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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The board of directors (the “Board”) of AMS Public Transport Holdings Limited (the “Company”) is pleased to announce 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 2021, together with the unaudited comparative figures for the corresponding period in 2020. 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 2021

	Notes	For the six months ended 30 September	
		2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
Revenue	4	178,828	144,930
Direct costs		(153,686)	(138,085)
Gross profit		25,142	6,845
Other revenue	5	3,779	3,527
Other net income	5	3,367	34,000
Administrative expenses		(19,572)	(20,392)
Other operating expenses		(574)	(831)
Operating profit		12,142	23,149
Deficit on revaluation of PLB licences	12	(4,290)	(18,480)
Provision for impairment of public bus licences		-	(2,680)
Finance costs	7	(3,332)	(1,789)
Share of results of a joint venture		-	262
Profit before income tax	8	4,520	462
Income tax (expense) / credit	9	(825)	2,234
Profit for the period attributable to equity holders of the Company		3,695	2,696
Earnings per share attributable to equity holders of the Company			
- Basic (in HK cents)	11	1.36	0.99
- Diluted (in HK cents)	11	1.36	0.99

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	For the six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
Profit for the period	3,695	2,696
Other comprehensive expense	-	-
Total comprehensive income for the period	3,695	2,696

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		30 September 2021 Unaudited HK\$'000	31 March 2021 Audited HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		38,990	37,246
Investment properties		451	51
Right-of-use assets		122,871	153,656
PLB licences	12	125,400	129,690
Public bus licences		10,050	10,050
Goodwill		22,918	22,918
Deferred tax assets		3,540	3,399
		324,220	357,010
Current assets			
Trade and other receivables	13	10,481	12,855
Tax recoverable		416	1,528
Bank balances and cash		38,377	47,602
		49,274	61,985
Current liabilities			
Trade and other payables	14	37,106	33,083
Bank borrowings		10,634	10,462
Lease liabilities		61,050	60,732
Tax payable		291	139
		109,081	104,416
Net current liabilities		(59,807)	(42,431)
Total assets less current liabilities		264,413	314,579
Non-current liabilities			
Bank borrowings		131,206	135,644
Lease liabilities		62,679	93,431
Deferred tax liabilities		2,609	2,246
		196,494	231,321
Net assets		67,919	83,258
EQUITY			
Share capital		27,191	27,191
Reserves		40,728	56,067
Total equity		67,919	83,258

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2021

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 2021.

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 2021, except for the adoption of the 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 2021 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 2021, the Group’s current liabilities exceeded its current assets by HK\$59,807,000. 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: (i) the Group had strong and positive net cash inflow from operating activities and bank balances and cash of HK\$38,377,000 as at 30 September 2021 which enable the Group to meet its payment obligations at all times; (ii) as at 30 September 2021, the Group had undrawn facilities totaling HK\$67,300,000 which were the overdraft and revolving loan facilities granted by banks; and (iii) the management has prepared cash flow forecasts which demonstrated that the Group had sufficient working capital over the next twelve months from the reporting date. After taking into account the above, the condensed consolidated interim financial information has been prepared on a going concern basis.

3. Adoption of new and amended HKFRSs

(a) Amended HKFRSs that are effective for annual periods beginning or after 1 April 2021

In the current interim period, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the annual period beginning on 1 April 2021 for the preparation of the Group's unaudited condensed consolidated interim financial information:

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

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

(b) Issued but not yet effective HKFRSs

The HKICPA has issued a number of new and amended HKFRSs that are not yet effective and have not been early adopted by the Group for the financial year beginning on 1 April 2021.

HKFRS 17	Insurance Contracts and Related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendment to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combinations/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. For the information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies, please refer to note 3(b) of the unaudited condensed consolidated interim financial information of the interim report 2021/22. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. Revenue

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

	For the six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
Franchised PLB services income	175,640	142,137
Residents' bus services income	3,188	2,793
	178,828	144,930

The Group derived all the revenue from provision of the franchised PLB and residents' bus services at a point in time during the six months ended 30 September 2021 and 2020.

5. Other revenue and other net income

	For the six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
Other revenue		
Advertising income	2,250	2,200
Administration fee income	1,210	1,210
Properties rental income	117	15
Interest income	28	9
Others	174	93
	3,779	3,527
Other net income		
Government subsidies (<i>note</i>)	3,347	33,922
Gain on disposal of property, plant and equipment	15	27
Sundry income	5	51
	3,367	34,000

Note: During the six months ended 30 September 2021, the Group received subsidies of HK\$3,347,000, which were mainly the fuel subsidies from the Hong Kong Government's Anti-epidemic Fund as a result of the outbreak of COVID-19.

During the six months ended 30 September 2020, the Group received subsidies of HK\$33,922,000, which included wage and fuel subsidies and a one-off subsidy amounting to HK\$10,620,000 to green minibus passenger service operators, from the Hong Kong Government's Anti-epidemic Fund.

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

As at 30 September 2021, the subsidies recognised but not yet received were HK\$288,000 (31 March 2021 (audited): HK\$1,322,000) (*note* 13).

6. 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 and liabilities is presented.

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

There was no individual customer who contributed over 10% of the Group's revenue for the six months ended 30 September 2021 and 2020.

7. Finance costs

	For the six months ended 30 September	
	2021	2020
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest expenses on bank borrowings	1,291	1,603
Finance charges on lease liabilities	2,041	186
	3,332	1,789

8. Profit before income tax

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

	For the six months ended 30 September	
	2021	2020
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Fuel cost in direct costs	28,708	19,363
Employee benefits expense (including Directors' emoluments)	93,979	88,039
Lease charges:		
- Short term leases	36	40
Depreciation of right-of-use assets	31,024	34,225
Depreciation of property, plant and equipment	2,721	2,698
Depreciation of investment properties	12	1
Gain on disposal of property, plant and equipment (note 5)	(15)	(27)

9. Income tax (expense) / credit

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the period, except for a subsidiary of the Group which was a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, 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 as in 2020.

	For the six months ended 30 September	
	2021	2020
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Current tax	(603)	(678)
Deferred tax	(222)	2,912
Total income tax (expense) / credit	(825)	2,234

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 2021 and 2020.

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

	For the six months ended 30 September	
	2021 Unaudited HK\$'000	2020 Unaudited HK\$'000
Final dividend of HK7.0 cents (2020: Nil) per ordinary share	19,034	-
No special dividend (2020: special dividend of HK3.0 cents per ordinary share)	-	8,157
	19,034	8,157

At the Board meeting held on 29 June 2021, the Board resolved to declare a final dividend of HK7.0 cents (2020: special dividend of HK3.0 cents) per ordinary share in respect of the year ended 31 March 2021, totaling HK\$19,034,000 (2020: special dividend of HK\$8,157,000).

11. 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\$3,695,000 (2020: HK\$2,696,000) and on the weighted average number of 271,913,000 (2020: 271,913,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share for the six months ended 30 September 2021 and 2020, as the share options have no dilutive effect for the period because the exercise prices of the Company's share options were higher than the average market price of the Company's shares in the periods.

12. PLB licences

	2021 HK\$'000	2020 HK\$'000
As at 1 April (Audited)	129,690	150,480
Deficit on revaluation charged to condensed consolidated income statement	(4,290)	(18,480)
As at 30 September (Unaudited)	125,400	132,000

The fair value of a PLB licence dropped to HK\$1,900,000 as at 30 September 2021 (31 March 2021: HK\$1,965,000). At the reporting date, 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. 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 fair value 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 2021.

Fair value hierarchy

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

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

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurement of PLB licences:				
As at 30 September 2021 (Unaudited)	-	125,400	-	125,400
As at 31 March 2021 (Audited)	-	129,690	-	129,690

During the six months ended 30 September 2021 and 2020, there were no transfers between Level 1 and Level 2.

13. Trade and other receivables

	30 September 2021 Unaudited HK\$'000	31 March 2021 Audited HK\$'000
Trade receivables – gross	1,928	1,825
Less: Expected credit losses (“ECL”) allowance	-	-
Trade receivables – net	1,928	1,825
Other receivables – gross	2,633	2,698
Subsidies receivable – gross	288	1,322
Less: ECL allowance	-	-
Other receivables – net	2,921	4,020
Deposits	1,070	1,221
Prepayments	4,562	5,789
	10,481	12,855

Majority of the Group’s revenue is attributable to franchised PLB services income which is mainly received in cash or collected via Octopus Cards Limited and remitted to the Group on the next business day after the day in which services are rendered. During the six months ended 30 September 2021, the Group normally granted a credit term ranging from 0 to 30 days (31 March 2021 (audited): 0 to 30 days) to other trade debtors.

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

	30 September 2021 Unaudited HK\$'000	31 March 2021 Audited HK\$'000
0 to 30 days	1,445	1,396
31 to 60 days	258	261
61 to 90 days	215	168
Over 90 days	10	-
	1,928	1,825

14. Trade and other payables

	30 September 2021 Unaudited HK\$'000	31 March 2021 Audited HK\$'000
Trade payables	5,333	3,888
Other payables and accruals	31,773	29,195
	37,106	33,083

During the six months ended 30 September 2021, the Group was granted by its suppliers credit periods ranging from 0 to 30 days (31 March 2021 (audited): 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

	30 September 2021 Unaudited HK\$'000	31 March 2021 Audited HK\$'000
0 to 30 days	5,333	3,888

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS AND DIVIDENDS

Following the end of the fourth wave of COVID-19 pandemic in Hong Kong, the Group recorded an approximately 22.5% rebound in patronage during the six months ended 30 September 2021. However, the increase in revenue was offset by the hiking fuel costs and the absence of one-off subsidies from the Hong Kong Government's Anti-epidemic Fund received in last period. Therefore, the Group recorded a profit excluding the non-cash deficit on revaluation of PLB licences of HK\$7,985,000, representing a decrease of around 66.5% or HK\$15,871,000 compared with same period last year. Taking into account the non-cash deficit on revaluation of PLB licences for the period amounting to around HK\$4,290,000 (2020: HK\$21,160,000, including the provision for impairment of public bus licences as well), the Group recorded a profit of HK\$3,695,000 for the six months ended 30 September 2021 (2020: HK\$2,696,000), representing an increase of 37.1% or HK\$999,000 compared with last period.

In line with previous practice, the Board does not recommend the payment of any interim dividend for the six months ended 30 September 2021 (2020: no interim dividend was declared).

REVIEW OF OPERATIONS AND FINANCIAL REVIEW

- Hong Kong has been keeping very low or zero confirmed COVID-19 cases since the fourth wave of COVID-19 pandemic came to the end in May 2021. With partial ease of the social distancing restrictions imposed by the Government e.g. face-to-face school resumption, the end of civil servants work-from-home arrangement, the passenger flow has gradually recovered. According to the transport figures published by the Transport Department, during the five months ended 31 August 2021, there was a 21.1% increase in patronage of the green minibus sector compared with same period last year. Other public transport service operators including MTR and franchised buses also recorded around 26.1% increase in total number of passengers during the same period.
- The patronage of the Group's franchised PLB services for the six months ended 30 September 2021 rose by 22.5% to 26,944,000 compared with same period last year (2020: 21,998,000). In response to the rebound in passenger demand, the Group restored service frequencies as necessary to meet the passenger needs. Hence, the total mileage travelled for the period increased by around 9.2% to approximately 17.8 million kilometers (2020: 16.3 million kilometers) during the period.
- As at 30 September 2021, the PLB fleet size remained at 354 (31 March 2021: 354; 30 September 2020: 354) while the number of PLB routes increased to 72 (31 March 2021: 70; 30 September 2020: 71). The number of residents' buses routes and its fleet size operating by the Group reduced to four (31 March 2021 and 30 September 2020: five) and seven (31 March 2021 and 30 September 2020: eight) respectively as at 30 September 2021. During the period, as the COVID-19 pandemic situation in Hong Kong became stable, the Group resumed its fleet upgrade plan, which had been suspended in order to reserve financial resource for coping with the challenges since the outbreak of COVID-19 pandemic. Seven aged 16-seat PLBs were replaced by new 19-seat PLBs during the period (2020: 1). As at 30 September 2021, the Group deployed 231 19-seat PLBs (31 March 2021: 224; 30 September 2020: 223), representing around 65.3% of the Group's PLB fleet. The average fleet age slightly increased to 7.2 years (2020: 6.6 years).

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

	For the six months ended 30 September		Increase/ (Decrease) HK\$'000	In %
	2021 HK\$'000	2020 HK\$'000		
Revenue	178,828	144,930	33,898	23.4%
Other revenue and other net income	7,146	37,527	(30,381)	-81.0%
Direct costs	(153,686)	(138,085)	15,601	11.3%
Administrative expenses	(19,572)	(20,392)	(820)	-4.0%
Other operating expenses	(574)	(831)	(257)	-30.9%
Finance costs	(3,332)	(1,789)	1,543	86.2%
Share of results of a joint venture	-	262	(262)	-100%
Income tax (expense) / credit	(825)	2,234	N/A	N/A
Profit for the period before deficit on revaluation of PLB licences and provision for impairment of public bus licences	7,985	23,856	(15,871)	-66.5%
Deficit on revaluation of PLB licences	(4,290)	(18,480)	(14,190)	-76.8%
Provision for impairment of public bus licences	-	(2,680)	(2,680)	-100%
Profit for the period	3,695	2,696	999	37.1%

- Owing to the rebound in patronage, the revenue for the period increased accordingly by HK\$33,898,000 or 23.4% to HK\$178,828,000 (2020: HK\$144,930,000), compared with same period last year. The Group had submitted certain fare increase applications before the COVID-19 outbreak. However, the review and approval process of the applications was still sluggish during the period under review. During the period, the effect of fare increase on revenue was negligible as only the fares of five routes were increased by around 5.7% (2020: three routes, around 6.6%).
- Other revenue and other net income for the period significantly reduced by HK\$30,381,000 or 81.0% to HK\$7,146,000 (2020: HK\$37,527,000) compared with last period, which was attributable to the one-off subsidies under the Anti-epidemic Fund of the Hong Kong Government (including the Government's Employment Support Scheme) received by the Group in last period.
- The direct costs for the period increased by HK\$15,601,000 or 11.3% to HK\$153,686,000 (2020: HK\$138,085,000) compared with last period. The major direct costs of the Group are labour costs, depreciation of right-of-use assets, fuel costs and repair and maintenance ("R&M") costs, which altogether made up over 90% of the total direct costs for the period. The changes on these major direct costs are as follows:
 - As a result of the rebound in international fuel prices and increase in fuel consumption (i.e. increase in mileage travelled), fuel costs for the period jumped by HK\$9,345,000 or 48.3% to HK\$28,708,000 (2020: HK\$19,363,000). The average unit prices of diesel and liquefied petroleum gas increased by 27.2% and 31.8% respectively compared with last period;
 - Labour costs of captains for the period increased by HK\$7,354,000 or 11.4% to HK\$71,727,000 (2020: HK\$64,373,000), as a result of gradual resumption of normal service frequency after the end of fourth wave of COVID-19 pandemic;
 - Depreciation of right-of-use assets in respect of the leased PLBs for the period decreased by HK\$3,201,000 or 9.4% to HK\$31,024,000 (2020: HK\$34,225,000), which was mainly attributable to the lower rental rate paid for the leased PLBs upon the renewal of the Minibus Leasing Agreement (the "MLA") with the connected parties with effect from 1 October 2020; and
 - R&M costs: With increased fleet utilisation, the R&M costs for the period increased accordingly by HK\$1,211,000 or 11.3% to HK\$11,895,000 (2020: HK\$10,684,000).

- The administrative expenses for the period decreased by HK\$820,000 or 4.0% to HK\$19,572,000 (2020: HK\$20,392,000), which was mainly attributable to the decrease in staff costs as a result of streamlining of working procedures.
- The market value of a PLB licence has become more stable compared with the previous years. The fair value of a PLB licence was down by HK\$65,000 or 3.3% to HK\$1,900,000 as at 30 September 2021 (31 March 2021: HK\$1,965,000). Therefore, the total carrying amount of the PLB licences of the Group as at 30 September 2021 decreased accordingly by HK\$4,290,000 to HK\$125,400,000 (31 March 2021: HK\$129,690,000), such amount of change was charged to the condensed consolidated income statement (2020: HK\$18,480,000). 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 breakdown of finance costs for the period is as follow:

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
Interest expenses on bank borrowings (<i>note i</i>)	1,291	1,603
Finance charges on lease liabilities (<i>note ii</i>)	2,041	186
Total finance costs	3,332	1,789

Note:

- (i) Compared with last period, interest expenses on bank borrowings for the period decreased by around HK\$312,000 or 19.5% to HK\$1,291,000 (2020: HK\$1,603,000), which was mainly due to the decrease in average interest rate of the Group by approximately 27 basis points (i.e. 0.27%) compared with that of last period; and
 - (ii) The finance charges on lease liabilities for the period substantially increased by HK\$1,855,000 or around 997.3% to HK\$2,041,000 (2020: HK\$186,000), which was attributable to the increase in lease liabilities recognised under the new MLA entered into between the Group and the connected parties. The MLA renewed the PLB leasing arrangement for further three years with effect from 1 October 2020.
- The income tax expense for the period was HK\$825,000 (2020: income tax credit of HK\$2,234,000). The Hong Kong profits tax rate applicable to the Group during the year was 16.5% (2020: 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. Furthermore, excluding the non-deductible effect of deficit on revaluation of PLB licences of HK\$4,290,000 (2020: HK\$21,160,000, also including provision for impairment of public bus licences) and the non-taxable effect of Government subsidies of HK\$3,347,000 (2020: HK\$33,922,000), the effective tax rate for the period was 18.1% (2020: 16.8%).

Cash flow

	For the six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Net cash inflow from operating activities	52,914	55,832
Net cash (outflow) / inflow from investing activities	(4,834)	2,559
Net cash outflow from financing activities	(57,305)	(48,317)
Net (decrease) / increase in cash and cash equivalents	(9,225)	10,074

- Taking into account the Government subsidies recognised but not yet received amounting to HK\$5,873,000 for last period, the net cash inflow from operating activities for the period decreased generally in line with the decrease in operating profit.
- The net cash outflow from investing activities for the period was HK\$4,834,000 (2020: net cash inflow of HK\$2,559,000), which was mainly for the purchase of six new PLBs to replace the old ones. The net inflow from investing activities for last period included a dividend income of HK\$1,600,000 and a loan repayment of HK\$1,000,000 received from a joint venture.
- the net cash outflow from financing activities for the period increased by HK\$8,988,000 or 18.6% to HK\$57,305,000 (2020: HK\$48,317,000) as compared with last period. The increase was mainly attributable to the increase in dividends paid to shareholders during the period.

Please refer to the condensed consolidated statement of cash flows of the 2021/22 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.

The net current liabilities of the Group as at 30 September 2021 increased to HK\$59,807,000 (31 March 2021: HK\$42,431,000). The current ratio (current assets/current liabilities) as at 30 September 2021 reduced to 0.45 times (31 March 2021: 0.59 times). The main reason for the increase in net current liabilities and the decrease in current ratio was the decrease in bank balances and cash during the period. Please refer to the Cash Flow" section above for the change of the bank balances and cash for the year.

As at 30 September 2021, the Group had bank balances and cash amounting to HK\$38,377,000 (31 March 2021: HK\$47,602,000). All of the bank balances and cash as at 30 September 2021 and 31 March 2021 were denominated in Hong Kong dollars.

As at 30 September 2021, the Group had banking facilities totalling HK\$209,140,000 (31 March 2021: HK\$213,406,000) of which HK\$141,840,000 (31 March 2021: HK\$146,106,000) was utilised.

Bank borrowings

The balance of the total bank borrowings of the Group decreased by HK\$4,266,000 or 2.9% to HK\$141,840,000 as at 30 September 2021 (31 March 2021: HK\$146,106,000), which was attributable to the scheduled repayment of bank borrowings during the period. No new bank borrowing was incepted during the period.

The maturity profiles of the bank borrowings are as follows:

	As at 30 September 2021 HK\$'000	As at 31 March 2021 HK\$'000
Within one year	10,634	10,462
In the second year	11,081	10,897
In the third to fifth year	45,417	46,969
After the fifth year	74,708	77,778
	141,840	146,106

The gearing ratio (defined as total bank borrowings less bank balances and cash/shareholders' equity) of the Group as at 30 September 2021 was 152.3% (31 March 2021: 118.3%). The increase in gearing ratio as at 30 September 2021 was mainly attributable to the decrease in bank balances and cash as explained above, and the reduction in shareholders' equity after the payment of final dividends of HK\$19,034,000 during the period.

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 2021 HK\$'000	As at 31 March 2021 HK\$'000
Investment properties	402	-
PLB licences	83,600	86,460
Property, plant and equipment	19,738	19,896

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, bank borrowings and lease liabilities. All borrowings as at 30 September 2021 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 1.9% (2020: 1.1%) of the total costs (excluding deficit on revaluation of PLB licences and provision for impairment of public bus 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\$5,131,000 (2020: HK\$322,000), which was mainly for the purchase of six new PLBs amounting to HK\$4,345,000. As at 30 September 2021, the Group's capital commitment contracted and not provided for was HK\$10,431,000, which was mainly the balance payments for 17 PLBs ordered but not yet delivered (31 March 2021: HK\$14,137,000).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 September 2021 and 31 March 2021.

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\$93,979,000 (2020: HK\$88,039,000), representing 52.8% (2020: 55.4%) of the total costs (excluding the deficit on revaluation of PLB licences and provision for impairment of public bus licences). The increase in employee benefits expenses was due to the increase in labour costs as explained above. 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. As at 30 September 2021, the headcount of the Group was 1,198 (31 March 2021: 1,196).

PROSPECT

As the situation of COVID-19 pandemic in Hong Kong has become stable, up to the date of this report, the average daily patronage of the Group has been gradually recovering to its highest record since the breakout of the COVID-19 pandemic. However, the management predicts it is challenging for the patronage to return to the pre-pandemic level due to the social distancing rules imposed by the Government and the change of habits and lifestyle of the general public under the COVID-19 pandemic. The management would continue to closely monitor the passenger flow and respond quickly by adjusting the service frequencies, as well as maintaining our preventive measures to minimise the risk of COVID-19 outbreak.

Another big challenge faced by the Group is the hiking of international fuel prices. Compared with same month last year, the average unit price of diesel and LPG significantly jumped by 33.8% and 37.3% respectively in October 2021. On the other hand, the Government's fuel subsidy scheme has ended in June 2021 and no further subsidies is expected. Therefore, apart from the pandemic condition of Hong Kong, we anticipate that the hiking fuel prices will continue to be the main unfavourable factor affecting the Group's profitability in the near future.

To tackle the challenges of inflating costs, the Group will optimise operating costs internally by adjusting the fleet size and rationalising the routes and the service schedules after due evaluation of passenger demand. Despite all these, the Group will continue to submit fare rise applications to the Transport Department. As the COVID-19 pandemic situation has become stable and the local economy is recovering, the management expects the approval process of fare increase applications would return to its normal pace. The management would pro-actively seek for the supports from the local communities and the Government in order to maintain the service quality of the franchised PLB passenger service to meet the need of the general public.

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 six months ended 30 September 2021.

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 2021. 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 (“INEDs”) and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 25 November 2021 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 2021, 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 2021 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, 25 November 2021

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