

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



AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 77)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 March	
		2022	2021
		HK\$'000	HK\$'000
Revenue	4	339,198	303,366
Direct costs		(304,462)	(278,411)
Gross profit		34,736	24,955
Other revenue	5	7,550	7,104
Other income	5	3,416	58,507
Administrative expenses		(38,447)	(38,972)
Other operating expenses		(1,095)	(1,333)
Operating profit		6,160	50,261
Deficit on revaluation of public light bus (“PLB”) licences	10	(18,150)	(20,790)
Provision for impairment of public bus licences		(750)	(4,734)
Finance costs	6	(6,221)	(5,681)
Share of result of a joint venture		-	262
(Loss) / Profit before income tax	7	(18,961)	19,318
Income tax credit	8	576	2,503
(Loss) / Profit for the year attributable to equity holders of the Company		(18,385)	21,821
(Loss) / Earnings per share			
- Basic (In HK cents)	9(a)	(6.76)	8.03
- Diluted (In HK cents)	9(b)	(6.76)	8.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
(Loss) / Profit for the year	(18,385)	21,821
Other comprehensive expense	-	-
Total comprehensive (expense) / income for the year attributable to equity holders of the Company	(18,385)	21,821

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
	Notes	2022	2021
		HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		43,250	37,246
Investment properties		437	51
Right-of-use assets		93,122	153,656
PLB licences	10	111,540	129,690
Public bus licences		9,300	10,050
Goodwill		22,918	22,918
Deferred tax assets		4,565	3,399
		285,132	357,010
Current assets			
Trade and other receivables	11	8,209	12,855
Tax recoverable		261	1,528
Bank balances and cash		36,377	47,602
		44,847	61,985
Current liabilities			
Trade and other payables	12	35,114	33,083
Bank borrowings		24,831	10,462
Lease liabilities		62,391	60,732
Tax payable		17	139
		122,353	104,416
Net current liabilities		(77,506)	(42,431)
Total assets less current liabilities		207,626	314,579

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Non-current liabilities		
Bank borrowings	127,260	135,644
Lease liabilities	31,953	93,431
Deferred tax liabilities	2,574	2,246
	161,787	231,321
Net assets	45,839	83,258
EQUITY		
Share capital	27,191	27,191
Reserves	18,648	56,067
Total equity	45,839	83,258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. BASIS OF PREPARATION

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

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

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

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2021, except for the adoption of the amended HKFRSs issued by the HKICPA which are relevant to and effective for the Group’s financial statements for annual accounting period beginning on 1 April 2021 as disclosed below.

2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

3. SEGMENT INFORMATION

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

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

There was no single customer contributed over 10% of the Group's revenue for the years ended 31 March 2022 and 2021.

4. REVENUE

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

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Franchised PLB services income	329,102	297,658
Residents' bus services income	5,600	5,708
Designated bus fleet services income (note)	4,496	-
	339,198	303,366

The Group derived all revenue from provision of the franchised PLB services, residents' bus services and designated bus fleet services at a point in time in Hong Kong during the years ended 31 March 2022 and 2021.

Note:

Starting from late February 2022, the Group provided a designated bus fleet services for transporting the persons who tested positive for COVID-19 from their residences to the designated community isolation facilities. The designated bus fleet services have been terminated by the end of April 2022.

5. OTHER REVENUE AND OTHER INCOME

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Other revenue		
Advertising income	4,500	4,400
Administration fee income	2,419	2,419
Properties rental income	252	42
Management fee income	190	190
Repair and maintenance service income	146	12
Interest income	43	41
	7,550	7,104
Other income		
Government subsidies (note)	3,347	58,309
Gain on disposal of property, plant and equipment	57	41
Sundry income	12	157
	3,416	58,507

Note:

During the year ended 31 March 2022, the Group received subsidies of HK\$3,347,000, which were mainly the fuel subsidies under the Anti-epidemic Fund set up by the Hong Kong Government.

During the year ended 31 March 2021, the Group received subsidies of HK\$58,309,000, which included wage and fuel subsidies and a one-off subsidy amounting to HK\$10,620,000 to green minibus passenger service operators, under the Anti-epidemic Fund set up by the Hong Kong Government. As at 31 March 2021, the subsidies recognised but not yet received were HK\$1,322,000 (note 11).

There are no unfulfilled conditions and other contingencies attached to the receipts of these subsidies.

6. FINANCE COSTS

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Interest expenses on bank borrowings	2,592	3,003
Finance charges on lease liabilities	3,629	2,678
	6,221	5,681

7. (LOSS) / PROFIT BEFORE INCOME TAX

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
(Loss) / Profit before income tax is arrived at after charging / (crediting):		
Fuel cost in direct costs	57,467	40,983
Lease charges:		
- Short-term leases	72	76
Depreciation of right-of-use assets	61,965	65,067
Depreciation of property, plant and equipment	5,784	5,363
Depreciation of investment properties	26	3
Auditor's remuneration		
- Audit services	568	555
- Non-audit services	86	84
Gain on disposal of property, plant and equipment	(57)	(41)

8. INCOME TAX CREDIT

Hong Kong Profits Tax had been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year, except for a subsidiary of the Group which was a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Current tax		
- Hong Kong Profits Tax		
Current year	(262)	(455)
Over provision in respect of prior years	-	138
	(262)	(317)
Deferred tax		
Current year	838	2,820
Total income tax credit	576	2,503

9. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) / earnings per share

The calculation of basic (loss) / earnings per share is based on the loss attributable to equity holders of the Company of HK\$18,385,000 (2021: profit of HK\$21,821,000) and on the weighted average number of 271,913,000 (2021: 271,913,000) ordinary shares in issue during the year ended 31 March 2022.

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

(b) Diluted (loss) / earnings per share

Diluted loss per share is the same as basic loss per share for the year ended 31 March 2022. The potential shares arising from the conversion of the Company's share options would decrease the loss per share attributable to equity holders of the Company and was not taken into account as they had anti-dilutive effect.

Diluted earnings per share is the same as basic earnings per share for the year ended 31 March 2021, as the share options had no dilutive effect on ordinary shares for the year because the exercise price of the Company's share options was higher than the average market price of the Company's shares in the year.

10. PLB LICENCES

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
At the beginning of the year	129,690	150,480
Deficit on revaluation charged to the consolidated income statement	(18,150)	(20,790)
At the end of the year	111,540	129,690

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

Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement of PLB licences:				
As at 31 March 2022	-	111,540	-	111,540
As at 31 March 2021	-	129,690	-	129,690

During the years ended 31 March 2022 and 2021, there were no transfers between Level 1 and Level 2.

At 31 March 2022 and 2021, the PLB licences were revalued by Vigers Appraisal & Consulting Limited, the independent qualified valuer. The fair value of PLB licences was determined using the market approach with reference to the average of recent market-quoted prices from different market dealers. The key assumptions under such approach included the continuous existence of an open market for PLB licences and the status-quo of the trends, market conditions and government policies for PLB industry. The assumptions made were based on past performance and expectations on the market development.

11. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Trade receivables – gross	4,056	1,825
Less: Expected credit loss (“ECL”) allowance	-	-
Trade receivables – net	4,056	1,825
Other receivables – gross	694	2,698
Subsidy receivables – gross	-	1,322
Less: ECL allowance	-	-
Other receivables – net	694	4,020
Deposits	1,144	1,221
Prepayments	2,315	5,789
	8,209	12,855

Majority of the Group's revenue is attributable to franchised PLB services income which is mainly received in cash or collected via Octopus Cards Limited or Alipay HK and remitted to the Group on the next business day after the day in which services are rendered. The Group normally granted a credit term ranging from 0 to 30 days (2021: 0 to 30 days) to other trade debtors.

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

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
0 to 30 days	3,561	1,396
31 to 60 days	165	261
61 to 90 days	165	168
Over 90 days	165	-
	4,056	1,825

12. TRADE AND OTHER PAYABLES

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Trade payables	3,884	3,888
Other payables and accruals	31,230	29,195
	35,114	33,083

The Group was granted by its suppliers credit periods ranging from 0 to 30 days (2021: 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
0 to 30 days	3,884	3,888

DIVIDENDS ATTRIBUTABLE TO THE YEAR

Having carefully considered the factors listed in the Company's dividend policy, which include but not limited to the financial performance and the future cashflows of the Group under the current business environment, the Board recommended a special dividend of HK3.0 cents per ordinary share (2021: Nil), totaling HK\$8,157,000 for the year ended 31 March 2022 (2021: Nil). No final dividend was declared by the Board for the year ended 31 March 2022 (2021: HK7.0 cents per ordinary share, totaling HK\$19,034,000).

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("AGM") to be held on 25 August 2022, the special dividend will be payable on 14 September 2022.

CLOSURE OF REGISTER OF MEMBERS

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

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

Latest time to lodge transfer documents for registration with the Company's Registrar	At 4:00 p.m. on Thursday, 18 August 2022
Closure of register of members	Friday, 19 August 2022 to Thursday, 25 August 2022 (both dates inclusive)
Record date	Thursday, 25 August 2022

(ii) For determining entitlement to the special dividend:

Latest time to lodge transfer documents for registration with the Company's Registrar	At 4:00 p.m. on Wednesday, 31 August 2022
Closure of register of members	Thursday, 1 September 2022 to Tuesday, 6 September 2022 (both dates inclusive)
Record date	Tuesday, 6 September 2022

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

- In spite of the huge difficulties brought by the COVID-19 pandemic, the Group continued to put effort in proposing route re-organisations plans to the Transport Department in order to enhance service quality. During the year, the Group completed certain route re-organisations involving seven franchised PLB routes. The focus of the route re-organisations of the year was to adjust the pick-up/drop-off points and service frequencies of the routes so as to meet passengers' demand. Two ancillary routes were launched to provide express service during peak hours. Thus, the number of PLB routes operated by the Group increased to 72 (2021: 70) and the number of PLBs operated by the Group remained at 354 as at 31 March 2022 (2021: 354). The number of routes and fleet size of residents' bus were reduced to 4 (2021: 5) and 7 (2021: 8) respectively.
- The Group is committed to providing convenient and comfortable journeys to our passengers. Upgrading our fleet is one of the ways to improve passengers' experience. Since the pandemic situation in Hong Kong became stable, the Group resumed the PLB replacement schedule in June 2021. During the year, the Group replaced 23 aged PLBs (2021: 2 aged PLBs) with brand-new 19-seat PLBs. The average fleet age was slightly reduced to 6.9 years as at 31 March 2022 (2021: 7.0 years). As at 31 March 2022, the Group deployed 247 19-seat PLBs (2021: 224), representing around 70% of the Group's PLB fleet (2021: 63%). The Group aims to further replace around 24 aged PLBs with new 19-seat PLBs by the end of 2022.
- Hong Kong had been keeping a very low or zero number of confirmed COVID-19 cases since the fourth wave of COVID-19 pandemic came to the end in May 2021. With the easing of the social distancing restrictions imposed by the Government e.g. face-to-face school resumption, the end of civil servants work-from-home arrangement, the passenger flow had gradually recovered during that period. However, with the outbreak of the fifth wave of COVID-19 pandemic in the last quarter of the financial year, the local public transportation industry has been again affected by the plunge in passenger flow.
- According to the transport figures published by the Transport Department, the post-fourth wave recovery and the negative impact of the fifth wave to the industry can be illustrated in the following table:

	Percentage change in patronage compared with the corresponding period in last financial year	
	Green minibuses sector	Other public transport service operators including MTR and franchised buses
First three quarters (4-12/2021)	+18.1%	+23.0%
Last quarter (1-3/2022)	-17.3%	-20.7%
Full year	+9.3%	+12.0%

- Facing the same situation as other public transport operators, the patronage of the Group's franchised PLB services for the first three quarters of the year increased by 19.2% while that for the last quarter dropped by 18.3% as compared with the same periods last year. The overall patronage of the Group rose by 9.6% to approximately 50.2 million for the year ended 31 March 2022 as compared with last year (2021: approximately 45.8 million). The Group's total mileage travelled for the year increased by around 5.7% to approximately 35.3 million kilometers (2021: 33.4 million kilometers).
- Compared with the previous two years, the fare increase approval process had been relatively speeded up during the year. 32 routes were allowed to increase their fares during the year, at rates ranging from 4% to 14.5% (2021: 7 routes, ranging from 4.8% to 6.7%).

FINANCIAL REVIEW

Consolidated results for the year

During the year ended 31 March 2022, the Group recorded an approximately 11.8% recovery in revenue. However, the increase in revenue was almost completely offset by the hiking fuel costs and the loss made in the fourth quarter of the year caused by the outbreak of the fifth wave of the COVID-19 pandemic. Furthermore, owing to the significant decrease in the one-off subsidies from the Hong Kong Government's Anti-epidemic Fund received this year, the profit excluding the non-cash deficit on revaluation of PLB licences and provision for impairment of public bus licences reduced by HK\$46,830,000 or approximately 98.9% to HK\$515,000 compared with last year (2021: HK\$47,345,000). Excluding the subsidies received from the Government for the year amounting to HK\$3,347,000 (2021: HK\$58,309,000), the Group would record an improvement in operating result by HK\$8,132,000 compared with last year.

Taking into account the non-cash deficit on revaluation of PLB licences and provision for impairment of public bus licences for the year amounting to around HK\$18,900,000 (2021: HK\$25,524,000), the Group recorded a loss of HK\$18,385,000 for the year ended 31 March 2022 (2021: profit of HK\$21,821,000).

The details of the consolidated results are presented below:

	Year ended 31 March		Increase/(Decrease)	
	2022 HK\$'000	2021 HK\$'000	HK\$'000	In %
Revenue	339,198	303,366	35,832	+11.8%
Other revenue and other income	10,966	65,611	(54,645)	-83.3%
Direct costs	(304,462)	(278,411)	26,051	+9.4%
Administrative expenses	(38,447)	(38,972)	(525)	-1.3%
Other operating expenses	(1,095)	(1,333)	(238)	-17.9%
Finance costs	(6,221)	(5,681)	540	+9.5%
Share of result of a joint venture	-	262	(262)	-100%
Income tax credit	576	2,503	(1,927)	-77.0%
Profit for the year before deficit on revaluation of PLB licences and provision for impairment of public bus licences	515	47,345	(46,830)	-98.9%
Deficit on revaluation of PLB licences	(18,150)	(20,790)	(2,640)	-12.7%
Provision for impairment of public bus licences	(750)	(4,734)	(3,984)	-84.2%
(Loss) / Profit for the year	(18,385)	21,821	(40,206)	N/A

- With the increase in patronage by 9.6% as compared with last year, coupled with the effect of fare increase, the revenue for the year increased accordingly by HK\$35,832,000 or 11.8% to HK\$339,198,000 (2021: HK\$303,366,000), as compared with last year.
- Other revenue and other income for the year dropped by HK\$54,645,000 or around 83.3% to HK\$10,966,000 (2021: HK\$65,611,000), which was mainly attributable to the significant decrease in subsidies received from the Government. The amount of subsidies received from the Anti-epidemic Fund of the Hong Kong Government reduced from HK\$58,309,000 last year to HK\$3,347,000 this year. The subsidy received this year was the fuel subsidy offered by the Government for a 12-month period from 1 July 2020 to 30 June 2021.
- Direct costs for the year were HK\$304,462,000 (2021: HK\$278,411,000), representing an increase of HK\$26,051,000 or around 9.4% as compared with that for last year. The major direct costs of the Group were labour costs, depreciation of right-of-use assets in respect of leased PLBs, fuel costs and repair and maintenance ("R&M") costs, which altogether made up over 90% of the total direct costs. The changes on these major costs are as follows:

- Fuel costs: due to the surge in international fuel prices, the diesel and LPG unit prices procured by the Group during the year increased by 25.7% and 33.5% respectively. Coupled with the increased consumption, fuel costs for the year jumped significantly by HK\$16,484,000 or around 40.2% to HK\$57,467,000 (2021: HK\$40,983,000);
- Depreciation of the right-of-use assets in respect of the leased PLBs for the year reduced by HK\$3,102,000 or around 4.8% to HK\$61,965,000 (2021: HK\$65,067,000), which was mainly attributable to the lower rental rate of the leased PLBs upon the renewal of the Minibus Leasing Agreement (the “MLA”) with the connected parties with effect from 1 October 2020;
- R&M costs: With the increased minibus utilisation during the year, the R&M costs for the year increased by HK\$1,484,000 or approximately 6.9% accordingly to HK\$23,056,000 as compared with last year (2021: HK\$21,572,000); and
- Labour costs: The labour costs increased by HK\$10,375,000 or approximately 7.9% to HK\$141,353,000 (2021: HK\$130,978,000) as compared with last year, which was mainly attributable to the increase in captains’ total working hours caused by the resumed service frequency during the year and also the increase in provision for long service payment of around HK\$2,154,000.
- Administrative expenses for the year were HK\$38,447,000 (2021: HK\$38,972,000), of which HK\$30,645,000 (2021: HK\$31,228,000) was staff costs. There was no material change in administrative expenses for the year as compared with last year.
- The breakdown of finance costs for the year is as follows:

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Interest expenses on bank borrowings	2,592	3,003
Finance charges on lease liabilities (note i)	3,629	2,678
Total finance costs	6,221	5,681

Note:

- (i) The finance charges on lease liabilities for the year increased by HK\$951,000 or around 35.5% to HK\$3,629,000 (2021: HK\$2,678,000), which was attributable to the full year effect of the increase in lease liabilities recognised under the new MLA entered into between the Group and the connected parties. The MLA renewed the PLB leasing arrangement for further three years with effect from 1 October 2020.
- During the year, the income tax credit was HK\$576,000 (2021: HK\$2,503,000). Excluding 1) the non-deductible effect of deficit on revaluation of PLB licences and provision for impairment of public bus licences, 2) the non-taxable effect on the subsidies received from the Hong Kong Government’s Anti-epidemic Fund, 3) tax difference between actual lease payment and the depreciation on right-of-use assets and finance charge on lease liabilities, and 4) the effect of two-tiered profits tax rates, the effective tax rate for the year was 15.3% (2021: 16.8%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2021: 16.5%), except that a subsidiary was entitled to a profits tax rate cut to 8.25% for the first HK\$2,000,000 assessable profit under the two-tiered profits tax rates regime introduced by the Hong Kong Government.

- As compared with last year, the fair value of PLB licence further dropped by HK\$275,000 or approximately 14.0% to HK\$1,690,000 per licence as at 31 March 2022 (2021: HK\$1,965,000). As a result, the total carrying value of PLB licences of the Group decreased accordingly to HK\$111,540,000, representing a decrease of HK\$18,150,000 or approximately 14.0% (2021: HK\$129,690,000). The whole amount of the deficit on revaluation of PLB licences totaling HK\$18,150,000 was charged to the Group's consolidated income statement (2021: HK\$20,790,000). Please also refer to note 10 to the consolidated financial statements for more information on the carrying amount of PLB licences.

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

- Owing to the difficult business environment of the public bus industry under the COVID-19 pandemic, the Group recorded a provision for impairment of public bus licences of HK\$750,000 (2021: HK\$4,734,000).

Cash flow

	Year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Net cash from operating activities (Note i)	81,395	115,409
Net cash (used in) / from investing activities (Note ii):		
Purchase of property, plant and equipment	(12,221)	(600)
Dividend income from a joint venture	-	1,600
Repayment of amount due from a joint venture	-	1,000
Proceeds from disposal of a subsidiary and a joint venture	-	10
Others	121	82
	(12,100)	2,092
Net cash used in financing activities:		
Proceeds from new bank borrowings	17,000	-
Capital element of lease rental paid	(61,250)	(64,722)
Repayment of bank borrowings	(11,015)	(12,602)
Dividends paid	(19,034)	(8,157)
Interest paid on bank borrowings	(2,592)	(3,003)
Interest element of lease rental paid	(3,629)	(2,678)
	(80,520)	(91,162)
Net (decrease) / increase in cash and cash equivalents	(11,225)	26,339

Notes:

- (i) The decrease in the net cash from operating activities was generally in line with the drop in the operating profit for the year.
- (ii) The net cash used in investing activities was mainly for the replacement of aged PLBs during the year.

Capital structure, liquidity and financial resources

Liquidity and financial resources

The Group's operations are mainly financed by proceeds from its operations. The Group carefully assesses and monitors its liquidity to ensure that it has sufficient cash and standby bank facilities to meet its daily operational needs.

The total amount of the current liabilities of the Group increased to HK\$122,353,000 (2021: HK\$104,416,000) as at 31 March 2022, which was mainly attributable to the increase in short-term borrowings for the purchase of new PLBs and working capital use. In the meantime, the bank balances and cash as at year end decreased after dividend payment. As a result, as at 31 March 2022, the net current liabilities of the Group increased to HK\$77,506,000 (2021: HK\$42,431,000), while the current ratio (current assets/current liabilities) decreased to 0.37 times (2021: 0.59 times).

As at 31 March 2022, the Group had bank balances and cash amounting to HK\$36,377,000 (2021: HK\$47,602,000). All of the bank balances and cash as at 31 March 2022 and 31 March 2021 were denominated in Hong Kong dollars. Please refer to the "Cash Flow" section above for the change of the bank balances and cash for the year.

As at 31 March 2022, the Group had banking facilities totaling HK\$205,391,000 (2021: HK\$213,406,000) of which HK\$152,091,000 (2021: HK\$146,106,000) was utilised.

Bank borrowings

During the year, new bank borrowings totaling HK\$17,000,000 were incepted for the purpose of acquiring new PLBs and supporting the working capital of the Group. Taking into account the scheduled repayments, the balance of total bank borrowings of the Group increased by HK\$5,985,000 or around 4.1% to HK\$152,091,000 as at 31 March 2022 (2021: HK\$146,106,000).

The maturity profiles of the bank borrowings are as follows:

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
Within one year	24,831	10,462
In the second year	11,292	10,897
In the third to fifth years	43,691	46,969
After the fifth year	72,277	77,778
	152,091	146,106

The gearing ratio (defined as total bank borrowings less bank balances and cash/shareholders' equity) of the Group as at 31 March 2022 was around 252.4% (2021: 118.3%). The increase in gearing ratio was mainly attributable to the decrease in shareholders' equity. As at 31 March 2022, the shareholders' equity reduced by HK\$37,419,000 or around 44.9% to HK\$45,839,000 (2021: HK\$83,258,000), as compared with last year.

Pledge of assets

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

	As at 31 March	
	2022	2021
	HK\$'000	HK\$'000
PLB licences	74,360	86,460
Property, plant and equipment	22,697	19,896
Investment properties	389	-

Capital expenditure and commitment

Capital expenditure incurred for the year is as below:

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Property, plant and equipment	12,221	600
Right-of-use assets	1,431	184,694
Total	13,652	185,294

The capital expenditure for property, plant and equipment for the year increased to HK\$12,221,000 (2021: HK\$600,000) as compared with last year, which was mainly for purchasing 16 new PLBs for replacing the old ones. The purchase was mainly financed by proceed from operations and bank borrowings. The significant amount of the right-of-use assets recognised last year represented the leases of 286 PLBs recognised upon the renewal of MLA with the connected parties with effect from 1 October 2020.

The capital commitment of the Group of HK\$4,450,000 as at 31 March 2022 (2021: HK\$14,137,000) was mainly for purchasing 7 new PLBs for replacement use.

Credit risk management

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

Foreign currency risk management

The Group is not exposed to significant foreign exchange risk as the majority of income and expenditures of its operating activities, monetary assets and liabilities are denominated in Hong Kong dollars.

Interest rate risk management

The Group's interest rate risk arises primarily from its bank balances, bank borrowings and lease liabilities. All bank borrowings, bank balances and lease liabilities as at 31 March 2022 were denominated in Hong Kong dollars and on a floating interest rate basis. The practice effectively eliminates the currency risk and the management is of the view that the Group is not subject to significant interest rate risk. Finance costs accounted for around 1.8% (2021: 1.8%) of the total costs of the Group (excluding the deficit on revaluation of PLB licences and provision for impairment of public bus licences) for the reporting year. Any reasonably possible changes in the market interest rates would not bring significant impact to the Group.

Fuel price risk

The Group is exposed to fuel price risk. The fluctuations in the fuel prices could be significant to the operations of the Group. However, having carefully evaluated the market conditions, the Group's internal resources and the possible outcomes of entering into hedging derivatives, the Board concluded that entering into hedging contracts might not necessarily be an effective tool to manage the fuel price risk. Therefore, the Group did not have any hedging policies over its anticipated fuel consumption during the years ended 31 March 2022 and 31 March 2021. The management will continue to closely monitor the changes in market conditions.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 March 2022 and 31 March 2021.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2022.

Employees and remuneration policies

Since the minibus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Apart from the basic remuneration, double pay and/or discretionary bonus are granted to eligible employees taking into account the Group's performance and individual's contributions. Other benefits including share option scheme, retirement plan and training schemes are also provided to the staff members. Employee benefit expenses incurred for the year were HK\$185,387,000 (2021: HK\$176,210,000), representing approximately 52.9% (2021: 54.3%) of the total costs (excluding the deficit on revaluation of PLB licences and provision for impairment of public bus licences). For the headcount of the Group, please refer to the Environmental, Social and Governance Report of the Annual Report 2021/22.

PROSPECT

Now, the fifth wave of the COVID-19 pandemic has come to its end. As the epidemic situation remains stable and higher COVID-19 vaccination rates are reached, the Government has relaunched social and economic activities on various fronts along the path to normalcy. We have observed that the patronage of the Group has shown a speedy recovery in the past two months following the relaxation of various social distancing restrictions. Furthermore, lowering the eligible age of the Government's Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (\$2 Scheme) to 60 with effect from late February 2022 is also a favourable factor for the Group to attract that age class of passengers. However, the management predicts it is still challenging for the patronage to return to the pre-pandemic level in the short run due to the continuing social distancing rules imposed by the Government and the change of habits and lifestyle of the general public under the COVID-19 pandemic.

Another big challenge faced by the Group is the hiking of international fuel prices. Compared with the same period of last year, the average unit price of diesel and LPG soared by 58.9% and 41.8% respectively during April and May 2022. We anticipate that the hiking fuel prices will continue to adversely affect the Group's profitability in the near future.

To tackle the challenges of inflating costs, the Group will continue to optimise the operating costs internally by rationalising the routes and the service schedules after due evaluation of passenger demand. Our management expertise keeps listening to our passengers and local communities in order to understand their needs and try their best to accommodate passenger demand when designing the route restructuring plans. Furthermore, the Group will continue to submit fare rise applications to the Transport Department. After the end of the financial year and up to the date of this results announcement, fare increase in 19 routes has been approved by the Transport Department. Meanwhile, the Group has received subsidies of approximately HK\$18 million from the sixth round of the Anti-epidemic Fund of the Government. The estimated total amount of subsidies received or receivable from the Anti-epidemic Fund for the six months ended 30 September 2022 would be not less than HK\$30 million. We are pleased to learn that the Government has extended the five-month fuel subsidy for PLBs by three months to help the sector amidst the difficult operating environment.

As always, the Group will continue to explore and capture opportunities for development and strategic cooperation in the market so as to generate sustainable value for our shareholders.

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

During the year ended 31 March 2022, 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” of the Listing Rules for the year ended 31 March 2022.

The Company has adopted codes of conduct regarding securities transactions by Directors and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules throughout the year ended 31 March 2022. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the financial year under review.

REVIEW BY AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code under the Listing Rules and guidance published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three Independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 30 June 2022 to review the Group’s annual financial statements and annual results announcement, and to provide advice and recommendations to the Board.

REVIEW BY AUDITOR

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2022 are based on the Group’s audited consolidated financial statements for the year which have been agreed with the auditor, Grant Thornton Hong Kong Limited. The work performed by Grant Thornton Hong Kong Limited in this respect was limited and did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this preliminary announcement.

PUBLICATION OF DETAILED ANNUAL RESULTS AND ANNUAL REPORT

All the financial information and other related information of the Company for the year ended 31 March 2022 as required to be disclosed by the Listing Rules will be published on the Stock Exchange’s website at www.hkex.com.hk and the Company’s website at www.amspt.com in due course.

By Order of the Board
Wong Ling Sun, Vincent
Chairman

Hong Kong, 30 June 2022

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

Executive Directors

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

Non-executive Director

Ms. Wong Wai Man, Vivian

Independent Non-executive Directors

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