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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)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

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 2020, together with the comparative figures for the year ended 31 March 2019 as follows:

#### CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 March	
		2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	4	<b>365,077</b>	392,924
Direct costs		<b>(317,123)</b>	(324,526)
<b>Gross profit</b>		<b>47,954</b>	68,398
Other revenue	5	<b>10,681</b>	8,454
Other net income	5	<b>111</b>	141
Administrative expenses		<b>(40,035)</b>	(40,065)
Other operating expenses		<b>(1,165)</b>	(1,048)
<b>Operating profit</b>		<b>17,546</b>	35,880
Deficit on revaluation of public light bus (“PLB”) licences	10	<b>(47,120)</b>	(71,493)
Provision for impairment of public bus licences		<b>(400)</b>	-
Finance costs	6	<b>(5,288)</b>	(3,478)
Share of result of a joint venture		<b>601</b>	747
<b>Loss before income tax</b>	7	<b>(34,661)</b>	(38,344)
Income tax expense	8	<b>(1,712)</b>	(4,914)
<b>Loss for the year</b>		<b>(36,373)</b>	(43,258)
Loss per share attributable to equity holders of the Company			
- Basic (In HK cents)	9(a)	<b>(13.38)</b>	(15.91)
- Diluted (In HK cents)	9(b)	<b>(13.38)</b>	(15.91)

Note: The Group has initially applied HKFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Please see note 2 for the details of initial application of HKFRS 16.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March	
		2020 HK\$'000	2019 HK\$'000
Loss for the year		(36,373)	(43,258)
Other comprehensive expense			
Item that will not be reclassified subsequently to consolidated income statement			
- Deficit on revaluation of PLB licences	10	(400)	(4,407)
<b>Total comprehensive expense for the year</b>		<b>(36,773)</b>	<b>(47,665)</b>

Note: The Group has initially applied HKFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Please see note 2 for the details of initial application of HKFRS 16.

## CONSOLIDATED BALANCE SHEET

	Notes	As at 31 March	
		2020 HK\$'000	2019 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		42,063	30,946
Right-of-use assets		34,029	-
PLB licences	10	150,480	198,000
Public bus licences		14,784	15,184
Interest in a joint venture		1,348	747
Goodwill		22,918	22,918
Deferred tax assets		1,721	1,003
		<b>267,343</b>	<b>268,798</b>
<b>Current assets</b>			
Trade and other receivables	11	8,989	11,209
Amount due from a joint venture		1,000	1,500
Tax recoverable		1,869	372
Bank balances and cash		21,263	32,829
		<b>33,121</b>	<b>45,910</b>
<b>Current liabilities</b>			
Bank borrowings		15,258	29,674
Trade and other payables	12	34,581	32,916
Lease liabilities		34,191	-
Tax payable		2	1,934
		<b>84,032</b>	<b>64,524</b>
Net current liabilities		<b>(50,911)</b>	<b>(18,614)</b>
Total assets less current liabilities		<b>216,432</b>	<b>250,184</b>

## CONSOLIDATED BALANCE SHEET (Continued)

	As at 31 March	
	2020	2019
	HK\$'000	HK\$'000
<b>Non-current liabilities</b>		
Bank borrowings	143,450	119,993
Deferred tax liabilities	3,388	2,071
	<b>146,838</b>	<b>122,064</b>
<b>Net assets</b>	<b>69,594</b>	<b>128,120</b>
<b>EQUITY</b>		
Share capital	27,191	27,191
Reserves	42,403	100,929
<b>Total equity</b>	<b>69,594</b>	<b>128,120</b>

Note: The Group has initially applied HKFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Please see note 2 for the details of initial application of HKFRS 16.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 1. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual 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 2019:

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

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

### **HKFRS 16 “Leases”**

HKFRS 16 “Leases” replaces HKAS 17 “Leases” along with three Interpretations (HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”, HK(SIC)-Int 15 “Operating Leases-Incentives” and HK(SIC)-Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current period. Comparative information is not restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

#### As a lessee

The Group has elected not to include initial direct costs in the measurement of the right-of-use assets for operating leases in existence at the date of initial application of HKFRS 16, being 1 April 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets except for PLB leases, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to HKFRS 16, the Group has applied the practical expedient for applying a single discount rate to a portfolio of leases with reasonably similar characteristics. The weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 2.62%.

The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

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

	<b>HK\$'000</b>
Total operating lease commitments disclosed at 31 March 2019	<b>5,619</b>
Recognition exemptions:	
- Leases with remaining lease term of less than 12 months	<b>(248)</b>
Extension option reasonably certain to be exercised	<b>91,104</b>
Operating leases liabilities before discounting	<b>96,475</b>
Discounting using incremental borrowing rate as at 1 April 2019	<b>(1,842)</b>
Total lease liabilities recognised under HKFRS 16 at 1 April 2019	<b>94,633</b>
Classified as:	
- Current lease liabilities	<b>62,941</b>
- Non-current lease liabilities	<b>31,692</b>
	<b>94,633</b>

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

### HKFRS 16 “Leases” (Continued)

#### As a lessor

Upon initial application of HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16. Comparative information is not restated.

#### Total impact arising from transition to HKFRS 16

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

	<b>HK\$’000</b>
Increase in right-of-use assets	<b>94,633</b>
Increase in current lease liabilities	<b>62,941</b>
Increase in non-current lease liabilities	<b>31,692</b>

#### Impact on financial results, cash flows and financial positions

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 year ended 31 March 2020 and financial position as at 31 March 2020, by adjusting the amounts reported under HKFRS 16 in these 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 year ended 31 March 2020 instead of HKFRS 16. Line items that were not affected have not been included.

	Year ended 31 March 2020				Year ended 31 March 2019
	Amounts reported under HKFRS 16 HK\$’000	HKFRS 16 depreciation and finance charges HK\$’000	Estimated amounts related to operating lease as if under HKAS 17 HK\$’000	Hypothetic al amounts as if under HKAS 17 HK\$’000	Amounts reported under HKAS 17 HK\$’000
<b>Consolidated income statement (extract)</b>					
Direct costs	317,123	(67,560)	69,102	318,665	324,526
Finance costs	5,288	(1,704)	-	3,584	3,478
<b>Consolidated cash flow statement (extract)</b>					
Net cash inflow from operating activities	84,815	-	(69,102)	15,713	35,074
Net cash outflow from financing activities	(85,398)	-	69,102	(16,296)	(26,851)

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

### HKFRS 16 "Leases" (Continued)

Impact on financial results, cash flows and financial positions (Continued)

	As at 31 March 2020		
	Amounts reported under HKFRS 16 HK\$'000	Impact from adoption of HKFRS 16 HK\$'000	Hypothetical amounts as if under HKAS 17 HK\$'000
<b>Consolidated balance sheet (extract)</b>			
<b>Non-current assets</b>			
Right-of-use assets	34,029	(34,029)	-
<b>Current liabilities</b>			
Lease liabilities	34,191	(34,191)	-
<b>Equity</b>			
Reserves	42,403	162	42,565

### 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 2020 and 2019.

## 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 years ended 31 March 2020 and 2019.

## 5. OTHER REVENUE AND OTHER NET INCOME

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
<b>Other revenue</b>		
Advertising income	4,400	3,978
Government subsidies (note)	3,432	1,548
Administration fee income	2,435	2,468
Management fee income	190	198
Interest income	183	246
Repair and maintenance service income	41	16
	<b>10,681</b>	<b>8,454</b>
<b>Other net income</b>		
Gain / (Loss) on disposal of property, plant and equipment	83	(16)
Sundry income	28	157
	<b>111</b>	<b>141</b>

Note: During the year ended 31 March 2020, the Group was entitled to receive subsidies of HK\$3,432,000 (2019: HK\$1,548,000) under the Government of HKSAR's Ex-gratia 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	
	2020	2019
	HK\$'000	HK\$'000
Interest expenses on bank loans	3,584	3,478
Finance charges on lease liabilities	1,704	-
	<b>5,288</b>	<b>3,478</b>

## 7. LOSS BEFORE INCOME TAX

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Loss before income tax is arrived at after charging / (crediting):		
Fuel cost in direct costs	50,684	54,162
Lease charges:		
- Land and buildings held under operating leases	-	65
- PLBs held under operating leases	-	69,523
- Short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16	67	-
Depreciation of right-of-use assets	67,560	-
Depreciation of property, plant and equipment	4,880	3,172
Auditor's remuneration		
- Audit services	560	543
- Non-audit services	84	83
(Gain) / Loss on disposal of property, plant and equipment	(83)	16

## 8. INCOME TAX EXPENSE

Hong Kong Profits Tax expense of the Group has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2019.

	Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Current tax		
- Hong Kong Profits Tax		
Current year	1,310	4,102
Over provision in respect of prior years	(197)	(262)
	<b>1,113</b>	<b>3,840</b>
Deferred tax		
Current year	599	1,074
Total income tax expense	<b>1,712</b>	<b>4,914</b>

## 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\$36,373,000 (2019: HK\$43,258,000) and on the weighted average number of 271,913,000 (2019: 271,913,000) ordinary shares in issue during the year ended 31 March 2020.

### (b) Diluted loss per share

Diluted loss per share is the same as basic loss per share for the years ended 31 March 2020 and 2019. 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	
	2020	2019
	HK\$'000	HK\$'000
At the beginning of the year	198,000	273,900
Deficit on revaluation charged to the consolidated income statement	(47,120)	(71,493)
Deficit on revaluation dealt with in revaluation reserve	(400)	(4,407)
At the end of the year	<b>150,480</b>	<b>198,000</b>

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.

## 10. PLB LICENCES (Continued)

### *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 and significance of 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, either directly or indirectly, 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
<b>Recurring fair value measurement of PLB licences:</b>				
<b>As at 31 March 2020</b>	-	150,480	-	150,480
As at 31 March 2019	-	198,000	-	198,000

During the years ended 31 March 2020 and 2019, there were no transfers between Level 1 and Level 2.

At 31 March 2020 and 2019, 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	
	2020	2019
	HK\$'000	HK\$'000
Trade receivables – gross	1,827	3,795
Less: Expected credit loss (“ECL”) allowance	-	-
Trade receivables – net	1,827	3,795
Other receivables – gross	3,829	1,846
Subsidy receivables – gross	-	816
Less: ECL allowance	-	-
Other receivables – net	3,829	2,662
Deposits	1,131	1,038
Prepayments	2,202	3,714
	8,989	11,209

Majority of the Group’s revenue is attributable to franchised PLB services income which is mainly received in cash or collected via Octopus Cards Limited 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 (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 the trade receivables, net of ECL allowance, was as follows:

	As at 31 March	
	2020	2019
	HK\$'000	HK\$'000
0 to 30 days	1,036	3,305
31 to 60 days	273	253
61 to 90 days	273	199
Over 90 days	245	38
	1,827	3,795

## 12. TRADE AND OTHER PAYABLES

	As at 31 March	
	2020	2019
	HK\$'000	HK\$'000
Trade payables	3,968	4,604
Other payables and accruals	30,613	28,312
	34,581	32,916

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

	As at 31 March	
	2020	2019
	HK\$'000	HK\$'000
0 to 30 days	3,968	4,604

## **DIVIDENDS ATTRIBUTABLE TO THE YEAR**

Having carefully considered the factors in the Company's dividend policy, which include but not limited to the financial performance and the future cashflows of the Group under the current business environment, the Board recommended a special dividend of HK3.0 cents per ordinary share (2019: HK8.0 cents per ordinary share), totaling HK\$8,157,000 for the year ended 31 March 2020 (2019: HK\$21,753,000). No final dividend was declared by the Board for the years ended 31 March 2020 and 2019.

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("AGM") to be held on 28 August 2020, the special dividend will be payable on 16 September 2020.

## **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 Friday, 21 August 2020
Closure of register of members . . . . .	Monday, 24 August 2020 to Friday, 28 August 2020 (both dates inclusive)
Record date . . . . .	Friday, 28 August 2020

(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, 8 September 2020
Closure of register of members . . . . .	Wednesday, 9 September 2020 to Friday, 11 September 2020 (both dates inclusive)
Record date . . . . .	Friday, 11 September 2020

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 four 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 an ancillary route to meet the needs of the passengers. As a result of re-organisations, the number of PLB routes operated by the Group increased to 71 (2019: 70) and the number of PLBs operated by the Group reduced by four to 354 as at 31 March 2020 (2019: 358). The number of routes and fleet size of residents' bus remained at 5 (2019: 5) and 8 (2019: 8) respectively.
- During the year, the Group continued to upgrade its fleet by replacing 77 aged PLBs (2019: 49 aged PLBs) with brand-new 19-seat PLBs. Hence, the average fleet age was further reduced to 6.1 as at 31 March 2020 (2019: 8.2 years). As at 31 March 2020, the Group deployed 222 19-seat PLBs (2019: 146), representing around 63% of the Group's PLB fleet (2019: 41%). Although the overall fleet size was reduced, the increased use of 19-seat PLBs in fact enhanced the average carrying capacity of the PLB fleet for the year by approximately 3.6%. The Group aims at further replacing around 33 aged PLBs with 19-seat PLBs before the end of 2021.
- Both the Group's patronage and mileage travelled for the year dropped. The total mileage travelled for the year decreased by around 6.6% to approximately 38.4 million kilometers (2019: 41.1 million kilometers) while the Group's patronage for the year dropped by around 8.0% to approximately 55.3 million as compared with last year (2019: 60.1 million). The outbreak of social unrest since June 2019 caused the intermittent disruption of service and reduced passenger flow. Subsequently, the outbreak of COVID-19 epidemic even brought more severe negative impact on the patronage of the Group. Since late January 2020, anti-epidemic measures like school suspension, work-from-home arrangements adopted by public and private sectors and reduction of social gatherings etc. led to an approximately 23% drop in patronage of the Group's franchised PLB services for the fourth quarter of the financial year as compared with the same quarter last year. The Group has been using its best endeavors to control operating costs by reducing the frequency of service and saving resources.
- During the year, in order to ease the pressure from high operating costs, the Group continued to submit fare increase applications and approval was granted to raise the fares of 14 routes at rates ranging from 2.9% to 9.7% (2019: 34 routes at rates ranging from 2.4% to 14.3%). Nevertheless, the effect of fare rise was completely outweighed by the drop in patronage. As a result, the revenue for the year decreased by HK\$27,847,000 or 7.1% to HK\$365,077,000 (2019: HK\$392,924,000).

### FINANCIAL REVIEW

#### Consolidated results for the year

For the year ended 31 March 2020, the Group recorded a loss attributable to equity holders of HK\$36,373,000 (2019: HK\$43,258,000). Excluding the non-cash deficit on revaluation of PLB licences and provision for impairment of public bus licences, the profit of the Group for the year decreased by HK\$17,088,000 or 60.5% to HK\$11,147,000 (2019: HK\$28,235,000) owing to the drop in patronage caused by the COVID-19 and social unrest.

The details of the consolidated results are presented below:

	Year ended 31 March		Increase/(Decrease)	
	2020 HK\$'000	2019 HK\$'000	HK\$'000	In %
Revenue	<b>365,077</b>	392,924	(27,847)	-7.1%
Other revenue	<b>10,681</b>	8,454	2,227	+26.3%
Other net income	<b>111</b>	141	(30)	-21.3%
Direct costs	<b>(317,123)</b>	(324,526)	(7,403)	-2.3%
Administrative expenses	<b>(40,035)</b>	(40,065)	(30)	-0.1%
Other operating expenses	<b>(1,165)</b>	(1,048)	117	+11.2%
Finance costs	<b>(5,288)</b>	(3,478)	1,810	+52.0%
Share of result of a joint venture	<b>601</b>	747	(146)	-19.5%
Income tax expense	<b>(1,712)</b>	(4,914)	(3,202)	-65.2%
Profit for the year before deficit on revaluation of PLB licences and provision for impairment of public bus licences	<b>11,147</b>	28,235	(17,088)	-60.5%
Deficit on revaluation of PLB licences	<b>(47,120)</b>	(71,493)	(24,373)	-34.1%
Provision for impairment of public bus licences	<b>(400)</b>	-	400	N/A
<b>Loss for the year</b>	<b>(36,373)</b>	(43,258)	(6,885)	-15.9%

- Revenue for the year dropped by HK\$27,847,000 or 7.1% to HK\$365,077,000 (2019: HK\$392,924,000), which was mainly attributable to the drop in patronage caused by the COVID-19 and social unrest.
- Other revenue for the year jumped by HK\$2,227,000 or 26.3% to HK\$10,681,000 (2019: HK\$8,454,000) 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 23 pre-Euro IV diesel commercial vehicles during the year (2019: 10) and the amount of ex-gratia payments receivable from the Government of the HKSAR was HK\$3,432,000 (2019: HK\$1,548,000), representing an increase of HK\$1,884,000 or 121.7% as compared with last year.
- Direct costs for the year was HK\$317,123,000 (2019: HK\$324,526,000), representing a decrease of HK\$7,403,000 or 2.3% as compared with that for last year. The major direct costs of the Group were labour costs, depreciation of right-of-use assets of PLBs (2019: PLB lease payments), fuel costs and R&M costs, which altogether made up over 90% of the total direct costs. The changes on these major costs are as follows:
  - Fuel costs: The fuel prices of diesel and Liquefied Petroleum Gas ("LPG") showed different trends during the year. While the average unit price of diesel increased by around 8.3%, the average unit price of LPG dropped by 6.8%. With the increase in number of LPG minibuses deployed by the Group and the reduction in fuel consumption as a result of the decrease in mileage travelled for the year, the fuel costs for the year decreased by HK\$3,478,000 or 6.4% to HK\$50,684,000 (2019: HK\$54,162,000). As at 31 March 2020, the Group's PLB fleet consisted of 73 diesel minibuses (2019: 118) and 281 LPG minibuses (2019: 240);
  - Leasing of PLBs: The payments to lessors under the PLBs leasing agreements were recognised as PLB rental expenses in previous years. As explained in note 2 of the notes to the consolidated financial statements, on the adoption of HKFRS 16 with effect from 1 April 2019, the Group recognized 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 of assets in respect of the leased PLBs under the leasing agreements was HK\$67,560,000 for the year.

If excluding the impact of HKFRS 16, the PLB rental expenses for the year would have slightly decreased by HK\$421,000 or 0.6% to HK\$69,102,000 (2019: HK\$69,523,000) as compared with last year, which was mainly attributable to the slight reduction in fleet size;

- R&M costs: With the Group's continuous efforts in upgrading the fleet by replacing the aged vehicles, the average fleet age went down to 6.1 years as at 31 March 2020 (2019: 8.2 years). The younger fleet reduced the R&M costs and downtime. The R&M costs of the Group for the year was HK\$27,119,000, representing a decrease of around HK\$889,000 or 3.2% as compared with last year (2019: HK\$28,008,000); and
- Labour costs: The labour costs slightly decreased by HK\$2,068,000 or 1.3% to HK\$152,179,000 (2019: HK\$154,247,000) as compared with last year, which was mainly attributable to the decrease in captains' working hours caused by the reduced average fleet size and service frequency during the year.
- Administrative expenses for the year was HK\$40,035,000 (2019: HK\$40,065,000), of which HK\$31,838,000 (2019: HK\$30,857,000) was staff costs. There was no material change in administrative expenses for the year as compared with last year.
- The breakdown of finance costs for the year is as follows:

	<b>Year ended 31 March</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Interest expenses on bank borrowings (note i)	<b>3,584</b>	3,478
Finance charges on lease liabilities (note ii)	<b>1,704</b>	-
<b>Total finance costs</b>	<b>5,288</b>	3,478

Note:

- (i) As compared with last year, interest expenses on bank borrowings for the year increased by around HK\$106,000 or 3.0% to HK\$3,584,000 (2019: HK\$3,478,000), which was mainly due to the increase in average interest rate of the Group by approximately 13 basis points (i.e. 0.13%) as compared with that of last year; and
- (ii) After the adoption of HKFRS 16, the Group recorded finance charges for the year of HK\$1,704,000 on lease liabilities under the leasing agreements.
- During the year, income tax expense decreased by HK\$3,202,000 or 65.2% to HK\$1,712,000 (2019: HK\$4,914,000). Excluding 1) the non-deductible effect of deficit on revaluation of PLB licences and provision for impairment of public bus licences, 2) the non-taxable effect on the 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, 3) the over provision of profits tax for the last financial year and 4) the effect of two-tiered profits tax rates, the effective tax rate for the year was 16.2% (2019: 16.2%). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2019: 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\$720,000 or 24% to HK\$2,280,000 per licence as at 31 March 2020 (2019: HK\$3,000,000). As a result, the total carrying value of PLB licences of the Group decreased accordingly to HK\$150,480,000, representing a decrease of HK\$47,520,000 or 24% (2019: HK\$198,000,000), of which HK\$47,120,000 (2019: HK\$71,493,000) was charged to the Group's consolidated income statement and the remaining HK\$400,000 was dealt with in the revaluation reserve (2019: HK\$4,407,000). 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

	<b>Year ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash from operating activities	<b>84,815</b>	35,074
Net cash used in investing activities:		
Purchase of property, plant and equipment	<b>(16,157)</b>	(8,767)
Purchase of two public bus licences	-	(5,900)
Receipt of Government subsidies for the disposal of pre-Euro IV diesel vehicles	<b>4,248</b>	732
Repayment of amount due from a joint venture	<b>500</b>	-
Others	<b>426</b>	311
	<b>(10,983)</b>	(13,624)
Net cash used in financing activities:		
Proceeds from new bank borrowings	<b>38,950</b>	-
Payment of lease liabilities	<b>(67,398)</b>	-
Repayment of bank borrowings	<b>(29,909)</b>	(9,777)
Dividends paid	<b>(21,753)</b>	(13,596)
Interest paid on bank borrowings	<b>(3,584)</b>	(3,478)
Interest paid on lease liabilities	<b>(1,704)</b>	-
	<b>(85,398)</b>	(26,851)
Net decrease in cash and cash equivalents, represented by bank balances and cash	<b>(11,566)</b>	(5,401)

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 last year, has been classified as "Payment of lease liabilities" and "Interest paid on lease liabilities" under the net cash outflow from financing activities for the year. Please refer to note 2 of the notes to the consolidated financial statements for detailed explanations of the adoption of HKFRS 16.

If the impact of HKFRS 16 was excluded:

- (i) the net cash inflow from operating activities would have decreased by HK\$19,361,000 or 55.2% to HK\$15,713,000 (2019: HK\$35,074,000), generally in line with the decrease in the operating profit of the Group for the year; and

- (ii) the net cash outflow from financing activities would have been HK\$16,296,000 for the year (2019: HK\$26,851,000), representing a decrease of HK\$10,555,000 or 39.3% as compared with last year. The decrease was mainly attributable to the proceeds from bank borrowing of HK\$38,950,000 offset by the increase in special dividends paid to shareholders by HK\$8,157,000 and increase in repayment of bank borrowings of HK\$20,132,000 during the year.

### **Capital structure, liquidity and financial resources**

#### *Liquidity and financial resources*

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

On the adoption of HKFRS 16, the Group recognised the lease liabilities of HK\$34,191,000 as at 31 March 2020 in relation to leasing of PLBs which had previously been classified as "operating leases". Therefore, the net current liabilities of the Group as at 31 March 2020 increased to HK\$50,911,000 (2019: HK\$18,614,000). The current ratio (current assets/current liabilities) as at 31 March 2020 was 0.39 times (2019: 0.71 times).

If the impact of HKFRS 16 was excluded, the net current liabilities and current ratio as at 31 March 2020 would have been HK\$16,720,000 (2019: HK\$18,614,000) and 0.66 times (2019: 0.71 times) respectively. The decrease of net current liabilities was due to the refinancing of a term loan which was due in March 2020. The current ratio, however, slightly decreased as compared with that as at 31 March 2019 due to the drop in bank balances and cash by HK\$11,566,000 or 35.2% to HK\$21,263,000 as at 31 March 2020 (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 year.

As at 31 March 2020, the Group had bank balances and cash amounting to HK\$21,263,000 (2019: HK\$32,829,000). All of the bank balances and cash as at 31 March 2020 and 31 March 2019 were denominated in Hong Kong dollars.

Although the amount of bank balances and cash held by the Group decreased as at 31 March 2020, the Group had sought to secure the liquidity of the Group by increasing the bank facilities to HK\$206,008,000 (2019: HK\$158,967,000). As at 31 March 2020, the total amount of utilised bank facilities was HK\$158,708,000 (2019: HK\$149,667,000).

### *Bank borrowings*

As at 31 March 2020, the balance of total bank borrowings of the Group increased by HK\$9,041,000 or 6.0% to HK\$158,708,000 (2019: HK\$149,667,000). The increase in bank borrowings was mainly for financing the purchase of 19 new PLBs to replace the old ones.

The maturity profiles of the bank borrowings are as follows:

	As at 31 March	
	2020	2019
	HK\$'000	HK\$'000
Within one year	15,258	29,674
In the second year	10,425	12,619
In the third to fifth years	30,350	23,863
After the fifth year	102,675	83,511
	<b>158,708</b>	<b>149,667</b>

The current portion of bank borrowings decreased to HK\$15,258,000 as at 31 March 2020 (2019: HK\$29,674,000) because the Group had refinanced a term loan amounting to HK\$20,000,000 which was due in March 2020.

The gearing ratio (defined as total bank borrowings less bank balances and cash/shareholders' equity) of the Group as at 31 March 2020 was 197.5% (2019: 91.2%). The increase in gearing ratio was mainly attributable to the decrease in shareholders' equity by HK\$58,526,000 or 45.7% to HK\$69,594,000 (2019: HK\$128,120,000), after distribution of special dividends for the 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 obtained. Details of the pledged assets as at year end are as follows:

	As at 31 March	
	2020	2019
	HK\$'000	HK\$'000
PLB licences	100,320	123,000
Property, plant and equipment	22,228	9,744

### **Capital expenditure and commitment**

The total capital expenditure for the year was HK\$16,157,000 (2019: HK\$14,667,000), which was mainly for purchasing 19 new PLBs totaling HK\$13,593,000 for replacing the aged ones. The capital commitment of the Group of HK\$14,098,000 as at 31 March 2020 (2019: HK\$12,293,000) was mainly for purchasing 23 new PLBs.

### **Credit risk management**

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

### **Foreign currency risk management**

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

### **Interest rate risk management**

The Group's interest rate risk arises primarily from its bank balances, bank borrowings and lease liabilities. All bank borrowings as at 31 March 2020 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 1.4% (2019: 0.9%) of the total costs of the Group (excluding the deficit on revaluation of PLB licences and provision for impairment of public bus licences) for the reporting year. Any reasonably possible changes in the market interest rates would not bring significant impact to the Group.

### **Fuel price risk**

The Group is exposed to fuel price risk. The fluctuations in the fuel prices could be significant to the operations of the Group. However, having carefully evaluated the market conditions, the Group's internal resources and the possible outcomes of entering into hedging derivatives, the Board concluded that entering into hedging contracts might not necessarily be an effective tool to manage the fuel price risk. Therefore, the Group did not have any hedging policies over its anticipated fuel consumption during the years ended 31 March 2020 and 31 March 2019. 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 2020 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. 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\$198,716,000 (2019: HK\$198,595,000), representing 54.4% (2019: 53.1%) of the total costs (excluding the deficit on revaluation of PLB licences and provision for impairment of public bus licences). For the headcount of the Group, please refer to the Environmental, Social and Governance Report of the annual Report 2019/20.

### **PROSPECT**

Looking ahead, whether the local public transport passenger flow can be restored depends on the development of the COVID-19 epidemic, social stability and the progress of economic recovery in Hong Kong. Since more stringent anti-epidemic measures were launched by the Government in response to the increased number of new COVID-19 confirmed cases in late March, the patronage of the Group's franchised PLB services dropped continuously by approximately 34% in April 2020 when compared with the same month last year. As the epidemic situation is being gradually kept under control, the drop in the Group's patronage reduced to 25% in May 2020. The management anticipates that following the school resumption and the relaxation of restriction measures in June 2020, the patronage of the Group would rebound gradually.

To cope with the unprecedented challenges brought by the COVID-19 epidemic, the Hong Kong Government has launched two rounds of Anti-epidemic Fund to assist the affected industries and the public. As a green minibus passenger service provider, the Group has received a one-off subsidy amounting to HK\$10,620,000 from the Government in early June 2020. The Group is also eligible to receive fuel subsidies for a period of 12 months and wage subsidies for a period of 6 months during the financial year ending 31 March 2021. As at the date of this results announcement, the Group has received the first tranche subsidy from the Government's Employment Support Scheme amounting to HK\$14,332,000.

The Government subsidies will relieve part of the financial burdens of the Group. However, the financial performance of the Group in the coming future would still mainly depend on the development of the COVID-19 epidemic, the recovery of economy and the restoration of social stability of Hong Kong. The management would continue to closely monitor the situation of the COVID-19 and respond quickly by adjusting the frequency of service and resources allocation. Although the operating environment is tough, the Group will continue to improve operational efficiency by carrying out route restructuring and fleet upgrade, as well as maintaining preventive measures to minimise the risk of COVID-19 outbreak. As always, the Group will continue to explore and capture opportunities for development and strategic cooperation in the market so as to generate sustainable value for our shareholders.

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

During the year ended 31 March 2020, 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 2020. Following the passing away of Dr. Lee Peng Fei, Allen, the Independent Non-Executive Director, on 15 May 2020, the number of Independent Non-Executive Director of the Board was temporarily under two and represent less than one-third of the Board. Also, the audit committee of the Company then comprised two members only and there was a vacancy for chairman of the remuneration committee of the Company. On 19 June 2020, Mr. James Mathew Fong was appointed as an Independent Non-Executive Director, the chairman of remuneration committee and also a member of audit committee and nomination committee. Therefore, the Board did not meet the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules during the period from 15 May 2020 to 19 June 2020.

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 2020. 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 26 June 2020 to review the Group's annual financial statements and annual results announcement, and to provide advice and recommendations to the Board.

## **REVIEW BY AUDITOR**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2020 are based on the Group's audited consolidated financial statements for the year which have been agreed with the auditor, Grant Thornton Hong Kong Limited. The work performed by Grant Thornton Hong Kong Limited in this respect was limited and did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this preliminary announcement.

## **PUBLICATION OF DETAILED ANNUAL RESULTS AND ANNUAL REPORT**

All the financial information and other related information of the Company for the year ended 31 March 2020 as required to be disclosed by the Listing Rules will be published on the Stock Exchange's website at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company's website at [www.amspt.com](http://www.amspt.com) in due course.

By Order of the Board  
**Wong Ling Sun, Vincent**  
*Chairman*

Hong Kong, 26 June 2020

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

### *Executive Directors*

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

### *Non-executive Director*

Ms. Wong Wai Man, Vivian

### *Independent Non-executive Directors*

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