

The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2005, together with the unaudited comparative figures for the corresponding period in 2004. The unaudited results have been reviewed by the Company’s Audit Committee.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2005

| | Note | For the six months ended 30 September | |
|--|------|--|-------------------------------|
| | | 2005 Unaudited HK\$'000 | 2004 Unaudited HK\$'000 |
| Turnover | 3 | 131,149 | 127,551 |
| Cost of services | | (104,694) | (95,407) |
| | | 26,455 | 32,144 |
| Other revenue | 3 | 2,532 | 1,699 |
| Administrative expenses | | (13,025) | (12,552) |
| Other operating expenses | | (1,122) | (1,083) |
| Operating profit | 5 | 14,840 | 20,208 |
| Finance costs | | (497) | (400) |
| Profit before taxation | | 14,343 | 19,808 |
| Taxation | 6 | (2,614) | (3,659) |
| Profit attributable to Company's shareholders | | 11,729 | 16,149 |
| Dividends | 7 | 27,300 | 22,825 |
| Earnings per share | | | |
| – Basic (HK cents) | 8 | 5.16 | 7.94 |
| – Diluted (HK cents) | 8 | 5.14 | N/A |

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2005

| | Note | 30 September 2005 Unaudited HK\$'000 | 31 March 2005 Audited HK\$'000 |
|--|------|---|---|
| Non-current assets | | | |
| Fixed assets | 9 | 31,315 | 30,966 |
| Public light bus licences | 9 | 136,180 | 140,280 |
| Public light bus operating rights | 9 | 9,118 | 9,118 |
| Deferred tax assets | | 162 | 162 |
| | | 176,775 | 180,526 |
| Current assets | | | |
| Trade receivables | 10 | 1,243 | 850 |
| Other receivables | | 1,806 | 2,862 |
| Tax recoverable | | – | 1,544 |
| Cash and bank deposits | | 76,038 | 93,656 |
| | | 79,087 | 98,912 |
| Current liabilities | | | |
| Secured short-term bank borrowings | | 2,497 | 3,088 |
| Trade payables | 11 | 4,213 | 3,309 |
| Other payables | | 8,847 | 7,988 |
| Taxation payable | | 2,331 | 330 |
| | | 17,888 | 14,715 |
| Net current assets | | 61,199 | 84,197 |
| Total assets less current liabilities | | 237,974 | 264,723 |
| Financed by: | | | |
| Share capital | 12 | 22,750 | 22,750 |
| Reserves | | 182,492 | 208,242 |
| Shareholders' equity | | 205,242 | 230,992 |
| Non-current liabilities | | | |
| Secured long-term bank loans | | 31,111 | 31,703 |
| Deferred tax liabilities | | 1,621 | 2,028 |
| | | 32,732 | 33,731 |
| | | 237,974 | 264,723 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2005

| | Share capital | Share premium | PLB licences revaluation reserve | Fixed assets revaluation reserve | Capital reserve | Share issuance costs | Retained earnings | Total |
|-----------------------------------|---------------|---------------|----------------------------------|----------------------------------|-----------------|----------------------|-------------------|----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2004 (Audited) | 100 | - | 27,807 | 5,455 | 19,296 | (7,225) | 71,807 | 117,240 |
| Issue of new shares (Note 12(a)) | 5,750 | 55,775 | - | - | - | - | - | 61,525 |
| Capitalisation issue (Note 12(b)) | 14,900 | (14,900) | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | (22,825) | (22,825) |
| Deferred taxation | - | - | - | 13 | - | - | - | 13 |
| Surplus on revaluation | - | - | 13,650 | - | - | - | - | 13,650 |
| Share issuance costs | - | - | - | - | - | (6,695) | - | (6,695) |
| Share issuance costs offset | | | | | | | | |
| by share premium | - | (13,920) | - | - | - | 13,920 | - | - |
| Profit for the period | - | - | - | - | - | - | 16,149 | 16,149 |
| At 30 September 2004 (Unaudited) | 20,750 | 26,955 | 41,457 | 5,468 | 19,296 | - | 65,131 | 179,057 |
| Placement of new shares | | | | | | | | |
| (Note 12(c)) | 2,000 | 21,000 | - | - | - | - | - | 23,000 |
| Deferred taxation | - | - | - | 11 | - | - | - | 11 |
| Surplus on revaluation | - | - | 13,230 | - | - | - | - | 13,230 |
| Share issuance costs | - | - | - | - | - | (176) | - | (176) |
| Share issuance costs offset | | | | | | | | |
| by share premium | - | (176) | - | - | - | 176 | - | - |
| Profit for the period | - | - | - | - | - | - | 15,870 | 15,870 |
| At 31 March 2005 (Audited) | 22,750 | 47,779 | 54,687 | 5,479 | 19,296 | - | 81,001 | 230,992 |
| At 1 April 2005 (Audited) | 22,750 | 47,779 | 54,687 | 5,479 | 19,296 | - | 81,001 | 230,992 |
| Dividends paid | - | - | - | - | - | - | (27,300) | (27,300) |
| Deferred taxation | - | - | - | 12 | - | - | - | 12 |
| Deficit on revaluation | - | - | (10,290) | - | - | - | - | (10,290) |
| Employees share options scheme | - | - | - | - | 99 | - | - | 99 |
| Profit for the period | - | - | - | - | - | - | 11,729 | 11,729 |
| At 30 September 2005 (Unaudited) | 22,750 | 47,779 | 44,397 | 5,491 | 19,395 | - | 65,430 | 205,242 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2005

| | For the six months ended 30 September | |
|--|--|-------------------------------|
| | 2005 Unaudited HK\$'000 | 2004 Unaudited HK\$'000 |
| Net cash inflow from operating activities | 19,056 | 16,653 |
| Net cash outflow from investing activities | (8,191) | (1,655) |
| Net cash inflow before financing activities | 10,865 | 14,998 |
| Net cash (outflow) / inflow from financing activities | (28,329) | 30,960 |
| (Decrease) / increase in cash and cash equivalents | (17,464) | 45,958 |
| Cash and cash equivalents at the beginning of the period | 92,737 | 18,443 |
| Cash and cash equivalents at the end of the period | 75,273 | 64,401 |
| Analysis of the balances of cash and cash equivalents | | |
| Cash and bank deposits | 76,038 | 65,174 |
| Bank overdrafts | (765) | (773) |
| Cash and cash equivalents at the end of the period | 75,273 | 64,401 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2005

1. Basis of preparation and principal accounting policies

The Company was incorporated in the Cayman Islands on 18 March 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company is an investment holding company and its subsidiaries are principally engaged in the provision of franchised public light bus ("PLB") transportation services in Hong Kong. The shares of the Company have been listed on the Main Board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 April 2004.

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). These condensed consolidated financial statements should be read in conjunction with the audited annual accounts for the year ended 31 March 2005.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the Group's audited annual financial statements for the year ended 31 March 2005 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRS") and HKAS (collectively referred as the "new HKFRS") which are effective for accounting periods commencing on or after 1 January 2005.

2. Adoption of new Hong Kong Financial Reporting Standards

Starting from 1 April 2005, the Group adopted the new HKFRSs below, which are relevant to its operations:

| | |
|--------------|--|
| HKAS 1 | Presentation of Financial Statements |
| HKAS 7 | Cash Flow Statements |
| HKAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors |
| HKAS 10 | Events after the Balance Sheet Date |
| HKAS 12 | Income Taxes |
| HKAS 14 | Segment Reporting |
| HKAS 16 | Property, Plant and Equipment |
| HKAS 17 | Leases |
| HKAS 18 | Revenue |
| HKAS 19 | Employee Benefits |
| HKAS 23 | Borrowing Costs |
| HKAS 24 | Related Party Disclosures |
| HKAS 27 | Consolidated and Separate Financial Statements |
| HKAS 32 | Financial Instruments: Disclosure and Presentation |
| HKAS 33 | Earnings per Share |
| HKAS 34 | Interim Financial Reporting |
| HKAS 36 | Impairment of Assets |
| HKAS 37 | Provisions, Contingent Liabilities and Contingent Assets |
| HKAS 38 | Intangible Assets |
| HKAS 39 | Financial Instruments: Recognition and Measurement |
| HK(SIC) – 15 | Operating Leases – Incentives |
| HK(SIC) – 21 | Income Taxes – Recovery of Revalued Non-Depreciable Assets |
| HKFRS 2 | Share-based Payments |
| HKFRS 3 | Business Combinations |
| HK-Int 4 | Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases |

2. Adoption of new Hong Kong Financial Reporting Standards (continued)

- (i) The adoption of HKAS 1, 7, 8, 10, 12, 14, 16, 17, 18, 19, 23, 24, 27, 32, 33, 34, 36, 37, 39, HK(SIC)-15, HK(SIC)-21, HKFRS 3, and HK-Int 4 do not result in substantial changes to the Group's accounting policies. In summary, these HKASs and Interpretations only affect certain presentation of and disclosure to the financial statements.
- (ii) The adoption of HKAS 38 has resulted in a change in accounting policy of PLB operating rights. PLB operating rights, which are with indefinite useful lives, were stated at cost less accumulated amortisation and accumulated impairment losses, and the amortisation was charged to the profit and loss account on a straight-line basis over twenty years. In accordance with HKAS 38, the intangible assets with an indefinite useful life shall not be amortised. As a result, the PLB operating rights are no longer amortised but subject to impairment tests annually and whenever there is an indication that the PLB operating right may be impaired. The new policy in respect of the PLB operating rights has been applied prospectively under the transitional provisions of HKAS 38. The amount of amortisation accumulated as at 1 April 2005 has been offset against the cost of the PLB operating rights.
- (iii) The adoption of HKFRS 2 has resulted in a change in accounting policy for employee share options and other share-based payments. Prior to this, the provision of share options and share-based payments to employees did not result in a charge to profit and loss account. Following the adoption of HKFRS 2, the fair value of share options and share-based payments at grant date are amortised over the relevant vesting periods to the profit and loss account. If the options are exercised, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised, the related capital reserve is transferred directly to retained profits.

In accordance with the transitional provisions set out in paragraph 53 of HKFRS 2, the new recognition and measurement policies have been applied to the options granted after 7 November 2002 but which had not yet vested before 1 January 2005 only. Details of share option granted are set out on page 21 of this interim report.

(iv) Summary of effect of adoption of the new HKFRSs issued by HKICPA

- (a) The effect of changes in accounting policies to the unaudited condensed consolidated profit and loss account for the six months ended 30 September 2005 is as follows:

| | Unaudited | | |
|---|---------------------|---------------------|-------------------|
| | Effect of adopting | | Total HK\$'000 |
| | HKAS 38 HK\$'000 | HKFRS 2 HK\$'000 | |
| Decrease in cost of services | 286 | – | 286 |
| Increase in staff costs in administrative expenses | – | (99) | (99) |
| Total increase/(decrease) in profit attributable to shareholders | 286 | (99) | 187 |
| Total increase/(decrease) in basic earning per share (In HK cents) | 0.12 | (0.04) | 0.08 |

The new accounting policies have no significant impact on the profit attributable to shareholders for the six months ended 30 September 2004.

2. Adoption of new Hong Kong Financial Reporting Standards (continued)

- (b) The effect of changes in accounting policies on shareholders' equity as at 30 September 2005 is as follows:

| | Unaudited | | Total HK\$'000 |
|---|---|---------------------|-------------------|
| | Effect of adopting HKAS 38 HK\$'000 | HKFRS 2 HK\$'000 | |
| PLB operating rights | 286 | – | 286 |
| Employee share-based capital reserve | – | (99) | (99) |
| Total increase/(decrease) in shareholders' equity | 286 | (99) | 187 |

The new accounting policies have no significant impact on the shareholders' equity as at 31 March 2005.

3. Turnover and revenue

The principal activities of the Group are the provision of PLB and residents' bus services and leasing of red minibuses ("RMB").

Turnover and revenue recognised during the periods are as follows:

| | For the six months ended 30 September | |
|--|--|-------------------------------|
| | 2005 Unaudited HK\$'000 | 2004 Unaudited HK\$'000 |
| Turnover | | |
| PLB and residents' bus services income | 130,005 | 125,929 |
| RMB rental income | 1,144 | 1,622 |
| | 131,149 | 127,551 |
| Other revenue | | |
| Agency fee income | 1,172 | 1,172 |
| Repair and maintenance service income | 116 | 87 |
| Interest income | 1,018 | 67 |
| Advertising income | 190 | 188 |
| Sundry income | 36 | 185 |
| | 2,532 | 1,699 |
| Total revenue | 133,681 | 129,250 |

4. Segment information

No analysis of the Group's turnover and operating profits by geographical segment or business segment has been presented as over 90% of the turnover and operating profits are attributable to the provision of PLB and residents' bus services in Hong Kong.

5. Operating profit

Operating profit is stated after charging the following:

| | For the six months ended 30 September | |
|---|--|-----------------------|
| | 2005 | 2004 |
| | Unaudited HK\$'000 | Unaudited HK\$'000 |
| Charging | | |
| Staff costs (including directors' emoluments) | 51,944 | 48,170 |
| Operating lease rental in respect of PLBs | 28,524 | 25,837 |
| Depreciation | 2,211 | 1,893 |
| Deficit on revaluation of PLB licences | 390 | – |
| Loss on disposal of fixed assets | 69 | 67 |
| Amortisation of PLB operating rights | – | 286 |

6. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (1.4.2004 to 30.9.2004: 17.5%) on the estimated assessable profit for the period. The amount of taxation charged to the unaudited condensed consolidated profit and loss account represents:

| | For the six months ended 30 September | |
|--------------------------------|--|-----------------------|
| | 2005 | 2004 |
| | Unaudited HK\$'000 | Unaudited HK\$'000 |
| Hong Kong profits tax | | |
| Current period | 2,784 | 3,464 |
| Under provision in prior years | 225 | – |
| Deferred taxation | (395) | 195 |
| | 2,614 | 3,659 |

7. Dividends

| | For the six months ended 30 September | |
|---|--|-------------------------------|
| | 2005 Unaudited HK\$'000 | 2004 Unaudited HK\$'000 |
| 2005 final, approved and paid, of HK12.0 cents (31 March 2004: HK5.0 cents) per ordinary share | 27,300 | 10,375 |
| 2004 special, approved and paid, of HK6.0 cents per ordinary share | – | 12,450 |
| | 27,300 | 22,825 |

Notes:

- (a) For the year ended 31 March 2005, the Board declared a final dividend of HK\$12.0 cents per ordinary share (31 March 2004: a final dividend and a special dividend of HK5.0 cents and HK\$6.0 cents per ordinary share respectively) on 17 June 2005. Under the Group's accounting policy, they were charged in the period in which they were proposed and approved.
- (b) The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2005 (1.4.2004 to 30.9.2004: Nil).

8. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares in issue during the period.

| | For the six months ended 30 September | |
|--|--|-------------------|
| | 2005 Unaudited | 2004 Unaudited |
| Profit attributable to shareholders for the period (in HK\$'000) | 11,729 | 16,149 |
| Weighted average number of ordinary shares in issue (in thousands) | 227,500 | 203,415 |
| Basic earnings per share (HK cents per share) | 5.16 | 7.94 |

8. Earnings per share (continued)

Diluted

Diluted earnings per share is calculated based on the profit attributable to the shareholders of the Company and the weighted average number of shares in issue during the period, after adjusting for the number of dilutive potential shares deemed to be issued at no considerations as if all outstanding share options granted by the Company had been exercised.

| | For the six months ended 30 September 2005 Unaudited |
|---|--|
| Profit attributable to shareholders for the period (in HK\$'000) | 11,729 |
| Weighted average number of ordinary shares in issue (in thousands) | 227,500 |
| Adjustment for the assumed conversion of share options (in thousands) | 480 |
| Weighted average number of shares for diluted earnings per share (in thousands) | 227,980 |
| Diluted earning per share (HK cents per share) | 5.14 |

No information in respect of diluted earnings per share for the six months ended 30 September 2004 is presented as the Company has no potential dilutive ordinary shares in existence during the period.

9. Capital expenditure

| | Fixed assets Unaudited HK\$'000 | PLB licences Unaudited HK\$'000 | PLB operating rights Unaudited HK\$'000 |
|---|---------------------------------------|---------------------------------------|--|
| Six months ended 30 September 2005: | | | |
| As at 1 April 2005 | 30,966 | 140,280 | 9,118 |
| Additions | 2,649 | 6,580 | - |
| Deficit on revaluation charged to profit and loss account | - | (390) | - |
| Deficit on revaluation charged to revaluation reserve | - | (10,290) | - |
| Disposals | (89) | - | - |
| Depreciation | (2,211) | - | - |
| As at 30 September 2005 | 31,315 | 136,180 | 9,118 |
| Six months ended 30 September 2004: | | | |
| As at 1 April 2004 | 32,699 | 113,400 | 9,691 |
| Additions | 1,731 | - | - |
| Surplus on revaluation credited to revaluation reserve | - | 13,650 | - |
| Disposals | (78) | - | - |
| Depreciation/amortisation charge | (1,893) | - | (286) |
| As at 30 September 2004 | 32,459 | 127,050 | 9,405 |

PLB licences were revalued on open market basis by Vigers Appraisal & Consulting Limited, an independent qualified valuer, as at 30 September 2005, 31 March 2005, 30 September 2004 and 31 March 2004.

10. Trade receivables

Majority of the Group's turnover is attributable to PLB and resident's bus services which are on cash basis. The credited terms granted by the Group for other revenue ranges from 14 days to 90 days.

The ageing analysis of trade receivables was as follows:

| | 30 September 2005 Unaudited HK\$'000 | 31 March 2005 Audited HK\$'000 |
|--------------|---|---|
| 0 – 30 days | 1,049 | 774 |
| 31 – 60 days | 190 | 76 |
| Over 60 days | 4 | – |
| | 1,243 | 850 |

11. Trade payables

The ageing analysis of trade payables was as follows:

| | 30 September 2005 Unaudited HK\$'000 | 31 March 2005 Audited HK\$'000 |
|--------------|---|---|
| 0 – 30 days | 4,213 | 3,299 |
| 31 – 60 days | – | 10 |
| | 4,213 | 3,309 |

12. Share capital

| | As at 30 September 2005 Unaudited HK\$'000 | As at 31 March 2005 Audited HK\$'000 |
|---|---|--|
| Authorised ordinary shares: 1,000,000,000 shares of HK\$0.1 each | 100,000 | 100,000 |
| | Issued and fully paid ordinary shares of HK\$0.1 each Unaudited Number of shares | Unaudited HK\$'000 |
| As at 1 April 2005 and 30 September 2005 | 227,500,000 | 22,750 |

12. Share capital (continued)

| | Number of shares | HK\$'000 |
|--|------------------|----------|
| As at 1 April 2004 | 1,000,000 | 100 |
| Issue of shares through a public offer and private placement (Note a) | 57,500,000 | 5,750 |
| Capitalisation issue (Note b) | 149,000,000 | 14,900 |
| As at 30 September 2004 | 207,500,000 | 20,750 |
| Placement of new shares (Note c) | 20,000,000 | 2,000 |
| As at 31 March 2005 | 227,500,000 | 22,750 |

Notes:

- (a) On 14 April 2004, 57,500,000 shares of the Company were issued at HK\$1.07 per share through a public offering and private placement (the "New Issue"), resulting in net proceeds of approximately HK\$47,605,000.
- (b) Immediately after the New Issue, share premium of approximately HK\$14,900,000 was capitalised by the issuance of 149,000,000 shares of HK\$0.1 each on a pro-rata basis to the Company's shareholders before the New Issue.
- (c) On 5 November 2004, 20,000,000 new ordinary shares of the Company were issued at HK\$1.15 per share, representing approximately 8.79% of the enlarged issued share capital of the Company, through a private placement to an independent third party, resulting in net proceeds of approximately HK\$22,824,000.

13. Share options

Movements in the number of share options outstanding during the period are as follows:

| | For the six months ended 30 September | |
|---|--|------|
| | 2005 | 2004 |
| Number of options: | | |
| At the beginning and at the end of the period | 13,050,000 | – |

Details of share option granted are set out on page 21 of this interim report.

14. Pledge of assets

As at 30 September 2005, the Group has pledged certain land and buildings of the Group with net book value of HK\$17,805,000 (31 March 2005: HK\$18,023,000); certain vehicles with net book value of HK\$1,572,000 (31 March 2005: HK\$1,440,000) and certain PLB licences with carrying value of HK\$49,520,000 (31 March 2005: HK\$53,440,000) were pledged as security for the Group's banking facilities of HK\$42,143,000 (31 March 2005: HK\$43,172,000).

15. Capital commitment

The Group has the following outstanding capital commitments:

| | 30 September 2005 Unaudited HK\$'000 | 31 March 2005 Audited HK\$'000 |
|---------------------------|---|---|
| Additions to fixed assets | 193 | 224 |

16. Related party transactions

The Group is controlled by Skyblue Group Ltd., which owns approximately 64.2% of the Company's issued share capital. The ultimate holding company of the Group is JETSUN UT CO. LTD ("JETSUN"). Transactions between the Group and the companies under the control of JETSUN are considered to be related party transactions pursuant to HKAS 24 "Related Party Disclosures".

The Group has had the following material transactions with the related parties during the six months ended 30 September 2005:

| | For the six months ended 30 September | |
|--|--|-------------------------------|
| | 2005 Unaudited HK\$'000 | 2004 Unaudited HK\$'000 |
| PLB hire charges paid to related companies (Notes a & b) | 25,554 | 23,120 |
| Agency fee income received from related companies (Notes a & b) | 1,075 | 1,074 |
| Design and artwork expense paid to a related company (Note a) | 41 | 4 |
| Repair and maintenance service income received from related companies (Note a) | 21 | 67 |

16. Related party transactions (continued)

Notes:

- (a) All transactions were entered into between the Group and the related companies. Mr. Wong Man Kit, the Chairman of the Group, is a director and major shareholder of these related companies.
- (b) These transactions constitutes an ongoing connected transaction under the Listing Rules. On 23 March 2004, the Stock Exchange granted a conditional waiver to the Company from strict compliance with the announcement and shareholders' approval requirements under Rule 14A.42(3) of the revised Listing Rules in respect of the transactions for a period of three financial years ending 31 March 2006. The Company will obtain a confirmation from both the auditors and the independent non-executive directors whether these transactions incurred in the financial year 2006 were entered into in accordance with the relevant agreement governing the transactions. All of the details will be disclosed in the coming 2005/06 Annual Report.
- (c) In the opinion of the Board, the above transactions were carried out in the ordinary course of business of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group recorded a turnover of approximately HK\$131.1 million for the six months ended 30 September 2005, representing an increase of about 2.7% compared with HK\$127.6 million for the same period in last financial year. Profit attributable to shareholders, however, decreased by 27.3% to about HK\$11.7 million from HK\$16.1 million in the last corresponding period. The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 September 2005.

Review of operations

As at 30 September 2005, the number of routes in operation remained at 44 (31 March 2005: 44). The fleet size, however, expanded alongside with the organic growth in passenger demand and rose to 289 green minibuses ("GMB"s) as at period end (31 March 2005: 285 GMBs). The Group also recorded 1.83 million GMB journeys, surpassed the requirement of Transport Department by approximately 39.1%.

The Group's GMB operation recorded a total patronage of 24.3 million during the interim period, representing a growth of approximately 3.6% over the same period last year. The GMB service income, which represented 98.8% of the total turnover, increased by 3.2% accordingly to HK\$129.6 million.

The gross profit and profit after taxation, however, reduced by HK\$5.7 million and HK\$4.4 million to HK\$26.5 million and HK\$11.7 million respectively. The profitability was hindered by the dramatic increase in global fuel prices during the period under review. The gross profit margin was down to 20.2%, compared with 25.2% for the corresponding period in last year. Expenditure on diesel and Liquefied Petroleum Gas ("LPG") increased by HK\$4.8 million or 27.0% to HK\$22.3 million for the six months ended 30 September 2005 compared with the last corresponding period.

The continuous enhancement in fleet image reflects the Group's determination to put every effort possible into promoting the overall standard of the GMB industry. During the interim period, the Group has replaced 39 aged GMBs with environmentally friendly Euro III diesel (or LPG) GMBs. Not only can the new GMBs improve gas emission quality and reduce the costs of repair and maintenance, but also promote road safety, traveling comfort and fleet image. The average fleet age was further reduced to 5.6 years (31 March 2005: 7.3) as at 30 September 2005. The Group is planning to further replace 10 GMBs in the second half of the financial year.

Liquidity and financial information

The Group's operations were mainly financed by proceeds from operation during the period under review.

In terms of liquidity, the current ratio (current assets/current liabilities) was 4.4 times (31 March 2005: 6.7 times). The decrease in the ratio was mainly attributable to the reduction in the cash and bank balances to HK\$76.0 million (31 March 2005: HK\$93.7 million) after the distribution of final dividend for the last financial year.

Total short-term and long-term borrowings were maintained at HK\$2.5 million (31 March 2005: HK\$3.0 million) and HK\$31.1 million (31 March 2005: HK\$31.7 million) respectively. As at 30 September 2005, the Group's gearing ratio (total debts/shareholders' equity) was 24.7% compared to 21.0% as at 31 March 2005.

As at 30 September 2005, the Group's total net assets were approximately HK\$205.2 million, a decrease of about HK\$25.8 million, or 11.1%, compared to the balance as at 31 March 2005. The decrease was the result of the public light bus ("PLB") licences revaluation deficit of approximately HK\$10.3 million and the distribution of final dividend of HK\$27.3 million for the last financial year, partially offset by the net profit of HK\$11.7 million for the current period. The PLB licences revaluation deficit was attributable to the decrease in the market price per PLB licence from HK\$6.68 million as at 31 March 2005 to HK\$6.19 million as at 30 September 2005.

The Group's operations are based in Hong Kong and thus all income and expenditure derived are denominated in Hong Kong dollars. Furthermore, all bank borrowings of the Group are in Hong Kong dollars and interests expenses are charged on a floating rate basis. The practice effectively eliminated the currency risk and also the management is of the view that the Group is not subject to any significant interest rate risk.

Employees and emoluments policies

As at 30 September 2005, the Group employed approximately 895 employees. The headcount of the Group are as follows:

| | As at 30 September 2005 | As at 31 March 2005 |
|----------------------|-------------------------------|---------------------------|
| Drivers | 771 | 768 |
| Administrative staff | 85 | 90 |
| Technicians | 39 | 40 |
| Total | 895 | 898 |

Supported by the amicable relationship between the management and its fellows, the Group has not experienced any material labour disputes or shortages. Total staff costs, including directors' emoluments, incurred over the period were HK\$51.9 million, compared to HK\$48.2 million over last interim period.

The Group's emolument policies are based on the performance of individual employees. Apart from a provident fund scheme, discretionary bonuses and employee share options are also awarded to staff according to the assessment of individual performances.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 September 2005 and 31 March 2005.

Use of proceeds

In April 2004, the Company issued 57,500,000 shares at HK\$1.07 per share through a public offering and a private placement. The net proceeds after deducting the relevant expenses were approximately HK\$47.6 million.

As at 30 September 2005, the use of proceeds was as follows:

| | As at 30 September 2005 (in HK\$ million) | As at 31 March 2005 (in HK\$ million) |
|--|--|--|
| Upgrade of information technology infrastructure | 0.6 | 0.5 |
| General working capital purposes | 13.6 | 13.6 |
| Proceeds not yet utilised | 33.4 | 33.5 |
| Total net proceeds | 47.6 | 47.6 |

The proceeds not yet utilised were placed in banks as short-term fixed deposits and will be used in accordance with the purposes as described in the prospectus dated 30 March 2004.

Prospects

Looking ahead, the Group is confident that the patronage will have sustainable growth in the second half of the financial year 2005/06. Apart from the general growth in passenger demand, the GMB business is expected to be benefited by the momentum from population growth in both Aberdeen and Cyberport area. Shek Pai Wan Estate Redevelopment project to be completed in early 2006 will offer a total of 5,275 residential units, while Bel-Air, the luxury residential project at the Cyberport which will offer approximately 2,800 residential units, will be substantially completed in 2006.

However, as a transportation operator, the Group has been facing challenges from the fuel price hike. However, the oil price has recently been slipping back, and with the possible increase in patronage by visitors to Hong Kong, the transport scene may not be as bleak as it may seem in the longer term. Besides, management continues to implement cost reduction measures through optimisation of cost structure and strengthening of cost controls as far as practicable.

We will continue to deliver quality services to our passengers by providing a fast, reliable and comfortable mode of transport. In regard to the importance of road safety, we will make every effort to improve our drivers' driving attitude and enhance their road safety awareness. In addition to road safety and driving skills improvement courses and seminars which are held on a regular basis, we also strictly enforce our safety guidelines by conducting surprise-checking, and encourage passengers to make timely reports against any misbehaviour of the drivers. On the other hand, we will keep on equipping the fleet with the state-of-the-art new GMBs and we have received positive feedback from the communities. With the continuous replacement of aged GMBs, the average fleet age is now 5.6 years. Our expertise will also keep improving our operation by route restructuring and resources rationalisation. We believe our unwavering focus on quality and safety will improve the general public's perception on the minibus industry and promote the popularity of our minibus service.

Rather than rest on the laurels, our management team will keep looking for investment opportunities prudently to create greater value to our core business, as well as pursuing stable growth on existing routes. With our established network and the improving economy of Hong Kong, the Group is poised for more prosperous future growth.

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares and underlying shares of the Company and its associated corporations

As at 30 September 2005, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which would have to be recorded in the register required to be kept under Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

| Name of Director | Long position/ Short position | Capacity | Nature of interest | Number of ordinary shares held | Approximate Percentage of share holding |
|---|----------------------------------|---|-----------------------|--------------------------------------|--|
| (1) AMS Public Transport Holdings Limited | | | | | |
| Mr. Wong Man Kit (Note a) | Long position | Founder of a discretionary trust | Other | 146,070,000 | 64.21% |
| | Long position | Beneficial owner | Personal | 2,000,000 | 0.88% |
| | Long position | Spouse of Ms. Ng Sui Chun | Family | 7,674,000 | 3.37% |
| Ms. Ng Sui Chun (Notes a & b) | Long position | Beneficiary of a discretionary trust | Other | 146,070,000 | 64.21% |
| | Long position | Beneficial owner | Personal | 7,674,000 | 3.37% |
| | Long position | Spouse of Mr. Wong Man Kit | Family | 2,000,000 | 0.88% |

| Name of Director | Long position/ Short position | Capacity | Nature of interest Other | Number of ordinary shares held | Approximate Percentage of share holding |
|--|----------------------------------|---|--------------------------------|--------------------------------------|--|
| Mr. Wong Ling Sun, Vincent (Note a) | Long position | Beneficiary of a discretionary trust | | 146,070,000 | 64.21% |
| | Long position | Beneficial owner | Personal | 2,000,000 | 0.88% |
| Mr. Chan Man Chun | Long position | Beneficial owner | Personal | 3,320,000 | 1.46% |
| | Spouse of | Family Ms Chan Lai Ling | | 200,000 | 0.09% |
| Dr. Lee Peng Feng, Allen | Long position | Beneficial owner | Personal | 300,000 | 0.13% |
| Dr. Leung Chi Keung | Long position | Beneficial owner | Personal | 300,000 | 0.13% |
| (2) Skyblue Group Limited | | | | | |
| Mr. Wong Man Kit (Note a) | Long position | Founder of a discretionary trust | Other | 2 | 100% |
| Ms. Ng Sui Chun (Notes a & b) | Long position | Beneficiary of a discretionary trust | Other | 2 | 100% |
| Mr. Wong Ling Sun, Vincent (Note a) | Long position | Beneficiary of a discretionary trust | Other | 2 | 100% |
| (3) Metro Success Investments Limited | | | | | |
| Mr. Wong Man Kit (Note a) | Long position | Founder of a discretionary trust | Other | 100 | 100% |
| Ms. Ng Sui Chun (Notes a & b) | Long position | Beneficiary of a discretionary trust | Other | 100 | 100% |
| Mr. Wong Ling Sun, Vincent (Note a) | Long position | Beneficiary of a discretionary trust | Other | 100 | 100% |
| (4) All Wealth Limited | | | | | |
| Mr. Wong Man Kit (Note c) | Long position | Founder of a discretionary trust | Other | 1 | 100% |
| Ms. Ng Sui Chun (Note b & c) | Long position | Beneficiary of a discretionary trust | Other | 1 | 100% |
| Mr. Wong Ling Sun, Vincent (Note c) | Long position | Beneficiary of a discretionary trust | Other | 1 | 100% |

| Name of Director | Long position/ Short position | Capacity | Nature of interest | Number of ordinary shares held | Approximate Percentage of share holding |
|--|----------------------------------|---|-----------------------|--------------------------------------|--|
| (5) A.I. International Holdings Limited | | | | | |
| Mr. Wong Man Kit (Note c) | Long position | Founder of a discretionary trust | Other | 6 | 100% |
| Ms. Ng Sui Chun (Note b & c) | Long position | Beneficiary of a discretionary trust | Other | 6 | 100% |
| Mr. Wong Ling Sun, Vincent (Note c) | Long position | Beneficiary of a discretionary trust | Other | 6 | 100% |
| (6) Maxson Transportation Limited | | | | | |
| Mr. Wong Man Kit (Note c) | Long position | Founder of a discretionary trust | Other | 180,000 | 60% |
| | Long position | Spouse of Ms. Ng Sui Chun | Family | 30,000 | 10% |
| Ms. Ng Sui Chun (Notes b & c) | Long position | Beneficiary of a discretionary trust | Other | 180,000 | 60% |
| Mr. Wong Ling Sun, Vincent (Note c) | Long position | Beneficial owner | Personal | 30,000 | 10% |
| | Long position | Beneficiary of a discretionary trust | Other | 180,000 | 60% |
| | Long position | Beneficial owner | Personal | 45,000 | 15% |
| (7) Hong Kong & China Transportation Consultants Limited | | | | | |
| Mr. Wong Man Kit (Note c) | Long position | Founder of a discretionary trust | Other | 6,000 | 60% |
| | Long position | Spouse of Ms. Ng Sui Chun | Family | 1,000 | 10% |
| Ms. Ng Sui Chun (Notes b & c) | Long position | Beneficiary of a discretionary trust | Other | 6,000 | 60% |
| Mr. Wong Ling Sun, Vincent (Note c) | Long position | Beneficial owner | Personal | 1,000 | 10% |
| | Long position | Beneficiary of a discretionary trust | Other | 6,000 | 60% |
| | Long position | Beneficial owner | Personal | 1,500 | 15% |

Notes:

- (a) As at 30 September 2005, a total of 146,070,000 shares of the Company were held by Skyblue Group Limited ("Skyblue"), which is a wholly owned subsidiary of Metro Success Investments Limited ("Metro Success"). Metro Success is a wholly owned subsidiary of JETSUN UT CO. LTD. ("JETSUN"), which is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBC International Trustee Limited ("HSBCITL") as the trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL. Mr. Wong Man Kit is the settlor of The JetSun Trust, which is a discretionary trust and its discretionary objects include Mr. Wong Ling Sun, Vincent and Ms. Ng Sui Chun.
- (b) Ms. Ng Sui Chun is one of the discretionary objects of the discretionary trust as mentioned in Note (a) above and she personally held long position of 7,674,000 shares of the Company as at 30 September 2005.
- (c) All Wealth Limited ("All Wealth"), A.I. International Holdings Limited ("AIH"), Maxson Transportation Limited ("Maxson") and Hong Kong & China Transportation Consultants Limited ("HKCT") (collectively "Associated Corporations") are associated corporations within the meaning of Part XV of the SFO of the Company by virtue of Metro Success's interests in the entire issued share capital of each of the Associated Corporations. Mr. Wong Man Kit, being the settlor of The JetSun Trust, and Ms. Ng Sui Chun and Mr. Wong Ling Sun, Vincent, being the discretionary objects of The JetSun Trust, are deemed to be interested in all the Associated Corporations.

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain directors of the Group, none of the directors and their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

On 22 March 2004, the Company adopted a share option scheme ("Share Option Scheme") pursuant to which the eligible persons may be granted options to subscribe for shares of the Company upon and subject to a maximum number of shares available for issue under options which may be granted thereunder is 22,750,000, representing 10% of the issued shares of the Company as at the date of this interim report. The subscription price determined by the Board will be at least the higher of (i) the closing price of the Company's share as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares.

Outstanding share options

Details of the outstanding options of the Company as at 30 September 2005 which have been granted under the Share Option Scheme are as follows:

| Name of Directors | | Outstanding at 1 April 2005 | Number of share options granted during the period | Number of share options exercised during the period | Number of share options lapsed during the period | Outstanding at 30 September 2005 |
|----------------------------|--------------|--------------------------------|--|--|---|--|
| Category 1: Directors | | | | | | |
| Mr. Wong Man Kit | (Note 1) | 2,000,000 | - | - | - | 2,000,000 |
| Ms. Ng Sui Chun | (Note 1) | 2,000,000 | - | - | - | 2,000,000 |
| Mr. Chan Man Chun | (Note 1) | 2,000,000 | - | - | - | 2,000,000 |
| Mr. Wong Ling Sun, Vincent | (Note 1) | 2,000,000 | - | - | - | 2,000,000 |
| Dr. Lee Peng Feng, Allen | (Note 1) | 300,000 | - | - | - | 300,000 |
| Dr. Leung Chi Keung | (Note 1) | 300,000 | - | - | - | 300,000 |
| Total Directors | | 8,600,000 | - | - | - | 8,600,000 |
| Category 2: Employees | (Notes 1, 2) | 4,450,000 | - | - | - | 4,450,000 |
| Total all categories | | 13,050,000 | - | - | - | 13,050,000 |

Notes:

- (1) The exercise price is HK\$1.57 per share and the option period during which the options may be exercised is from 9 November 2004 to 7 November 2014. The date of grant was 8 November 2004, and the closing price of share immediately before the date of grant was HK\$1.56. The options were vested on 8 November 2004 and was exercisable in the next business day on 9 November 2004 and up to 7 November 2014.
- (2) Out of the balance, a total of 2,450,000 options were to be vested in five equal tranches on 8 November 2004, 2005, 2006, 2007 and 2008. The first tranche vested on 8 November 2004 was exercisable in the next business day on 9 November 2004 and up to 7 November 2014. The second, third, fourth and fifth tranches were exercisable when vested and exercisable up to 7 November 2014. The remaining 2,000,000 options were vested on 8 November 2004 and was exercisable in the next business day on 9 November 2004 and up to 7 November 2014.
- (3) The exercise price is HK\$1.57 per share and the date of grant was 8 November 2004, and the closing price of share immediately before the date of grant was HK\$1.56. No option was exercised during the six months ended 30 September 2005.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2005, the following persons (other than the directors of the Company) who have interests or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

| Name of Shareholder | | Number of shares/ Underlying | Percentage |
|---|----------|------------------------------------|------------|
| HSBCITL | (Note a) | 160,020,000 | 70.34% |
| JETSUN | (Note a) | 146,070,000 | 64.21% |
| Metro Success | (Note a) | 146,070,000 | 64.21% |
| Skyblue | (Note a) | 146,070,000 | 64.21% |
| Cheah Cheng Hye ("CCH") | (Note c) | 20,612,000 | 9.06% |
| Value Partners Limited ("VPL") | (Note c) | 20,612,000 | 9.06% |
| Value Partners High-Dividend Stocks Fund ("VP-HDSF") | (Note c) | 20,612,000 | 9.06% |
| Bermuda Trust (Cook Islands) Limited ("BTL") | (Note b) | 13,500,000 | 5.93% |
| The Seven International Holdings Limited ("SIHL") | (Note b) | 13,500,000 | 5.93% |
| The Seven Capital Limited ("SCL") | (Note b) | 13,500,000 | 5.93% |

Notes:

- As at 30 September 2005, a total of 146,070,000 shares were held by Skyblue, a wholly-owned subsidiary of Metro Success, which in turn is a wholly owned subsidiary of JETSUN. JETSUN is the trustee of The JetSun Unit Trust, of which 9,999 units are owned by HSBCITL as the trustee of The JetSun Trust and the remaining 1 unit is owned by Mr. Wong Ling Sun, Vincent. The entire issued share capital of JETSUN is owned by HSBCITL.
- As at 30 September 2005, these shares are held by SCL, a wholly owned subsidiary of SIHL, which in turn is a wholly owned subsidiary of BTL. BTL is accustomed and obliged to act in accordance with the discretions or instructions of HSBCITL.
- As at 30 September 2005, these shares are held by VP- HDSF. Its investment manager is VPL, which in turn is controlled by CCH.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed herein, the Company has not been notified of any other person (other than a director and chief executive of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 September 2005.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in Appendix 14 “Code on Corporate Governance Practices” (“the Code”) of the Listing Rules for the six months ended 30 September 2005.

The Company has established the Remuneration Committee and Nomination Committee in March 2005. All the Committees comprise the independent non-executive directors only. The Remuneration Committee meets at least once per year to consider the remuneration policy for all directors and senior executives. The Nomination Committee also meets at least once per year to make recommendation on the appointment of directors and evaluation of the board composition. No meeting of both the Committees has been held up to the date of this report.

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

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in the Model Code in Appendix 10 of the Listing Rules throughout the six months ended 30 September 2005. The Company had also made specific enquiries of all Directors and the Company was not aware of any non-compliance with the required standard of dealings set out in the Model Code and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Dr. Lee Peng Fei, Allen, Dr. Leung Chi Keung and Mr. Lam Wai Keung. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including the review of the unaudited interim financials.

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

During the six months ended 30 September 2005, neither the Company nor any of the subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

By Order of the Board
Wong Man Kit
Chairman

Hong Kong, 9 December 2005

