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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 2016

The board of directors (the “Board”) 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 2016, together with the comparative figures for the year ended 31 March 2015 as follows:

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	4	371,278	356,449
Direct costs		(299,015)	(310,287)
<b>Gross profit</b>		<b>72,263</b>	46,162
Other revenue	5	8,213	8,268
Other net income	5	910	559
Deficit on revaluation of public light bus (“PLB”) licences	10	(2,100)	(10,500)
Provision for impairment of public bus licences	11	(2,100)	-
Administrative expenses		(36,968)	(32,882)
Other operating expenses		(1,082)	(1,407)
Provision for impairment of goodwill	12	-	(27,151)
<b>Operating profit / (loss)</b>		<b>39,136</b>	(16,951)
Finance costs	6	(2,967)	(3,142)
<b>Profit / (Loss) before income tax</b>	7	<b>36,169</b>	(20,093)
Income tax expense	8	(6,743)	(2,809)
<b>Profit / (Loss) for the year</b>		<b>29,426</b>	(22,902)
Earnings / (Loss) per share attributable to equity holders of the Company			
- Basic (In HK cents)	9(a)	11.06	(8.61)
- Diluted (In HK cents)	9(b)	11.05	(8.61)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Profit / (Loss) for the year		29,426	(22,902)
Other comprehensive expense Item that will not be reclassified subsequently to income statement			
- Deficit on revaluation of PLB licences	10	(1,260)	(6,300)
<b>Total comprehensive income / (expense) for the year</b>		<b>28,166</b>	<b>(29,202)</b>

## CONSOLIDATED BALANCE SHEET

As at 31 March 2016

	Notes	As at 31 March 2016 HK\$'000	As at 31 March 2015 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		16,707	16,952
PLB licences	10	290,080	293,440
Public bus licences	11	9,284	11,384
Goodwill	12	22,918	22,918
Deferred tax assets		2,085	3,449
		<b>341,074</b>	<b>348,143</b>
<b>Current assets</b>			
Trade and other receivables	13	14,291	9,011
Tax recoverable		4	16
Bank balances and cash		65,988	49,275
		<b>80,283</b>	<b>58,302</b>
<b>Current liabilities</b>			
Borrowings		9,820	9,506
Trade and other payables	14	22,642	21,058
Tax payable		2,530	455
		<b>34,992</b>	<b>31,019</b>
Net current assets		<b>45,291</b>	<b>27,283</b>
Total assets less current liabilities		<b>386,365</b>	<b>375,426</b>
<b>Non-current liabilities</b>			
Borrowings		132,197	137,911
Deferred tax liabilities		487	127
		<b>132,684</b>	<b>138,038</b>
<b>Net assets</b>		<b>253,681</b>	<b>237,388</b>
<b>EQUITY</b>			
Share capital		26,613	26,613
Reserves		227,068	210,775
<b>Total equity</b>		<b>253,681</b>	<b>237,388</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 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”) and the accounting principles generally accepted in Hong Kong.

The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and 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”).

In addition, the amendments to the Listing Rules relating to disclosure of financial information with reference to the requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information 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

In the current year, the Group has applied for the first time the following new amendments to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2015:

Annual Improvements Project	Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements Project	Annual Improvements to HKFRSs 2011–2013 Cycle

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

The Group has not early adopted the following new and revised 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 1 Amendments	Disclosure Initiative <sup>(1)</sup>
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>(1)</sup>
HKAS 27 Amendments	Equity Method in Separate Financial Statements <sup>(1)</sup>
HKFRS 9	Financial Instruments <sup>(2)</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>(2)</sup>
HKFRS 16	Leases <sup>(3)</sup>
Annual Improvements Project	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>(2)</sup>

<sup>(1)</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>(2)</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>(3)</sup> Effective for annual periods beginning on or after 1 January 2019

## 2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date. The Group is yet to assess HKFRS 16's full impact. Other than that, the adoption of the above new and revised HKFRSs is not expected to have a material impact on the Group's financial statements. All other HKFRSs issued but not yet effective are not likely to have a significant 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.

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

No individual customers contributed over 10% of the Group's revenue for the years ended 31 March 2016 and 2015.

## 4. REVENUE

	2016 HK\$'000	2015 HK\$'000
Services income	371,278	356,449

## 5. OTHER REVENUE AND OTHER NET INCOME

	2016 HK\$'000	2015 HK\$'000
<b>Other revenue</b>		
Advertising income	5,331	5,273
Administration fee income	2,503	2,505
Interest income	293	412
Management fee income	70	64
Repair and maintenance service income	16	14
	<b>8,213</b>	<b>8,268</b>
<b>Other net income</b>		
Net gain on disposal of property, plant and equipment (note 7)	44	238
Net exchange loss (note 7)	(7)	(79)
Sundry income	873	400
	<b>910</b>	<b>559</b>
	<b>9,123</b>	<b>8,827</b>

## 6. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interest expenses:		
- bank loans not wholly repayable within five years	2,967	3,142

## 7. PROFIT / (LOSS) BEFORE INCOME TAX

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

	2016 HK\$'000	2015 HK\$'000
Fuel cost in direct costs	41,841	59,704
Employee benefits expenses (including directors' emoluments)	174,849	160,513
Operating lease rental in respect of		
- land and buildings	53	21
- PLBs	75,168	77,769
Depreciation of property, plant and equipment	1,650	1,584
Deficit on revaluation of PLB licences (note 10)	2,100	10,500
Provision for impairment of public bus licences (note 11)	2,100	-
Provision for impairment of goodwill (note 12)	-	27,151
Auditors' remuneration	603	587
Net exchange loss (note 5)	7	79
Net gain on disposal of property, plant and equipment (note 5)	(44)	(238)

## 8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

	2016 HK\$'000	2015 HK\$'000
Current tax		
- Hong Kong profits tax		
Current year charged to income statement	5,185	2,763
Over provision in prior years	(166)	(90)
	5,019	2,673
Deferred tax		
Current year charged to income statement	1,724	136
Total income tax expense	6,743	2,809

## 9. EARNINGS / (LOSS) PER SHARE

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

The calculation of basic earnings / (loss) per share is based on the profit / (loss) attributable to equity holders of the Company of HK\$29,426,000 (2015: loss of HK\$22,902,000) and on the weighted average number of 266,125,000 (2015: 266,125,000) ordinary shares in issue during the year.

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

The calculation of diluted earnings / (loss) per share is based on the profit / (loss) attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year after adjusting for the effects of all dilutive potential ordinary shares.

Diluted loss per share is the same as basic loss per share for the year ended 31 March 2015, 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.

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

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

Details of calculation of diluted earnings per share for the year ended 31 March 2016 are shown as follows:

	2016
Profit attributable to equity holders of the Company for the year (HK\$'000)	29,426
Weighted average number of ordinary shares in issue during the year (in thousands)	266,125
Effect of dilutive potential shares on exercise of share options (in thousands)	185
Weighted average number of ordinary shares used in calculating diluted earnings per share (in thousands)	266,310
Diluted earnings per share (HK cents)	11.05

## 10. PLB LICENCES

	2016 HK\$'000	2015 HK\$'000
At the beginning of the year	293,440	310,240
Deficit on revaluation charged to income statement (note 7)	(2,100)	(10,500)
Deficit on revaluation dealt with in revaluation reserve	(1,260)	(6,300)
At the end of the year	290,080	293,440

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

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

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Recurring fair value measurement of PLB licences:</b>				
<b>As at 31 March 2016</b>	-	290,080	-	290,080
As at 31 March 2015	-	293,440	-	293,440

## 10. PLB LICENCES (Continued)

### *Fair value hierarchy (Continued)*

During the years ended 31 March 2016 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of a PLB licence dropped to HK\$5,180,000 as at 31 March 2016 (2015: HK\$5,240,000). At the balance sheet dates, the PLB licences were revalued by Vigers Appraisal & Consulting Limited ("Vigers"), the independent qualified valuer. The fair value of PLB licences was determined under the market approach with reference to the average of recent market-quoted prices from different market dealers. As they were observable inputs which failed to meet Level 1, and there were not significant unobservable inputs used, the measurement was under Level 2 valuation hierarchy. 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 industry. Vigers made these assumptions based on past performance and expectations on the market development.

## 11. PUBLIC BUS LICENCES

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>11,384</b>	7,584
Additions	-	3,800
Provision for impairment (note 7)	<b>(2,100)</b>	-
At the end of the year	<b>9,284</b>	11,384

Public bus 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 and are stated in the consolidated balance sheet at cost less accumulated impairment losses.

The recoverable amount of the public bus licences is determined on value in use basis. Value in use calculation uses cash flow projections based on financial budgets covering a 5-year period. Assuming that the government policies for the public bus industry remain unchanged, the management determines the key assumptions including budgeted revenue and operating costs based on past performance of the public bus licences, the general price inflation in Hong Kong and the management's expectation on market development. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2% (2015: 2%) after consideration of the economic conditions of the market. The discount rate of 8% (2015: 6%) is pre-tax and derived by reference to the Capital Asset Pricing Model plus a risk premium reflecting specific risks related to the industry.

The carrying amounts of two public bus licences were HK\$7,600,000 and their recoverable amounts which represented their value in use were HK\$5,500,000. The aggregate impairment loss charged in respect of those public bus licences which their carrying amounts exceeded their recoverable amounts was HK\$2,100,000 (2015: Nil) for the year ended 31 March 2016.

## 12. GOODWILL

	2016 HK\$'000	2015 HK\$'000
Net carrying amount at the beginning of the year	22,918	50,069
Provision for impairment of goodwill (note 7)	-	(27,151)
Net carrying amount at the end of the year	22,918	22,918

### Impairment on goodwill allocated to cash-generating unit ("CGU") of Central Maxicab Limited ("CML") for the year ended 31 March 2015

Since the MTR West Island Line ("WIL") opened on 28 December 2014, the performances of some PLB routes of the Group operating in the vicinity have been affected to various degrees. Amongst the routes, PLB routes 54 and 55 ("Routes") running between Central and Queen Mary Hospital, which are operated under the CGU of CML were particularly affected. Whilst the Group had proposed route restructuring plans to the Transport Department ("TD") in the hope of minimising the influence from the WIL, the Government did not grant approval to CML until October 2015. When carrying out the impairment test on the CGU of CML as at 31 March 2015, the management therefore considered that it would be prudent to assume that the profitability of the Routes would be weakened in the long run, unless and until firm decisions about the route restructuring plans received from the Government. Therefore, the management was of opinion that the carrying amount of goodwill allocated to the CGU of CML was impaired as at 31 March 2015. The gross carrying amount allocated to the CGU of CML was HK\$40,951,000 as at 31 March 2015.

Vigers was engaged to carry out a business valuation on the CGU of CML as at 31 March 2015. According to the business valuation carried out by Vigers, the recoverable amount of the CGU of CML, which represented its value in use, was HK\$13,800,000. As a result, the impairment loss charged against its goodwill was HK\$27,151,000 for the year ended 31 March 2015.

During the year, CML received the TD's approval in transforming part of the Routes into express route in October 2015. Since then, the Routes have been providing more direct and efficient journeys to the passengers. The performance of the Routes has improved and growth in revenue and net profit of the Routes have been recorded. Having considered the business valuation of the Routes as at 31 March 2016, the management concluded that no impairment on the carrying value of the goodwill arising from acquisition of CML as at 31 March 2016 was considered necessary.

## 13. TRADE AND OTHER RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Trade receivables – gross	1,403	1,394
Less: provision for impairment	-	-
Trade receivables – net	1,403	1,394
Deposits (note)	5,609	611
Prepayments	3,433	2,213
Other receivables	3,846	4,793
	14,291	9,011

Note: As at 31 March 2016, the deposits include a sum of HK\$4,900,000 (2015: Nil) paid for the purchase of a PLB licence with its corresponding PLB.

### 13. TRADE AND OTHER RECEIVABLES (Continued)

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

The ageing analysis of trade receivables prepared in accordance with the invoice dates, is as follows:

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
0 to 30 days	<b>1,219</b>	1,224
31 to 60 days	<b>124</b>	170
61 to 90 days	<b>60</b>	-
	<b>1,403</b>	1,394

### 14. TRADE AND OTHER PAYABLES

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Trade payables	<b>3,611</b>	4,781
Other payables and accruals	<b>19,031</b>	16,277
	<b>22,642</b>	21,058

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

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
0 to 30 days	<b>3,611</b>	4,781

### 15. SHARE-BASED COMPENSATION

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

	<b>For the year ended 31 March</b>			
	<b>2016</b>		2015	
	<b>Number of share options</b>	<b>Weighted average exercise price HK\$</b>	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	<b>4,950,000</b>	<b>1.60</b>	4,950,000	1.60
Granted	<b>8,428,000</b>	<b>1.25</b>	-	-
Outstanding at the end of the year	<b>13,378,000</b>	<b>1.38</b>	4,950,000	1.60
Exercisable at the end of the year	<b>13,378,000</b>	<b>1.38</b>	4,950,000	1.60

During the year ended 31 March 2016, a total of 8,428,000 share options was granted on 23 September 2015 and vested immediately. The Binomial Model was used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options were based on the management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

## 15. SHARE-BASED COMPENSATION (Continued)

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

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

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

The Group recognised a total share-based compensation expense of HK\$1,433,000 (2015: Nil) for the year ended 31 March 2016, in regard of the share options granted by the Company during the year.

## DIVIDENDS ATTRIBUTABLE TO THE YEAR

Having carefully considered the financial performance and the future cashflows of the Group under the current business environment, the Board recommended a final dividend of HK10.0 cents per ordinary share (2015: a special dividend of HK5.0 cents per ordinary share and no final dividend), totaling HK\$26,613,000 for the year ended 31 March 2016 (2015: HK\$13,306,000).

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("AGM") to be held on 29 August 2016, the final dividend will be payable on 9 September 2016.

## 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on 26 August 2016.

For determining the entitlements to the proposed final dividends, the register of members of the Company will be closed from 5 September 2016 to 8 September 2016 (both days inclusive). In order to qualify for the proposed final 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 2 September 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATION

- During the year, the Group continued to use its best endeavor to meet passengers' demands and to improve its operational efficiency. The Group completed a series of route re-organisations involving 25 franchised PLB routes and one residents' bus route. Four PLB ancillary routes running within the Tai Po district and one residents' bus route running between Tai Po Market MTR Station and Casa Marina, Tai Po were launched during the year. As at 31 March 2016, the Group operated 65 PLB routes (2015: 61) and 4 residents' bus routes (2015: 3).
- As a result of the series of route re-organisations, the Group reduced its fleet size by 0.8% or three to 354 (2015: 357) as at 31 March 2016. On the other hand, with the introduction of a new residents' bus route, the fleet size of the residents' bus routes increased to 6 (2015: 5).

- Although the fleet size was reduced, the number of journeys traveled for the year was 4.22 million, representing an increase of approximately 1.9% compared to that of last year (2015: 4.14 million) and the total mileage traveled by the Group also increased by 0.7% to around 42.0 million kilometers (2015: 41.7 million kilometers). The management is of a view that the efficiency of the fleet has been raised after the completion of the route restructuring.
- The opening of the WIL inevitably had a negative impact on the patronage of the Group's routes operating in the vicinity. Nevertheless, joining the Fare Concession Scheme increased the price competitiveness of the PLB routes and thus gradually recovered the loss of passengers to the franchised buses and MTR in previous years. As a result, the patronage of the Group slightly increased by 1.1% to around 57.1 million (2015: 56.5 million) compared with that of last year.
- To ease the pressure from high operating costs, especially inflating staff costs, the Group continued to submit fare increase applications during the year. The Group was granted approval to raise the fares in 21 routes at rates<sup>1</sup> ranging from 4.5% to 9.4% during the year (2015: 32 routes at rates ranging from 3.8% to 22.5%). Thus, coupled with the slight growth in patronage, the revenue increased by HK\$14,829,000 or 4.2% to HK\$371,278,000 (2015: HK\$356,449,000) during the year.

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

## FINANCIAL REVIEW

### Consolidated results for the year

For the year ended 31 March 2016, the Group recorded a profit attributable to equity holders of HK\$29,426,000 (2015: a loss attributable to equity holders of HK\$22,902,000). The details of the consolidated results are presented below:

	2016 HK\$'000	2015 HK\$'000	Increase/(decrease) HK\$'000	In %
Revenue	371,278	356,449	14,829	+4.2%
Other revenue and other net income	9,123	8,827	296	+3.4%
Direct costs	(299,015)	(310,287)	(11,272)	-3.6%
Administrative and other operating expenses	(38,050)	(34,289)	3,761	+11.0%
Finance costs	(2,967)	(3,142)	(175)	-5.6%
Income tax expense	(6,743)	(2,809)	3,934	+140.0%
Profit for the year before deficit on revaluation of PLB licences and provisions for impairment of goodwill and public bus licences	33,626	14,749	18,877	+128.0%
Deficit on revaluation of PLB licences	(2,100)	(10,500)	(8,400)	-80.0%
Provision for impairment of public bus licences	(2,100)	-	2,100	N/A
Provision for impairment of goodwill	-	(27,151)	27,151	-100.0%
<b>Profit / (Loss) for the year</b>	<b>29,426</b>	<b>(22,902)</b>	<b>52,328</b>	<b>N/A</b>

- The Group was granted approval to raise the fares of 21 routes at rates ranging from 4.5% to 9.4% during the year (2015: 32 routes at rates ranging from 3.8% to 22.5%). Coupled with the slight patronage growth of 1.1%, the revenue increased by HK\$14,829,000 or 4.2% to HK\$371,278,000 (2015: HK\$356,449,000) during the year due to fare increase.

- Attributable to the significant drop in fuel prices, the total direct costs for the year was HK\$299,015,000 (2015: HK\$310,287,000), representing a decrease of HK\$11,272,000 or 3.6% compared with that of last year. The major direct costs of the Group are captains' costs, PLB rental expenses and fuel costs, which altogether made up around 83.5% of the total direct costs (2015: 84.2%) for the year ended 31 March 2016. The changes on these major costs are as follows:
  - Fuel costs: Due to the drop in international fuel prices and the increased rebates from the suppliers, the saving in fuel costs for the year was significant and it became the main reason to the increase in net profit for the year (excluding the non-cash deficit on revaluation of PLB licences and the provisions for impairment of goodwill and public bus licences). During the year, the average diesel and LPG unit prices dropped by 29.7% and 27.9% respectively. Therefore, the fuel costs for the year decreased by HK\$17,863,000 or 29.9% to HK\$41,841,000 (2015: HK\$59,704,000);
  - Captains' costs: Following the 7.6% in weighted average pay rise in all routes in late July 2014, the Group raised the captains' pay in 42 routes by around 5.6% in weighted average in April 2015 in order to attract and retain the captains in these routes which still faced labour shortage. In late December 2015, the Group further increased the captains' pay by around 6.1% in weighted average in 7 routes. Thus, despite a slight downsizing of the PLB fleet, the total labour costs of captains increased by HK\$8,933,000 or 7.2% to HK\$132,724,000 (2015: HK\$123,791,000) compared with last year; and
  - PLB rental expenses: The PLB rental expenses dropped by HK\$2,601,000 or 3.3% to HK\$75,168,000 (2015: HK\$77,769,000), which was mainly attributable to the reduction in PLB fleet size by around 1.6% in average and the decrease in hiring rate payable to the connected parties by around 2.9% in average with effect from 1 October 2014.
- The administrative and other operating expenses increased by HK\$3,761,000 or 11.0% to HK\$38,050,000 (2015: HK\$34,289,000), which was primarily due to the increase in administrative staff costs by approximately HK\$2,548,000 or 10.0% to HK\$28,112,000 (2015: HK\$25,564,000) and the share-based compensation expense of HK\$1,316,000 recognised for the grant of share options to administrative staff members on 23 September 2015. Please also refer to the note 15 of notes to the financial statements for more information.
- The market interest rates remained stable during the year. The average borrowing interest rates of the Group was 2.08% (2015: 2.07%), a similar level as last year. The finance costs of the Group for the year decreased by HK\$175,000 or 5.6% to HK\$2,967,000 (2015: HK\$3,142,000) owing to the reduction in average bank loans balances as a result of scheduled repayments.
- During the year, income tax expense increased by HK\$3,934,000 or 140.0% to HK\$6,743,000 (2015: HK\$2,809,000). Excluding the effect of deficit on revaluation of PLB licences and the provisions for impairment of goodwill and public bus licences, all being non-deductible expenses, the effective tax rate for the year was 16.7% (2015: 16.0%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2015: 16.5%).

- During the year, the rate of decline of the PLB licences price continued to slow down. As compared with the 5.4% decrease in last year, the fair value of a PLB licence was slightly down by 1.1% to HK\$5,180,000 as at 31 March 2016 (2015: HK\$5,240,000). The carrying amount of the PLB licences of the Group, hence, dropped by HK\$3,360,000 to HK\$290,080,000 (2015: HK\$293,440,000). The deficit on revaluation of PLB licences charged to income statement was HK\$2,100,000 (2015: HK\$10,500,000), representing a significant decrease of HK\$8,400,000 or 80.0% compared with last year. Please also refer to the note 10 to the financial statements for more information on the carrying amount of PLB licences.

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.

- During the year, the coach hiring industry has been facing a challenging business environment owing to the decline in the number of mainland visitors arrival of Hong Kong. Therefore, the management considered that there was possible impairment in the carrying value of public bus licences as at 31 March 2016. The result of the impairment test, which was based on the value in use basis, of public bus licences carried out by the management indicated a provision for impairment of public bus licences amounting to HK\$2,100,000 (2015: Nil) as at 31 March 2016. Please also refer to the note 11 to the financial statements for more information on the carrying amount of public bus licences.

#### Cash flow

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Net cash from operating activities	<b>44,361</b>	18,452
Net cash used in investing activities	<b>(5,968)</b>	(2,448)
Net cash used in financing activities	<b>(21,673)</b>	(15,122)
<b>Net increase in cash and cash equivalents</b>	<b>16,720</b>	882

During the year, the net cash from operating activities increased by HK\$25,909,000 or 140.4% to HK\$44,361,000, as a result of the improved operating performance of the Group. The net cash used in investing activities of HK\$5,968,000 was mainly for the deposit payment amounting to HK\$4,900,000 for purchasing a PLB licence and the corresponding PLB. The net cash used in financing activities was HK\$21,673,000, which included the repayment of borrowings and interests amounting to HK\$12,467,000 and the dividends payment to the equity holders of the Company of HK\$13,306,000, partly net off by proceeds from a new borrowing of HK\$4,100,000.

#### 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.

As at 31 March 2016, the Group's net current assets increased by HK\$18,008,000 or 66.0% to HK\$45,291,000 (2015: HK\$27,283,000) and current ratio (current assets/current liabilities) was up to 2.29 (2015: 1.88). The increase in the balance of net current asset and current ratio was mainly attributable to:

- the substantial increase in the bank balances and cash by HK\$16,713,000 or 33.9% to HK\$65,988,000 as at 31 March 2016 (2015: HK\$49,275,000) as explained in the "Cash flow" section above; and
- the significant increase in trade and other receivables by HK\$5,280,000 or 58.6% to HK\$14,291,000 (2015: HK\$9,011,000), which was mainly due to a deposit amounting to HK\$4,900,000 paid during the year for the acquisition of a PLB licence and the corresponding PLB.

As at 31 March 2016, the Group had bank balances and cash amounting to HK\$65,988,000 (2015: HK\$49,275,000). 99.8% (2015: 99.7%) of the bank balances and cash as at 31 March 2016 were denominated in Hong Kong dollars and the remaining bank balances and cash were denominated in Renminbi.

As at 31 March 2016, the Group had bank facilities totaling HK\$151,317,000 (2015: HK\$156,717,000), of which HK\$142,017,000 (2015: HK\$147,417,000) were utilised.

#### *Borrowings*

As at 31 March 2016, the total borrowings balance of the Group decreased by HK\$5,400,000 or 3.7% to HK\$142,017,000 (2015: HK\$147,417,000). A new borrowing amounting to HK\$4,100,000 was incepted during the year for the purpose of acquiring a PLB licence and the corresponding PLB. The decrease in the borrowings balance was due to scheduled repayments.

The maturity profiles of the borrowings are as follows:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>9,820</b>	9,506
In the second year	<b>10,025</b>	9,710
In the third to fifth years	<b>30,795</b>	30,199
After the fifth year	<b>91,377</b>	98,002
	<b>142,017</b>	147,417

The gearing ratio (total liabilities/shareholders' equity) as at year end decreased to 66.1% (2015: 71.2%) due to the increase in the balance of shareholders' equity by HK\$16,293,000 to HK\$253,681,000 (2015: HK\$237,388,000) at year end, compared with previous year. The increase in the balance of shareholders' equity for the year was mainly attributable to the significant improvement in the net profit for the year.

#### *Pledge of assets*

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

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
PLB licences	<b>238,280</b>	235,800
Property, plant and equipment	<b>3,715</b>	4,010

**Credit risk management**

The income of the franchised PLB operation of the Group is either received in cash or collected via Octopus Cards Limited and remitted to the Group on the next business day. Also, the Group does not provide guarantees to third parties which would expose the Group to credit risk. The Group is therefore not exposed to any significant credit risk.

**Foreign currency risk management**

The Group is not exposed to significant foreign exchange risk as the majority of 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 2016 were denominated in Hong Kong dollars and on a floating interest rate basis. The practice effectively eliminates the currency risk and the management is of the view that the Group is not subject to significant interest rate risk.

**Capital expenditure and commitment**

The total capital expenditure for the year was HK\$1,604,000 (2015: HK\$4,771,000), mainly for purchasing two motor vehicles for administrative purpose. As at 31 March 2016, the capital commitment was HK\$1,230,000 (2015: HK\$43,000).

**Employees and remuneration policies**

Since the minibuss 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 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. Employee benefits expenses incurred for the year were HK\$174,849,000 (2015: HK\$160,513,000), representing 50.4% (2015: 45.8%) of the total costs. The total employee benefits expenses for the year included a one-off share option expense of HK\$1,433,000 (2015: Nil) in respect of a total of 8,428,000 share options granted to the employees of the Group on 23 September 2015. For the headcount of the Group, please refer to the Corporate Social Responsibility section of the annual report 2015/2016.

**Events after the balance sheet date**

During the period after 31 March 2016 and up to the date of this annual report, the Group has purchased four PLB licences and the corresponding PLBs from various independent third parties at a total consideration of HK\$20,330,000 for operational use.

In order to finance the acquisition of the PLB licences and PLBs, the Group terminated four existing hire purchase agreements and entered into four new hire purchase agreements to receive a net proceeds of HK\$8,611,000 from a bank on 30 May 2016. The refinancing arrangement involved the Group's redemption and disposal of the four underlying PLB licences and the corresponding PLBs to, and lease back from the bank. In substance, the Group retains all the risks and rewards incident to ownership of the underlying PLB licences and PLBs and enjoys substantially the same rights to their use as before the refinancing arrangement. Therefore, from an accounting prospective, the refinancing arrangement will be recognised and booked as a net increase of HK\$8,611,000 in the bank borrowings in the financial statements of the Group.

## **PROSPECT**

Since all the Group's PLB routes joined the Fare Concession Scheme in late March 2015, the patronage of the Group has improved and the effect is relatively obvious in those PLB routes that were not affected by the WIL. Riding on the convenience and efficiency of our minibus services, the management anticipates the Fare Concession Scheme would continue to attract the passengers to take our franchised PLB services in the future.

On a meeting of the Panel on Transport of the Legislative Council held on 21 June 2016, the Government reported the results of the Public Transport Strategy Study ("Study") which concluded that there is a need to increase the seating capacity of minibuses to cope with the present and future passengers' demands. Based on the Study result, the Government's preliminary view is that increasing the seating capacity of the minibus from 16 to 19 would significantly improve the present insufficient green minibus services during the peak hours. The Group welcomes and supports the Government's view. The Group currently deploys 220 long-wheeled minibuses, representing around 62% of the fleet size. Each of these long-wheeled minibuses is ready to accommodate three extra seats. With expanded capacity, the Group believes that the passengers would benefit from shortening the minibus waiting time, while the Group would be able to increase the revenues to alleviate the pressure from inflating operating costs. The industry is still trying to fight for seating capacity up to 20 seats. We hope that the Government would respond to the industry and finalise the details of the policy as soon as possible.

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

The route restructuring in response to the WIL has been almost completed, the management would continue to monitor the traffic development in the vicinity and react promptly to meet the passengers demand. The biggest challenge ahead to the Group is the opening of MTR South Island Line (East) ("SIL"), which is expected to commence service in late 2016. The Group has submitted certain route restructuring plans to the Transport Department. The Group has not received any formal official approval on our route restructuring plans yet because the discussion between the Transport Department and the stakeholders including the local communities and other transport service operators etc is still in progress. If some of the Group's existing routes are restructured as efficient feeder services to the SIL, the management believes the routes would become more popular to the general public. Meanwhile, we hope that the SIL would help relieve the traffic congestion of Aberdeen Tunnel at peak hours, which may benefit other routes of the Group. Since the future performance of the routes operating in the Southern District would highly depend on the route restructuring plans, it is too early to assess the potential overall financial impact of the SIL to the Group at present. The Group would continue to communicate with the Government and the communities for better understanding of the needs of the commuters.

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

During the year ended 31 March 2016, 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 2016, including those amendments to the Code which came into effect from 1 January 2016.

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 (the “Model Code”) throughout the year ended 31 March 2016. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors throughout the financial year under review.

## **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 28 June 2016 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 2016 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 2016 as required to be disclosed by the Listing Rules will be published on the Stock Exchange’s website at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company’s website at [www.amspt.com](http://www.amspt.com) in due course.

By Order of the Board  
**Wong Ling Sun, Vincent**  
*Chairman*

Hong Kong, 28 June 2016

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

### *Executive Directors*

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

### *Independent Non-executive Directors*

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