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 2019

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 2019, together with the comparative figures for the year ended 31 March 2018 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 March **2019** HK$'000	2018 HK$'000
Revenue	4	**392,924**	383,797
Direct costs		**(324,526)**	(327,907)
Gross profit		**68,398**	55,890
Other revenue	5	**8,454**	7,489
Other net income / (expense)	5	**141**	(143)
Administrative expenses		**(40,065)**	(39,675)
Other operating expenses		**(1,048)**	(1,615)
Operating profit		**35,880**	21,946
Deficit on revaluation of public light bus ("PLB") licences	10	**(71,493)**	(45,200)
Finance costs	6	**(3,478)**	(3,155)
Share of results of a joint venture		**747**	-
Loss before income tax	7	**(38,344)**	(26,409)
Income tax expense	8	**(4,914)**	(2,894)
Loss for the year		**(43,258)**	(29,303)
Loss per share attributable to equity holders of the Company			
- Basic (In HK cents)	9(a)	**(15.91)**	(10.79)
- Diluted (In HK cents)	9(b)	**(15.91)**	(10.79)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March 2019 HK$'000	2018 HK$'000
Loss for the year		**(43,258)**	(29,303)
Other comprehensive expense			
Item that will not be reclassified subsequently to consolidated income statement			
- Deficit on revaluation of PLB licences	10	**(4,407)**	(17,500)
Total comprehensive expense for the year		**(47,665)**	(46,803)

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 March 2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**30,946**	25,432
PLB licences	10	**198,000**	273,900
Public bus licences		**15,184**	9,284
Interest in a joint venture		**747**	-
Goodwill		**22,918**	22,918
Deferred tax assets		**1,003**	1,186
		268,798	332,720
Current assets			
Trade and other receivables	11	**11,209**	9,428
Amount due from a joint venture		**1,500**	1,500
Tax recoverable		**372**	190
Bank balances and cash		**32,829**	38,230
		45,910	49,348
Current liabilities			
Borrowings		**29,674**	9,849
Trade and other payables	12	**32,916**	31,906
Tax payable		**1,934**	157
		64,524	41,912
Net current (liabilities) / assets		**(18,614)**	7,436
Total assets less current liabilities		**250,184**	340,156
Non-current liabilities			
Borrowings		**119,993**	149,595
Deferred tax liabilities		**2,071**	1,180
		122,064	150,775
Net assets		**128,120**	189,381
EQUITY			
Share capital		**27,191**	27,191
Reserves		**100,929**	162,190
Total equity		**128,120**	189,381

1. BASIS OF PREPARATION

These annual consolidated 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 consolidated 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").

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

2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied for the first time the following new and 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 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Other than as noted below, the adoption of these new and amended HKFRSs had no material impact on how the results and the financial position for the current and prior periods have been prepared and presented.

HKFRS 9 "Financial Instruments"

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "Expected credit losses ("ECL") model" for the impairment of financial assets.

When adopting HKFRS 9, the Group has applied the standard retrospectively to items that existed at 1 April 2018 in accordance with the transition requirement and also applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of HKFRS 9 in relation to classification, measurement, and impairment are recognised in retained profits.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 9 "Financial Instruments" (Continued)

The adoption of HKFRS 9 has impacted the following areas:

- The classification and measurement of the Group's financial assets for trade and other receivables, amount due from a joint venture and bank balances and cash are previously classified as loans and receivables under HKAS 39, are now classified at financial assets measured at amortised cost under HKFRS 9.

- HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECL earlier than under the "incurred loss" accounting model in HKAS 39.

Upon initial adoption of HKFRS 9, the Group applies the new ECL model to all financial assets measured at amortised cost.

For trade receivables, the Group applies a simplified model of recognising lifetime ECL as these items do not have a significant financing component. For other financial assets, the Group applies a general approach of recognising ECL. No ECL have been recognised as a result of the total ECL is immaterial.

All financial assets previously measured at amortised cost under HKAS 39 are continued to be measured at amortised cost under HKFRS 9. There have been no changes to the classification or measurement of financial liabilities as a result of the application of HKFRS 9.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 "Revenue from Contracts with Customers" and the related "Clarifications to HKFRS 15 Revenue from Contracts with Customers" (hereinafter referred to as "HKFRS 15") replace HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations.

The Group has elected to use the cumulative effect transition method, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18.

In accordance with the transition guidance under HKFRS 15, the Group has only been applied to contracts that are incomplete as at 1 April 2018.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

a. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

c. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the Group recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact to the Group's consolidated financial statements.

Issued but not yet effective HKFRSs

The Group has not early adopted any new and amended HKFRSs which have been issued at the date of authorisation of the consolidated financial statements but are not yet effective for the current accounting period.

3. SEGMENT INFORMATION

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

No individual customer contributed over 10% of the Group's revenue for the years ended 31 March 2019 and 2018.

4. REVENUE

The Group is principally engaged in provision of the franchised PLB and residents' bus services in Hong Kong. The Group's revenue represents the amount received and receivable for provision of these services during the year.

The Group derives all the revenue from provision of the franchised PLB and residents' bus services at a point in time during the year ended 31 March 2019.

5. OTHER REVENUE AND OTHER NET INCOME / (EXPENSE)

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Other revenue		
Advertising income	**3,978**	3,978
Administration fee income	**2,468**	2,495
Government subsidies (note)	**1,548**	604
Interest income	**246**	159
Management fee income	**198**	238
Repair and maintenance service income	**16**	15
	8,454	7,489
Other net income / (expense)		
Loss on disposal of property, plant and equipment	**(16)**	(197)
Sundry income	**157**	54
	141	(143)

Note: During the year ended 31 March 2019, the Group was entitled to receive subsidies of HK$1,548,000 (2018: HK$604,000) under the Government of HKSAR's Exgratia Payment Scheme ("EP Scheme") for the disposal of certain pre-Euro IV diesel commercial vehicles (the "Disposal"). The government subsidies to the Group were recognised as income in the consolidated income statement during the year of the Disposal and when the conditions under the EP Scheme were complied with.

6. FINANCE COSTS

	Year ended 31 March 2019 HK$'000	2018 HK$'000
Interest expenses on bank loans	**3,478**	3,155

7. LOSS BEFORE INCOME TAX

	Year ended 31 March 2019 HK$'000	2018 HK$'000
Loss before income tax is arrived at after charging:		
Fuel cost in direct costs	**54,162**	49,809
Operating lease rental in respect of		
- Land and buildings	**65**	62
- PLBs	**69,523**	73,439
Depreciation of property, plant and equipment	**3,172**	2,579
Auditor's remuneration		
- Audit services	**543**	532
- Non-audit services	**83**	246
Loss on disposal of property, plant and equipment	**16**	197

8. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the 'Bill') which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying corporation will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong Profits Tax of one of the Group entities was calculated in accordance with the two-tiered profits tax rates regime. The profits of other entities of the Group not qualifying for the two-tiered profits tax rates regime continued to be taxed at the rate of 16.5%.

For the year ended 31 March 2018, Hong Kong Profits Tax has been provided at a flat rate of 16.5% on the estimated assessable profits for the year.

	Year ended 31 March 2019 HK$'000	2018 HK$'000
Current tax		
- Hong Kong Profits Tax		
Current year	**4,102**	2,665
Over provision in respect of prior years	**(262)**	(213)
	3,840	2,452
Deferred tax		
Current year	**1,074**	442
Total income tax expense	**4,914**	2,894

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK$43,258,000 (2018: HK$29,303,000) and on the weighted average number of 271,913,000 (2018: 271,490,000) ordinary shares in issue during the year ended 31 March 2019.

9. LOSS PER SHARE (Continued)

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share for the years ended 31 March 2019 and 2018. 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 is not taken into account as they had anti-dilutive effects.

10. PLB LICENCES

	As at 31 March 2019 HK$'000	As at 31 March 2018 HK$'000
At the beginning of the year	**273,900**	336,600
Deficit on revaluation charged to the consolidated income statement	**(71,493)**	(45,200)
Deficit on revaluation dealt with in revaluation reserve	**(4,407)**	(17,500)
At the end of the year	**198,000**	273,900

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 balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy. The levels are based on the observability of significant inputs to the measurements 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
Recurring fair value measurement of PLB licences:				
As at 31 March 2019	**-**	**198,000**	**-**	**198,000**
As at 31 March 2018	-	273,900	-	273,900

During the years ended 31 March 2019 and 31 March 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

At 31 March 2019 and 2018, 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 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. The assumptions made are based on past performance and expectations on the market development.

11. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Trade receivables		
Trade receivables – gross	**3,795**	3,039
Less: ECL allowance / Loss allowance	**-**	-
Trade receivables – net	**3,795**	3,039
Other receivables		
Other receivables – gross	**1,846**	2,260
Subsidy receivables – gross	**816**	-
Less: ECL allowance / Loss allowance	**-**	-
Other receivables – net	**2,662**	2,260
Deposits	**1,038**	617
Prepayments	**3,714**	3,512
	11,209	9,428

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 (2018: 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 (2018: net of loss allowance), was as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
0 to 30 days	**3,305**	2,962
31 to 60 days	**253**	76
61 to 90 days	**199**	1
Over 90 days	**38**	-
	3,795	3,039

12. TRADE AND OTHER PAYABLES

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Trade payables	**4,604**	4,968
Other payables and accruals	**28,312**	26,938
	32,916	31,906

The Group is granted by its suppliers credit periods ranging from 0 to 30 days (2018: 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
0 to 30 days	**4,604**	4,968

DIVIDENDS ATTRIBUTABLE TO THE YEAR

Having carefully considered the factors in the Company's dividend policy, the Board recommended a special dividend of HK8.0 cents per ordinary share (2018: HK5.0 cents per ordinary share), totaling HK$21,753,000 for the year ended 31 March 2019 (2018: HK$13,596,000). No final dividend was declared by the Board for the years ended 31 March 2019 and 2018.

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("AGM") to be held on 29 August 2019, the special dividend will be payable on 11 September 2019.

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, 22 August 2019
Closure of register of members	Friday, 23 August 2019 to Thursday, 29 August 2019 (both dates inclusive)
Record date	Thursday, 29 August 2019

(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 Tuesday, 3 September 2019
Closure of register of members	Wednesday, 4 September 2019 to Friday, 6 September 2019 (both dates inclusive)
Record date	Friday, 6 September 2019

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

- During the year, the Group completed a series of route re-organisations involving seven franchised PLB routes and one residents' bus route. The focus of the route re-organisations of the year was to optimise the fleet size and frequency of PLB passenger services and introduce new depots and ancillary routes to satisfy passengers' needs. As a result of re-organisations, the number of PLB routes operated by the Group increased to 70 (2018: 69) and the number of PLBs operated by the Group reduced by five to 358 as at 31 March 2019 (2018: 363). The number of residents' bus routes increased to 5 (2018: 4) and the number of residents' bus also increased to 8 (2018: 6).

- In order to boost the fleet's efficiency during peak hours and meet the public's expectations, the Group has been making its best efforts to deploy 19-seat PLBs by replacing aged 16-seat PLBs and retrofitting 16-seat PLBs since the amendment of the relevant laws, allowing an increase of the maximum passenger seating capacity of minibus from 16 to 19, came into effect on 7 July 2017. As at 31 March 2019, the Group deployed 146 19-seat PLBs (2018: 55), representing around 41% of the Group's PLB fleet (2018: 15%). In the meantime, the Group continued to use its best endeavors to meet passengers' demands and to improve its operational efficiency. Although the overall fleet size was reduced, the increased use of 19-seat PLBs in fact enhanced the average seating capacity of the PLB fleet for the year by approximately 3.9%.

- The total mileage travelled for the year slightly decreased by 0.7% to approximately 41.1 million kilometers (2018: 41.4 million kilometers), which was mainly attributable to the minor adjustments to service frequency of seven routes operating in the Southern District.

- To ease the pressure from high fuel costs and staff costs, the Group continued to submit fare increase applications and was granted approval to raise the fares in 34 routes at rates ranging from 2.4% to 14.3% (2018: 6 routes at an average rate of around 9.2%). Although the average fleet size reduced by around 0.4%, riding on the fast and frequent services of the short-haul MTR feeder routes and the increased seating capacity, the patronage of the Group for the year increased by 0.7% to 60,100,000 (2018: 59,700,000) as compared with last year. As a result, the revenue for the year grew by HK$9,127,000 or 2.4% to HK$392,924,000 (2018: HK$383,797,000).

- For the sake of comfort of passengers and operational efficiency, the Group replaced 49 aged PLBs with brand new 19-seat long-wheeled PLBs during the year (2018: 36 aged PLBs). Hence, the average fleet age was reduced to 8.2 years as at 31 March 2019 (2018: 9.1 years). Apart from deploying brand-new 19-seat long-wheeled PLBs, the Group also retrofitted 42 16-seat PLBs to 19-seat PLBs during the year (2018: 33). Hence, the Group deployed 146 19-seat PLBs (2018: 55) as at 31 March 2019. The Group aims at further replacing around 66 aged PLBs with 19-seat PLBs before the end of 2019.

FINANCIAL REVIEW

Consolidated results for the year

Owing to fare increases, reductions in PLB rental expenses and repair and maintenance ("R&M") costs, the Group recorded a profit before deficit on revaluation of PLB licences of HK$28,235,000 for the year ended 31 March 2019 (2018: HK$15,897,000), representing a significant increase of HK$12,338,000 or 77.6% as compared with last year. Nevertheless, the continuous drop in market value of PLB licences resulted in the increase in non-cash deficit on revaluation of PLB licences for the year to HK$71,493,000 (2018: HK$45,200,000). As a result, the Group recorded a loss attributable to equity holders for the year amounting to HK$43,258,000 (2018: HK$29,303,000).

The details of the consolidated results are presented below:

	Year ended 31 March			
	2019	2018	Increase/(Decrease)	
	HK$'000	HK$'000	HK$'000	In %
Revenue	**392,924**	383,797	9,127	+2.4%
Other revenue	**8,454**	7,489	965	+12.9%
Other net income / (expense)	**141**	(143)	284	+198.6%
Direct costs	**(324,526)**	(327,907)	(3,381)	-1.0%
Administrative expenses	**(40,065)**	(39,675)	390	+1.0%
Other operating expenses	**(1,048)**	(1,615)	(567)	-35.1%
Finance costs	**(3,478)**	(3,155)	323	+10.2%
Share of results of a joint venture	**747**	-	747	N/A
Income tax expense	**(4,914)**	(2,894)	2,020	+69.8%
Profit for the year before deficit on revaluation of PLB licences	**28,235**	15,897	12,338	+77.6%
Deficit on revaluation of PLB licences	**(71,493)**	(45,200)	26,293	+58.2%
Loss for the year	**(43,258)**	(29,303)	13,955	+47.6%

- Revenue for the year grew by HK$9,127,000 or 2.4% to HK$392,924,000 (2018: HK$383,797,000), which was mainly attributable to the fare increase, growth in patronage of MTR feeder routes and increased seating capacity.

- Other revenue for the year jumped by HK$965,000 or 12.9% to HK$8,454,000 (2018: HK$7,489,000) as compared with last year due to the increase in ex-gratia payments received from the Government of the HKSAR upon the disposal of pre-Euro IV diesel commercial vehicles. The Group disposed of ten pre-Euro IV diesel commercial vehicles during the year (2018: four) and the amount of ex-gratia payments was HK$1,548,000 receivable from the Government of the HKSAR (2018: HK$604,000).

- Direct costs for the year was HK$324,526,000 (2018: HK$327,907,000), representing a slight decrease of HK$3,381,000 or 1.0% as compared with that for last year. The major direct costs of the Group were captains' costs, PLB rental expenses, fuel costs and R&M costs, which altogether made up to around 94.3% of the total direct costs (2018: 94.4%) for the year ended 31 March 2019. The changes on these major costs are as follows:

  - Fuel costs: With the increase in international fuel prices, the average diesel and Liquefied Petroleum Gas ("LPG") unit prices increased by around 18.9% and 6.1% respectively as compared with last year. As a result, fuel costs for the year increased by HK$4,353,000 or 8.7% to HK$54,162,000 (2018: HK$49,809,000). After taking into account of lower R&M costs and lesser emissions of air pollutants, the Group prefers to use LPG minibuses. As at 31 March 2019, the Group's PLB fleet consisted of 118 diesel minibuses (2018: 160) and 240 LPG minibuses (2018: 203);

  - PLB rental expenses: PLB rental expenses for the year decreased by HK$3,916,000 or 5.3% to HK$69,523,000 (2018: HK$73,439,000), which was mainly attributable to the reduction in PLB hiring rates payable to the connected parties by 3.8% to 10.3% with effect from 1 October 2017 and the slight decrease in the average number of leased PLBs for the year to 293.8 (2018: 297);

  - R&M costs: With the Group's continuous efforts in upgrading the fleet by replacing aged vehicles, the average fleet age further went down to 8.2 years as at 31 March 2019 (2018: 9.1 years). The younger fleet effectively reduced the R&M costs and downtime. The R&M costs of the Group for the year was HK$28,008,000, representing a decrease of around HK$3,180,000 or 10.2% as compared with last year (2018: HK$31,188,000); and

  - Captains' costs: The Group continued to attract and retain captains by improving their remunerations through pay rise and introducing various allowances. The Group increased the captains' pay by around 4.8% on average in late November 2018. Nevertheless, with the reduced average fleet size and lesser provision for long service payment made during the year, the captains' costs slightly decreased by HK$1,025,000 or 0.7% to HK$154,247,000 (2018: HK$155,272,000) as compared with last year;

- Other operating expenses for the year decreased by HK$567,000 or 35.1% to HK$1,048,000 (2018: HK$1,615,000), which was primarily due to the Group not required to pay professional fees for handling the continuing connected transactions, which were incurred in the last financial year.

- The average bank loans balance for the year was approximately HK$154,556,000, representing a decrease of HK$4,247,000 or 2.7% as compared with last year (2018: HK$158,803,000). Under the rising interest rate environment, the average borrowing interest rate of the Group for the year increased to 2.3% (2018: 2.0%). As a result, the total amount of finance costs of the Group for the year was HK$3,478,000 (2018: HK$3,155,000), representing an increase of HK$323,000 or 10.2% as compared with last year.

- During the year, income tax expense significantly jumped by HK$2,020,000 or 69.8% to HK$4,914,000 (2018: HK$2,894,000). Excluding 1) the non-deductible effect of deficit on revaluation of PLB licences, 2) the non-taxable effect on the excess of sales proceeds on disposal of pre-Euro IV diesel commercial vehicles (including ex-gratia payments received from the Government) over the capital expenditure incurred on the vehicles disposed of and 3) the over provision of profits tax for the last financial year, the effective tax rate for the year was 16.2% (2018: 16.8%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2018: 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$1,150,000 or 27.7% to HK$3,000,000 per licence as at 31 March 2019 (2018: HK$4,150,000). As a result, the total carrying value of PLB licences of the Group decreased accordingly to HK$198,000,000, representing a decrease of HK$75,900,000 or 27.7% (2018: HK$273,900,000), of which HK$71,493,000 (2018: HK$45,200,000) was charged to the Group's consolidated income statement and the remaining HK$4,407,000 was dealt with in revaluation reserve (2018: HK$17,500,000). 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.

Cash flow

	Year ended 31 March 2019 HK$'000	2018 HK$'000
Net cash from operating activities (note (i))	**35,074**	26,846
Net cash used in investing activities:		
Purchase of property, plant and equipment (note(ii))	**(8,767)**	(5,720)
Purchase of two public bus licences	**(5,900)**	-
Receipt of Government subsidies for the disposal of pre-Euro IV diesel vehicles	**732**	1,339
Shareholder's loan to a joint venture	**-**	(1,500)
Others	**311**	392
	(13,624)	(5,489)
Net cash used in financing activities:		
Repayment of borrowings	**(9,777)**	(22,083)
Dividends paid	**(13,596)**	(27,191)
Interest paid	**(3,478)**	(3,155)
Proceeds from new borrowings	**-**	5,800
Exercise of share options	**-**	1,431
	(26,851)	(45,198)
Net decrease in cash and cash equivalents, represented by bank balances and cash	**(5,401)**	(23,841)

Note:

(i) Net cash from operating activities increased by HK$8,228,000 or 30.6% to HK$35,704,000 (2018: HK$26,846,000), as a result of the increase in operating profits for the year; and

(ii) the cash used for purchase of property, plant and equipment for the year ended 31 March 2019 of HK$8,767,000 (2018: HK$5,720,000) was mainly for replacing nine aged PLBs with new PLBs amounting to HK$6,445,000 and purchasing two public buses amounting to HK$1,010,000 (2018: HK$3,673,000 for replacing four aged PLBs with new PLBs).

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 2019, the amount of Group's net current liabilities was HK$18,614,000 (2018: net current assets of HK$7,436,000) and its current ratio (current assets/current liabilities) went down to 0.71 (2018: 1.18). The Group changed from a net current assets position HK$7,436,000 to net current liabilities of HK$18,614,000 mainly because of an increase in the current portion of the borrowings and a reduction in bank balances and cash. A three-year term loan amounting to approximately HK$21,605,000 would be mature in the coming financial year, therefore, this loan amount was reclassified from non-current borrowings to current borrowings as at 31 March 2019. Meanwhile, the bank balances and cash of the Group decreased by HK$5,401,000 or 14.1% to HK$32,829,000 as at 31 March 2019 (2018: HK$38,230,000). The details of the decrease are set out in the "Cash flow" section above.

As at 31 March 2019, the Group had bank balances and cash amounting to HK$32,829,000 (2018: HK$38,230,000). All of the bank balances and cash as at 31 March 2019 and 31 March 2018 were denominated in Hong Kong dollars.

As at 31 March 2019, the Group had bank facilities totaling HK$158,967,000 (2018: HK$168,744,000), of which HK$149,667,000 (2018: HK$159,444,000) were utilised.

Borrowings
As at 31 March 2019, the balance of total borrowings of the Group decreased by HK$9,777,000 or 6.1% to HK$149,667,000 (2018: HK$159,444,000). There was no new borrowings incepted during the year. The reduction in the balance of total borrowings was solely due to scheduled repayment.

The maturity profiles of the borrowings are as follows:

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Within one year	**29,674**	9,849
In the second year	**12,619**	29,735
In the third to fifth years	**23,863**	28,493
After the fifth year	**83,511**	91,367
	149,667	159,444

The current portion of borrowings increased from HK$9,849,000 as at the last year end to HK$29,674,000 as at 31 March 2019. It was because a three-year term loan amounting to HK$21,605,000 was reclassified from non-current borrowings to current borrowings as at 31 March 2019 as the term loan would be mature in the coming financial year. The Group will look for re-financing arrangement with banks in the near future.

The gearing ratio (total liabilities/shareholders' equity) as at 31 March 2019 increased to 145.6% (2018: 101.7%) due to the reduction in shareholders equity, which was mainly attributable to the decrease in the carrying value of PLB licences by HK$75,900,000 to HK$198,000,000 (2018: HK$273,900,000).

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	
	2019	2018
	HK$'000	HK$'000
PLB licences	**123,000**	170,150
Property, plant and equipment	**9,744**	5,285

Capital expenditure and commitment
The total capital expenditure for the year was HK$14,667,000 (2018: HK$5,720,000), which was mainly for 1) purchasing nine new PLBs totaling HK$6,445,000 for replacing the aged ones and 2) acquiring two public bus licences together with the public bus bodies totaling HK$6,910,000. The capital commitment of the Group of HK$12,293,000 as at 31 March 2019 was mainly for purchasing new PLBs. There was no outstanding capital commitment of the Group as at 31 March 2018.

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 Alipay HK 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 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 and borrowings. All borrowings as at 31 March 2019 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 0.9% (2018: 0.8%) of the total costs of the Group (excluding the deficit on revaluation of PLB 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 2019 and 31 March 2018. 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 2019 and 31 March 2018.

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$198,595,000 (2018: HK$199,853,000), representing 53.1% (2018: 53.2%) of the total costs (excluding the deficit on revaluation of PLB licences). For the headcount of the Group, please refer to the Environmental, Social and Governance Report of the annual report 2018/19.

PROSPECT
The China-US trade war and the weakened global economy pose higher level of uncertainty on Hong Kong's economic outlook. Nevertheless, since franchised PLB service is a kind of necessity to the general public in Hong Kong, we anticipate our passengers demands will remain stable. The main challenge to the franchised PLB operations in the short run still rests on high operating costs. Looking ahead, the Group will continue to improve operational efficiency and meet passengers' demands by carrying out route restructuring, reviewing the fleet size and upgrading its fleet with new 19-seat PLBs. Riding on the good relationship with the local communities, the management will monitor the traffic development in the vicinity and react promptly to meet passengers' demands. The Group has already submitted certain route restructuring plans to the Transport Department in the hope of improving the performance of some low-demand PLB routes. The management is confident that the resources of the Group could be utilised in a more efficient way if such rationalisation plans are implemented.

Joining hands with Alipay Payment Services (HK) Limited ("AlipayHK"), the Group has rolled out the first mobile payment tool for public transport in Hong Kong since January 2019. Now the AlipayHK mobile payment is available in routes running in Aberdeen area and it will be extended to all other routes of the Group in the coming financial year. The Group also continues to increase the price attractiveness by offering inter-company interchange concession schemes to passengers together with the MTR and The Kowloon Motor Bus Co. (1933) Limited. As for the fleet upgrade, the Group aims at further replacing around 66 aged PLBs with 19-seat PLBs before the end of 2019. The management believes passengers will enjoy reliable and comfortable journeys in our new PLBs.

The management anticipates major operating costs like fuel costs and staff costs will keep at a high level in the foreseeable future. To tackle the challenges of inflating costs, the Group will optimise operating costs internally by adjusting the fleet size and rationalising the routes and the service schedules after due evaluation of passengers' demands. Also, the management would closely monitor the market conditions and negotiate with fuel suppliers for further concession. Despite all these, the Group will continue to submit fare rise applications to the Transport Department as appropriate. In the long-run, the management would closely monitor the future railway and population development in Hong Kong and formulate long-term strategies to diversify its business portfolio.

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

During the year ended 31 March 2019, 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 2019, except a deviation from the code provision E.1.2 that Mr. Wong Ling Sun, Vincent, the Chairman of the Board, was unable to attend the annual general meeting held on 30 August 2018 due to indisposition and the said meeting was chaired by the Chief Executive Officer of the Group.

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 2019. 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 27 June 2019 to review the Group's annual financial statements and annual results announcement, and to 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 2019 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 2019 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, 27 June 2019

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