 (2013: HK\$77,359,000), which was due to the drop in average fuel prices and fuel consumption. With increased diesel rebates offered by the suppliers, the average diesel and liquefied petroleum gas unit price slightly dropped by 0.9% and 1.6% respectively during the year. The fuel consumption also reduced in line with the decrease in the total mileage traveled by the Group; and
 - (ii) The PLB rental expenses dropped by HK\$2,337,000 or 2.8% to HK\$80,834,000 (2013: HK\$83,171,000), which was mainly attributable to the decreased use of leased PLBs following the reduction in fleet size.
- The Group continued to face the problem of shortage of captains during the year. In order to attract and retain the captains, the Group rose the captains pay by around 5.4% in weighted average in the third quarter of the financial year. However, with the decrease in the number of journeys traveled during the year, the total labour costs of captains was HK\$117,034,000 (2013: HK\$116,917,000), which was roughly the same as that of the last year.
- The fair value of a PLB licence dropped by 5.3% for the last financial year to HK\$6,290,000 as at 31 March 2013. The devaluation had accelerated during the year, as a result, the fair value of a PLB licence was further reduced by 11.9% to HK\$5,540,000 (2013: HK\$6,290,000) and a deficit on revaluation of PLB licences of HK\$26,250,000 (2013: HK\$12,347,000) was recorded.

According to the applicable accounting standards, the PLB licences are revalued 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.

- Last year, having carefully considered a valuation carried out by an independent professional valuer on the profitability of HKM, the Group recognised an impairment loss of HK\$31,987,000, being the entire of goodwill on acquisition of HKM.

- As previously reported, the Transport Department approved the route rationalisation plans for routes 10, 10X, 11 and 31 under HKM in February 2013. Under the route rationalisation plans carried out in February 2013, HKM rose the fares, reduced its PLB fleet size by five, terminated two low demand routes, 10X and 11, and introduced two express ancillary routes to supplement the service. HKM also deployed two PBs to run a new residents' bus route. After evaluating the restructured service, HKM further reduced the PLB fleet size by two during the year. The above rationalisation arrangements considerably improved HKM's operation efficiency and cost structure by reducing major costs like fuel consumption and rental paid for leased PLBs. Although the routes under HKM still recorded loss for the year, the route rationalisation helped reduce the operating loss of HKM's routes by approximately HK\$3,500,000, which was also the main reason for the improvement of the Group's operating performance for the year.
- Since the average borrowing interest rates of 2.06% (2013: 2.08%) and the average balances of outstanding bank loans maintained at similar level as that of last year, the finance costs of the Group for the year was HK\$3,227,000 (2013: HK\$3,224,000), not significantly different from the costs of last year.
- During the year, income tax expense increased by HK\$802,000 or 128.7% to HK\$1,425,000 (2013: HK\$623,000). Excluding the effect of deficit on revaluation of PLB licences and the provision for impairment of goodwill, both being non-deductible expenses, the effective tax rate for the year was 15.0% (2013: 11.5%). The effective tax rate for last year was lower mainly because of the non-taxable gain from disposal of a property amounting to HK\$1,157,000.

Cashflow

	2014	2013
	HK\$'000	HK\$'000
Net cash from operating activities	11,543	2,564
Net cash used in investing activities	(6,586)	(45,896)
Net cash used in financing activities	(15,920)	(5,490)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(10,963)	(48,822)

The net cash from operating activities increased by HK\$8,979,000 or 350.2% to HK\$11,543,000 (2013: HK\$2,564,000), as a result of the improved operating performance of the Group and the absence of a one-off bonus totaling HK\$5,018,000 paid last year to an Executive Director for the discontinued operation. The net cash used in investing activities of HK\$6,586,000 was mainly for the deposit and balancing payments for purchasing two PB licences, two PBs and one PLB. As for the net cash used in financing activities of HK\$15,920,000, the main components included (i) the dividends payment to the equity holders of the Company of HK\$13,306,000; (ii) repayment of borrowings and interests amounting to HK\$12,214,000; and net of (iii) the cash received upon drawing down of new bank borrowings amounting to HK\$9,600,000.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Liquidity and financial resources

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

The current ratio (current assets/current liabilities) decreased to 1.92 at year end (2013: 2.21) as a result of the net decrease in the cash and cash equivalents by HK\$10,963,000 as explained above. The gearing ratio (total liabilities/shareholders' equity) as at year end increased to 66.0% (2013: 56.3%) due to the decrease in the balance of shareholders' equity by HK\$47,200,000 to HK\$269,251,000 (2013: HK\$316,451,000) at year end, compared with previous year. The drop in balance of shareholders' equity for the year was mainly attributable to the deficit on revaluation of PLB licences totaling HK\$42,000,000, of which HK\$26,250,000 was charged to income statement.

As at 31 March 2014, the Group had bank facilities totaling HK\$166,036,000 (2013: HK\$165,423,000), of which HK\$156,736,000 (2013: HK\$156,123,000) were utilised.

Borrowings

As at 31 March 2014, the total borrowings balance was HK\$156,736,000 (2013: HK\$156,123,000). During the year, new bank borrowings amounting to HK\$9,600,000 were drawn for the purpose of purchasing PBs and PB licences. Offsetting with the scheduled repayments of the year totaling HK\$8,987,000, the total borrowings balance as at 31 March 2014 stood at similar level as last year.

The maturity profiles of the borrowings are as follows:

	2014	2013
	HK\$'000	HK\$'000
Within one year	9,320	8,837
In the second year	9,512	9,021
In the third to fifth years	29,758	28,209
After the fifth year	108,146	110,056
	156,736	156,123

Bank balances and cash

As at 31 March 2014, the Group had bank balances and cash amounted to HK\$48,393,000 (2013: HK\$59,284,000). 89.5% (2013: 92.0%) of the bank balances and cash as at 31 March 2014 was denominated in Hong Kong dollars and the remaining bank balances and cash were denominated in Renminbi.

Credit risk management

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

Foreign currency risk management

The Group is not exposed to significant foreign exchange risk as the majority of the 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 borrowings. All borrowings as at 31 March 2014 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.

Pledge of assets

The pledged assets are as follows:

	2014	2013
	HK\$'000	HK\$'000
PLB licences	249,300	270,470
Property, plant and equipment	4,368	4,749

Capital expenditure and commitment

The total capital expenditure for the year was HK\$5,156,000 (2013: HK\$52,530,000), mainly for purchasing one PB licence, two PBs and one PLB. As at 31 March 2014, the capital commitment was HK\$2,013,000 (2013: HK\$532,000), mainly for purchasing a PB licence for operational use.

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. Employee benefit expenses incurred for the year were HK\$152,609,000 (2013: HK\$150,730,000), representing 42.7% (2013: 41.6%) of the total costs. Apart from the basic remuneration, double pay and/or a discretionary bonus are granted to eligible employees in accordance with the Group's performance and individual's contribution. Other benefits including share option scheme, retirement plan and training schemes are also provided to the staff members.

Event after balance sheet date

Subsequent to the balance sheet date and up to 31 May 2014, based on the valuation estimated by the directors, the market price of a PLB licence further dropped to approximately HK\$5,470,000 compared with its fair value of HK\$5,540,000 as at 31 March 2014. Therefore, the unaudited deficit on revaluation of PLB licences charged to consolidated income statement for the two months ended 31 May 2014 was approximately HK\$2,450,000.

Outlook

Looking ahead, the operating environment of the Group is full of opportunities and challenges in the near future. As announced by the Chief Executive of the Hong Kong Special Administrative Region in his 2014 Policy Address, the Government will extend the Fare Concession Scheme to green minibuses by phases starting from the first quarter of 2015. The Transport Department had communicated the application details with the industry and the Group has made arrangements accordingly to make sure that it is eligible to join the Fare Concession Scheme. With the competitive advantages of convenience and efficiency, the Group is confident that the Fare Concession Scheme will ease the outflow of passengers to MTR and franchised buses, and possibly attract more passengers to use the Group's minibus service.

The completion of the MTR West Island Line and South Island Line (East) is definitely a significant challenge to the Group. The West Island Line will extend the existing MTR Island Line service from Sheung Wan to Kennedy Town and is expected to be completed in late 2014. The South Island Line (East) will extend the MTR Island Line service from Admiralty to South Horizons, Ap Lei Chau and is expected to be completed in 2016. The Group anticipates that 20 of its existing PLB routes will be affected by the West Island Line and South Island Line (East) in varying degrees. On the other hand, the West Island Line and South Island Line (East) may attract passenger flow into the local areas which will likely raise the demand for rider service, this may bring opportunities to the Group. The management expects that eight existing PLB routes will benefit from the two new MTR lines. Nevertheless, it is too early to assess the potential overall impact of the new MTR lines to the Group at present. The Group will closely monitor the traffic and passenger flows in the relevant district and respond quickly to minimise any negative effects which may be brought by the West Island Line and South Island Line (East). More importantly, the Group will pro-actively strengthen its rider service position by launching new ancillary express routes running between the MTR stations and other areas of the Western and Southern District.

As for the operating costs, presently the management does not foresee any circumstances which would drive the operating costs substantially down in the short run. Apart from continuous submission of reasonable fare rise applications to the Transport Department so as to maintain its service quality, the Group will continue to optimise operating costs internally by adjusting the fleet size, the routes and/or the service schedules after due evaluation of the passenger demand. We will also continue to propel routes structuring to make sure that our service can meet the prevailing needs of the public. The management will take the initiative to approach and communicate with community groups which may have special concerns on our route rationalisation plans so as to speed up the restructuring process.

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

During the year ended 31 March 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("Model Code")

The Company has adopted codes of conduct regarding securities transactions by its directors and relevant employees ("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 2014. Having made specific enquiries, all the directors of the Company have confirmed that they have met the required standard set out in the Securities Code and the Model Code throughout the financial year under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT ("Code")

The Company has complied with the provisions of the Code, including the new provisions concerning the board diversity policy, as set out in the Code as contained in Appendix 14 of the Listing Rules for the year ended 31 March 2014, except a deviation from the code provision E.1.2 that Mr. Wong Man Kit, the Chairman of the Board, was unable to attend the annual general meeting held on 30 August 2013 due to other important engagement.

REVIEW BY AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements under the Listing Rules and guidance published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three independent Non-executive Directors of the Company and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 23 June 2014 to review the Group's annual financial statements and annual results announcement, and provide advice and recommendations to the Board.

REVIEW BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 are based on the Group's audited consolidated financial statements for the year which have been agreed with the auditors, 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 2014 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 Man Kit
Chairman

Hong Kong, 23 June 2014

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

Executive Directors

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

Independent Non-executive Directors

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