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AMS PUBLIC TRANSPORT HOLDINGS LIMITED

進智公共交通控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 77)

2010 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “Directors”) of AMS Public Transport Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2010, together with the comparative figures for the year ended 31 March 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
Turnover	4	439,212	424,675
Direct costs		(325,899)	(321,081)
Gross profit		113,313	103,594
Other revenue	5	7,801	5,857
Other net income / (loss)	5	3,969	(346)
Administrative expenses		(60,766)	(52,294)
Other operating expenses		(2,065)	(2,099)
Operating profit		62,252	54,712
Finance costs	6	(2,416)	(3,387)
Share of results of a jointly controlled entity		1	(2)
Profit before income tax	7	59,837	51,323
Income tax expense	8	(10,410)	(8,558)
Profit for the year		49,427	42,765
Attributable to:			
Equity holders of the Company		47,766	39,164
Minority interest		1,661	3,601
Profit for the year		49,427	42,765
Earnings per share for profit attributable to equity holders of the Company			
– Basic	9(a)	HK21.00cents	HK17.21cents
– Diluted	9(b)	N/A	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010 HK\$'000	2009 HK\$'000
Profit for the year	49,427	42,765
Other comprehensive income		
- Surplus / (Deficit) on revaluation of PLB licences	17,010	(14,910)
- Exchange gain on translation of financial statements of foreign operations	-	167
Other comprehensive income for the year	17,010	(14,743)
Total comprehensive income for the year	66,437	28,022
Total comprehensive income attributable to:		
Equity holders of the Company	64,776	24,421
Minority interest	1,661	3,601
	66,437	28,022

CONSOLIDATED BALANCE SHEET

As at 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		73,240	58,937
Leasehold land		6,057	6,210
PLB licences		143,000	125,180
Goodwill		167,592	164,445
Interest in a jointly controlled entity		135	134
Deferred tax assets		107	85
		390,131	354,991
Current assets			
Trade and other receivables	10	24,477	19,210
Amount due from a jointly controlled entity		1,133	1,252
Tax recoverable		1,908	56
Bank balances and cash		38,252	38,524
		65,770	59,042
Current liabilities			
Borrowings		28,692	28,262
Trade and other payables	11	29,118	25,926
Deferred income		4,041	3,785
Other financial liability		2,190	4,650
Other current liability		-	9,000
Tax payable		3,934	5,452
		67,975	77,075
Net current liabilities		(2,205)	(18,033)
Total assets less current liabilities		387,926	336,958
Non-current liabilities			
Borrowings		86,742	80,743
Deferred tax liabilities		6,181	4,933
		92,923	85,676
Net assets		295,003	251,282
EQUITY			
Share capital		22,750	22,750
Reserves		252,522	210,462
Equity attributable to equity holders of the Company		275,272	233,212
Minority interest		19,731	18,070
Total equity		295,003	251,282

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

In preparing the financial statements, the Directors have carefully assessed the working capital and financing requirements of the Group in the foreseeable future, as the current liabilities of the Group exceeded its current assets by HK\$2,205,000 at the balance sheet date.

Taking into account the existing banking facilities, bank balances and cash of the Group and continuing profitable operations, the Directors are satisfied that the Group has sufficient resources to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

The financial statements have been prepared on the historical cost basis except for public light bus (“PLB”) licences and other financial liability which are stated at fair values.

2. ADOPTION OF NEW OR AMENDED HKFRSs

The accounting policies used in the preparation of the Group's financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2009, except for the adoption of the following new and amended HKFRSs, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendments)	Share-based payment – vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Various	Annual improvements to HKFRSs 2008

Other than 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.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third balance sheet as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

HKAS 1 (Revised 2007) Presentation of financial statements (Continued)

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting policies on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company balance sheets at 1 April 2008 and accordingly the third balance sheet as at 1 April 2008 is not presented.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the balance sheet. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

Certain new and amended HKFRSs that have been published but are not yet effective have not been adopted early by the Group. The Group is currently assessing the impact of these new and amended HKFRSs but is not yet in a position to state whether they would have material financial impact on the Group's financial statements.

3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines.

The Group has identified two reportable segments: a) Franchised PLB services; and b) Cross-boundary public bus services.

2010

	Franchised PLB services HK\$'000	Cross- boundary public bus services HK\$'000	Group HK\$'000
Reportable segment revenue (note (i))	302,754	136,458	439,212
Reportable segment profit	47,734	12,058	59,792
Unallocated corporate income			2,460
Finance costs			(2,416)
Share of results of a jointly controlled entity			1
Profit before income tax			59,837
Income tax expense			(10,410)
Profit for the year			49,427
Reportable segment assets	203,034	250,717	453,751
Interest in a jointly controlled entity			135
Deferred tax assets			107
Tax recoverable			1,908
Group assets			455,901
Reportable segment liabilities	14,408	18,751	33,159
Tax payable			3,934
Deferred tax liabilities			6,181
Other corporate liabilities			117,624
Group liabilities			160,898
<u>Other information</u>			
Additions to non-current segment assets	312	28,815	29,127
Interest income	-	(40)	(40)
Depreciation of property, plant and equipment	1,722	9,942	11,664
Amortisation of leasehold land	153	-	153
Reversal of deficit on revaluation of a PLB licence	(810)	-	(810)

3. SEGMENT INFORMATION (Continued)

2009

	Franchised PLB services HK\$'000	Cross- boundary public bus services HK\$'000	Inter-segment elimination HK\$'000	Group HK\$'000
Reportable segment revenue (note (i))	297,545	127,130	-	424,675
Reportable segment profit	32,286	22,426	-	54,712
Finance costs				(3,387)
Share of results of a jointly controlled entity				(2)
Profit before income tax				51,323
Income tax expense				(8,558)
Profit for the year				42,765
Reportable segment assets	179,050	234,726	(18)	413,758
Interest in a jointly controlled entity				134
Deferred tax assets				85
Tax recoverable				56
Group assets				414,033
Reportable segment liabilities	13,801	24,928	(18)	38,711
Tax payable				5,452
Deferred tax liabilities				4,933
Other corporate liabilities				113,655
Group liabilities				162,751
<u>Other information</u>				
Additions to non-current segment assets	1,842	15,552	-	17,394
Interest income	(95)	(87)	-	(182)
Depreciation of property, plant and equipment	2,179	8,275	-	10,454
Amortisation of leasehold land	153	-	-	153
Deficit on revaluation of a PLB licence	710	-	-	710

Note

(i) All of the reportable segment revenue is from external customers.

The Group's revenues from external customers and its non-current assets (other than deferred tax assets) are divided into the following geographical areas:

Hong Kong	Operation in Hong Kong
PRC - Hong Kong	Cross-boundary operation between Hong Kong and the People's Republic of China (the "PRC")
Others	Other operations in Macau and the PRC

3. SEGMENT INFORMATION (Continued)

	Revenue from external customers		Non-current assets	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong (domicile)	302,754	297,545	168,608	152,364
PRC – Hong Kong	136,235	125,816	219,346	199,811
Others	223	1,314	2,070	2,731
	439,212	424,675	390,024	354,906

The geographical location of customers is based on the location at which the services were provided. The geographical location of non-current assets (other than deferred tax assets) is based on the physical location of the assets.

4. TURNOVER

	2010 HK\$'000	2009 HK\$'000
Franchised PLB services income	302,754	297,545
Cross-boundary public bus services income	136,458	127,130
	439,212	424,675

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

	2010 HK\$'000	2009 HK\$'000
Other revenue		
Agency fee income	2,504	2,503
Advertising income	1,584	880
Repair and maintenance service income	1,092	688
Travel agency income	879	86
Management fee income	759	536
Rental income of cross-boundary quota	573	982
Handling fee income	370	-
Interest income	40	182
	7,801	5,857
Other net income / (loss)		
Change in fair value of other financial liability	2,460	-
Reversal of deficit / (Deficit) on revaluation of a PLB licence credited / (charged) to income statement	810	(710)
Net exchange gain / (loss)	16	(37)
Net gain / (loss) on disposal of property, plant and equipment	12	(173)
Sundry income	671	574
	3,969	(346)
	11,770	5,511

6. FINANCE COSTS

	2010 HK\$'000	2009 HK\$'000
Interest on bank loans and overdrafts:		
- wholly repayable within five years	1,720	2,674
- not wholly repayable within five years	592	674
Finance charges on finance leases	104	39
	2,416	3,387

7. PROFIT BEFORE INCOME TAX

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

	2010 HK\$'000	2009 HK\$'000
Fuel cost	68,299	75,739
Employee benefit expense (including directors' emoluments)	148,990	143,946
Operating lease rental in respect of		
- land and buildings	4,396	2,433
- PLBs and public buses	65,041	66,017
- cross-boundary quotas	5,367	5,047
Depreciation of property, plant and equipment		
- own assets	11,327	10,330
- leased assets	337	124
Amortisation of leasehold land (included in administrative expenses)	153	153
Provision for impairment of trade receivables	9	15
Net (gain) / loss on disposal of property, plant and equipment	(12)	173
Net exchange (gain) / loss	(16)	37
Change in fair value of other financial liability	(2,460)	-
(Reversal of deficit) / Deficit on revaluation of a PLB licence (credited) / charged to income statement	(810)	710
Auditors' remuneration	992	996

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

	2010 HK\$'000	2009 HK\$'000
Current tax		
- Hong Kong		
Current year	8,691	9,142
Under provision in prior years	240	207
	8,931	9,349
- Overseas		
Current year	253	258
	9,184	9,607
Deferred tax		
Current year	1,226	(712)
Attributable to reduction in tax rate	-	(337)
	1,226	(1,049)
Total income tax expense	10,410	8,558

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$47,766,000 (2009: HK\$39,164,000) and on the weighted average number of 227,500,000 (2009: 227,500,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

The share options have no dilutive effect on ordinary shares for the years ended 31 March 2010 and 31 March 2009 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares in the years.

10. TRADE AND OTHER RECEIVABLES

	2010 HK\$'000	2009 HK\$'000
Trade receivables - gross	7,484	6,014
Less: provision for impairment	-	-
Trade receivables - net	7,484	6,014
Deposits, prepayments and other receivables	16,993	13,196
	24,477	19,210

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

The ageing analysis of trade receivables (net of provision for impairment), prepared in accordance with the invoice dates, is as follows:

	2010 HK\$'000	2009 HK\$'000
0 to 30 days	4,909	4,396
31 to 60 days	2,376	1,159
61 to 90 days	60	216
Over 90 days	139	243
	7,484	6,014

11. TRADE AND OTHER PAYABLES

	2010 HK\$'000	2009 HK\$'000
Trade payables	10,630	7,765
Other payables and accruals	18,488	18,161
	29,118	25,926

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

	2010 HK\$'000	2009 HK\$'000
0 to 30 days	8,543	6,433
31 to 60 days	1,302	703
61 to 90 days	358	104
Over 90 days	427	525
	10,630	7,765

12. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (Revised 2007) "Presentation of Financial Statements" and HKFRS 8 "Operating Segments", certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2010.

DIVIDENDS ATTRIBUTABLE TO THE YEAR

The Directors recommended the payment of a final dividend of HK11.0 cents (2009: HK10.0 cents) per ordinary share for the year ended 31 March 2010 totalling HK\$25,025,000 (2009: HK\$22,750,000) to the shareholders registered in the Company's register of members as at the close of business on 27 August 2010. Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 27 August 2010, the final dividend will be payable on 3 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 August 2010 to 27 August 2010, both days inclusive in order to determine those shareholders entitled to the proposed final dividends. In order to qualify for the dividends, all share certificates accompanied by the duly completed transfer forms must be lodged with Hong Kong share registrar and transfer office of the Company, Union Registrars Limited of 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:00pm on 20 August 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Franchised Public Light Bus Operations

Demand in the local green minibus (the "GMB") market remained stable. The number of passengers carried in the GMB sector grew by 1.1% during the year ended 31 March 2010. Since the outbreak of the global financial crisis in late 2008, the franchised PLB operations results have gradually recovered as a result of the slump in fuel price. The overall average diesel unit price applied to the franchised PLB operations dropped by 17.6% as compared with last year.

During the year, one new route running between Aberdeen and Wong Chuk Hang was introduced and the number of routes operated by the Group was increased to 50 (2009: 49) as at 31 March 2010. The fleet size was also enlarged to 307 GMBs (2009: 299 GMBs). Patronage grew by 1.3% to 53.9 million (2009: 53.2 million) during the year, whilst the total mileage traveled increased to around 39.5 million kilometers (2009: 39.1 million kilometers). Due to the organic growth in patronage, the turnover for the franchised PLB operations went up by 1.8% to HK\$302,754,000 (2009: HK\$297,545,000).

The Group has put great efforts to enhance the service quality and efficiency in the franchised PLB operations. As a leading GMB route operator, the Group is committed to rendering safe and comfortable transport services to our passengers. As at 31 March 2010, 202 long-wheeled minibuses came into service which offered extra space to passengers. These long-wheeled minibuses were equipped with state-of-the-art facilities, such as LED destination displays, speed display units, high-back seats, stop signal bells, luggage racks and skidproof floors.

However, the average fleet age increased to 6.9 years as at 31 March 2010 (2009: 5.9 years). The replacement of aged minibuses has been suspended because the management is of the opinion that there is no fit model of minibuses on the market at the moment. Technical problems have been found in the Euro IV engine minibuses which affect operation efficiency. We are awaiting new model or technical solutions from the manufacturers.

We will leverage our strengths to provide feeder services and point-to-point services to supplement the railway services, and grow along with the development of the local transportation network.

Cross-boundary Public Bus Operations

Unlike the stable GMB market, the cross-boundary public bus industry is developing at a rapid rate. Opportunity accompanies the further extension of the Individual Visit Scheme of Mainland China and closer social and economic relationship between Hong Kong and Mainland China in recent years. Following the completion of the new Western Corridor control point, the Group foresaw the shift of visitors flow to the western area of Shenzhen owing to the more convenient immigration clearance. During the year, the number of visitors traveling via the Western Corridor control point reached 17,905,000 (2009: 13,717,000) while that of Lok Ma Chau control point reduced by 7.3% to 33,923,000 (2009: 36,592,000) as compared with last year.

As the Western Corridor shortens the traveling time from Hong Kong to the western area of Shenzhen, it becomes more attractive and popular to travel via the Shenzhen International Airport. In order to seize this opportunity, the Group launched shuttle routes running between the Shenzhen International Airport, Baoan and Shajing districts of Shenzhen and Hong Kong via the Shenzhen Bay control point (the "Shenzhen Shuttle Routes") and took an unprecedented step to cooperate with the Shenzhen International Airport in setting up the In-town Check-in Center for providing in-town check-in service in Hong Kong since October 2007. The Shenzhen Shuttle Routes have become more popular and the Group has further extended its service to air tickets and hotel booking in the In-town Check-in Center. We have also increased the frequency of the Shenzhen Shuttle Routes services to every 15 minutes per shuttle bus to meet passengers' demand.

For the long-haul cross-boundary routes, a new long-haul route running between Hong Kong and Jiangmen was introduced during the year. Together with the existing 4 long-haul routes running between Hong Kong and Guangzhou, Foshan, Yunfu and Wuzhou respectively, there were a total of 5 long-haul routes (2009: 4 routes) as at 31 March 2010. The long-haul routes and the Shenzhen Shuttle Routes altogether provided our passengers with about 43,600 journeys (2009: 35,700 journeys) and carried about 1,073,000 passengers (2009: 925,000 passengers) during the year.

While the Shenzhen Shuttle Routes are expanding on the one hand, the Tsuen Wan-Huanggang (of Shenzhen) 24-hour cross-boundary shuttle services (the "Tsuen Wan Line") have been affected by the shift of visitors flow to the Western Corridor on the other hand. Also, since the opening of the Lok Ma Chau spur line in August 2007, the Tsuen Wan Line has been facing even more intense competition. However, increased economic activities between Hong Kong and Mainland China as well as the extension of the Individual Visit Scheme to more Mainland cities are expected to generate new and greater demand for the Tsuen Wan Line and the long-haul routes.

Sharing the same mission of providing passengers with fast, convenient and comfortable journeys as the franchised PLB operations, the Group maintains a young public bus fleet with an average age of 5.2 years (2009: 5.1 years). As at 31 March 2010, the number of public buses operated by the Group was 74 (2009: 62), of which 3 (2009: 1) were locally operated public buses and the remaining were for cross-boundary operations.

During the year, the Group acquired 100% of the equity interests in Wai Lok Tours and Coach Company Limited, which engages in the provision of cross-boundary transportation services, at a consideration of HK\$3,428,000. The Group will continue to seek acquisition opportunities to strengthen its fleet capacity, as well as to look for synergies from acquiring or cooperating with its fellow operators.

FINANCIAL REVIEW

Consolidated results for the year

During the financial year under review, the Group's turnover grew by 3.4% or HK\$14,537,000 to HK\$439,212,000 (2009: HK\$424,675,000). The rise in operating profit of the franchised PLB operations and the gain in revaluation of a financial instrument drove an increase in profit attributable to equity holders of the Company to HK\$47,766,000 (2009: HK\$39,164,000), representing a growth of 22.0%. Basic earnings per share were HK21.00 cents as compared with HK17.21 cents last year.

	Franchised PLB operations		Cross-boundary public bus operations		Total	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	302,754	297,545	136,458	127,130	439,212	424,675
Segment profit	47,734	32,286	12,058	22,426	59,792	54,712
Change in fair value of other financial liability					2,460	-
Finance costs					(2,416)	(3,387)
Share of results of a jointly controlled entity					1	(2)
Profit before income tax					59,837	51,323
Income tax expense					(10,410)	(8,558)
Minority interest					(1,661)	(3,601)
Profit attributable to equity holders of the Company					47,766	39,164

Franchised Public Light Bus Operations

The natural growth in patronage made the turnover of the franchised PLB operations grow by 1.8% or HK\$5,209,000 to HK\$302,754,000 (2009: HK\$297,545,000) during the year.

The segment profit jumped by 47.8% to HK\$47,734,000 (2009: HK\$32,286,000) for the year ended 31 March 2010. The significant improvement in segment profit was mainly attributable to the decrease in fuel price following the financial tsunami. The fuel costs expensed by the PLB operations for the year dropped by 16.2% or HK\$9,603,000 to HK\$49,676,000 (2009: HK\$59,279,000).

Cross-boundary Public Bus Operations

Despite the growth in turnover due to the increasing popularity of the Shenzhen Shuttle Routes, the segment profit of the cross-boundary public bus operations fell by 46.2% or HK\$10,368,000 to HK\$12,058,000 (2009: HK\$22,426,000), which was mainly attributable to the continuous drop in the operating profit of the Tsuen Wan Line and the increase in administrative expenses including rentals and advertising and promotional expenditures.

Finance costs

Finance costs fell by HK\$971,000 or 28.7% to HK\$2,416,000 (2009: HK\$3,387,000) for the year ended 31 March 2010, which was mainly due to the sustained low interest rates in the financial market during the year.

Income tax expense

Income tax expense for the year was HK\$10,410,000 (2009: HK\$8,558,000). The effective tax rate for the year was 17.4% (2009: 16.7%).

Cash flow

	2010 HK\$'000	2009 HK\$'000
Net cash from operating activities	55,580	52,642
Net cash used in investing activities	(37,582)	(6,935)
Net cash used in financing activities	(17,627)	(41,584)
Net increase in cash and cash equivalents	371	4,123

The net cash inflow from operating activities during the year was HK\$55,580,000 (2009: HK\$52,642,000), representing an increase of HK\$2,938,000. The increase was mainly attributable to the improvement in operating profit (excluding the non-cash items of the change in fair value of other financial liability of HK\$2,460,000 (2009: nil) and the revaluation gain in a PLB licence of HK\$810,000 (2009: loss of HK\$710,000)).

The net cash used in investing activities for the year was HK\$37,582,000 (2009: HK\$6,935,000), which was mainly for the purchase of public buses at an aggregated sum of HK\$22,253,000, the payment of purchase consideration of HK\$5,027,000 (2009: HK\$1,606,000) for acquiring subsidiaries and the payment of HK\$9,000,000 for the extension of the operation period of a subsidiary.

The net cash outflow from financing activities was HK\$17,627,000 (2009: HK\$41,584,000), representing a decrease of HK\$23,957,000, which was mainly due to the advance of new bank borrowings of HK\$28,962,000 for the acquisition of public buses during the year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Liquidity and financial resources

The Group's operations were mainly financed by proceeds from its operations.

The current ratio (current assets/current liabilities) increased to 0.97 as at the year-end date (2009: 0.77), which was mainly attributable to the improvement in operating cash inflow and the settlement of an one-off payment of HK\$9,000,000 for the extension of the operation period of a subsidiary (which was financed by a bank loan) during the year.

The gearing ratio (total liabilities/shareholders' equity) decreased to 58.5% as at 31 March 2010 (2009: 69.8%) because the shareholders' equity increased as a result of the revaluation surplus of PLB licences of HK\$17,010,000.

As at 31 March 2010, the Group had bank facilities totaling HK\$146,101,000 (2009: HK\$125,849,000) of which HK\$32,800,000 (2009: HK\$17,776,000) was unutilised.

Borrowings

Total borrowings balance increased during the year by HK\$6,429,000 to HK\$115,434,000 (2009: HK\$109,005,000). The bank loans incepted during the year were mainly for the acquisition of public buses.

Bank balances and cash

As at 31 March 2010, the Group had bank balances and cash amounting to HK\$38,252,000 (2009: HK\$38,524,000). About 91% (2009: 81%) of the bank balances and cash were denominated in Hong Kong dollars, and the remaining were denominated in Renminbi and Macau Patacu.

Credit risk management

The income of the franchised PLB operations of the Group is either received in cash or collected by Octopus Cards Limited and remitted to the Group on the next business day, thus, the operations do not have any significant credit risk.

For the cross-boundary public bus operations, the income is mainly collected on a credit basis. The Group normally grants credit periods ranging from 0 to 30 days to customers and the debt collection progress is monitored on an ongoing basis. Since the Group has implemented a stringent credit control policy and the customer base is rather diverse, there is no significant concentration of credit risk.

Foreign currency risk management

The Group is exposed to foreign exchange risk, although not significant as the majority of the income and expenditures of the Group are denominated in Hong Kong dollars, arising mainly from conversion from Renminbi.

Although conversion of Renminbi into foreign currencies is subject to the foreign exchange rules and regulations of the PRC government, the management considers that the overall exposure to foreign exchange risk is minimal. Nevertheless, the Group plans to collect part of the cross-boundary public bus income in Renminbi to cover the operating expenses in Renminbi so as to minimise the foreign exchange risk through natural hedging.

Interest rate risk management

As for financing activities, all borrowings for the financial year ended 31 March 2010 were denominated in Hong Kong dollars and the majority of them were on floating interest rate basis. The practice effectively eliminated the currency risk and the management is of the view that the Group is not subject to significant interest rate risk.

Pledge of assets

The pledged assets are as follows:

	As at 31 March 2010 HK\$'000	As at 31 March 2009 HK\$'000
Leasehold land	1,366	1,396
PLB licences	52,000	45,520
Property, plant and equipment	31,441	41,155
Trade and other receivables	14,227	9,879
Bank balances and cash	7,110	14,174
Other assets	2,515	1,386

Capital expenditure and commitment

During the year, the total capital expenditure was HK\$25,980,000 (2009: HK\$7,973,000), which was mainly for the purchase of 15 public buses (2009: 6 public buses) at the sum of HK\$24,653,000 (2009: HK\$5,828,000). As at 31 March 2010, the capital commitment contracted and not provided for increased to HK\$28,944,000 (2009: HK\$15,567,000) owing to the purchase of 11 public buses and 6 motor vehicles for replacement and deployment to meet market demand.

Employees and remuneration policies

Since the minibuss and cross-boundary public bus industry is labour intensive in nature, staff costs accounted for a substantial part of the total operating costs of the Group. Employee benefit expenses incurred for the year were HK\$148,990,000 (2009: HK\$143,946,000), representing 37.1% (2009: 37.1%) of the total costs. Apart from the basic remuneration, double pay and / or a discretionary bonus might be granted to eligible employees with reference to the Group's performance and individual's contribution. Other benefits included share option scheme, retirement plans and training schemes.

The headcounts of the Group are as follows:

	As at 31 March 2010	As at 31 March 2009
Captains	1,036	1,011
Administrative staff	278	242
Technicians	60	50
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Total	1,374	1,303

Outlook

The Group remains confident in the future of the franchised PLB operations. As the franchised PLB service is a kind of necessity to the general public in Hong Kong, our passenger demand remains stable under the global economic tsunami and the outbreak of Swine Flu. Although the fuel price has returned to a more reasonable level as compared with the levels in previous few years, the Group may face pressure from the gradually climbing fuel price, labour costs and repair costs in the coming year. The Group will continue to enhance fleet efficiency and implement cost saving plans, and will consider applying for fare adjustment if the fuel price rises again.

The cross-boundary public bus operations, on the other hand, target business commuters and visitors. We anticipate that the patronage and loading of the Tsuen Wan Line and long-haul routes would be improved following the ease of Swine Flu and the economic downturn, albeit the Tsuen Wan Line is still facing competition from the Lok Ma Chau spur line. The Shenzhen Shuttle Routes will still be our main focus of business development. To compete with other operators in the market, we have raised the frequency of the Shenzhen Shuttle Routes to every 15 minutes per shuttle bus. We will continue to upgrade the fleet and service by replacing aged buses and developing new ancillary routes in order to provide more comfortable and convenient journeys to our passengers. Thanks to the promotion of the advantages of traveling from Shenzhen International Airport and our one-stop hotel, air and bus tickets booking services, the public awareness of our services has been boosted and we will continue to carry out intensive advertising and promotional activities. Furthermore, for the convenience of the passengers all over the country, we have launched an online ticketing system during the year so that travelers can secure their seats before they take off to Shenzhen International Airport. We expect that this online ticketing system would serve as a cost-effective channel to attract more passengers.

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

During the year ended 31 March 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

The Company has adopted codes of conduct regarding securities transactions by Directors and relevant employees (the "Securities Code") 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 2010. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Securities Code and the Model Code throughout the financial year under review.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES (the "Code")

The Company has complied throughout the year ended 31 March 2010 with the code provisions set out in the Code as contained in Appendix 14 of the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code and "A Guide for The Formation of An Audit Committee" 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 3 independent non-executive directors of the Company and one of them possesses professional qualification in accounting. An audit committee meeting was held on 15 July 2010 to review the Group's annual financial statements and annual results announcement, and provide advice and recommendations to the Directors.

REVIEW BY AUDITORS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 March 2010 have been agreed by the Group's auditors, Grant Thornton, to the figures set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an 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 on this preliminary announcement.

PUBLICATION OF DETAILED ANNUAL RESULTS AND ANNUAL REPORT

All the financial and other related information of the Company for the year ended 31 March 2010 as required to be disclosed by the Listing Rules will be published on The Stock Exchange of Hong Kong Limited'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 Man Kit
Chairman

Hong Kong, 15 July 2010

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

Executive Directors

Mr. Wong Man Kit (Chairman)
Ms. Ng Sui Chun
Mr. Wong Ling Sun, Vincent
Mr. Chan Man Chun

Independent Non-executive Directors

Dr. Lee Peng Fei, Allen
Dr. Chan Yuen Tak Fai, Dorothy
Mr. Lam Wai Keung