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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board of directors (the "Board") of AMS Public Transport Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2019, together with the unaudited comparative figures for the corresponding period in 2018. The unaudited condensed consolidated interim financial information has been reviewed by the auditors and the audit committee of the Company (the "Audit Committee").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2019

		For the six months ended 30 September	
		2019	2018
		Unaudited	Unaudited
	Notes	**HK$'000**	HK$'000
Revenue	4	**195,073**	194,482
Direct costs		**(161,282)**	(162,914)
Gross profit		**33,791**	31,568
Other revenue	5	**5,807**	3,469
Other income	5	**119**	163
Administrative expenses		**(20,259)**	(19,520)
Other operating expenses		**(554)**	(540)
Operating profit		**18,904**	15,140
Deficit on revaluation of PLB licences	12	**(23,400)**	(38,993)
Finance costs	7	**(2,863)**	(1,723)
Share of results of a joint venture		**445**	-
Loss before income tax	8	**(6,914)**	(25,576)
Income tax expense	9	**(2,508)**	(2,067)
Loss for the period		**(9,422)**	(27,643)
Loss per share attributable to equity holders of the Company			
- Basic (in HK cents)	11	**(3.47)**	(10.17)
- Diluted (in HK cents)	11	**(3.47)**	(10.17)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Note	For the six months ended 30 September 2019 Unaudited HK$'000	2018 Unaudited HK$'000
Loss for the period		**(9,422)**	(27,643)
Other comprehensive expense			
Item that will not be reclassified subsequently to condensed consolidated income statement			
- Deficit on revaluation of PLB licences	12	**(360)**	(3,907)
Total comprehensive expense for the period		**(9,782)**	(31,550)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2019

	Notes	30 September 2019 Unaudited HK$'000	31 March 2019 Audited HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**38,882**	30,946
Right-of-use assets		**66,479**	-
PLB licences	12	**174,240**	198,000
Public bus licences		**15,184**	15,184
Interest in a joint venture		**1,192**	747
Goodwill		**22,918**	22,918
Deferred tax assets		**1,017**	1,003
		319,912	268,798
Current assets			
Trade and other receivables	13	**8,834**	11,209
Amount due from a joint venture		**1,000**	1,500
Tax recoverable		**335**	372
Bank balances and cash		**29,085**	32,829
		39,254	45,910
Current liabilities			
Borrowings		**29,159**	29,674
Trade and other payables	14	**35,834**	32,916
Lease liabilities		**66,585**	-
Tax payable		**3,438**	1,934
		135,016	64,524
Net current liabilities		**(95,762)**	(18,614)
Total assets less current liabilities		**224,150**	250,184
Non-current liabilities			
Borrowings		**124,513**	119,993
Deferred tax liabilities		**3,052**	2,071
		127,565	122,064
Net assets		**96,585**	128,120
EQUITY			
Share capital		**27,191**	27,191
Reserves		**69,394**	100,929
Total equity		**96,585**	128,120

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

1. Corporate information

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 address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The head office and principal place of business of the Company is located at 11th–12th Floor, Abba Commercial Building, 223 Aberdeen Main Road, Aberdeen, Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 April 2004.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of franchised public light bus ("PLB") and residents' bus transportation services in Hong Kong.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2. Basis of preparation and significant accounting policies

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 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").

This unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2019.

This unaudited condensed consolidated interim financial information has been prepared on the historical cost basis except for PLB licences which are stated at fair values. The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the Group's annual financial statements for the year ended 31 March 2019, except for the adoption of the new or amended Hong Kong Financial Reporting Standards ("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 2019 as disclosed in note 3 to this unaudited condensed consolidated interim financial information.

In preparing the unaudited condensed consolidated interim financial information, the directors of the Company (the "Directors") have given careful consideration to the future liquidity of the Group in light of the fact that, as of 30 September 2019, the Group's current liabilities exceeded its current assets by HK$95,762,000. The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and continue as a going concern given that: 1) excluding the deficit on revaluation of PLB licences of HK$23,400,000 which is non-cash nature, the Group generated profits of HK$13,978,000 for the six months ended 30 September 2019. The Group had strong and positive net cash inflow from operating activities which enable the Group to meet its payment obligations at all times; and 2) the Directors have reviewed the likelihood of renewal of existing banking facilities of short-term bank borrowings of approximately HK$20,736,000, which the Directors believed that the short-term bank borrowings can be renewed upon the expiry. After taking into account the above, the condensed consolidated interim financial information have been prepared on a going concern basis.

3. Adoption of new and amended HKFRSs and changes in accounting policies

(a) Adoption of new and amended HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amended HKFRSs issued by the HKICPA which are effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's unaudited condensed consolidated interim financial information:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

Other than the impact of the adoption of HKFRS 16 as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 16 "Leases"

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

(i) Changes in the accounting policies

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the consolidated income statement over the lease period on a straight-line basis.

Upon adoption of HKFRS 16, the Group recognised the lease liabilities in relation to leases which had previously been classified as "operating leases" according to the principles of HKAS 17 if they meet certain criteria set out in HKFRS 16.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses. The Group depreciates the right-of-use assets on a straight-line basis over the lease term.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in income statement if the carrying amount of the right of-use asset has been reduced to zero.

3. Adoption of new and amended HKFRSs and changes in accounting policies (Continued)

(a) Adoption of new and amended HKFRSs (Continued)

HKFRS 16 "Leases" (Continued)

(ii) Transitional impact

The following is a reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	Unaudited HK$'000
Total operating lease commitments disclosed at 31 March 2019	5,619
Extension option reasonably certain to be exercised	90,856
Operating leases liabilities before discounting	96,475
Discounting using incremental borrowing rate as at 1 April 2019	(1,842)
Total lease liabilities recognised under HKFRS 16 at 1 April 2019	94,633
Classified as:	
– Current lease liabilities	62,941
– Non-current lease liabilities	31,692
	94,633

The following table summarises the impact of transition to HKFRS 16 on the Group's unaudited condensed consolidated balance sheet at 1 April 2019:

	Unaudited HK$'000
Increase in right-of-use assets	94,633
Increase in current lease liabilities	62,941
Increase in non-current lease liabilities	31,692

3. Adoption of new and amended HKFRSs and changes in accounting policies (Continued)

(a) Adoption of new and amended HKFRSs (Continued)

HKFRS 16 "Leases" (Continued)

(iii) Impact on interim financial results and cash flows

The following tables may give an indication of the estimated impact of adoption of HKFRS 16 on the Group's financial results and cash flows for the six months ended 30 September 2019, by adjusting the amounts reported under HKFRS 16 in these interim financial information to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply during the six months ended 30 September 2019 instead of HKFRS 16. Line items that were not affected have not been included.

	Six months ended 30 September 2019		
	Amounts reported under HKFRS 16 Unaudited HK$'000	**Impact from adoption of HKFRS 16 Unaudited HK$'000**	**Hypothetical amounts as if under HKAS 17 Unaudited HK$'000**
Condensed consolidated income statement (extract)			
Direct costs	**161,282**	**966**	**162,248**
Finance costs	**2,863**	**(1,072)**	**1,791**
Condensed consolidated statement of cash flows (extract)			
Net cash inflow from operating activities	**56,854**	**(34,449)**	**22,405**
Net cash outflow from financing activities	**(53,988)**	**34,449**	**(19,539)**

	As at 30 September 2019		
	Amount reported under HKFRS 16 Unaudited HK$'000	**Impact from adoption of HKFRS 16 Unaudited HK$'000**	**Hypothetical amounts as if under HKAS 17 Unaudited HK$'000**
Condensed consolidated balance sheet (extract)			
Non-current assets			
Right-of-use assets	**66,479**	**(66,479)**	**-**
Current liabilities			
Lease liabilities	**66,585**	**(66,585)**	**-**
Equity			
Reserves	**69,394**	**106**	**69,500**

(b) Issued but not yet effective HKFRSs

The HKICPA has issued a number of new and amended HKFRSs that are not yet effective for the financial year beginning on 1 April 2019. The Directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning after the effective date of these new and amended HKFRSs. These new and amended HKFRSs are not expected to have a material impact on the Group's financial statements.

4. Revenue

The Group is principally engaged in provision of the franchised PLB and residents' bus transportation services in Hong Kong. The Group's revenue represents the amount received and receivable for provision of these services during the six months ended 30 September 2019 and 2018.

The Group derives all the revenue from provision of the franchised PLB and residents' bus transportation services at a point in time during the six months ended 30 September 2019 and 2018.

5. Other revenue and other income

	For the six months ended 30 September	
	2019	2018
	Unaudited	Unaudited
	HK$'000	HK$'000
Other revenue		
Advertising income	**2,200**	1,989
Government subsidies (note)	**2,188**	-
Administration fee income	**1,224**	1,240
Interest income	**104**	137
Management fee income	**90**	98
Repair and maintenance service income	**1**	5
	5,807	3,469
Other income		
Insurance compensation received	**-**	104
Gain on disposal of property, plant and equipment	**101**	22
Sundry income	**18**	37
	119	163

Note: During the six months ended 30 September 2019, the Group was entitled to receive subsidies of HK$2,188,000 (2018: Nil) 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 grants to the Group were recognised as income in the condensed consolidated income statement during the period of the Disposal and when the conditions under the EP Scheme were complied with.

6. Segment information

The Executive Directors regard the Group's franchised PLB and residents' bus transportation 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 customers contributed over 10% of the Group's revenue for the six months ended 30 September 2019 and 2018.

7. Finance costs

	For the six months ended 30 September	
	2019	2018
	Unaudited	Unaudited
	HK$'000	HK$'000
Interest expenses on borrowings	**1,791**	1,723
Interest expenses on lease liabilities	**1,072**	-
	2,863	1,723

8. Loss before income tax

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

	For the six months ended 30 September	
	2019	2018
	Unaudited	Unaudited
	HK$'000	HK$'000
Fuel cost in direct costs	**27,074**	28,305
Employee benefits expense (including Directors' emoluments)	**101,027**	97,097
Operating lease rental in respect of		
- PLBs	**-**	35,025
- land and buildings	**33**	32
Depreciation of right-of-use assets	**33,483**	-
Depreciation of property, plant and equipment	**2,220**	1,473
Gain on disposal of property, plant and equipment (note 5)	**(101)**	(22)

9. Income tax expense

Hong Kong Profits Tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the period, except that a subsidiary was entitled to a profits tax rate cut to 8.25% (2018: 8.25%) for the first HK$2,000,000 assessable profit under the two-tiered profits tax rates regime of Hong Kong.

	For the six months ended 30 September	
	2019	2018
	Unaudited	Unaudited
	HK$'000	HK$'000
Current tax	**1,541**	1,918
Deferred tax	**967**	149
Total income tax expense	**2,508**	2,067

10. Dividends

(a) Dividends attributable to the period

In line with previous practice, the Board does not recommend the payment of any interim dividend for the six months ended 30 September 2019 and 2018.

(b) Dividends attributable to the previous financial year, approved and paid during the period

	For the six months ended 30 September	
	2019	2018
	Unaudited	Unaudited
	HK$'000	HK$'000
Special dividend of HK8.0 cents (2018: 5.0 cents) per ordinary share	**21,753**	13,596

At the Board of Directors' meeting held on 27 June 2019, the Board has resolved to declare a special dividend of HK8.0 cents (2018: HK5.0 cents) per ordinary share in respect of the year ended 31 March 2019, totalling HK$21,753,000 (2018: HK$13,596,000). No final dividend for the year ended 31 March 2019 and 2018 was declared.

11. 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$9,422,000 (2018: HK$27,643,000) and on the weighted average number of 271,913,000 (2018: 271,913,000) ordinary shares in issue during the period.

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share for the six months ended 30 September 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.

12. PLB licences

	2019 HK$'000	2018 HK$'000
As at 1 April (Audited)	**198,000**	273,900
Deficit on revaluation charged to condensed consolidated income statement	**(23,400)**	(38,993)
Deficit on revaluation dealt with in revaluation reserve	**(360)**	(3,907)
As at 30 September (Unaudited)	**174,240**	231,000

The fair value of a PLB licence dropped to HK$2,640,000 as at 30 September 2019 (31 March 2019: HK$3,000,000). At the balance sheet date, the PLB licences were revalued by Vigers Appraisal & Consulting Limited ("Vigers"), 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. As they were observable inputs which failed to meet Level 1, and there were no significant unobservable inputs used, the measurement was under Level 2 valuation hierarchy. The key assumptions under the market approach are consistent with those used and disclosed in the Group's annual financial statements for the year ended 31 March 2019.

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 30 September 2019 (Unaudited)	**-**	**174,240**	**-**	**174,240**
As at 31 March 2019 (Audited)	-	198,000	-	198,000

During the six months ended 30 September 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

13. Trade and other receivables

	30 September 2019 Unaudited HK$'000	31 March 2019 Audited HK$'000
Trade receivables		
Trade receivables – gross	**2,166**	3,795
Less: Expected credit loss ("ECL") allowance	**-**	-
Trade receivables – net	**2,166**	3,795
Other receivables		
Other receivables – gross	**2,932**	1,846
Subsidy receivable – gross	**163**	816
Less: ECL allowance	**-**	-
Other receivables – net	**3,095**	2,662
Deposits	**870**	1,038
Prepayments	**2,703**	3,714
	8,834	11,209

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 (31 March 2019: 0 to 30 days) to other trade debtors.

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

	30 September 2019 Unaudited HK$'000	31 March 2019 Audited HK$'000
0 to 30 days	**1,751**	3,305
31 to 60 days	**259**	253
61 to 90 days	**149**	199
Over 90 days	**7**	38
	2,166	3,795

14. Trade and other payables

	30 September 2019 Unaudited HK$'000	31 March 2019 Audited HK$'000
Trade payables	**4,616**	4,604
Other payables and accruals	**31,218**	28,312
	35,834	32,916

The Group is granted by its suppliers credit periods ranging from 0 to 30 days (31 March 2019: 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables was as follows:

	30 September 2019 Unaudited HK$'000	31 March 2019 Audited HK$'000
0 to 30 days	**4,616**	4,604

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS AND DIVIDENDS

For the six months ended 30 September 2019, the Group recorded a net profit excluding the non-cash deficit on revaluation of PLB licences of HK$13,978,000 (2018:HK$11,350,000), representing an increase of approximately HK$2,628,000 or 23.2% compared with last period. The increase in the operating profit was mainly due to the subsidies received during the period for the disposal of pre-Euro IV public light buses ("PLBs") under the Government's Exgratia Payment Scheme ("EP Scheme"). Meanwhile, the non-cash deficit on revaluation of PLB licences decreased by HK$15,593,000 or 40.0% compared with last period (2018: HK$38,993,000). As a result, the net loss for the six months ended 30 September 2019 substantially reduced to HK$9,422,000 (2018: HK$27,643,000).

In line with previous practice, the Board does not recommend the payment of any interim dividend for the six months ended 30 September 2019 (2018: Nil).

REVIEW OF OPERATIONS AND FINANCIAL REVIEW

— During the period, in order to boost the fleet's efficiency during peak hours and meet the public's expectation, the Group continued to make its best efforts to deploy new 19-seat long-wheeled PLBs by replacing aged 16-seat PLBs. As at 30 September 2019, the Group deployed 188 19-seat PLBs (31 March 2019: 146; 30 September 2018: 102), representing around 52.7% of the Group's PLB fleet. Although there was a slight reduction in PLB fleet size during the period, the increased use of 19-seat PLBs in fact enhanced the average seating capacity of the PLB fleet for the period by approximately 4.2%.

— During the period, the Group also sought to improve operational efficiency by carrying out route restructuring plan in a PLB route, which resulted in reducing the PLB fleet size by one. As at 30 September 2019, the PLB fleet size was 357 (31 March 2019: 358; 30 September 2018: 360) while the number of PLB routes remained unchanged at 70 (31 March 2019: 70; 30 September 2018: 69 routes). The number of residents' buses routes and its fleet size operating by the Group maintained at five (31 March 2019 and 30 September 2018: five) and eight (31 March 2019 and 30 September 2018: eight) respectively as at 30 September 2019.

— The Group replaced 41 aged PLBs with brand new 19-seat long-wheeled PLBs during the period (2018: 13). The average fleet age lowered to 7.0 years as at 30 September 2019 (31 March 2019: 8.2 years). The Group plans to further deploy around 49 brand new 19-seat PLBs to replace aged PLBs by end of 2020.

— The total mileage travelled for the period decreased by around 3.1% to approximately 19,992,000 kilometers (2018: 20,622,000 kilometers) while the Group's patronage for the period slightly dropped by around 1.5% to 29,572,000 compared with last period (2018: 30,017,000). Apart from the slight reduction in fleet size, the disruption of service and lower passenger flow caused by the social events which broke out since June 2019 were also the main factors for the decreases in mileage travelled and patronage during the period. The impact of the social unrest was more direct and serious on the routes running in Central, Wan Chai and Causeway Bay during weekends and public holidays. Other than that, the Group's patronage during the weekdays was relatively stable.

The details of the unaudited consolidated interim results for the period are presented below:

	For the six months ended 30 September		Increase/	
	2019	2018	(Decrease)	
	HK$'000	HK$'000	HK$'000	In %
Revenue	**195,073**	194,482	591	0.3%
Other revenue and other income	**5,926**	3,632	2,294	63.2%
Direct costs	**(161,282)**	(162,914)	(1,632)	-1.0%
Administrative expenses	**(20,259)**	(19,520)	739	3.8%
Other operating expenses	**(554)**	(540)	14	2.6%
Finance costs	**(2,863)**	(1,723)	1,140	66.2%
Share of results of a joint venture	**445**	-	445	N/A
Income tax expense	**(2,508)**	(2,067)	441	21.3%
Profit for the period before deficit on revaluation of PLB licences	**13,978**	11,350	2,628	23.2%
Deficit on revaluation of PLB licences	**(23,400)**	(38,993)	(15,593)	-40.0%
Loss for the period	**(9,422)**	(27,643)	(18,221)	-65.9%

— To ease the pressure from the climbing fuel costs and staff costs, the Group continued to submit fare increase application for certain PLB routes during the period. During the period, fare rise in 14 routes had been approved and implemented at rates ranging from 2.9% to 9.7% (2018: 24, ranging from 2.4% to 14.3%). The fare increase offset the effect of the drop in patronage, hence, the revenue for the period slightly increased by HK$591,000 or 0.3% to HK$195,073,000 (2018: HK$194,482,000), compared with same period last year.

— Other revenue and other income for the period increased by HK$2,294,000 or 63.2% to HK$5,926,000 (2018: HK$3,632,000) compared with last period because the Group received subsidies amounting to HK$2,188,000 (2018: Nil) for the disposal of pre-Euro IV PLBs under the EP Scheme.

— The direct costs for the period decreased by HK$1,632,000 or 1.0% to HK$161,282,000 (2018: HK$162,914,000) compared with last period. The major direct costs of the Group are labour costs, PLB rental expenses, fuel costs and repair and maintenance ("R&M") costs, which altogether made up around 94.0% (2018: 94.2%) of the total direct costs for the period. The changes on these major direct costs are as follows:

- Fuel costs: As at 30 September 2019, the PLB fleet was made up of 70.1% Liquefied Petroleum Gas ("LPG") PLBs and 29.9% diesel PLBs. The unit prices of diesel and LPG moved in opposite direction during the period. The average unit price of diesel applicable to the Group was up by around 8.0% while that of LPG were down by around 7.0% compared with last period. Thus, the reduction in both average fuel price and consumption (i.e. decrease in mileage travelled) resulted in a decrease of fuel costs for the period by HK$1,231,000 or 4.3% to HK$27,074,000 (2018: HK$28,305,000);

- Labour costs: The latest captains' pay rise was around 4.8% in average with effect from late November 2018 but its effect was partially offset by the decrease in working hours due to slight fleet downsizing and service disruption. Therefore, labour costs of captains for the period increased by HK$2,336,000 or 3.1% to HK$77,715,000 (2018: HK$75,379,000) compared with last period.

- Leasing of PLBs: as explained in note 3(a) of the notes to the unaudited condensed consolidated interim financial information, on the adoption of HKFRS 16,the Group recognised lease liabilities at the present value of the minimum future lease payments and corresponding right-of-use assets under the leasing agreements. The depreciation charged on the right-of-use assets in respect of the leased PLBs under the leasing agreements was HK$33,483,000 for the period.

  If excluding the impact of HKFRS 16, PLB rental expense for the period slightly would have decreased by HK$576,000 or 1.6% to HK$34,449,000 (2018: HK$35,025,000) compared with last period, which was owing to the slight reduction in fleet size;

- R&M costs: To promote the comfort of passengers, the Group upgraded the fleet by replacing aged vehicles and thus lowered the average fleet age to 7.0 years as at 30 September 2019 (2018: 9.1 years). The better mechanical reliability of the new vehicles and the retirement of aged PLBs effectively reduced the R&M costs for the period by HK$1,422,000 or 9.6% to HK$13,330,000 (2018: HK$14,752,000).

— The fair value of a PLB licence was down by HK$360,000 or 12.0% to HK$2,640,000 as at 30 September 2019 (31 March 2019: HK$3,000,000). Therefore, the total carrying amount of the PLB licences of the Group as at 30 September 2019 decreased accordingly by HK$23,760,000 or 12.0% to HK$174,240,000 (31 March 2019: HK$198,000,000), of which HK$23,400,000 (2018: HK$38,993,000) was charged to the condensed consolidated income statement and the remaining HK$360,000 (2018: HK$3,907,000) was charged to PLB licences revaluation reserve. Please also refer to the note 12 of the unaudited condensed consolidated interim financial information for more information on the carrying amount of PLB licences.

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

— The administrative expenses for the period increased by HK$739,000 or 3.8% to HK$20,259,000 (2018: HK$19,520,000) compared with last period, which was mainly attributable to the pay rise given to the administrative staff members with effect from 1 April 2019.

— The breakdown of finance costs for the period is as follow:

	For the six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
Interest expenses on borrowings *(note i)*	**1,791**	1,723
Interest expenses on lease liabilities *(note ii)*	**1,072**	-
Total finance costs	**2,863**	1,723

Note:

(i) Compared with last period, interest expenses on borrowings for the period increased by around HK$68,000 or 3.9% to HK$1,791,000 (2018: HK$1,723,000), which was mainly due to the increase in average interest rate of the Group by approximately 20 basis points (i.e. 0.2%) compared with that of last period; and

(ii) After the adoption of HKFRS 16, the Group recorded interest expenses of HK$1,072,000 on lease liabilities under the leasing agreements.

— During the period, income tax expense increased by HK$441,000 or 21.3% to HK$2,508,000 (2018: HK$2,067,000). Excluding the non-deductible effect of deficit on revaluation of PLB licences of HK$23,400,000 (2018: HK$38,993,000), the effective tax rate for the period was 15.2% (2018: 15.4%). 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.

Cash flow

	For the six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
Net cash inflow from operating activities	**56,854**	17,365
Net cash outflow from investing activities	**(6,610)**	(7,261)
Net cash outflow from financing activities	**(53,988)**	(20,197)
Net decrease in cash and cash equivalents	**(3,744)**	(10,093)

The classification of cashflow items changed after the adoption of HKFRS 16. Since then, the cash payments under the leasing agreements, which previously were included in the net cash from operating activities in last period, have been classified as "Payment of lease liabilities" under the net cash outflow from financing activities for the period. Please refer to note 3(a) of the notes to the unaudited condensed consolidated interim financial information of this interim announcement for detailed explanations of adoption of the HKFRS 16.

If the impact of HKFRS 16 was excluded:

— the net cash from operating activities would have increased by HK$5,040,000 or 29.0% to HK$22,405,000 (2018: HK$17,365,000), generally in line with the increase in the operating profit of the Group for the period; and

— the net cash used in financing activities would have been HK$19,539,000 for the period (2018: HK$20,197,000), representing a decrease of HK$658,000 or 3.3% compared with last period. The decrease was mainly attributable to the proceeds from borrowing of HK$8,950,000 offset by the increase in special dividends paid to shareholders by HK$8,157,000 during the period.

Please refer to the condensed consolidated statement of cash flows of the 2019/20 interim report for details.

Capital structure, liquidity, financial resources and policies

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.

On the adoption of HKFRS 16, the Group recognised the lease liabilities of HK$66,585,000 under the leasing agreements as at 30 September 2019 in relation to leasing of PLBs which had previously been classified as "operating leases". Therefore, the current liabilities and net current liabilities of the Group as at 30 September 2019 significantly increased to HK$135,016,000 (31 March 2019: HK$64,524,000) and HK$95,762,000 (31 March 2019: HK$18,614,000) respectively. The current ratio (current assets/current liabilities) as at 30 September 2019 was 0.29 times (31 March 2019: 0.71 times).

If the impact of HKFRS 16 was excluded, the net current liabilities and current ratio as at 30 September 2019 would have been HK$29,177,000 (31 March 2019: HK$18,614,000) and 0.57 times (31 March 2019: 0.71 times) respectively. The increase of net current liabilities and the decrease of current ratio compared with that of as at 31 March 2019 were mainly due to the reduction in bank balances and cash by HK$3,744,000 or 11.4% to HK$29,085,000 as at 30 September 2019 (31 March 2019: HK$32,829,000). Please refer to the "Cash Flow" section above for the change of the bank balances and cash for the period. The Group have received offers from banks for refinancing a three-year term loan which will mature in March 2020. Thus, it is expected that the current portion of total borrowings should be reduced by the end of current financial year and the current ratio should be improved as well.

As at 30 September 2019, the Group had bank balances and cash amounting to HK$29,085,000 (31 March 2019: HK$32,829,000). All of the bank balances and cash as at 30 September 2019 and 31 March 2019 were denominated in Hong Kong dollars.

As at 30 September 2019, the Group had banking facilities totalling HK$162,972,000 (31 March 2019: HK$158,967,000) of which HK$153,672,000 (31 March 2019: HK$149,667,000) was utilised.

Borrowings

The balance of the total borrowings of the Group increased by HK$4,005,000 or 2.7% to HK$153,672,000 as at 30 September 2019 (31 March 2019: HK$149,667,000). The increase of borrowing balance was due to new borrowings of HK$8,950,000 incepted during the period, which was partially offset by the scheduled payment of borrowings amounting to HK$4,945,000. The purpose of the new borrowings was for financing the purchase of new PLBs.

The maturity profiles of the borrowings are as follows:

	As at 30 September 2019 HK$'000	As at 31 March 2019 HK$'000
Within one year	**29,159**	29,674
In the second year	**12,989**	12,619
In the third to fifth years	**24,678**	23,863
After the fifth year	**86,846**	83,511
	153,672	149,667

The gearing ratio (defined as total borrowings less bank balances and cash/shareholders' equity) of the Group as at 30 September 2019 was 129.0% (31 March 2019: 91.2%). The increase in gearing ratio was mainly attributable to the decrease in shareholders' equity by HK$31,535,000 or 24.6% to HK$96,585,000 (31 March 2019: HK$128,120,000), after distribution of special dividends for last financial year and the drop in carrying value of PLB licences.

Pledge of assets

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

	As at 30 September 2019 HK$'000	As at 31 March 2019 HK$'000
PLB licences	**118,800**	123,000
Property, plant and equipment	**18,453**	9,744

Credit risk management

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

Foreign currency risk management

The Group is not exposed to significant foreign exchange risk as the majority of income and expenditures of its operating activities and monetary assets and liabilities of the Group 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 30 September 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 1.5% (2018: 0.9%) of the total costs (excluding deficit on revaluation of PLB licences) of the Group for the reporting period. 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 period. The management will continue to closely monitor the changes in market condition.

Capital expenditure and commitment

The Group's total capital expenditure for the period was HK$15,562,000 (2018: HK$7,420,000), which was mainly for 1) purchasing 12 new PLBs amounting to HK$8,524,000 and 2) increasing the right-of-use assets by HK$5,329,000 owing to the increased number of PLB leases recognised under HKFRS 16. As at 30 September 2019, the Group's capital commitment contracted and not provided for was HK$4,417,000, which was mainly the balance payments for the seven PLBs ordered but not yet delivered (31 March 2019: HK$12,293,000).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 September 2019 and 31 March 2019.

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. Expenses relating to employee benefits incurred for the reporting period were HK$101,027,000 (2018: HK$97,097,000), representing 53.9% (2018: 52.0%) of the total costs (excluding the deficit on revaluation of PLB licences). Apart from the basic remuneration, double pay and/or discretionary bonus were also granted to eligible employees with reference to the Group's performance and individual contribution. Other benefits including share option scheme, retirement plans and training schemes were also provided to the staff members.

The headcounts of the Group were as follows:

	As at 30 September 2019	As at 31 March 2019
Directors	**8**	8
Administrative staff	**104**	103
Captains	**1,156**	1,143
Technicians	**46**	46
Total	**1,314**	1,300

Events after the balance sheet date

Subsequent to the balance sheet date and up to 28 November 2019, based on the valuation estimated by the Directors, the unaudited average market price of PLB licence quoted from different market dealers further dropped to approximately HK$2,480,000 per licence as compared with its fair value of HK$2,640,000 as at 30 September 2019, as valuated by Vigers. Therefore, the unaudited deficit on revaluation of PLB licences charged to the condensed consolidated income statement and the PLB licences revaluation reserve for the period from 1 October 2019 to 28 November 2019 were approximately HK$10,520,000 and HK$40,000 respectively.

PROSPECT

Looking ahead, the China-US trade war, the weakened global and local economy and the continuous social unrest in Hong Kong pose higher level of uncertainty on outlook of the industry. The management anticipates that the patronage of the Group will be affected by the lowered consumer sentiment and inevitable service disruption caused by the social incidents. Although the operating environment is tough, the Group will continue to improve operational efficiency and meet passengers' demands by carrying out route restructuring and optimising the fleet size.

The Group continuously submits route restructuring plans to the Transport Department in the hope of improving the performance of some low-demand PLB routes. A route shortening proposal in relation to a lower-demand route running between mid-level and North Point has been approved recently and it would enable the Group to adjust the fleet size and utilise resources in a more efficient way. In the meantime, the Group continues to increase the price attractiveness and strengthen the network by extending the inter-company interchange concession schemes to passengers together with the MTR and The Kowloon Motor Bus Co. (1933) Limited. The Group is also committed to enhancing the safety and comfort of the passengers and increasing the fleet capacity by further upgrading its fleet with new 19-seat LPG PLBs. The Group aims at further replacing around 49 aged PLBs with 19-seat PLBs before the end of 2020.

As for the operating costs, it is expected that the continuous fleet upgrade would help lower the repairing and maintenance expenses and the Government's fuel subsidies would help relieving part of the cost pressure. The Government's announced measures include offering a HK$1 discount per litre of LPG to LPG minibuses and reimbursing one-third of the actual diesel cost for each diesel minibus for six months. Despite all these, the Group will continue to submit fare rise applications to the Transport Department as appropriate and look for potential investment opportunities to diversify its business portfolio.

Under such difficult operating environment, the market price of PLB licences may further depreciate after the period end. It is possible that the accounting revaluation deficit of PLB licences will continue to have adverse impact on the results of the current financial year. Nevertheless, the management reiterates that the accounting revaluation of PLB licences should be considered separately as the fluctuation in market value of the PLB licences has no significant impact on the core business and cash flows of the Group.

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" (the "Code") of the Listing Rules for the six months ended 30 September 2019.

The Company has adopted a code of conduct regarding securities transactions by Directors and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules (the "Model Code") throughout the six months ended 30 September 2019. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors during the period under review.

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 28 November 2019 to review the unaudited condensed consolidated interim financial information and interim results announcement of the Group, and to provide advice and recommendations to the Board.

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

During the six months ended 30 September 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF DETAILED INTERIM RESULTS

All the financial and other related information of the Company for the six months ended 30 September 2019 which is required to be disclosed under 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, 28 November 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