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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 2024

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 2024, together with the comparative figures for the year ended 31 March 2023 as follows:

CONSOLIDATED INCOME STATEMENT

| | Notes | Year ended 31 March | |
|--|-------|---------------------|-----------|
| | | 2024 | 2023 |
| | | HK\$'000 | HK\$'000 |
| Revenue | 4 | 393,686 | 374,896 |
| Direct costs | | (323,036) | (321,586) |
| Gross profit | | 70,650 | 53,310 |
| Other revenue | 5 | 9,501 | 9,034 |
| Other net (expense) / income | 5 | (102) | 45,392 |
| Administrative expenses | | (41,272) | (39,083) |
| Other operating expenses | | (1,466) | (1,212) |
| Operating profit | | 37,311 | 67,441 |
| Deficit on revaluation of public light bus (“PLB”) licences | 10 | (34,980) | (20,460) |
| (Provision for) / Reversal of impairment of public bus licences | | (1,350) | 150 |
| Finance costs | 6 | (8,769) | (5,384) |
| (Loss) / Profit before income tax | 7 | (7,788) | 41,747 |
| Income tax expense | 8 | (4,164) | (2,462) |
| (Loss) / Profit for the year | | (11,952) | 39,285 |
| (Loss) / Earnings per share attributable to equity holders of the Company | | | |
| - Basic (In HK cents) | 9(a) | (4.40) | 14.45 |
| - Diluted (In HK cents) | 9(b) | (4.40) | 14.45 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 March | |
|--|---------------------|------------------|
| | 2024 HK\$'000 | 2023 HK\$'000 |
| (Loss) / Profit for the year | (11,952) | 39,285 |
| <i>Item that will not be reclassified subsequently to profit or loss</i> | | |
| Remeasurement of provision for long service payments, net of tax credit of HK\$305,000 (2023: HK\$Nil) | (1,543) | - |
| Total comprehensive (expense) / income for the year | (13,495) | 39,285 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | As at 31 March | |
|---------------------------------------|-------|------------------|--------------------------------|
| | | 2024 HK\$'000 | 2023 HK\$'000 (restated) |
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 44,063 | 48,291 |
| Investment properties | | 764 | 408 |
| Right-of-use assets | | 153,552 | 31,718 |
| PLB licences | 10 | 56,100 | 91,080 |
| Public bus licences | | 8,100 | 9,450 |
| Goodwill | | 22,918 | 22,918 |
| Deferred tax assets | | 2,323 | 3,576 |
| | | 287,820 | 207,441 |
| Current assets | | | |
| Trade and other receivables | 11 | 8,570 | 6,567 |
| Tax recoverable | | 21 | 79 |
| Bank balances and cash | | 57,050 | 68,651 |
| | | 65,641 | 75,297 |
| Current liabilities | | | |
| Trade and other payables | 12 | 21,159 | 23,232 |
| Provision for long service payments | | 13,469 | 17,139 |
| Bank borrowings | | 9,191 | 11,084 |
| Lease liabilities | | 59,868 | 32,642 |
| Tax payable | | 1,331 | 484 |
| | | 105,018 | 84,581 |
| Net current liabilities | | (39,377) | (9,284) |
| Total assets less current liabilities | | 248,443 | 198,157 |
| Non-current liabilities | | | |
| Bank borrowings | | 103,816 | 117,930 |
| Lease liabilities | | 95,298 | - |
| Provision for long service payments | | 6,695 | - |
| Deferred tax liabilities | | 3,634 | 3,260 |
| | | 209,443 | 121,190 |
| Net assets | | 39,000 | 76,967 |
| EQUITY | | | |
| Share capital | | 27,191 | 27,191 |
| Reserves | | 11,809 | 49,776 |
| Total equity | | 39,000 | 76,967 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards 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 requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

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

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2023, except for the adoption of the amended HKFRSs and new guidance issued by the HKICPA which are relevant to and effective for the Group’s financial statements for annual accounting period beginning on 1 April 2023 as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES

In the current year, 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 Group’s consolidated financial statements for the annual period beginning on 1 April 2023:

| | |
|--|---|
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12 | International Tax Reform – Pillar Two Model Rules |

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

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

New HKICPA guidance on the accounting implication of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will take effect on 1 May 2025 (the “Transition Date”). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset LSP in respect of an employee’s service from the Transition Date (the “Abolition”). In addition, the last month’s salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

Prior to 1 April 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 to account for the offsetable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published “Accounting implications of the Abolition of the MPF-LSP offsetting mechanism in Hong Kong” (“the Guidance”) that provides guidance for the accounting for the offsetting mechanism and the impact arising from the Abolition of the MPF-LSP offsetting mechanism.

To better reflect the substance of the Abolition of the offsetting mechanism, the Group has applied the above Guidance and changed its accounting policy in connection with its LSP liability, which should result in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of the financial year ended 31 March 2023, with the corresponding adjustment to the carrying amount of LSP liability during the year ended 31 March 2023. Since the Abolition of the offsetting mechanism did not have a material impact on the Group’s profit or loss for the year ended 31 March 2023 and the Group’s and the Company’s financial position as at 31 March 2023, the Group did not apply the change in its accounting policy retrospectively.

3. SEGMENT INFORMATION

The executive directors of the Company 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 single customer contributed over 10% of the Group’s revenue for the years ended 31 March 2024 and 2023.

4. REVENUE

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

| | Year ended 31 March | |
|--------------------------------------|---------------------|----------------|
| | 2024 | 2023 |
| | HK\$’000 | HK\$’000 |
| Franchised PLB services income | 387,379 | 366,041 |
| Residents’ bus services income | 6,307 | 5,291 |
| Designated bus fleet services income | - | 3,564 |
| | 393,686 | 374,896 |

The Group derived all revenue from provision of the franchised PLB services, residents’ bus services and designated bus fleet services at a point in time in Hong Kong during the years ended 31 March 2024 and 2023.

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

| | Year ended 31 March | |
|---|---------------------|---------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Other revenue | | |
| Advertising income | 4,500 | 4,500 |
| Administration fee income | 2,419 | 2,419 |
| Government subsidies (note (i)) | - | 847 |
| Interest income | 1,892 | 669 |
| Properties rental income | 270 | 270 |
| Management fee income | 196 | 190 |
| Repair and maintenance service income | 224 | 139 |
| | 9,501 | 9,034 |
| Other net (expense) / income | | |
| Government subsidies (note (ii)) | - | 45,406 |
| Loss on disposal of property, plant and equipment | (134) | (55) |
| Sundry income | 32 | 41 |
| | (102) | 45,392 |

Notes:

- (i) During the year ended 31 March 2023, the Group was entitled to receive subsidies of HK\$847,000 under the Government of HKSAR's Ex-gratia Payment Scheme ("EP Scheme") for the disposal of certain 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.
- (ii) During the year ended 31 March 2023, the Group received subsidies of HK\$45,406,000, which included wage and fuel subsidies and a one-off subsidy amounting to HK\$10,620,000 to green minibus passenger service operators, under the Anti-epidemic Fund set up by the Hong Kong Government. As at 31 March 2023, the subsidies recognised but not yet received were HK\$698,000 (note 11).

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

6. FINANCE COSTS

| | Year ended 31 March | |
|--------------------------------------|---------------------|--------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Interest expenses on bank borrowings | 4,256 | 3,444 |
| Finance charges on lease liabilities | 4,513 | 1,940 |
| | 8,769 | 5,384 |

7. (LOSS) / PROFIT BEFORE INCOME TAX

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

| | Year ended 31 March | |
|---|---------------------|----------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Fuel cost in direct costs | 62,446 | 68,456 |
| Lease charges: | | |
| - Short-term leases | 221 | 270 |
| Depreciation of right-of-use assets | 63,702 | 63,784 |
| Depreciation of property, plant and equipment | 6,788 | 6,644 |
| Depreciation of investment properties | 36 | 29 |
| Auditor's remuneration | | |
| - Audit services | 609 | 580 |
| - Non-audit services | 93 | 88 |
| Loss on disposal of property, plant and equipment | 134 | 55 |

8. INCOME TAX EXPENSE

Hong Kong Profits Tax had been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year, 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%, 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 2023.

| | Year ended 31 March | |
|---|---------------------|----------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Current tax | | |
| - Hong Kong Profits Tax | | |
| Current year | 2,228 | 787 |
| Under provision in respect of prior years | 4 | - |
| | 2,232 | 787 |
| Deferred tax | | |
| Current year | 1,932 | 1,675 |
| Total income tax expense | 4,164 | 2,462 |

9. (LOSS) / EARNINGS PER SHARE

(a) Basic (loss) / earnings per share

The calculation of basic (loss) / earnings per share is based on the loss attributable to equity holders of the Company of HK\$11,952,000 (2023: profit of HK\$39,285,000) and on the weighted average number of 271,913,000 (2023: 271,913,000) ordinary shares in issue during the year ended 31 March 2024.

(b) Diluted (loss) / earnings per share

Diluted loss per share is the same as the basic loss per share for the year ended 31 March 2024. 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 was not taken into account as they had anti-dilutive effect.

Diluted earnings per share is the same as the basic earnings per share for the year ended 31 March 2023, as the share options had no dilutive effect on ordinary shares for the year because the exercise price of the Company's share options was higher than the average market price of the Company's shares in the year.

10. PLB LICENCES

| | As at 31 March | |
|---|-----------------------|-----------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| At the beginning of the year | 91,080 | 111,540 |
| Deficit on revaluation charged to the consolidated income statement | (34,980) | (20,460) |
| At the end of the year | 56,100 | 91,080 |

PLB licences are regarded as having indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate net cash flows to the Group.

Fair value hierarchy

The following table presents the fair value of the Group's PLB licences measured at the end of the reporting period 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 | Level 2 | Level 3 | Total |
|--|-----------------|-----------------|-----------------|-----------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Recurring fair value measurement of PLB licences: | | | | |
| As at 31 March 2024 | - | 56,100 | - | 56,100 |
| As at 31 March 2023 | - | 91,080 | - | 91,080 |

During the years ended 31 March 2024 and 2023, there were no transfers between Level 1 and Level 2.

At 31 March 2024, the PLB licences were revalued by HG 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 included 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 were based on past performance and expectations on the market development.

11. TRADE AND OTHER RECEIVABLES

| | As at 31 March | |
|--|----------------|----------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Trade receivables – gross | 4,433 | 1,792 |
| Less: expected credit loss (“ECL”) allowance | - | - |
| Trade receivables – net | 4,433 | 1,792 |
| Other receivables – gross | 839 | 1,349 |
| Subsidy receivables – gross | - | 698 |
| Less: ECL allowance | - | - |
| Other receivables – net | 839 | 2,047 |
| Deposits | 476 | 458 |
| Prepayments | 2,822 | 2,270 |
| | 8,570 | 6,567 |

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 or AlipayHK and remitted to the Group on the next business day after the day in which services are rendered. The Group normally granted a credit term ranging from 0 to 30 days (2023: 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:

| | As at 31 March | |
|---------------|----------------|----------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| 0 to 30 days | 4,207 | 1,504 |
| 31 to 60 days | 113 | 132 |
| 61 to 90 days | 113 | 131 |
| Over 90 days | - | 25 |
| | 4,433 | 1,792 |

12. TRADE AND OTHER PAYABLES

| | As at 31 March | |
|---------------------------------------|----------------|------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | | (restated) |
| Trade payables | 5,496 | 5,912 |
| Other payables and accruals (note 13) | 15,663 | 17,320 |
| | 21,159 | 23,232 |

The Group was granted by its suppliers credit periods ranging from 0 to 30 days (2023: 0 to 30 days). Based on the invoice dates, the ageing analysis of trade payables is as follows:

| | As at 31 March | |
|--------------|----------------|----------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| 0 to 30 days | 5,496 | 5,912 |

13. COMPARATIVE FIGURES

The following comparative figures in consolidated statement of financial position have been reclassified to conform with the current year's presentation of the Group:

- Reclassification of trade and other payables regarding the LSP obligation in amount of approximately HK\$17,139,000 to provision for long service payments.

DIVIDENDS ATTRIBUTABLE TO THE YEAR

Having carefully considered the factors listed below in the Company's dividend policy, the Board recommended a special dividend of HK4.0 cents per ordinary share (2023: Nil), totaling HK\$10,877,000 for the year ended 31 March 2024 (2023: Nil). No final dividend was declared by the Board for the year ended 31 March 2024 (2023: HK9.0 cents per ordinary share, totaling HK\$24,472,000).

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("AGM") to be held on 29 August 2024, the special dividend will be payable on 20 September 2024.

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 final 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, 23 August 2024

Closure of register of members Monday, 26 August 2024 to
Thursday, 29 August 2024
(both dates inclusive)

Record date Thursday, 29 August 2024

- (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
Thursday, 5 September 2024

Closure of register of members Friday, 6 September 2024 to
Wednesday, 11 September 2024
(both dates inclusive)

Record date Wednesday, 11 September 2024

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 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

- In order to enhance operational efficiency and service quality, the Group continued to put effort in proposing route re-organisations plans to the Transport Department. During the year, the Group completed certain route re-organisations involving eight franchised PLB routes. The focus of the route re-organisations of the year was to adjust the fleet size of the individual route packages and the service hours or frequencies of particular routes so as to meet passenger demand. The number of PLB routes operated by the Group remained at 72 (2023: 72) and the number of PLBs operated by the Group remained at 354 as at 31 March 2024 (2023: 354). The number of routes and fleet size of residents' bus also stayed at 4 (2023: 4) and 7 (2023: 7) respectively.
- As of 31 March 2024, the Group's average fleet age was 7.7 years (2023: 6.7 years). Furthermore, as at 31 March 2024, the Group deployed 275 of the 19-seat PLBs (2023: 275), which accounted for approximately 78% of the Group's PLB fleet (2023: 78%).
- In the second year of the post-pandemic recovery period, Hong Kong's economy has maintained a moderate growth. According to the transport figures published by the Transport Department, the total number of passenger journeys carried by the public transport operators and the green minibus operators during the year ended 31 March 2024 increased by 8.6% and 3.3% respectively, as compared with last year.
- Following the broader resumption of normalcy in Hong Kong's economic and social activities, the persistent challenge of captain shortages has once again impacted the operations of the Group's PLB services. The shortage of captains affected the service frequencies in some routes. Thus, the Group's total mileage travelled for the year slightly decreased by around 1.7% to approximately 34.1 million kilometers (2023: 34.7 million kilometers). With the continuous efforts to optimise the existing resources so as to enhance the operational efficiency, coupled with the increase in passenger flow after the end of the pandemic, the patronage of the Group's franchised PLB services the year increased by 4.7% to approximately 55.5 million compared with last year (2023: approximately 53.0 million).
- In an effort to ease the pressure from high fuel costs and climbing staff costs, the Group continued to submit fare increase applications and was granted approval to raise the fares in 9 routes at rates ranging from 3.8% to 7.8% (2023: 33 routes at rates ranging from 5.3% to 13.8%) during the year.

FINANCIAL REVIEW

Consolidated results for the year

The Group recorded a loss for the year ended 31 March 2024 of HK\$11,952,000 (2023: profit of HK\$39,285,000). The substantial change in the financial results for the year compared to last year was primarily attributable to the absence of the one-off subsidies amounting to HK\$45,406,000 received from the Government's Anti-epidemic Fund last year and the increase in non-cash deficit on revaluation of PLB licences by HK\$14,520,000 or 71.0% to HK\$34,980,000 as compared to last year (2023: HK\$20,460,000).

Excluding the effect of the said one-off Government subsidies and the non-cash deficit on revaluation of PLB licences and provision for impairment of public bus licences, the Group's achieved an operating profit of around HK\$24,378,000 for the year, which is a 71.8% increase compared to that of HK\$14,189,000 last year. The primary factor contributing to the improvement in operational performance was the sustained recovery in the Group's patronage following the end of the COVID-19 pandemic.

The details of the consolidated results are presented below:

| | Year ended 31 March | | Increase/(Decrease) | |
|--|---------------------|------------------|---------------------|---------------|
| | 2024 HK\$'000 | 2023 HK\$'000 | HK\$'000 | In % |
| Revenue | 393,686 | 374,896 | 18,790 | +5.0% |
| Other revenue and other net (expense) / income | 9,399 | 54,426 | (45,027) | -82.7% |
| Direct costs | (323,036) | (321,586) | 1,450 | +0.5% |
| Administrative expenses | (41,272) | (39,083) | 2,189 | +5.6% |
| Other operating expenses | (1,466) | (1,212) | 254 | +21.0% |
| Finance costs | (8,769) | (5,384) | 3,385 | +62.9% |
| Income tax expense | (4,164) | (2,462) | 1,702 | +69.1% |
| Profit for the year before deficit on the revaluation of PLB licences and (provision for) / reversal of impairment of public bus licences | 24,378 | 59,595 | (35,217) | -59.1% |
| Deficit on revaluation of PLB licences (Provision for) / Reversal of impairment of public bus licences | (34,980) | (20,460) | 14,520 | +71.0% |
| | (1,350) | 150 | (1,500) | N/A |
| (Loss) / Profit for the year | (11,952) | 39,285 | (51,237) | N/A |
| Profit for the year before Government subsidies, deficit on revaluation of PLB licences and (provision for) / reversal of impairment of public bus licences | 24,378 | 14,189 | 10,189 | +71.8% |

- With the increase in patronage by 4.7%, coupled with the effect of fare increase, the revenue for the year increased accordingly by HK\$18,790,000 or 5.0% to HK\$393,686,000 (2023: HK\$374,896,000), as compared with last year.
- Other revenue and other net (expense) / income for the year significantly drop by HK\$45,027,000 or around 82.7% to HK\$9,399,000 (2023: HK \$54,426,000), which was attributable to the absence of the one-off subsidies under the Anti-epidemic Fund set up by the Government of HK\$45,406,000 received by the Group last year.

- Direct costs for the year were HK\$323,036,000 (2023: HK\$321,586,000), representing a slight increase of HK\$1,450,000 or around 0.5% as compared with that for last year. The major direct costs of the Group were labour costs, depreciation of right-of-use assets in respect of leased PLBs, fuel costs and repair and maintenance costs, which altogether made up over 90% of the total direct costs. The major changes on the direct costs are as follows:
 - Fuel costs: comparing with last year, the international fuel prices leveled off over the year and the average diesel and LPG unit prices procured by the Group during the year dropped by 9.8% and 8.2% respectively. As a result, fuel costs for the year dropped by HK\$6,010,000 or around 8.8% to HK\$62,446,000 accordingly (2023: HK\$68,456,000);
 - Depreciation of the right-of-use assets in respect of the leased PLBs for the year was HK\$63,702,000, maintained at similar level compared with last year (2023: HK \$63,784,000); and
 - Labour costs: The labour costs increased by HK\$6,253,000 or approximately 4.4% to HK\$149,821,000 (2023: HK\$143,568,000) as compared with last year, which was mainly attributable to the wage increase in order to attract and retain the captains.
- Administrative expenses for the year increased by HK\$2,189,000 or 5.6% to HK\$41,272,000 (2023: HK\$39,083,000), which was mainly attributable to the increase in staff costs by HK\$1,580,000 or 5.0% to HK\$33,135,000 (2023: HK\$31,555,000). Annual salary increase to the administrative staff members and initial administrative costs of importing captains from Mainland were the main reasons for the increase in staff costs.
- The breakdown of finance costs for the year is as follows:

| | Year ended 31 March | |
|--------------------------------------|----------------------------|----------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Interest expenses on bank borrowings | 4,256 | 3,444 |
| Finance charges on lease liabilities | 4,513 | 1,940 |
| Total finance costs | 8,769 | 5,384 |

- The interest expenses on bank borrowings for the year increased by HK\$812,000 or around 23.6% to HK\$4,256,000 (2023: HK\$3,444,000), which was mainly due to the increase in average borrowing rate of the Group by approximately 101 basis points (i.e. 1.01%) compared with last year; and
- The finance charges on lease liabilities for the year jumped by HK\$2,573,000 or around 132.6% to HK\$4,513,000 (2023: HK\$1,940,000), which was due to an addition of lease liabilities amounting to HK\$184,197,000 recognised during the year under a three-year PLB leasing agreement entered into between the Group and the connected parties to renew the PLB leasing arrangement.
- During the year, the income tax expense was HK\$4,164,000 (2023: HK\$2,462,000). Excluding 1) the non-deductible effect of deficit on revaluation of PLB licences and provision for impairment of public bus licences, 2) tax difference between actual lease payment and the depreciation on right-of-use assets and finance charge on lease liabilities, and 3) the effect of two-tiered profits tax rates, the effective tax rate for the year was 15.7% (2023: 16.1%). The Hong Kong profits tax rate applicable to the Group during the year remained at 16.5% (2023: 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.

- The worsening of business environment of the minibuses industry, in particular the red minibuses, as well as the high market borrowing rates drove the further drop in the market price of the PLB licences. As compared with last year, the fair value of PLB licence further dropped by HK\$530,000 or approximately 38.4% to HK\$850,000 per licence as at 31 March 2024 (2023: HK\$1,380,000). The total carrying value of PLB licences of the Group decreased accordingly to HK\$56,100,000, representing a decrease of HK\$34,980,000 or approximately 38.4% (2023: HK\$91,080,000). The whole amount of the deficit on revaluation of PLB licences totaling HK\$34,980,000 was charged to the Group's consolidated income statement (2023: HK\$20,460,000). Please also refer to note 10 of the unaudited consolidated financial statements for more information on the carrying amount of PLB licences.

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

Cash flow

| | Year ended 31 March | |
|--|----------------------------|-----------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Net cash from operating activities (Note i) | 105,381 | 139,446 |
| Net cash from / (used in) investing activities (Note ii): | | |
| Purchase of property, plant and equipment | (7,023) | (8,057) |
| Proceeds from disposal of property, plant and equipment | 184 | 69 |
| Government subsidies received for the acquisition of property, plant and equipment | 225 | - |
| Government subsidies received for the disposal of Euro IV diesel commercial vehicles | - | 847 |
| Interest received | 1,892 | 669 |
| Decrease / (Increase) in time deposit | 10,000 | (10,000) |
| | 5,278 | (16,472) |
| Net cash used in financing activities: | | |
| Repayment of bank borrowings | (16,007) | (23,077) |
| Capital element of lease rental paid | (63,012) | (64,082) |
| Interest element of lease rental paid | (4,513) | (1,940) |
| Dividends paid | (24,472) | (8,157) |
| Interest paid on bank borrowings | (4,256) | (3,444) |
| | (112,260) | (100,700) |
| Net (decrease) / increase in cash and cash equivalents | (1,601) | 22,274 |
| Cash and cash equivalents at the beginning of the year | 58,651 | 36,377 |
| Cash and cash equivalents at the end of the year | 57,050 | 58,651 |
| Add: Addition in time deposit | - | 10,000 |
| Bank balances and cash at the end of the year | 57,050 | 68,651 |

Notes:

- (i) The decrease in the net cash from operating activities was mainly due to the absence of Government subsidies received last year.
- (ii) The net cash used in investing activities was mainly for the motor vehicle purchase and the payment for office and building renovation, offset by the withdrawal of time deposit.

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.

The total amount of the current liabilities of the Group increased significantly to HK\$105,018,000 (2023: HK\$84,581,000) as at 31 March 2024, which was mainly attributable to the lease liabilities recognised for the PLB leasing rentals payable under a PLB leasing agreement, which came into effect on 1 October 2023, for three years.

In the meantime, the bank balances and cash decreased to HK\$57,050,000 (2023: HK\$68,651,000) as at 31 March 2024, representing a decrease of HK\$11,601,000 or 16.9% compared with last financial year end. As a result, the net current liabilities of the Group was HK\$39,377,000 (2023: HK\$9,284,000) as at 31 March 2024. The current ratio (current assets/ current liabilities) also reduced to 0.63 times (2023: 0.89 times) accordingly.

All of the bank balances and cash as at 31 March 2024 and 31 March 2023 were denominated in Hong Kong dollars. Please refer to the "Cash Flow" section above for the change of the bank balances and cash for the year.

As at 31 March 2024, the Group had banking facilities totalling HK\$180,307,000 (2023: HK\$196,314,000) of which HK\$113,007,000 (2023: HK\$129,014,000) was utilised.

Bank borrowings

No new borrowing was initiated during the year. Owing to the scheduled repayments, the balance of total bank borrowings of the Group decreased by HK\$16,007,000 or around 12.4% to HK\$113,007,000 as at 31 March 2024 (2023: HK\$129,014,000).

The maturity profiles of the bank borrowings are as follows:

| | As at 31 March | |
|-----------------------------|----------------|----------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Within one year | 9,191 | 11,084 |
| In the second year | 21,814 | 9,284 |
| In the third to fifth years | 20,549 | 40,846 |
| After the fifth year | 61,453 | 67,800 |
| | 113,007 | 129,014 |

The gearing ratio (defined as total bank borrowings less bank balances and cash/shareholders' equity) of the Group as at 31 March 2024 increased to 143.5% (2023: 78.4%), which was mainly attributable to the decrease in shareholders' equity. As at 31 March 2024, the shareholders' equity reduced by HK\$37,967,000 or around 49.3% to HK\$39,000,000 (2023: HK\$76,967,000), as compared with last year.

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 | |
|-------------------------------|----------------|----------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| PLB licences | 30,600 | 60,720 |
| Property, plant and equipment | 20,572 | 26,724 |
| Investment properties | 721 | 363 |

Capital expenditure and commitment

Capital expenditure incurred for the year is as below:

| | Year ended 31 March | |
|-------------------------------|---------------------|----------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Property, plant and equipment | 3,495 | 11,809 |
| Right-of-use assets | 185,536 | 2,380 |
| Total | 189,031 | 14,189 |

The capital expenditure for property, plant and equipment for the year was HK\$3,495,000 (2023: HK\$11,809,000), which was mainly for the motor vehicles purchase and the office building renovation, and was mainly financed by proceeds from operations.

The significant amount of the right-of-use assets recognised for the year represented the leases of 283 PLBs recognised upon the renewal of the minibus leasing agreement with the connected parties with effect from 1 October 2023.

The capital commitment of the Group was HK\$366,000 as at 31 March 2024 (2023: HK\$865,000). The amounts of capital commitment as at 31 March 2024 and 31 March 2023 were mainly for office and building renovation work.

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 AlipayHK and remitted to the Group on the next business day. Also, the Group does not provide guarantees to any 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 2024 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 2.3% (2023: 1.5%) of the total costs of the Group (excluding the deficit on revaluation of PLB licences and reversal of/(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 2024 and 31 March 2023. 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 2024 and 31 March 2023.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2024 (2023: Nil).

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. The total amount of employee benefit expenses incurred for the year was HK\$195,951,000 (2023: HK\$187,834,000), representing approximately 51.7% (2023: 50.8%) 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 and the share option scheme, please refer to the Environmental, Social and Governance Report and the Directors' Report of the Annual Report 2023/24.

PROSPECT

The management remains cautiously optimistic about the future prospects, as we anticipate that the Government's ongoing economic stimulus measures and the further resumption of the local economy will contribute to an improvement in the Group's patronage levels. Furthermore, the management anticipates that the general fare increase on certain routes, expected to be approved in the coming months, will also contribute to the growth in operating revenue. After the year end 31 March 2024 and up to the date of this report, the approval of fare increases in 21 routes of the Group have been granted by the Transport Department.

As mentioned, the Group has received positive feedback on importing the first batch of Mainland Chinese captains. Therefore, the Group has applied for a further importation of captains under the second batch of the scheme. Given the ongoing aging population in Hong Kong, which is expected to persist in the short to medium term, the management hopes that the Government will be able to incorporate the foreign captain importation scheme as a regular scheme. This will enable the Group and the minibus industry to continuously supplement their workforce and address the challenges posed by the aging demographic trends, ensuring a stable supply of labour to support the industry's operations. As always, the Group will explore and capture opportunities for development and strategic cooperation in the market so as to generate sustainable value for our shareholders.

The rapid expansion of Hong Kong's railway network over the past decade has also posed significant challenges to the minibus industry. The significant drop in PLB licence prices reflects the extremely challenging business environment currently faced by the sector. It is reported that the Transport Department is considering relaxing the "red to green" restrictions which red minibus routes that participate in the \$2 elderly concession scheme will be invited to convert their routes to continue operating as green minibuses, if they meet certain conditions, without having to go through the usual open tender process. However, other than that, the Group's management notes that they do not perceive any long-term policy initiatives from the Government aimed at improving the industry's long-term prospects. We hope that in the design of major urban development plans, such as the Northern Metropolis, one of Hong Kong's key growth areas, the Government will give due consideration to the role of minibus services as a vital component of the broader transportation ecosystem.

Despite these headwinds, the Group will remain committed to working closely with the relevant authorities and stakeholders to ensure the continuous provision of reliable, accessible, and sustainable minibus services for the Hong Kong public.

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

During the year ended 31 March 2024, 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 C1 "Corporate Governance Code" of the Listing Rules for the year ended 31 March 2024.

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 2024. Having made specific enquiries, all Directors have confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the financial year under review.

REVIEW BY AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code under the Listing Rules and guidance published by the HKICPA. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three Independent Non-Executive Directors and one of them possesses appropriate accounting or financial management expertise. An Audit Committee meeting was held on 27 June 2024 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 2024 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 did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 2024 as required to be disclosed by the Listing Rules will be published on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.amspt.com in due course.

By Order of the Board
Wong Ling Sun, Vincent
Chairman

Hong Kong, 27 June 2024

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